

Ethics and Integrity

Q.1 (a) What do you understand by ‘moral integrity’ and ‘professional efficiency’ in the context of corporate governance in India? Illustrate with suitable examples.

Introduction

Corporate governance comprises the collection of procedures, traditions, regulations, legislation, and establishments that influence how a corporation (or company) is supervised, managed, and overseen. “**Moral integrity**” and “**Professional efficiency**” are two critical principles that guide the behavior and practices of individuals and organizations.

Body

Moral Integrity in the context of Corporate Governance in India:

Moral integrity refers to an individual’s or an organization’s adherence to a set of ethical principles, values, and standards. It involves doing what is right, just, and fair, even when no one is watching. It implies that individuals and organizations should act with **honesty, transparency, and fairness**. It includes

- **Ethical Conduct** of all Corporate leaders, board members, and employees.
- **Transparency** in financial reporting, auditing, and operations of the company and being transparent to the company’s stakeholders.
- **Accountability and responsibility** of Individuals and organizations for both successes and failures of the company.
- Companies must comply with laws and regulations. This includes **labor laws**, environmental regulations, and SEBI guidelines.
 - Examples: Chanda Kochhar (Ex-ICICI Bank CEO) Case serves as a case of Lack of moral integrity and professional efficiency leading to financial losses due to nepotism. Similarly, the recent case of Adani Enterprises (Hindenberg Report), recent Mass Layoffs by companies during the recession, and Using employees as a means (Zomato, Swiggy delivery agents) are examples of Lack of corporate governance in India.

Professional Efficiency in the Context of Corporate Governance in India

Professional efficiency refers to the ability of workers and organizations to work in an effective and productive manner to achieve their Company’s goals and objectives and bring out more quality with lesser use of resources. It encompasses skills, competence, and the capacity to achieve goals and objectives. It includes:

- Having the Competency to effectively manage the company’s operations and workforce. This includes financial management, strategic planning and better resource allocation.
- Sound decision-making that benefits the company and its stakeholders.
- Efficient resource utilization such as capital, labor, and technology.
- Examples: Tata Group and HDFC are some of the best examples of corporate governance excellence in India. Their board of company members represents a mix of company members and Field professionals leading to efficient decision making in the company.

Conclusion

Gandhiji's one of the 7 sins "**Commerce without Morality**" also focuses on this. Thus 'moral integrity' and 'professional efficiency' must be promoted in Corporate Governance in India. Framing a **Code of Corporate Governance and Kotak Committees's** recommendations can be a good way forward.

Q.1 (b) International aid' is an accepted form of helping 'resource-challenged' nations. Comment on 'ethics in contemporary international aid'. Support your answer with suitable examples.

Introduction

The purpose of foreign aid is to improve economies and living conditions in recipient countries while promoting stability and security. While international aid is intended to provide essential support and alleviate suffering, ethical concerns can arise in various aspects of aid delivery and implementation.

Body

Some key ethical considerations in contemporary international aid with examples:

- **Transparency and Accountability:** Ensuring that aid is transparently allocated, used efficiently, and reaches its intended recipients is an ethical imperative. Failure to do so can result in corruption and misuse of funds.
- Example: In the aftermath of the 2010 earthquake in Haiti, there were concerns about the Red Cross's lack of transparency and accountability leading to mismanagement and inadequate assistance to affected communities.
- **Intent:** Aid that is driven by genuine humanitarian, development, and ethical motives is more likely to have a positive and lasting impact, while aid efforts influenced by other considerations can raise ethical concerns and potentially undermine their effectiveness.
- Example: U.S. aid to Pakistan for counterterrorism efforts, particularly during the Afghan war, was potentially being driven by broader strategic interests rather than solely humanitarian or developmental intentions.
- **Sovereignty and Autonomy:** Respecting the sovereignty and autonomy of recipient nations is essential. International aid should be provided in a way that empowers local governments and communities rather than undermining their self-determination.
- Example: During the Syrian conflict, international humanitarian agencies implemented Cash for Work programs aimed at empowering local communities, but did not respect the sovereignty of the Syrian government
- **Cultural Sensitivity:** Ethical international aid takes into account the cultural context of the recipient nation. Aid programs that respect local customs, traditions, and values are more likely to be effective and avoid unintended negative consequences.
- Example: During Ebola Outbreak Response in West Africa, international aid organizations worked with local communities and religious leaders to develop

safe and culturally sensitive burial procedures that respected the deceased while reducing transmission risks.

- **Long-Term Impact:** Ensuring that international aid has a long-term positive impact on the recipient nation is ethically important. Short-term aid that does not contribute to sustainable development may create dependency and perpetuate poverty.
- Example: In the past, Uganda received international food aid during periods of food scarcity. While this addressed immediate hunger, it did not contribute to sustainable food security. Off late, UNDP and the World Food Programme (WFP) have implemented projects in Uganda that focus on sustainable agricultural development that's helping Uganda to move towards self-sufficiency.
- **Human Rights and Dignity:** International aid should uphold human rights and the dignity of individuals. This includes ensuring that aid efforts do not compromise the rights and well-being of vulnerable populations.
- Example: Reports sight that crimes such as murder, kidnapping, rape, robbery, human trafficking, arson, and illicit drug trade exist in the Rohingya refugee camps.
- **Environmental Sustainability:** As per Common but Differentiated Responsibilities and Respective Capabilities, aiding nations must acknowledge the different capabilities and differing responsibilities of individual countries in addressing climate change during development.
- Example: International aid projects in the Amazon region of South America, such as road construction, have often caused deforestation and environmental damage by enabling illegal activities like logging and mining.
- **Local Capacity Building:** Ethical aid efforts focus on building the capacity of local communities and institutions. This empowers them to address their own challenges and reduces dependency on external aid.
- Example: India has supported Bhutan in building its capacity in various sectors, including education, healthcare, and infrastructure development.

Conclusion

Ethics in contemporary international aid demand a holistic approach that prioritizes **transparency, accountability, respect for sovereignty, cultural sensitivity, sustainability**, and the dignity of the recipient. is essential to learn from past mistakes and continually refine aid practices to align with these ethical principles. Finally, International aid should be based on the spirit of **“Vasudhaiva Kutumbakam – One Earth, One Family, One Future”**.

2(a) “Corruption is the manifestation of the failure of core values in the society.” In your opinion what measures can be adopted to uplift the core values in the society?

Introduction

Transparency International defines corruption as "the abuse of entrusted power for private gain". Corruption is dishonest behavior by those in positions of power. Corruption involves certain actions such as bribery, abuse of functions and use of position to obtain undue advantages and obstruction of justice.

India was ranked 85 among 180 countries in the Corruption Perception index 2021.

Body:

Body

Core Values whose failure leads to manifestation of Corruption

| Core Values | Example of Corruption due to breach of these values |
|----------------|--|
| Trust | Freedom 251 Mobile phone scam |
| Social Justice | Pvt. schools denying admission to EWS students |
| Honesty | Bribe to Police for fake cases |
| Humanity | Ignoring Drug Standards for profit leading to deaths. |
| Integrity | Leaking Of Government data by Official for personal gains. |

Other Core values includes Empathy, Responsibility, accountability, transparency, etc whose failure leads to manifestation of Corruption.

Measures that can be adopted to uplift the core values in the society

Education and Consciousness: Establish ethical educational initiatives across all levels, with a focus on instilling virtues such as truthfulness, integrity, and responsibility. Launch awareness initiatives to underscore the significance of these principles.

Example: New Education Policy 2020

Community Engagement: Cultivate a feeling of unity and societal duty. Motivate residents to engage actively in community ventures and undertakings that advance moral principles. Example: "I Paid A Bribe" initiative. This online platform was initiated to encourage citizens to report incidents where they had to pay bribes for various public services.

Exemplary Figures / Role Models: Encourage individuals who embody core values to serve as role models in communities and institutions. Recognize and celebrate ethical behavior and achievements. Example: Shri Lal Bahadur Shastri

Media and Entertainment: Promote responsible media and entertainment content that strengthens virtuous principles and discourages unethical conduct. Example: Movies Like Article 15 Avoiding fake news by news channels.

Legal Reforms: Ensure that laws and regulations align with ethical principles and are enforced effectively. Review and update legal frameworks to prevent and punish corruption. Example: Prevention of Money Laundering Act ,2002.

Public Discourse: Promote open and honest public discourse on ethical issues. Encourage debates and discussions that raise awareness and encourage ethical decision-making. Example: Anti-Corruption Movement, led by social activist Anna Hazare in 2011 which led to Lokpal and Lokayukta Act 2013.

Youth Engagement: Engage and empower young people to become advocates for ethical values and active participants in shaping a more ethical society. Example: Youth engagement through NSS.

Awareness Campaigns: Leaders and Personalities can come forward to encourage people to follow the core principles and values and nurture an ethical society. Example: "Mann Ki Baat" By our PM.

Conclusion

Core values serve as a moral compass, guiding individuals and institutions to uphold honesty, integrity, and accountability. These values act as a deterrent, discouraging corrupt behavior and promoting a culture of transparency and trust.

2(b) In the context of the work environment, differentiate between coercion and undue influence with suitable examples.

Introduction

Coercion and Undue influence are the components of **Negative work environment**. **Coercion** involves the use of force or threats to compel someone to act against their will. On the other hand, **Undue influence** is the exertion of excessive pressure or persuasion that overcomes an individual's free will but may not necessarily involve threats.

Both are unethical and can lead to compromised integrity in the workplace.

Body

Difference between Coercion and Undue Influence:

| Point of Difference | Coercion | Undue Influence |
|----------------------------|---|--|
| Nature of Influence | Involves explicit threats, force, or intimidation to make an individual comply. | Relies on persuasion, manipulation, or unfair tactics to subtly control someone's decisions. |
| Consent | Results in compliance due to fear or pressure, often without genuine consent. | May lead to compliance, but it's based on subtle manipulation, and the individual may not fully understand the consequences. |
| Transparency | Typically lacks transparency, as it relies on intimidation to achieve compliance. | Can appear more benign on the surface but lacks transparency in revealing ulterior motives. |
| Legal Implications | Often has clear legal | May not always result in legal |

| | | |
|-----------------|---|---|
| | ramifications and can lead to criminal charges or lawsuits. | action but can still be considered unethical and can lead to disciplinary actions in the workplace. |
| Examples | <p>1.A manager forces an employee to sign a contract under threat of job loss.</p> <p>2.Employee forced to work late.</p> <p>3.An employer threatens to harm an employee legally if they don't share sensitive company information.</p> | <p>1.A manager offering career help for questionable favors, even though these favors go against company policies.</p> <p>2.The manager encourages working late as a means to secure a promotion.</p> <p>3.A senior hints that they will ensure an employee's advancement if they support a questionable business decision.</p> |

Measures to Prevent Coercion and Undue Influence

1. **Policy Clarity:** Clearly define policies against coercion and undue influence
2. **Whistleblower Protection:** Ensure protection for employees reporting such behavior.
3. **Transparency:** Make decision processes transparent, especially for promotions
4. **Ethical Leadership:** Promote ethical behavior from leadership.
5. **Employee Support:** Provide counseling and communication channels for employee support.

Conclusion

A positive work environment fosters employee well-being, productivity, and engagement. It encourages teamwork, open communication, and creativity, leading to higher job satisfaction and retention while reducing stress and conflicts.

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