Ethics & Morality · GS - IV

Prabhat was working as Vice President (Marketing) at Sterling Electric Ltd,, a reputed multinational company. But presently the company was passing through the difficult times as the sales were continuously showing downward trend in the last two quarters. His division, which hitherto had been a major revenue contributor to the company's financial health, was now desperately trying to procure some big government order for them. But their best efforts did not yield any positive success or breakthrough. His was a professional company and his local bosses were under pressure from their London-based HO to show some positive results. In the last performance review meeting taken by the Executive Director (India Head), he was reprimanded for his poor performance. He assured them that his division is working on a special contract from the Ministry of Defence for a secret installation near Gwalior and tender is being submitted shortly. He was under extreme pressure and he was deeply perturbed. What aggravated the situation further was a warning from the top that if the deal is not clinched in favour of the company, his division might have to be closed and he may have to quit his lucrative job. There was another dimension which was causing him deep mental torture and agony. This pertained to his personal precarious financial health. He was a single earner in the family with two school-college going children and his old ailing mother. The heavy

expenditure on education and medical was causing a big strain to his monthly pay packet. Regular EMI for housing loan taken from bank was unavoidable and any default would render him liable for severe legal action. In the above backdrop, he was hoping for some miracle to happen. There was sudden turn of events. His secretary informed that a gentleman-Subhash Verma wanted to see him as he was interested in the position of Manager which was to be filled in by him in the company. He further brought to his notice that his CV has been received through the office of the Minister of Defence. During interview of the candidate-Subhash Verma, he found him technically sound, resourceful and experienced marketeer. He seemed to be well-conversant with tendering procedures and having knack of follow-up and liaising in this regard. Prabhat felt that he was better choice than the rest of the candidates who were recently interviewed by him in the last few days. Subhash Verma also indicated that he was in possession of the copies of the bid documents that the Unique Electronics Ltd. would be submitting the next day to the Defence Ministry for their tender. He offered to hand over those documents subject to his employment in the company on suitable terms and conditions. He made it clear that in the process, the Sterling Electric Ltd. could outbid their rival company and get the bid and hefty Defence Ministry order. He indicated that it will be win-win situation for both-him and the company. Prabhat was absolutely stunned. It was a mixed feeling of shock and thrill. He was uncomfortable and perspiring. If accepted, all his problems would vanish instantly and he may be rewarded for securing the much awaited tender and thereby boosting company's sales and

financial health. He was in a fix as to the future course of action. He was wonder-struck at the guts of Subhash Verma in having surreptitiously removing his own company papers and offering to the rival company for a job. Being an experienced person, he was examining the pros and cons of the proposal/situation and he asked him to come the next day.

(a) Discuss the ethical issues involved in the case.

(b) Critically examine the options available to Prabhat in the above situation.

(c) Which of the above would be the most appropriate for Prabhat and why?

EXAM YEAR	PAPER	SUBJECT
2022	GS - IV	Ethics & Morality

MARKS	WORD LIMIT
20	~250 words

Answer Hint

Ethical Issues: Integrity, professional ethics, confidentiality, unfair competition, conflict of interest, national security, corporate governance, accountability, and pressure-induced ethical dilemmas.

Options Available: Accept the offer, reject it silently, report the misconduct, or compete through fair and transparent tendering.

Best Course of Action: Reject the stolen documents, report the incident through appropriate channels, maintain merit-based recruitment, and secure the contract through legitimate means.

Model Answer

Introduction

Prabhat faces a conflict between personal and professional pressures and his ethical responsibility to uphold integrity, confidentiality, fair competition, and national interest.

(a) Ethical Issues Involved

Integrity and Honesty: Using stolen bid documents would compromise Prabhat's moral integrity and professional credibility.

Confidentiality and Trust: Subhash has apparently obtained confidential documents without authorisation, violating his duty towards his current employer.

Fair Competition: Using a rival's bid information would undermine transparent public procurement and create an unfair advantage.

National Security: The tender concerns a sensitive Defence Ministry installation, making unauthorised disclosure particularly serious.

Conflict of Interest: Prabhat's financial difficulties and fear of losing his job may cloud his judgment.

Corporate Governance: Accepting the offer could expose the company to legal consequences, reputational damage, and loss of trust.

(b) Options Available to Prabhat

Accept the Offer: It may secure the contract and protect jobs in the short term, but encourages unethical conduct and creates serious legal and reputational risks.

Reject the Offer Silently: This avoids direct wrongdoing but fails to address the theft or prevent further misuse of confidential information.

Report the Incident: He can document the offer and report it to the company's compliance or legal department, ensuring appropriate action and confidentiality.

Compete Ethically: He can improve the tender through legitimate market research, competitive pricing, technical quality, and transparent procedures.

(c) Most Appropriate Course of Action

Prabhat should reject the offer, refuse to use the stolen documents, and report the matter through appropriate compliance channels. He should ensure that the recruitment process remains merit-based and that Sterling Electric competes fairly.

His financial difficulties deserve understanding, but they cannot justify unethical conduct. By prioritising integrity, confidentiality, national security, and the rule of law, he can protect both his professional credibility and the company’s reputation. Ethical leadership may not guarantee immediate success, but it preserves institutional trust and long-term sustainability.

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