



Mains Practice Question

Case Study

With the latest trend of layoffs by big-tech companies across the globe due to various reasons like continuation of Russia-Ukraine war, fall in consumer demand and slowing economic growth. Considering this global situation, there is an Indian Ed-tech company which is also suffering from slowing of demand, capital crunch etc. Therefore, the company needs to take a slew of measures to navigate through this rough phase of recession.

Manish is working as Human Resource (HR) head in this company and there is pressure from investors to fire a major chunk of the workforce.

Further, he was informed by management that dismissing employees is essential for the company's existence and instructed him to inform the employees of this decision as soon as possible.

Q. With the ethical dilemmas in mind, what should Manish do in this scenario?

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Approach

- Briefly introduce your answer by explaining the ethical issue involved in the case.
- Discuss about various stakeholders and ethical dilemmas involved in the case.
- Discuss Manish's course of action.
- Conclude accordingly.

Introduction

The above case deals with the economic uncertainty of an ed-tech company due to various reasons like slow growth, lack of demand etc., and Ethical dilemma faced by the Senior Human Resource head Manish that whether to lay-off a major chunk of employees or not.

Body

- **Ethical Issues Involved:**
 - Empathy of Manish towards employees.
 - Professional responsibility to follow rule book.
 - Crisis management.
 - Corporate Governance.
- **Stakeholders Involved in the Case are as Follows:**
 - Investors of Ed-Tech company.
 - Management of Ed-Tech company.
 - Manish as HR head.
 - Employees who might be laid off.
 - Family of laid off employees.
- **Ethical Dilemmas Involved:**
 - **Personal Values v/s Professional values:** As the senior HR head Manish have view

against the management of the company, but his personal values should be evaluated as per the economic condition of employees.

- **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.
- **Fire Employee's v/s Retaining them:** The senior management of the company would face dilemma that whether to retain or fire employees despite having the ethical values of compassion towards the employee.

▪ **Course of Action:**

- My first course of action would be to follow the management and terminate a major chunk of employees, but this decision might create discontent among other employees.
 - As the Head (HR) Manish would know about the financial condition of the employee and many of them doesn'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.
 - And 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.
- My second course of action would be to deduct the pay of the higher executives till economic slowdown subsides.
 - Further, various attempts should be made to reskill employees or to accommodate them as per their skills rather than to abandon them. This process would help the lower executives retain their jobs without burdening the organization's finances.
- Third course of action would be retaining all the employees, as the famous entrepreneur Ashneer Grover recently said that laying off employees during economic slowdown is never a solution, rather cut their salary by 10-30% till the recession settle downs, as these people were working for some times and by laying off company is losing its skilled workforce and further, company might find it difficult to attract good talent ahead.
 - This will give employees the opportunity to upgrade their skills and will also give them buffer time to explore other employment options.

Conclusion

In difficult times more than in prosperous ones, compassionate capitalism is crucial. Therefore, rather than laying off its employee, Manish could discuss with the management about his course of action and try to convince them to follow the combination of both second and third course of action by reskilling them, cutting their pay till the recession settle downs, which will retain employees and also reduce company's expense in this tough times.