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Subject: Professional Ethics

Chapter: Unit 3 -4

Category: Practice questions solutions

Answer 1

(a)The given case highlights a common problem with state-run public services and the ongoing privatization of public services.

Facts of the case	Stakeholders involved	Ethical values
▪ Strike by workers against privatization move. ▪ Structural problems in the state transport corporation. ▪ Workers not getting a timely salary. ▪ Commuters facing hardship as transport services in peril. ▪ Bribe offered to negotiate.	▪ Workers ▪ Transport department officials ▪ Commuters or the general public ▪ Self (as head of worker union) ▪ Political leaders	▪ Leadership ▪ Courage ▪ Fortitude ▪ Empathy ▪ Efficiency ▪ Spirit of service

The moral dilemma faced

- Personal v/s professional ethics: As an employee of the State transport corporation, one should adhere to the orders of superiors. On the other hand, as a leader of worker union, one should support the demands of fellow workers and even motivate them to continue the strike.
- Personal interest v/s Community interest: One may accept the bribe for monetary and personal gains or show conviction towards the duty to uphold the rights of fellow workers.

Role and duties of the head of the worker union

- Upholding the interest of workers: As a leader of worker union, one must show courage and fortitude to fight for the rights of workers and negotiate with the transport officials. It is the opportune moment to put pressure on the management to address the grievances of the workers.
- Showing moral righteousness: Deontological approach of Immanuel Kant suggests that it is immoral to take the bribe and one must adhere to his duty towards the interest of the fellow workers. The worker's faith and trust must not be broken for petty material gains.
- Showing administrative leadership: One should be accommodative enough and should even make the workers realize the problems faced by commuters due to the strike. Hence, they must look for early resolution of the problem.

The course of action

- Negotiating with the transport officials: Good governance can be ensured only by accommodative nature of negotiations without viewing it as a loss of personal prestige. All leaders should engage for a faster and meaningful resolution of the dispute.

- Ensuring peaceful and legitimate protest: Everyone has a right to protest in a democracy. However, leaders must ensure that protests are done in a peaceful manner without any unethical means.
- Attitudinal change by moral suasion: Workers should be persuaded to call off the strike so that public services can be restored at the earliest.

Long term measures:

- Welfare of workers: The political leaders should empathize with the employees. All legitimate needs of the workers should be accepted like timely payment of wages, providing basic insurance facilities, etc.
- Resolving state budget constraints: Arrangements must be made to augment the transport department budget through alternate means considering its importance for the general public.
- Regulation of services: Privatization is needed to increase efficiency. However, privatisation of transport services, unless well regulated, can lead to unhappy outcomes such as a rise in accidents, and unruly driving and behaviour. Hence, if the sector is privatized, it must be duly regulated.

Answer 2 –

Five Major Systems with Relevance to Managerial Decisions

Managers should use ALL FIVE systems to think through the consequences of our actions on multiple dimensions.

Eternal Law - Moral standards are given in an Eternal Law, which is revealed in Scripture or apparent in nature and then interpreted by religious leaders or humanist philosophers; the belief is that everyone should act in accordance with the interpretation. (Too many interpretations.)

Utilitarianism: A Teleological Theory - Moral standards are applied to the outcome of an action or decision; the principle is that everyone should act to generate the greatest benefits for the largest number of people. Differs from the economic concept of cost/benefit analysis in that the distribution of the costs and benefits has to be included as well. (Utilitarianism fails because we can probably all agree that there are some actions that are simply wrong, despite great apparent net benefits for a huge majority.)

Universalism: A Deontological Theory - The reverse of teleological theory. Moral standards are applied to the intent of an action or decision; the principle is that everyone should act to ensure that similar decisions would be reached by others, given similar circumstances. (Immoral acts can be justified by persons who are prone to self-deception or self- importance, and there is no scale to judge between "wills".

Distributive Justice - Moral standards are based upon the primacy of a single value, which is justice. Everyone should act to ensure a more equitable distribution of benefits, for this promotes individual self-respect, which is essential for social cooperation. (Dependent upon acceptance of the proposition that an equitable distribution of benefits ensures social cooperation.)

Contributive Liberty - Moral standards are based upon the primacy of a single value, which is liberty. Everyone should act to ensure greater freedom of choice, for this promotes market exchange, which is essential for social productivity. (Dependent upon the acceptance of the proposition that a market system of exchange ensures social productivity.)

Answer 3 –

Here, both Gaurav and Dev has failed to act in responsible manner. Because:

1. A banker must keep his clients' data confidential, unless required by the law to disclose it.
2. Gaurav didn't even wait to cross verify who else is giving money to Mrs. Bindu Chopra's account. Because if there was a 'large scale bribe scam' then lot other senior citizens would be making payment to Bindu's account, and not just Mr. Ashok Kumar alone.
3. Even in that situation, Gaurav had to consult his boss within his own bank first. He cannot go around giving informal tips to outsiders. This is an unethical act for a banker.
4. Dev too acted in hasty manner. First, he starts 'investigation' based on an informal tip from a banker who is not supposed to tip him in the first place. He should have consulted the vigilance department before moving further.
5. Second, Dev confronts Param Chopra, without any hardcore evidence. When you're holding a public office, you can't go around accusing people in such haste. It breaks the office discipline, destroys the staff morale and allows the guilty person to cover his tracks.

Answer 4 –

The shelf life of lie and deception is very low. Especially when many people are involved. In this case: laborers and any bystanders.
Both Anand and Pran are risking themselves to an unnecessary negative publicity and possible departmental inquiry and punishment for professional misconduct. Indeed police building needed repairs and should have been given a grant months ago, but three wrongs don't make a right:

1. Wanton destruction of a public building.
2. Misleading the disaster assessment team.
3. Police officer Anand spending his time and energy in such activity rather than doing rescue-relief-patrolling duty after the disaster.

Answer 5 –

1. Creating a shared sense of meaning, vision, and purpose that connect the employees to the organization and are underpinned by valuing the community without subordinating the individual and seeing the community's purpose as flowing from the individuals involved.

2. A second characteristic that ethical leadership can provide is developing in employees a systems perspective, which is linked to the post conventional stages of cognitive and moral reasoning discussed above, so that a value of serving other community members and related entities in the broader ecosystem emerges.

3. Another theme is that of emphasizing business processes rather than hierarchy and structure, which is based on valuing work itself intrinsically and focusing on both ends and means in decision making, not just the ends. Localized decision making, particularly around work processes, provides a

value of responsibility for individual actions, and using information within the system is supported by values of truth telling, integrity, and honesty, the characteristics of moral persons, as well as transparency about and access to needed information.

Answer 6 –

The preamble of the Indian Constitution guarantees to its every citizen:

(i) Economic Justice:

The Indian Constitution laid down social, economic and political justice to every citizen in the country. It is, therefore, the duly of the business organizations to provide social, economic and political justice to every citizen.

(ii) Liberty of Thought, Expression, Belief, Faith and Worship:

This has been accepted in our constitution that every citizen has liberty of thought, expression, belief, faith and worship. According to this concept every business, organization should have liberty of thought, expression etc., with everyone.

(iii) Equality of Status and of Opportunity:

According to this concept every businessman should believe and give equal opportunity to others. This can be achieved through eradication of poverty. This does not mean winning gap between the poor and rich.

Answer 7 –

The Foreign Exchange Regulation Act (FERA) was legislation passed by the Indian Parliament in 1973 by the government of Indira Gandhi and came into force with effect from January 1, 1974.

FERA imposed stringent regulations on certain kinds of payments, the dealings in foreign exchange and securities and the transactions which had an indirect impact on the foreign exchange and the import and export of currency. The bill was formulated with the aim of regulating payments and foreign exchange

- Regulated in India by the Foreign Exchange Regulation Act (FERA),1973.
- Consisted of 81 sections.
- FERA Emphasized strict exchange control.
- Control everything that was specified, relating to foreign exchange.
- Law violators were treated as criminal offenders.
- Aimed at minimizing dealings in foreign exchange and foreign securities.

FERA was introduced at a time when foreign exchange (Forex) reserves of the country were low,

Forex being a scarce commodity. FERA therefore proceeded on the presumption that all foreign exchange earned by Indian residents rightfully belonged to the Government of India and had to be collected and surrendered to the Reserve bank of India (RBI). FERA primarily prohibited all transactions, except one's permitted by RBI.

OBJECTIVES:

- To regulate certain payments.
- To regulate dealings in foreign exchange and securities.
- To regulate transactions, indirectly affecting foreign exchange.
- To regulate the import and export of currency.
- To conserve precious foreign exchange.
- The proper utilization of foreign exchange so as to promote the economic development of the country.

Answer 8 –

This approach combines four methods of ethical reasoning rights and duties, utilitarianism, justice, and the ethics of care—into a framework that helps managers and leaders step through a logical thinking process to sort out the ethical dimensions of a difficult and inherently conflictual situation.

1. Rights and Duties

Rights are justifiable claims or entitlements, frequently based on the law or other authoritative documents, such as treaties and international declarations that allow people to pursue their own interests. Rights can be viewed as the positive things that people are allowed to do, but they come with an obverse side as well, in the form of duties or obligations that go along with the rights.

2. Utilitarianism

A second way of reasoning through a moral conflict involves using utilitarian analysis, or assessment of the greatest good of the greatest number. In a utilitarian analysis, the harms and benefits of a decision to the different parties that would be affected by the decision are evaluated, with some sort of weight given to the various harms and benefits that assesses their degree.

3. Justice

Principles of justice are a third way for managers to reason about ethical decisions. Just decisions require fairness, equity, and impartiality on the part of decision makers, particularly with respect to the ultimate burdens and benefits that will accrue from the decision.

4. Ethic of Care

In addition to assessing a moral conflict from the perspective discussed above, ethical managers and leaders also need to look at the impact of a decision on the network of relationships that will be affected. This perspective is called the ethic of care.