



Subject: Professional Ethics

Chapter: Unit 3 - 4

Category: Assignment solutions

Q1. Multiple choice questions (1.5 mark each)

1. A
2. D
3. B
4. C
5. A
6. B
7. C
8. A
9. A
10. D

Q.2A Write a short note on Social and Political values of Indian Culture (5 marks)

Answer 2 A- Social and Political values

The social and political values of Indian culture are that humans should intend to create a harmonious environment, using the eternal law of the cosmos to normalize their own conducts in order to reach the ultimate stage of oneness with Brahman-atman. On the one hand, India attaches some importance to pragmatic interests and desires. On the other hand, more importantly, it spares no efforts to promote that everyone should persevere in his life and undertake the obligations of his family and his nation for the prosperity of the society and the wellbeing of his posterity rather than personal pursuits and gains. People must follow law and submit to it, complying with the social rules and morals prescribed by the eternal law, which is more than mere civil law and covers a whole range of meanings such as the task and justice of man, human relations and the social order. So the Indian traditional cultural values strongly emphasize that only by dedicating oneself selflessly to the society can his behaviors truly accord with the social and political values and can a harmonious environment be created.

Q.2B Write an explanatory note on Directive Principles of state policy. And also explain its economic importance (5 marks)

Answer 2B -

The Directive Principles of State Policy which have been enshrined in Part IV of the Constitution aim at realizing the high ideals of justice, liberty, equality and fraternity as outlined in the preamble to the constitution. There are ideas which are to inspire the state to work for the common good of the people and establish social and economic democracy in the country. The phrase 'Directive Principles of State Policy' means the principles which the states should keep in mind while framing the laws and formulating policy. Articles 39 to 51 contain the various directive principles. These principles are amalgamation of socialistic, Gandhian and liberal principles.

Economic Importance:

The economic importance of Directive Principles of State Policy is:

- (i) To provide adequate means of livelihood for all the citizens.
- (ii) To secure equal pay for work to both men and women.
- (iii) To protect the workers, especially children.
- (iv) To regulate the economic system of the country that it does not lead to concentration of wealth and means of production.
- (v) To make provision for securing right to work, to education and to public assistance in cases of unemployment, old age, sickness and similar other cases.
- (vi) To ensure a decent standard of living and facilities of leisure for all workers.

Q.2C Operating in an ethical way may incur additional costs to a business when compared with other retailers and companies. What is the cost of ethics in corporate ethics evaluation? (5 marks)

Answer 2C –

Operating in an ethical way may incur additional costs to a business when compared with other retailers and companies who may not do business in the same way. For example, Primark bears the cost of carrying out all audits. Then there are its costs associated with working with ethical partners. An example of this is Primark's partnership with Nari Uddug Kendra (NUK). This is an organisation supporting women's rights and health in Bangladesh. See more information and read an interview with NUK on the Primark website.

NUK has more than 20 years experience in addressing women's rights and labour issues in the ready-made garment sector in Bangladesh. Through this partnership, Primark seeks to identify and address key issues around equal rights, opportunities for growth and career enhancement, as well as training needs within some of its key suppliers in Bangladesh. NUK's expertise in this area helps Primark provide employees and middle management at factories with more intensive support and training on ethical issues.

Costs to Primark of working in an ethical way include:

- The employment of the global Ethical Trade team
- Training its buyers on all ethical trade issues
- Managing and paying for external audits
- Helping suppliers put right issues raised by audits, through training and support from the Primark Ethical Trade team.

However, rather than seeing these activities as costs, Primark believes that they enable the business to operate in a sustainable and well-managed way. Through its remediation programme, Primark's team of ethical managers work with factories to help them find ways of putting issues right and developing sustainable practices. This provides a benefit to the supplier but also in the long term to Primark, who gains from having suppliers all working to its standards.

Transparency in business

Transparency is an important part of this process. Transparency means the business is open to people seeing how it manages its relationships with suppliers. In turn, suppliers practices also need to be transparent. The alternative would be for an organization to ignore ethical behaviour. However, this would rapidly lead to a decline in brand reputation and consumers could move to purchasing from competing retailers behaving more ethically. Operating in the 'right way' is therefore not just appropriate for ethical reasons, but is also good business practice.

How to Measure Employee Ethical Standards

Before ethical standards can be enforced, employers must establish clear and understandable standards. Once the standards have been clearly identified, compliance is measured by observing employee actions and identifying the results of those actions. Standards for measuring ethical behavior must be tailored to meet the needs of each organization or business.

Ethical Standards

1. Employees are expected to be honest when dealing with customers, and trustworthy when responsible for protecting company resources.
2. Employees are responsible for reporting any illegal activity taking place on company property.
3. When dealing with customers, employees are expected to conduct themselves with integrity.
4. Employees working in positions of public trust are expected to avoid situations that would give the impression of a conflict of interest.

Employee Actions

Employee acceptance of responsibility for ethical conduct begins with willingness to attend ethics training. Employees attending training sessions express their agreement to abide by ethical standards by signing a code of conduct. Employees who avoid ethics training might not be prepared to display the expected behavior toward customers and co-workers. Employee actions that cause customers to register complaints are an indication that an employee is not in compliance with expected standards of ethical conduct.

Results

The best way to measure the effectiveness of a company's ethical standards is to observe the results of employee actions. When the company is able to establish and maintain a loyal and satisfied customer base, management has a sure indicator that employees are treating customers ethically. When employees protect the integrity of company property, management has a positive measure of ethical conduct. Negative actions by employees indicate that ethical standards are not being complied with.

Tailoring Measurement

- Retail companies might measure the effectiveness of ethics training and compliance through the results of customer surveys.

- Manufacturing firms might measure the effectiveness of ethics training by resource loss rates or by productivity rates for each department.
- Governmental organizations might measure ethics compliance on an evaluation of how well employees respond to external customers, or meeting the needs of clients.

Q.2D What are the different categories of risks as per risk management?
(marks)

(5)

Answer 2 D -

Risks may be broadly classified under the following heads:

(a) Industry & Services Risks:

These risks can be broadly categorized as follows, namely:

- Economic risks such as dependence on one product, one process, one client, one industry, etc. in the short and long term.
- Services risks
- Market structure
- Business dynamics
- Competition risks affecting tariffs prices, costs, revenues and customer preferences
- Customer relations risks
- Reputational risk

(b) Management and Operations Risks:

These risks relate broadly to the company's organisation and management such as planning, monitoring, and reporting systems in the day to day management process namely:

- Risks to Property
- Clear and well defined work processes
- Changes in Technology/ upgradation
- R&D risks
- Agency Network Risks
- Personnel risks such as labour turnover risks involving replacement risks, training risks, cost risks, skill risks etc. There are also unrest risks due to strikes and lockouts. These risks affect the company's business and earnings.
- Enviromental and Pollution Control regulations, etc.
- Locational benefits near metros, railway stations, ports, cities, etc.

(c) Market Risks:

These risks relate to market conditions namely:

- Raw material rates

- Quantities, quality, suppliers, lead time, interest rates risks and forex risks namely, fluctuation risks and interest rate risk in respect of foreign exchange transactions.

(d) Political Risks:

These risks relate to political uncertainties namely:

- Elections
- War risks
- Country/Area risks
- Insurance risks like fire, strikes, riots and civil commotion, marine risks, cargo risks, etc.
- Fiscal/Monetary Policy Risks including Taxation risks.

(e) Credit Risks:

These risks relate to commercial operations namely:

- Creditworthiness risks
- Risks in settlement of dues by clients
- Provisions for doubtful and bad debts

(f) Liquidity Risks:

These are financial risk factors namely:

- Financial solvency and liquidity risks
- Borrowing limits, delays
- Cash/Reserve management risks
- Tax risks.

(g) Disaster Risks:

These risks relate to disasters from following factors:

- Natural risks like fires, floods, earthquakes, etc.
- Man-made risks arising under the Factories Act, Mines Act, etc.
- Risk of failure of effective Disaster Management plans formulated by the company.

(h) Systems Risks:

These risks relate to the company's systems namely:

- System capacities
- System reliability
- Obsolescence risks
- Data Integrity risks

Q.3A

(A) Ethical issues involved

- Human emotions: Officers, despite being trained to adhere to confidentiality norms, are tricked by spies for gaining sensitive information. This shows the vulnerability of human emotions which can be a risk to national security.
- Breach of trust: Such incidents erode people's trust on intelligence agencies for upholding national security.
- Empathy towards colleagues: Close personal relations with the junior officer and his meritocracy might hinder taking strict action against him.
- Media scrutiny: Risk of defamation of officers before proper investigation.

(B)

Options	Merits	Demerits
1. Taking strict action against the junior officer.	▪ Adhering to professional duty. ▪ Upholding national security as supreme.	▪ Loss of valuable asset to the organization. ▪ May bring bad repute to the organization.
2. Giving warning without any strict punishment.	▪ Upholding the morale of the officer. ▪ Opportunity to expose other incidences of honey trapping.	▪ Setting wrong precedent for the future. ▪ Risk of further information leakage.

Option (1) seems to be the suitable choice as national security and professional ethics precede personal relations and empathy with the junior officer.

Course of action

- Following Standard Operating Procedures (SOP) and forming an investigation team for fact finding. Estimating the impact of the information leak should be the utmost priority.
- Temporarily suspending the junior officer and taking into custody all his digital media access.
- Reporting to higher authorities so that suitable action can be initiated at an appropriate level. Taking help from cyber security expert team to identify any other similar cases.
- Addressing media so as to handle the case with integrity and professional ethics considering the sensitivity of the issue.
- Taking long term measures like organizing training camps regarding honey trapping and cyber security for officers posted at high risk areas.