



Mains Practice Question

Case Study

You are the newly appointed CEO of a struggling public sector enterprise tasked with its turnaround. The company's inefficiency stems from overstaffing and outdated practices. Your analysis shows that laying off 30% of the workforce and implementing modern management techniques could make the company profitable within two years. However, this would cause significant hardship for the employees and their families in a region already facing high unemployment.

The government, while officially supporting reforms, has privately indicated they want to avoid layoffs before the upcoming elections. You must decide whether to proceed with the layoffs and reforms, knowing it's the best path for the company's long-term viability but at the cost of short-term social and political ramifications. The case highlights the tension between professional ethics, political pressures, and personal moral values in a post-bureaucratic setting where traditional hierarchies and rules offer less guidance.

1. What are the stakeholders involved in this case?
2. What ethical dilemmas do you encounter in making this decision?
3. What steps will you take to address the situation while balancing competing interests?

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Introduction

As the **newly appointed CEO** of a struggling public sector enterprise, you face the challenge of improving efficiency **through potential layoffs of 30%** of the workforce while implementing modern management practices.

- This plan, **though essential for long-term profitability**, risks significant hardship for employees in an already high-unemployment region.
- The government supports reforms but **wishes to avoid layoffs** ahead of upcoming elections, creating tension between professional ethics, political pressures, and personal values.
- Balancing these competing interests is crucial for a successful turnaround.

Body

- What are the stakeholders involved in this case?

Stakeholder	Role/Interest
CEO	Responsible for making strategic decisions for the turnaround of the company and balancing ethics with viability.
Employees	Directly impacted by potential layoffs; their job security and livelihoods are at stake.

Employees' Families	Affected by layoffs; face economic hardships and increased unemployment in the region.
Government	Interested in maintaining employment levels due to upcoming elections; may support reforms but resist layoffs.
Union Representatives	Advocating for employees' rights and job security; likely to oppose layoffs and push for alternative solutions.
Local Community	Affected by the company's operations and the socio-economic impact of layoffs; interested in local employment.
Investors/Shareholders	Seek a profitable and sustainable business model; may support layoffs if it leads to long-term gains
Management Team	Responsible for implementing changes; may face resistance from employees and unions
Consultants/Advisors	Provide analysis and recommendations on best practices for turnaround; may face ethical dilemmas in advising.
Media	Plays a role in public perception and can influence public opinion on the company and government actions.

- What ethical dilemmas do you encounter in making this decision?
- **Short-term vs. Long-term Consequences:** Layoffs would cause **significant hardship for employees and their families**, potentially leading to social unrest and political backlash.
 - Failing to implement reforms could lead to the **company's demise**, resulting in job losses for the entire workforce and negative economic impacts on the region.
- **Individual vs. Organizational Ethics:** The CEO's **personal moral values may conflict with the organizational imperative** to ensure the company's survival.
 - The company's duty to its shareholders and stakeholders may require difficult decisions, such as layoffs, to achieve long-term viability.
- **Transparency and Accountability:** The CEO must decide **how much information to disclose to employees, the government, and the public** about the potential layoffs and reforms.
 - The CEO will be held **accountable for the consequences of their decision**, both in terms of the company's performance and the social and political impact.
- **Political Pressure vs. Professional Responsibility:** The CEO must balance the **government's desire to avoid layoffs** with their professional obligation to make decisions that are in the best interests of the company.
 - The **CEO's primary duty is to the company and its shareholders**, even if this means making difficult decisions that may have short-term negative consequences.
- What steps will you take to address the situation while balancing competing interests?
- **Stakeholder Consultation**
 - **Engage with Employees:** Conduct meetings with employees to **explain the situation transparently**, acknowledging their concerns and the potential impacts of layoffs.
 - **Dialogue with Government Officials:** Discuss the **urgency of the reforms with government representatives** to understand their stance and explore potential compromises.
- Explore Alternatives to Layoffs
 - **Voluntary Separation Packages:** Offer **attractive voluntary exit packages** to reduce workforce numbers without mandatory layoffs.
 - **Reskilling and Redeployment:** Implement **training programs to reskill employees for different roles** within the company or in other sectors, helping them transition without losing jobs.
- **Implement Modern Management Techniques**
 - **Pilot Programs:** Start with **small-scale pilot projects** to test modern management

- practices, demonstrating their effectiveness without immediate layoffs.
- **Performance Evaluation Systems:** Introduce performance-based evaluations to identify **underperforming roles**, focusing on improvement before considering layoffs.
- **Communicate the Vision**
 - **Strategic Communication Plan:** Develop a clear communication strategy outlining the **long-term vision for the company**, emphasizing the benefits of reforms for sustainability and job security.
 - **Regular Updates:** Keep all stakeholders informed of progress, challenges, and changes in strategy to build trust and transparency.
 - **Gradual Implementation**
 - **Phased Approach:** Consider a **phased implementation of layoffs** (if it's the last resort) **and reforms**, allowing time for adjustments and reducing the immediate impact on the workforce.
 - **Monitor and Evaluate:** Continuously assess the impact of reforms and employee sentiment, being ready to adjust strategies as needed.
 - **Build Support Networks**
 - **Community Engagement:** Collaborate with **local governments and community organizations** to provide support for affected families, such as job placement services or financial counseling.
 - **Union Involvement:** Involve **labor unions in discussions** to foster collaboration and support for necessary changes.
 - **Prioritize Ethical Considerations**
 - **Ethical Framework:** Establish an **ethical framework guiding decision-making processes**, ensuring that employee welfare is considered alongside business needs.
 - **Feedback Mechanism:** Create a channel for **employees to voice their concerns and suggestions regarding the changes**, fostering a sense of ownership and involvement.

By adopting these measures, I aim to balance the **need for organizational efficiency with the social responsibility toward employees and the community**, ultimately fostering a sustainable turnaround for the enterprise.

Conclusion

Navigating the challenges of **turning around a struggling public sector enterprise requires a delicate balance between financial viability and ethical responsibility**. By engaging stakeholders, **exploring alternatives to layoffs**, and implementing modern management techniques, the CEO can foster a culture of transparency and collaboration. Ultimately, a **thoughtful and inclusive approach** can lead to a **sustainable turnaround**, benefiting both the company and its broader community.