



## Mains Practice Question

Q. Recently, many private businesses are facing ethical dilemma to lay off their employees. What do you think about this? Discuss. (150 words)

15 Dec, 2022 GS Paper 4 Theoretical Questions

### Approach

- Start your answer by describing ethical dilemma faced by the private businesses.
- Give your opinion about the issue.
- Conclude accordingly.

### Introduction

Ethical Dilemma is a decision-making problem between two moral imperatives neither of which resolves the situation in a morally satisfactory manner. It is a complex situation that often involves an apparent mental conundrum in which obeying one imperative would result in disobeying another.

### Body

- Currently there is a growing list of top tech companies are laying-off employees in an attempt to conserve cash and focus on profitability amid funding crunch this year.
- **Ethical Dilemma involved:**
  - **Loyal Employee's v/s Company:** As loyal employees would lose faith in the company and that would lead to long-term harm to the company.
  - **Morality v/s Practicality:** The company would face dilemma that whether morally retain or practically fire employees despite having the ethical values of compassion towards the employee.
- **Ethical Issues Involved:**
  - **Business Ethics:** And even if company proceeds with layoff, then there should be a notice period of two months coupled with one-time compensation should be provided before layoff.
  - **Empathy:** Employer should also think from the perspective of employee, as then he will get to know about the situation the employee is in.
  - **Corporate Governance:** Corporate governance plays an important role to protect the rights of thousands of shareholders, who have ownership in the company and also includes the aspects of employees as well, that plays an active role in promoting accountability and transparency in business activities.
- **Options ahead of Company and Employees:**
  - Cost-cutting is one of the main reasons for lay off because the companies are not making enough **profits to cover their expenses** or because they need **substantial extra cash to** address paying off debt.
  - The company might know about the financial condition of the employee and many of them don't have the sound financial condition and termination of service will affect him negatively.
  - Further, terminating the employee at a time when they might be going through a financial crisis and the economic recession in the market will make it difficult for him to find a job

- elsewhere, is unethical.
- Mostly, employees work for financial stability in their life and removal of employment may lead to resource crunch in their house and they may slip into poverty.
  - The person who is laid off suffers the most distress, but remaining employees suffer emotionally as well. The productivity level of employees who work in fear is likely to go down.
  - The responsibility for the wellbeing of the employed person and their family falls on the employer, if the latter have enough personal wealth, then he should retain all employees. For e.g. in the 2008 financial crisis, for instance, the TATA group retain all of its employees.
  - It appears as though a private organisation employed the employee for its own advantages and let them go in times of crisis if it hires them when they are in need and fires them when they are not.
  - That's why corporations need to work on fundamentals of their business and further try to improve their corporate governance.

## Conclusion

In difficult times more than in prosperous ones, **compassionate capitalism is crucial**. Therefore, rather than laying off its employee, employer should cut their pay till the recession settle downs, which will retain employees and also reduce company's expense in this tough times.

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