

PayPal Company Final Project

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EXECUTIVE SUMMARY

PayPal is an American company that has its headquarters in San Jose. The company was started 20 years ago, and since then it has concentrated on money transfer as its main line of business. The mission of PayPal is to ensure the free flow of money so that every individual can contribute to the international economy in an affordable, safe, and friendly manner. Its mission is connected to its vision. The vision of the company is to be an online platform that allows people to make timely payments. The main threat to digital money transfer is a fraud. Consumers of digital payment platforms have to navigate constant risks of a security breach. Through platforms such as Facebook, people can advertise products to a global audience with minimal expenditure. PayPal positioned itself appropriately to solve this need. The marketing process of PayPal has evolved through a psychographic trend. Psychographic trends, target the thinking of people. This, in turn, will determine their lifestyle trends. For this reason, PayPal has been perfectly positioned for current market trends. There is a snowballing demand for online shopping that is driven by various factors. First of all, there is increased visibility of products to global markets and therefore a wider demand for them.

PayPal has experienced growth throughout the five years from 2012 to 2016. In the year ending 31st December 2012, the net revenue for the company was 5.663 billion dollars. The trend shows a continuous growth over time, which is a promising indicator for business. There is also an upsurge in trend in the value of assets owned by the company with the values shifting from 16.183 billion dollars in 2013 to 33.103 million dollars in 2017. The mission of PayPal is to ensure safe and affordable transmission of money across the globe. Its values are therefore quality and affordability. PayPal has rapidly become the focal point and backbone of cross-border e-commerce. E-commerce is an avenue that is quickly budding and is anticipated to carry

on growing exponentially. Despite the mushrooming competition in this arena, the company is expected to keep a strong lead in the foreseeable future. PayPal was created to cater for the growing demand for digital payments options. Besides the rising trends, PayPal was able to address the gap in the market correctly. PayPal enjoys a U-form sort of organizational structure. Its structure explains how functions are carried out within the company. The company pays attractive salaries to its employees, and this has helped it to attract talented employees. Its employees have played a great role in increasing the company's competitiveness in the market. The business has in excess of 13000 workers. PayPal has already positioned itself appropriately to solve all the e-commerce needs. These include an increasing demand for online shopping that is motivated by various factors. PayPal, therefore, markets itself as a solution to an urgent market need. It promises efficiency, security, and cost-effectiveness. All these services involve the movement of money between various people. It also promises to alleviate the consumers of digital payment platforms the constant threats of a security breach. PayPal makes people advance the capability of seizure over these merchandises by income. It is expected that an analysis of this company will help the learner in understanding how to create relevant products for the modern market. Due to the rise in interest for digital payments, PayPal's business model is worth investigating.

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MISSION STATEMENT AND A MANAGEMENT AND LEADERSHIP

ANALYSIS

PayPal's mission is to rethink money in a way to enable each person to participate in the global economy in a safe, friendly and cost affected means. This mission is linked to its vision which is to provide an online platform where people can make opine payments ("Mission | Vision | Values," 2018). PayPal's strategy was born from these two. PayPal's strategy involves the continued provision of cheap and accessible means of sending money. The mission and vision are visible as one reads about the company. Since its inception 20 years ago, the company has focused solely on the transfer money. This, as stated before is in line with the mission of creating a global economy for everyone.

Through PayPal, individuals are able to purchase products across the globe. Its first commitment was to eBay which was momentarily the sole owner of the company. eBay is a platform where one can sell everything they are no longer using to another willing buyer. This is one of the instances where PayPal makes every person a participant in the global economy. Sites like eBay help to prevent the global waste culture that sees most people buy what they like and then throw them away. PayPal makes people develop the capacity to turn over these goods into sources of revenue ("Mission | Vision | Values," 2018).

In line with its four pillars of the vision which are collaboration, innovation, wellness, and inclusion, PayPal has continued to engage in the innovations that can ease the transfer of money (de Sousa, Pellissier & Monteiro, 2012). For example, more and more people are currently ditching their computers and concentrating on their mobile phones. This has led to the shift in major companies to operations through mobile applications. PayPal has not been left behind and has an App that eases financial transactions even further.

Organizational Structure

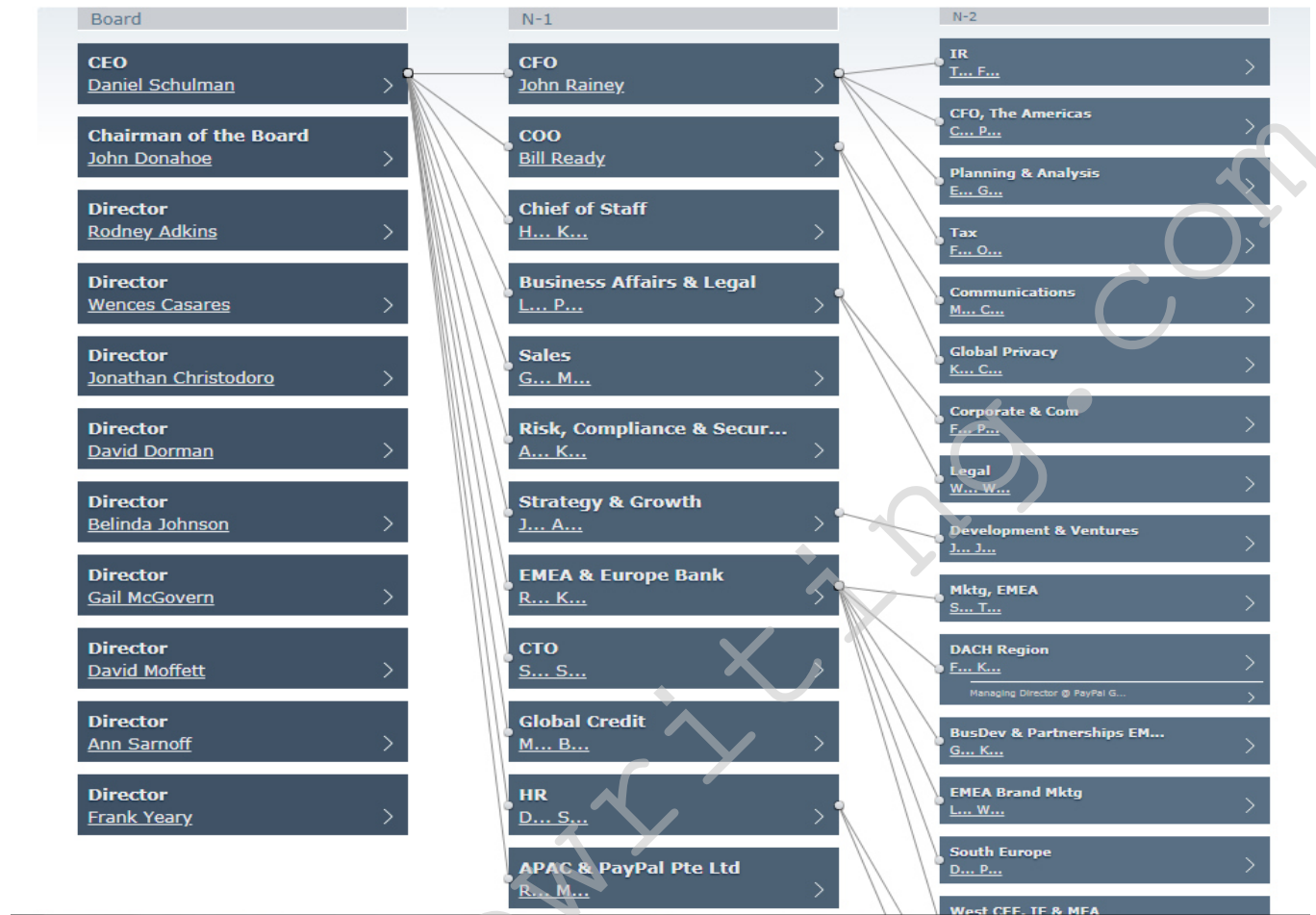
PayPal has a U-form type of organizational structure. This is a structure that is formulated around the functions of the organization. The organizational structure is a combination of the hierarchical and flat structure. There are three levels in the organizational hierarchy. At the highest level, there is the board of management. The board comprises of the CEO, the chairman of the board and nine directors. The members of the board frequently meet to analyze the development of the company and make crucial developmental decisions. They receive the reports of the performance of the company from the COE. These members can also sermon the CEO to produce any information or explain an event that is happening in the company. The Board members do not have direct involvement in the operations of the company except for the CEO. The board, therefore, carries out an oversight role in the company.

At the second level of the hierarchy, there are those members of staff that report directly to the CEO. These roles are divided according to the departments of the organization. The structure gives the departments some form of autonomy and therefore makes it easier for them to make decisions regarding the company. There are twelve positions under in the second level of the organizational structure. The roles in this level are Chief Financial Officer (CFO), Chief Operations Officer (COO), Business and Legal Affairs, The Chief of Staff, Sales, Strategy and growth, Risk compliances, EMEA and Europe bank, Chief Technical Officer, Human Resource Manager, Global credit and APAC. The reason for the many positions is required because of the nature of the organization. As a financial institution, the company needs to comply with all the rules of the jurisdictions within which they operate. PayPal is a global company. It, therefore, requires to evaluate and comply with almost every policy in every country. For this reasons, the functions that a department has to perform are reduced to as little as they can. This ensures that

the roles are streamlined as much as possible. It also reduces the chances of duplicating responsibilities that can cause complications when dealing with financial resources.

At the third level of PayPal organizational structure hierarchy, there is the rest of the staff. These are the staffs that work under the departmental heads discussed in paragraph two. For example, the department of risk and security assessment has several staffs. The departmental staff is grouped into the third level. Putting the staff into departments enhances positive competition. It builds cohesiveness within a group and, therefore, increases efficacy (McIntyre, Harvey & Moeller, 2012)

Organisational Chart



Comparison with Other Companies in Diversity and Headcount

The organizational structure of PayPal compares favorably with that of other competitors in the money transfer industry. As a company that offers the highest salaries, PayPal attracts the best talent in the market. This explains the competitiveness of the company in the market. The company has more than 13000 employees. Although this may seem like a large number for a digital money transfer company, it is a trifle for global money companies. Even as a digital company, there is a need for a large number of staff especially for customer services. Paypal has

more than 179 million accounts. There are very many individuals who call with questions and need advice from the company. There is also all the other staff who deal with administrative and regulatory roles.

Organizations Receptiveness to Change

Paypal is a company that is responsive to change due to the work it does. Money transfer requires a quick response to change in technology and needs of people so as to satisfy customers. Due to the current cyber attack incidences, PayPal must change rapidly to ensure that it handles these challenges quickly to avoid losses.

Discussion on the headcount of employees

Statistics indicate that by September 2017, 43% of PayPal's employees were female. PayPal employs a strong gender inclusive approach in its employment strategies. 57% of the company's employees are men.

Diversity of the Company's Workforce and Leadership

The staff is diversified in terms of both gender and race. The company appears number 240 globally as the company with greater diversity principles. This is ensured by following a particular quota system in employment. There is a constant encouragement to minorities to seek employment with the company. Paypal is number 106 of America's best-employing companies. It is, therefore, a privilege for these people to work with the company. The company policy regulates payment asked for position and responsibilities. This eliminates the challenge of gendered gaps in salaries that occur when some of the individuals are paid poorly even though they have the same responsibilities. At a time when the United States is on the spot for racism and sexism in the US, this is a major advantage. People are increasingly becoming more

sensitive to discrimination and choosing companies that demonstrate the same sensitivity and desire for social equity. The 13000 members of the staff members belong to various departments in the flat organizational structure. The company must keep up its effort form diversity and demonstrate the usage.

Code of Ethics

As a financial company, the company deals with a high level of client's personal data. It is paramount to keep this information confidential to protect consumers from fraud.

The company deals with multiple countries and therefore needs to adhere to multiple regulatory policies. The company must ensure that all policies are followed diligently to avoid scandals.

MARKETING ANALYSIS

Main Products/Services

PayPal has rapidly become the focal time for across border commerce. The main threat to digital money transfer is fraud. Consumers of digital payment platforms have to navigate constant threats of a security breach. For this reason, many people are hesitant to give out their bank details in online transactions, as would be needed when dealing with visa card or MasterCard payments. This is juxtaposed with a rising need for digital monetary transactions. Social media has caused a rise in across border exchange of goods. Through platforms such as Facebook, people can advertise products to a global audience with minimal expenditure. PayPal positioned itself appropriately to solve this need. Since it is possible to make payments using a PayPal account and without engaging one's bank details directly, it has become a preferred service for many.

PayPal is a business in the service provision arena. There are four main services that are provided by PayPal. These include:

a) The processing of payment for Online Vendors

These are payment relationship between the consumer of a product and a business commonly referred to as C2B relationships. They are the majority of transactions that are carried out through the PayPal platform. Customers prefer PayPal over other payment methods because of lesser transaction costs and greater privacy. The forms of transactions grew especially rapidly when eBay took over the possession of PayPal. The consumers of eBay products increasingly chose the platform as the method of paying the sellers. Since the online payment is global, it allows easier transfer of funds. The use of a common denomination for the transactions also allows consumers to price their products appropriately. There have been past concerns about fraud involving clients who request refund claiming the product was not as advertised. There is a need for the organizations to address these concerns.

b) Auctioneers and Commercial Enterprises Payment Gateway

There are sites where organizations can auction their products and payers can place their bids through PayPal. This is also a form of C2B payments as those who are purchasing the products will use PayPal to pay for the goods.

c) Payment Bank for Individual users

This is especially popular for individuals who may be working for across border employers. It is easier for these companies to dispatch large sums of money through PayPal. This avoids the complexity of dealing with multiple regulatory policy frameworks in international money movement. Unlike other payment platforms, there it is possible to move little amounts of money as well as large sums. For this reason, people who are moving irregular amounts of

money may refer a method that does not have restrictions on upper and lower amount settings. Also, various banks can link client's PayPal accounts to their bank accounts. This allows easy use of money via local banks after it is played by international organizations.

d) Easier money transfers facility cross-border

The global nature of the company also makes it easy for it to be used by individual transferring finances across borders. An example of this is individuals living abroad and who wish to send cash gifts to their relatives. It is easier to send the money to the individuals through their PayPal accounts. These people can then directly withdraw the money into their local bank accounts without navigating the complexity of currency exchange.

Marketing Strategy

The marketing process of PayPal has evolved through a psychographic trend. Psychographic trends target the thinking of people (Bhasin, 2017). This, in turn, will determine their lifestyle trends. For this reason, PayPal has been perfectly positioned for current market trends. There is an increasing demand for online shopping that is motivated by various factors. First of all, there is increased visibility of products to global markets and therefore a wider demand for them. It is easier to compare prices and therefore consumers no longer have to withstand exorbitant costs charged by importers while they can purchase the products directly. International celebrities also affect the decision making of wider segments of people leading to harmonization of tastes. This means that there are more people attempting to purchase things from a similar supplier. Additionally, many young professionals have tighter schedules to cover the inflating cost of living. They, therefore, do not have time to physically go shopping. Online shopping provides an opportunity to get the required products while performing other activities.

There is also the need for privacy and the desire to cut the cost of moving around to do physical shopping.

Considering the above factors, PayPal markets itself as a solution to an urgent market need. It promises efficiency, security, and cost-effectiveness (Hinterhuber, 2008). Efficiency means that it is possible to make a PayPal account with a few clicks. It is also possible to link a PayPal account to a particular service providers account so that payments can be done at regular intervals without consequent authorizations. Security means that the user is less likely to be a victim of privacy breach and theft. PayPal has risen to a position of trust in amongst its users. Cost-effectiveness concerns the low transaction costs.

Products, Product Mix, and Product Strategies

As mentioned earlier, there are four main services. All these services involve the movement of money between various people. The product mix is therefore meant to attract various groups of people about the services they require (Grewal, Roggeveen, Compeau & Levy, 2012). There are various types of accounts that one can open on PayPal. An example of this includes business accounts and individual accounts. These accounts will have different transaction thresholds, different withdrawal frequencies, and different verification processes. Allowing for this enables individual to open the accounts that will be friendlier to their operations.

Even within similar accounts, there are different accounts depending on the on the transaction ties. For example, after a particular level of movement of funds, a user has to verify the legitimacy of the account. These processes increase the validity of the platform by preventing illegal transfer of accounts such as money laundering.

PayPal charges between 1.9-2.2% of the amount being transacted for every transaction (Bhasin, 2018). This fee is charged to the individual making the transactions. To entice

businesses, the company reduces costs for accounts that are making more transactions. The more transactions that an account makes, the less the amount it will pay for every transaction (Bhasin, 2018). This encourages enterprises to use the platform alone so that the cumulative benefits can be more. In essence, PayPal does not need to do an extensive marketing campaign. This is because businesses need the platform and therefore they are going to advertise it on their behalf. It is more common to see an enterprise advertising that it allows PayPal payments than to see PayPal advertising itself. PayPal marketing strategy has therefore been the effort to ensure it remains relevant and unalienable to the current businesses.

Sales Methods Employed

So far, the organization is inalienable to businesses. It, therefore, does not have to advertise itself to businesses. However, to remain relevant, the company needs to continue remaining relevant to the people (Verhoef & Leeflang, 2010). PayPal is quite visible in its social media accounts interactions with consumers. These interactions are usually targeted at increasing the user-friendliness of the platform to consumers ("PayPal Product Offerings and Services - PayPal," 2018). It is not challenging to convince people about the necessity of having a PayPal account. Currently, PayPal is active in 200 countries with active accounts exceeding 179 million. This is why businesses need the platform to entice the holders of these accounts to shop with them.

While ensuring that people continue to open accounts, PayPal selling point to businesses focuses on demonstrating to them how they can grow through PayPal ("PayPal Product Offerings and Services - PayPal," 2018). It, therefore, demonstrates its features such as enhanced security features and cost-effectiveness. These selling activities are mostly done through digital platforms. There is pop up advertisements on web pages related to online money transfer. The

aim of these is to bring the effectiveness of PayPal to the consumers and businesses attention rather than explain the relevance. PayPal has come into existence at an appropriate time when the need for the service is arising. It is, therefore, not difficult to conduct its marketing activities as the consumers are ready to consume the product. The organization is therefore expected to grow without problems shortly.

ACCOUNTING AND FINANCIAL ANALYSIS

Financial Performance form 2012 to 2017

Generally, PayPal has experience growth over the five years from 2012 to 2016. In the year ending 31st December 2012, the net revenue for the company was 5.663 billion dollars ("PayPal Holdings - Annual Report," 2017). In the next four years, the revenue grew to 6.627, 8.025, 9.248 and 10.842 billion dollars respectively from 2013 to 2016 ("PayPal Holdings - Annual Report," 2017). The trend shows a continuous growth over time which is a promising indicator for business. There is also a rising trend in the value of assets owned by the company with the values shifting from 16.183 billion dollars in 2013 to 33.103 million dollars in 2017. This is accompanied by an increase in the value of liabilities which has shifted from 428 million dollars to 1.513 billion dollars. Below is a table that represents the performance of the company over the five years in this period.

	Year Ended December 31,				
	2016	2015	2014	2013	2012
(In millions, except per share amounts)					
Consolidated Statement of Income Data:					
Net revenue	\$ 10,842	\$ 9,248	\$ 8,025	\$ 6,727	\$ 5,662
Operating income	1,586	1,461	1,268	1,091	880
Net income	1,401	1,228	419	955	778
Net income per share:					
Basic	\$ 1.16	\$ 1.00	\$ 0.34	\$ 0.78	\$ 0.64
Diluted	\$ 1.15	\$ 1.00	\$ 0.34	\$ 0.78	\$ 0.64
Weighted average shares ⁽¹⁾⁽²⁾ :					
Basic	1,210	1,222	1,218	1,218	1,218
Diluted	1,218	1,229	1,224	1,224	1,224
Consolidated Balance Sheet Data:					
Total assets	\$ 33,103	\$ 28,881	\$ 21,917	\$ 19,160	\$ 16,183
Total long-term liabilities	1,513	1,505	386	509	428

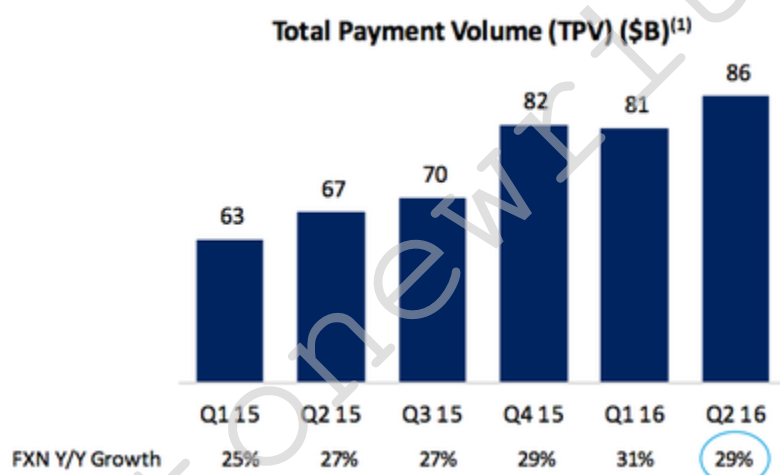
Source: <https://investor.PayPal-corp.com/secfiling.cfm?filingID=1633917-17-27&CIK=1633917>

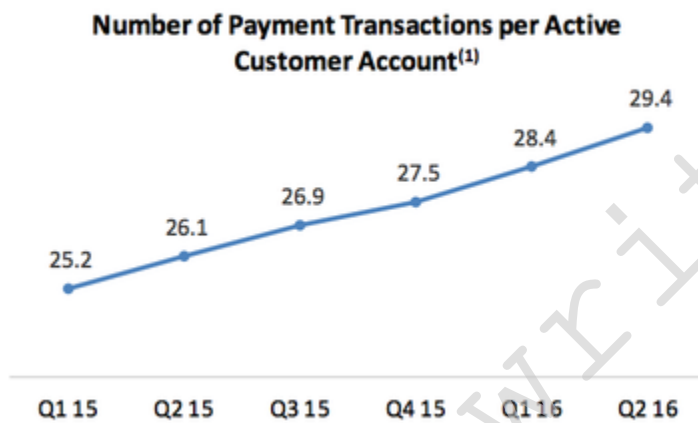
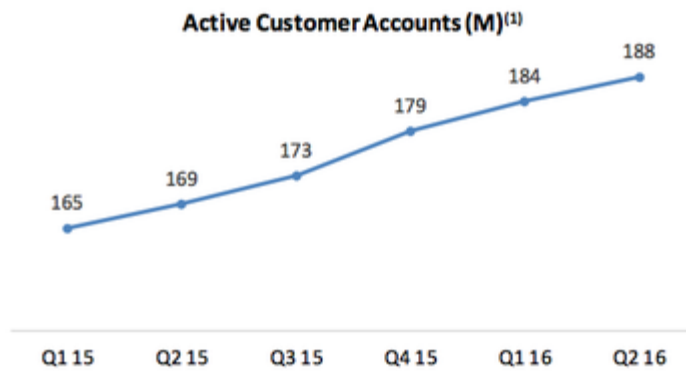
In the period between 2013 and 2016, the company witnessed a reduction in cash worthiness of the company. However, the company rose in value in terms of marketable securities. As a result, there was a significant rise in the receivables for the company. In 2013 through to 2016, the cash value of the company was 1.6, 2.2, 1.39 and 1.59 billion dollars respectively ("PayPal Balance Sheet, Annual, 2016, 2015 - Amigobulls", 2017). The 2014 and 2015 results especially show a significant drop of almost a billion dollars ("PayPal Balance Sheet, Annual, 2016, 2015 - Amigobulls", 2017). Below is a table that shows the performance of the company over the four years whose full results will be presented in the appendices of the paper.

The fiscal year is Jan -	2013	2014	2015	2016
Dec				

Cash	1.6B	2.2B	1.39B	1.59B
Marketable Securities	321M	29M	2.02B	3.39B
Receivables	9.33B	10.68B	12.4B	14.58B
Notes Receivable	3.1B	4.28B	4.18B	5.35B
Other Current Assets	267M	378M	655M	833M
Total Current Assets	14.62B	17.57B	20.65B	25.73B

The graphical representation of the financial performance of t PayPal produces the following results(Cardenal, 2016) :





Source: <https://www.fool.com/investing/2016/09/19/PayPal-stock-in-5-charts.aspx>

Comparison with Competitors

Although PayPal was the pioneer in an era of digital payments, the field is becoming more attractive, and therefore more tech giants are getting into the equation. Among the biggest competitors currently are Alipay, Amazon pay services, and JD finance (Gray, 2017). Payoneer and Skrill are also popular methods of sending and receiving money especially for individuals who work online. One major advantage that these companies have is that most of them affiliated with some form of e-commerce social providers. These companies can therefore easily tap on the consumers who purchase from their website. There is an increased need to manage individual

passwords and the increase in the possibility of using click-to-pay service the better (Tsukayama, 2013). These companies offer an easier option to pay when one is purchasing from these websites. The need for ease of payments has encouraged the rise of signing in with services such as Facebook and Google logins to access payment methods (Tsukayama, 2013). PayPal itself has been propelled to success through its previous relationship with eBay. It is therefore certain that an association with an e-commerce platform such as Amazon and Aliexpress for Alipay is a great advantage.

Although competitors are increasing their muscle, the dominance already created by PayPal will be difficult to change. In 2016, PayPal received an increase of 21 million accounts compared to 12million new accounts for Amazon payments (Gray, 2017). Currently, the company has almost 200 million active accounts and 35million more accounts from merchants. On the other side, Amazon Payment has about 33 million accounts (Gray, 2017). PayPal is, therefore, expanding faster despite its already large consumer base. PayPal universal nature as an independent company from eBay is perhaps a propelling industry. To avoid having multiple accounts which increases the chances of forgetting passwords and suffering from fraud, individuals prefer payment methods that will fit across the board. It is, therefore, discouraging for consumers to choose a payment method such as Alipay which will only serve on a single e-commerce platform unless they shop extensively with the traders on the platform.

With increased visibilities of global e-commerce platforms, many consumers are not loyal to a single selling point. The success of PayPal on e-Bay was largely due to the primacy of eBay as an e-commerce platform (Beulah, 2017). When PayPal was being established and its subsequent absorption into e-bay, the industry was still new with the limited online selling of

which most belonged to e-Bay. Having a PayPal account was, therefore, a necessity for most of the people venturing into the online selling of purchasing of goods.

In addition to this, over time, PayPal has marked a strong brand position (Beulah, 2017). This helps it in two ways. First of all the consumers has established a level of confidence in the company. The company is associated with less fraud and breach of data. A research conducted by the International Business Machines (IBM) found that each case of fraud is associated with 4 million dollars in losses. In 2015, cases of a breach of data resulted in 3.8 million dollars while in 2016, there were 4 million dollars lost. This argument can be used to discourage people from entrusting data from newer payment methods that are seen an experimentation procedure by the people. On the other hand, PayPal uses its strong brand position to convince upcoming e-commerce businesses of the advantages of attaching themselves to the company. More merchants accepting PayPal payments mean that more consumers see it as a necessary payment method. This strengthens the position of PayPal as a global money transfer. It can, therefore, be presumed that PayPal will remain strong in the lead in the e-payment platforms.

Financial Events affecting the Company's Performance

Like any other industry, the PayPal industry has been affected by the past economic hardship periods. Global economies have continued to struggle with the repercussions of the 2008 recession even to date. While the US economy began to recover in 2011, the recovery was much slower than anticipated ("Recessions compared," 2011). In 2011, the growth was taking place at approximately 1.3%. The situation was even more severe within the European Union. With some countries such as Greece being bailed out multiple times, other economies were struggling too. Spain and Italy have been reported to have record levels of unemployment as well as experiencing financial stagnation. The situation in Europe has been made worse by

extraordinary events such as Brexit and immigration challenges. These rise in a number of refugees continue to strain budget in both caring for the needs of the refugees as well as creating stronger mechanisms of managing the influx of people into the countries. This, in turn, results in a rise in trends of nationalism which is causing the unanticipated rise of nationalism and changes in governments to more right-leaning forms of governing policies.

All these factors affect the digital payments platforms in numerous ways. First of all, the recession results in a direct reduction of disposable income. People are more likely to purchase luxuries online than basic commodities. Top of the commodities that are sold online include clothes, mobile phones, shoes, jewelry, beauty and therapy and well as assorted forms of electronics. These are all forms of luxuries which are the efforts to be eliminated from current budgets when families are faced with economic hardships. Online shopping also takes time and therefore when finances are short, individuals are likely to purchase goods in local stores where they can have the product as soon as they get money. Physical shopping also allows individuals more opportunity to compare brands and bargain with the sellers. When online shopping is abandoned during a financial crisis, e-payments also take a hit. Additionally, financial crises mean that there is less money for across border transactions and therefore e-payments experience reduced activity. With the continued economic disturbances in Europe, e-payments will continue to struggle at least in as much as expansion is concerned.

Even factors that may not seem directly concerned with digital payments methods are affecting the operations of PayPal. For example, the rise in terrorism has increased scrutiny and restrictions on digital payment platforms. There are transactions limitations with countries that are considered to have a certain level of risks such as Libya, Iran, Iraq, Belarus, and others ("Prohibited Countries - PayPal - Braintree - BigCommerce," 2018). This prevents the funding

of organized trusties groups. In other countries, digital payments are shunned as methods that increase laundering. These restrictions block certain markets form access by e-payment companies. They, therefore, limit the expansion of digital payment companies and are therefore events that effect PayPal significantly.

Financial Ratios

The financial ratios of PayPal from 2014 to 2017 are presented in the tables below. Some of the ratios have improved even though others have been fluctuating. Based on these ratios, the company has been doing well in the industry since it has maintained consistency in its figures.

Liquidity ratios	2017	2016	2015	2014
Current ratio	143%	152%	152%	132%
Quick ratio	143%	152%	152%	132%
Cash ratio	25%	29%	25%	17%

Profitability ratios	2017	2016	2015	2014
Gross margin	100%	100%	100%	100%
Operating margin	16%	15%	16%	16%
Pre-tax margin	17%	15%	16%	16%
Profit margin	14%	13%	13%	5%

OPERATIONS, MANAGEMENT, SOCIAL RESPONSIBILITY, AND ETHICS

A code of ethics refers to principles that govern the behavior and decision of a company.

They give a company an idea of the acceptable acts and choices. They provide an overview of

how the employees should behave when tackling issues such as conflicts of interests, harassment, and safety. The paper outlines an example of a code of ethics that applies to the PayPal Company. It also explores the effects of the system of ethics on daily operations of the PayPal Company. More so, it explains some costs of compliance and non-compliance with the code of ethics. Finally, the paper illustrates the benefits a company achieves by promoting its values or ethics.

NAR's Code of Ethics for a PayPal Company

The code as adopted in 1913 ensures that the PayPal Company serves the interests of the clients appropriately. NAR's Code of Ethics is entirely different from non-member licensees in that they exhibit a voluntary subscription to a strict code of ethics.

Impact of the Code of Ethics on Day-To-Day Operations

The law of ethics leads PayPal's employees into a right path towards making the correct decision. Most importantly, since all workers and clients come from different cultures, the code of ethics issues a consistent ethical compass that aims at guiding the behaviors of the PayPal employees. Furthermore, the system of ethics provides PayPal employees with essential resources needed to encounter situations, especially when they require further guidance.

Code of ethics improves the entire organization as a workplace. For example, it creates overall respect among all the company's employees. Besides, it gives each PayPal workers a degree of accountability. Therefore, the firm increases its reputation and also sets a higher state for high profits and rapid growth. Individuals work in a manner that they trust each other expecting that they will adhere. Code of ethics enhances the entire public trust and improves PayPal reputations. It also increases the morale of PayPal business workers such that they feel motivated while performing their duties.

Costs of Compliance

The compliance costs include all costs that are associated with administration, planning and obeying the law. The PayPal Company experiences some extra costs such as value-added tax. For instance, the company encounters an additional burden of keeping detailed records that include all input and output tax to enhance its completion of VAT returns. Therefore, to address the above challenge, PayPal Company will have to employ a skilled person in such field, which in fact will be cost- compliance for the company.

Costs of Non-Compliance

Some of the noncompliance costs include monetary fines and penalties. Continuous fines and penalties in a PayPal company have significantly affected its share prices. Non-compliance with the code of ethics results in increased costs of recruiting and maintaining better qualities of agreements resources of which they are quite expensive. More so, the PayPal Company experiences a prospective claw-back of bonuses. For instance, the regulators have placed measures to prevent PayPal Company from being rewarded for taking the undue or excessive risks.

Intangible Benefits the PayPal Company Might Gain By Promoting Their Ethics

Some of the intangible benefits that PayPal Company would experience by promoting its ethics include the following. Firstly, the company will be able to maintain a standard moral course in unstable times. There is a likelihood that ethics will support the growth and meaning of the PayPal employees. For example, attention to ethics enables the employees to face reality in all circumstances, whether in good or bad times (McNamara, 2018). Most importantly, promotion of ethics will allow PayPal Company to establish a strong public image. In addition,

by promoting ethics, PayPal will minimize its acts of criminal which can finally lower penalties and fines.

RECOMMENDATION AND CONCLUSION

Recommendation

It is economically sound to invest in Paypal. PayPal has been performing well, and it is expected to continue performing well. Statistics show that more and more people prefer to purchase things online. By 2016, 79% of the American shoppers bought their phones online as opposed to 20% in the year 2000 (Perez, 2017). It is therefore certain that the necessity for digital payment platforms will only grow. Currently, the price of the PayPal stock is above 72 dollars (McClay, 2018). This company has recorded positive growth in the recent past after the February crash following eBay's decision (McClay, 2018). This shows that the company has the capacity to be resilient despite a shifting business environment. Looking closely at the company's performance last five years gives a clear indication that it is a company to invest in. Generally, PayPal has experience growth over the five years from 2012 to 2016. In the year ending 31st December 2012, the net revenue for the company was 5.663 billion dollars ("PayPal Holdings - Annual Report," 2017). In the next four years, the revenue grew to 6.627, 8.025, 9.248 and 10.842 billion dollars respectively from 2013 to 2016 ("PayPal Holdings - Annual Report," 2017). The trend shows a continuous growth over time which is a promising indicator for business.

To increase business, the company has also recently joined other digital money platforms in signing patents with Bitcoin. This is in line with the rising consumption of cryptocurrency as a mode of business transactions. The company states that it aims to enhance the user-friendliness

of the cryptocurrency transactions. Although PayPal is no longer the sole entity option for e-commerce, digital payment options, it reserves many advantages that enhance its economic significance over other providers.

Although competitors are increasing their muscle, the dominance already created by PayPal will be difficult to change. In 2016, PayPal received an increase of 21 million accounts compared to 12 million new accounts for Amazon payments (Gray, 2017). Currently, the company has almost 200 million active accounts and 35 million more accounts from merchants. On the other side, Amazon Payment has about 33 million accounts (Gray, 2017). PayPal is, therefore, expanding faster despite its already large consumer base.

With increased visibilities of global e-commerce platforms, many consumers are not loyal to a single selling point. Unlike payment methods such as Alipay which will only serve on a single e-commerce platform, its independent nature allows people to avoid having multiple accounts which increases the chances of forgetting passwords and suffering from fraud. Having a PayPal account is, therefore, even today a necessity for most of the people venturing into the online selling or purchasing of goods.

In addition to this, over time, PayPal has marked a strong brand position (Beulah, 2017). This helps it in two ways. First of all the consumers have established a level of confidence in the company. The company is associated with less fraud and breach of data. Research conducted by the International Business Machines (IBM) found that each case of fraud is associated with 4 million dollars in losses. In 2015, cases of a breach of data resulted in 3.8 million dollars while in 2016, there were 4 million dollars lost. This discourages people from entrusting data from newer payment methods that are seen as an experimentation procedure by the people. On the other hand, PayPal uses its strong brand position to convince upcoming e-commerce businesses of the

advantages of attaching themselves to the company. More merchants accepting PayPal payments mean that more consumers see it as a necessary payment method. This strengthens the position of PayPal as a global money transfer. It can, therefore, be presumed that PayPal will remain strong in the lead in the e-payment platforms.

Conclusion

PayPal has rapidly become the focal point and backbone of cross-border e-commerce. E-commerce is an avenue that is rapidly growing and is expected to continue growing exponentially. Despite the mushrooming competition in this arena, the company is expected to keep a strong lead into the foreseeable future. PayPal has already positioned itself appropriately to solve all the e-commerce needs. These include an increasing demand for online shopping that is motivated by various factors. PayPal, therefore, markets itself as a solution to an urgent market need. It promises efficiency, security, and cost-effectiveness. All these services involve the movement of money between various people. It also promises to alleviate the consumers of digital payment platforms the constant threats of a security breach. The product mix is therefore meant to attract various groups of people with regard to the services they require. Generally, PayPal charges between 1.9-2.2% of the amount being transacted for every transaction. So far, the organization is inalienable to businesses. It, therefore, does not have to advertise itself to businesses. However, to remain relevant, the company needs to continue remaining relevant to the people. PayPal is quite visible in its social media accounts interactions with consumers. These interactions are usually targeted at increasing the user-friendliness of the platform to consumers

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