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Mains Practice Questions

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You are the manager of a company that has been worst affected by the lockdown due to Covid-19 pandemic. All the businesses of the company have been halted and there is no source of revenue generation in the company during the lockdown. Due to this, the company will not be able to sustain for long and pay full salaries to all of its employees. Moreover, the government plans to extend the lockdown period in order to tackle the spread of the infectious disease.

As a manager, you have to decide on cutting down the salaries of the workers and lay off some of them in order to keep the company running. However, your decision will leave many poor workers without any source of income.

- a. Identify the ethical dilemmas involved in the case.
- b. What are the possible courses of actions available to you? Which one do you think will be the most appropriate step that can be taken and why?

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Approach

- o In the introduction give a brief context of the case and highlight the main issue.
- o The first part of the body should include the stakeholders and their respective interests followed by the possible ethical dilemmas of these stakeholders.
- o In the second part, enlist the available options/actions. Mentioning the merits and demerits of each action, write an appropriate course of action with a valid conclusion.

Answer: A

Introduction

The Covid-19 pandemic and subsequent lockdown has stifled the economy due to which the company involved in the given case is in dire straits. The decision making by me as a manager of the company requires me to strategize by focusing on the survival of the multi stakeholders like the company, the investors of the company, employees and their families.

Body

Stakeholders Involved	Interests
Government	Controlling the Covid Crisis, ensuring minimum infections and fatality.
Company	Maintaining sources of revenue, sustaining its employees.
The manager	Rescue the company from the crisis and secure the interests of employees.

Employees

Supporting the company in its bad times and fulfilling the needs of their family.

Various ethical dilemmas involved in the case are

- **With respect to manager of the company:**
 - **Pragmatism Vs. Compassion:** The pragmatic approach requires to lay off the workers and save the company, whereas compassion requires to support them in the crisis as they have been loyally working for the company in its good and bad times.
 - **Company profits vs. Social responsibility:** Challenge of balancing the responsibilities of rescuing the company safely through the ongoing crisis and securing the interest of the employees as well.
 - **Dilemma about how to downsize the workforce.** Whom to keep and whom to lay off in a manner which in the company remains afloat and it should not risk the survival of the laid off employees and their families.
- **With respect to government/administration:**
 - **Lives Vs. Livelihood:** The ideal balance of the equation should be a minimum loss of lives and livelihoods so this nation will suffer less in this pandemic from impeding economic hardships.
 - The administration has to decide whether to continue the lockdown to save lives or start companies to help sustain the livelihood of the people..
- **With respect to the employees:**
 - **Interests of family vs Interests of the company:** The dilemma of working full time with a salary cut to support the company in crisis or to search for better avenues with better financial returns.

Answer (b)

As the manager of the company some of the possible options in this case could be:

Let the employees get their full salaries as usual.

Pros: It would definitely give much needed support to the employees and their family.

Con: Survival of the company would be put to risk.

Laying off all the workers en masse.

Pros: It would save the company from financial stress.

Con: The poor employees and their families may face livelihood issues. The human cost of such a decision makes it unethical.

Asking the employees to take unpaid leaves or bear salary cuts.

Pros: It could give temporary relief for the company. And will also make sure a livelihood option is open for employees..

Con: Employees and their families would have to lower their standard of living. It may impact their fight against infectious diseases and other health issues.

Rational pruning of workforce.

Pros: Reduces the burden on the company.

Con: Puts to risk the survival of fired employees and their family.

Appropriate course of action based on the viability of the above options

- The first option and second option are not viable choices of action because first one is unsustainable and the human cost of the second option makes it unethical.
- The third option is pragmatic because the current level of financial supplies to the workforce cannot be sustained without revenue generation of the company. The employees should be articulately explained about this situation of the company, which is forcing the company to take such measures that are causing them inconvenience and hardships. This could be a good short term option to secure the interests of multiple stakeholders.
- If the above action doesn't improve the situation, the fourth should be adopted. It requires to meticulously identify the employees which are indispensable for the company to remain afloat, and also identify the employees specially with lowest salaries who have less economic and social security comparatively. These employees should be last in choice of laying off.
- In deciding upon employees to be laid off, **a utilitarian approach should be adopted.** Those employees should be chosen whose work isn't implementable or required in the current situation.
- But care should be taken to inform and explain to them the reason for their firing beforehand and give them ample time to prepare themselves for it. So that they could search alternative sources of income like finding themselves jobs in other companies.
- I would also try to extend every possible help in securing food security options for the employees who have lost their jobs and even extend loans in case of a grave emergency according to the financial capacity of the company. Also, I would ensure them to take back in the company when situations improve.

Thus, the above plan would help me as a manager to make decisions which are morally sound and rationally appropriate to save the company and secure the interests of the employees.