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Ethical dilemmas faced by the top management of organizations

By Amit Sarkar

The top management of every organization—commercial, not-for-profit, charitable, or even governmental—inevitably faces numerous ethical dilemmas. These could relate to compliance requirements (especially for small organizations with very limited resources and startups), sexual harassment in the workplace, transparency in fiscal transactions, pay parity, equal opportunities across race, creed, sex, and age, and how to deal with whistleblowers. Sometimes, even keeping abreast of compliance requirements might prove challenging. On many occasions, such compliance can mean that even small organizations need to spend significant resources to upgrade systems to meet statutory requirements. In this article, we will investigate some of the more pressing dilemmas faced by the C-suite, given the challenging times most organizations face.

Mass layoffs, rightsizing, attrition: What is the way forward?

The most challenging ethical dilemma facing most C-suite executives today is keeping their company profitable and stable without adversely affecting their personnel. There is no denying that the past few years have created a challenging economic scenario. Not only has the profitability of companies been negatively affected but also the purchasing power of the general populace is lower. The rightsizing and mass layoffs companies are resorting to for profitability create a major ethical dilemma that needs to be addressed.[1] This is *not* how any business should operate; however, in such a scenario, it is worthwhile to consider what management can do to ease the blow for those who lose their jobs through no fault of their own. Unfortunately, the current reality is that most companies are resorting to mass layoffs—especially the tech giants, as it is the easiest way to demonstrate stability, control costs, and avoid showing losses.

Temporary fixes do not resolve long-term issues

Mass layoffs or dismissing employees in the name of rightsizing is a temporary fix. But they end up impacting their company's brand value and creating fear for those left behind. Management must realize the attrition that such layoffs create. Employees who are stressed or unhappy could adopt risky behavior at work, such as cutting corners or bending rules. The risks such actions create could inadvertently attract the attention of federal authorities. The workforce of any organization performs better—and is willing to contribute more significantly to its success—when there isn't a constant fear for their jobs. In fact, organizations should work toward a strategy to retain employees even when business isn't booming (e.g., having multiple clients, shifting employees around).

Options include taking pay cuts

While the management of any organization can look for many cost-cutting measures—such as reducing the cost of raw materials by looking for viable alternatives—every option has its pros and cons. An unpopular (and rarely used) option to reduce costs is for C-suite executives to take a pay cut. It is not even necessary to reduce salary. Peripheral benefits might be reduced. The funds freed up by this can be channeled to help the organization stabilize financially. It would go a long way in strengthening the loyalty of the workforce, who may, in turn, go the extra mile to bring the company back on track.