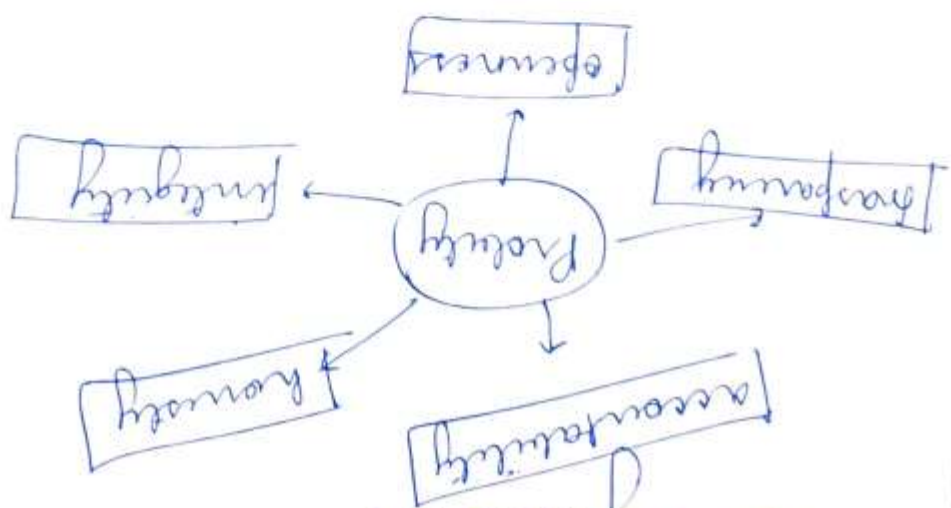


Probity is the highest moral principle of governance in any institution. What is integrity to an individual, is probity to an institution.

Probity is the collective beliefs, actions, attitudes of an organisation in governing an entity. It includes honesty, integrity, transparency, openness and accountability of an organisation.



Elements of Probity

357 Hurricane Day5 23/06/2022

Q1 What is Probity? Why is it important in governance? Elucidate. (10)

Q2 Compare and Contrast 'Code of Conduct' and 'Code of Ethics'.

Q3 A reputed food product company based in India developed a food product for the international market and started exporting the same after getting necessary approvals. The company announced this achievement and also indicated that soon the product will be made available for domestic consumers with almost the same quality and health benefits. Accordingly, the company got its product approved by the domestic competent authority and launched the product in the Indian market. The company could increase its market share over a period of time and earned substantial profit both domestically and internationally. However, the random sample test conducted by the inspecting team found the product being sold domestically in variance with the approval obtained from the competent authority. On further investigation, it was also discovered that the food company was not only selling products that were not meeting the health standard of the country but also selling the rejected export products in the domestic market. This episode adversely affected the reputation and profitability of the food company.

- a) What action do you visualize should be taken by the competent authority against the food company for violating the laid down domestic food standard and selling rejected export products in the domestic market?
- b) What course of action is available with the food company to resolve the crisis and bring back its lost reputation?
- c) Examine the ethical dilemma involved in the case. (10+10+5)

Eg: UPSC as an organisation is known for its highest probity whereas CBI is known for its lowest probity.

Importance of Probity in governance :-

- 1) Maximising the efficiency of the Institution.
 - 2) Building trust among the public or consumers.
 - 3) following code of ethics and code of conduct.
 - 4) stabilisation in governance.
 - 5) maximum and efficient utilisation of the resources.
 - 6) high on moral values.
 - 7) ensuring corporate governance and social responsibility.
 - 8) Improved work culture.
- Therefore, it is very important to have probity in governance.

Ans. 2

Code of Conduct

- o) These are the written, strict rules and regulations formed and formulated by an organisation.
- o) These are highly specific.
- o) These can be legalised.
- o) These are need to be strictly followed otherwise might attract punitive action.
- o) These are rules oriented.

Code of Ethics

- o) These are the loosely held moral code of conducts with respect to right and wrong.
- o) They are more generalised.
- o) They are not legalised.
- o) These are to be followed but these does not attract punitive actions.
- o) These are value oriented.

Eg 1) A proper formal uniform or dress code is an example of code of conduct.

2) Corporate social responsibility (CSR) is a type of code of conduct.

3) Upholding integrity in time and space is an example of following code of ethics.

4) 'Probity', 'accountability' is a code of ethics.

However, apart from some differences, both also have some similarities :-

1) Both, code of conduct and code of ethics try to improve the work culture of an organisation.

2) Both, tries to ensure social responsibility to the consumers / public be it through CSR or integrity.

3) Both try to maximise the efficiency of the entity.

Therefore, both are very important, however there are some demands for the formalisation of code of ethics as well just like code of conduct.

Ans. 3

Facts of the case study

1.) A reputed food company which is indulged in the export of the products, is selling the products to the domestic consumers after an approval.

↓

2.) The test conducted revealed that product being sold domestically is in variance with the exported one, as well not meeting the health standard. Also, selling the reputed export products

(a) The food company is involved in unethical measures hampering the health of the consumers and breaking their trust.

For such unethical steps, the competent authority

can take following actions:-

o) Since, there has been the violation of the health standards, the authority can immediately suspend their license for food selling food products.

o) The authority might set up an investigative committee for the same and look up to the violations.

o) ~~The~~ It can also suspend its license for exporting the products since there have been violations in the domestic sphere, there can be one in international market too, which might affect the reputation of the country.

o) Apart from such measures, the authority can impose

penalty and other fines. ~~and~~

o) However, as a suggestive and corrective measures, the company might get ~~some~~ a second chance to get back to their position in the market if they follow proper code of conduct and ethics.

•) The authority can ask the company to ensure probity and corporate governance in the organisation so as to renew their license.

(b) The course of actions available with the food company to resolve the crisis and bring back its lost reputation are:-

(1) Firstly, the company can immediately accept their mistakes by apologizing and issuing necessary statements.

(2) eventually, company ~~get~~ should build a citizen charter that it should follow always.

(3) It should lay down its code of ethics and code of conduct to re-assure its consumers and the authority.

(4) It should allow regular ~~to~~ public and social auditing to ensure transparency and accountability in future.

(5) It should also maintain the principles of probity and corporate governance to ~~be~~ re-build trust within public.

(6) It should elect Independent directors in its management team for transparency.

(7) It should then follow all the necessary provisions and conditions of meeting requisite health standards.

(c) ethical dilemma involved :-

(1) Private interests vs Public Interests
↳ Profit making motive ↳ meeting health standards.

(2) Probity in governance vs corruption and unethical conducts
↳ integrity, honesty, transparency, etc. ↳ selling the rejected export products.

(3) Corporate governance vs unethical governance
↳ fairness in actions ↳ indulging in unwholesome and immoral practices.
↳ social responsibility

The above ethical dilemmas can be analysed from the case study.