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Success through Business Ethics

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ASSIGNMENT DETAILS

The fact that numerous businesses have discovered countless ways to behave unethically is not a typical phenomenon. These behaviours typically fall into one of four groups: unethical practices against clients, unethical practices toward staff, unfair rivalry, and legal but unethical acts.

You start this assessment by choosing a company. Please remember to meet the below criteria:

- ✓ Choose a company that has recently been involved in unethical practices.
- ✓ The company should be operating or has operated in UK, USA or Europe.
- ✓ You may choose a company that are still operating or have ceased to operate.
- ✓ The unethical practices should have taken place between 1990 2023.

> Introduction

I am going to choose a company named "Cognizant Technology Solution," which is in my best interest to work on this project, and briefly discuss this company as I have previously worked for "Cognizant" for almost two years. I have worked on two different profiles of the same project at Cognizant (Hyderabad, India). I have left this company at the end of 2019. So, therefore, I have been in the phase of the complete business cycle of the company, and I have seen the company grow from making losses to making profits and making multiple project changes. Also, during my tenure, I have seen complete management restructures, so I have a brief idea about this company.

Company Profile

A worldwide American company that offers IT and consulting services is called Cognizant. Its headquarters are in Teaneck, New Jersey, which is a US city. Cognizant is a part of the NASDAQ-100 and is listed under the symbol "CTSH." When Cognizant was established in Chennai, India, in 1994, it was known as Dun & Bradstreet Satyam Software, a 76:24 partnership of Dun & Bradstreet & Satyam Computer Services (India). Over 300,000 of Cognizant's employees worldwide, or 70%, are based in India. It is ranked #194 out of 500 Fortune 500 companies. The business made about 19.4 billion dollars in revenue in 2022.

Cognizant Technology Solutions Corp. provides services in information technology (IT), consulting, and business process outsourcing. Its core competencies include technology consulting, complex system development and integration, enterprise software implementation and support, data warehouses, business intelligence and analytics, testing of applications, implementation maintenance, infrastructure management, and the outsourcing of business and understanding processes. The company's four business segments are banking and financial services, health care, manufacturing, commerce, and transportation and other. The financial services sector includes clients who provide services for the capital markets, insurance, and banking/transaction processing. Healthcare division includes payers and providers of healthcare as well as consumers in the life sciences field. The Other section is an amalgamation of operational segments from several industries, such as high technology, media and information services, entertainment, and media. Wijeya raj Kumar Mahadeva and Francisco D'Souza started the business in Chennai India, and which has its headquarters in Teaneck, New Jersey.

Company Detail

Website www.cognizant.com

◆ Ownership Status Publicly Held



Financing Status
Corporation

Primary Industry
IT Consulting and Outsourcing

Other Industries
 BPO/Outsource Services
 Systems and Information Management

Stock Exchange NAS

♣ Net Revenue US \$ 19.4 Billion as of 2022.

♣ Number of Employees. 300000 as of 2022

Key People:

Chairmen: Francisco D'Souza (acting member of the Board)

CEO: Ravi Kumar S

Primary Office

• 300 Frank West Burr Boulevard

• Suite 36, 6th Floor

• Teaneck, NJ 07666

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Controversy and Criticism (Unethical Practice)

INDIA

- Bribery Case Larsen & Toubro (L&T)
- Company Act Volitation (March 2019)
- Discrimination (2018) Against Employee
- Layoff (2017) 200 Senior Executive
- Tax Evasion (2016 2017)

UNITED STATES

- Corruption (2016)
- Crawford and Company lawsuit
- Wage theft and H-1B visa violations
- Working conditions & mental health issues

<u>IRELAND</u>

Working conditions (February 2018)

I will briefly discuss each case, with most emphasis on discrimination, layoffs, and working condition problems as well as harassment issues of similar nature faced by employees, for which Cognizant is most prominent worldwide.

INDIA

✓ Bribery Case – Larsen & Toubro (L&T)

Several prominent executives from L&T and Cognizant were allegedly involved in a bribery scheme. Many executives have surfaced in the probe of Chennai's vigilance and anti-corruption squad. The unit has charged a few company executives with criminal conspiracy for bribing officials from the CMDA of the state housing and urban department. During the development of the KITS Campus, which was erected between 2011 and 2016, the CEOs bribed the officials. The accused executives bribed state officials for a sum worth more than Rs 12 crore. A bribe of Rs 3 crore was also paid to officials for negotiating with the state government.

✓ Company Act Volitation (March 2019)

Cognizant repeatedly violated the Registrar of Companies' orders in March 2019. The company "has moved the Madras High Court, fearing that the Registrar of Companies will initiate criminal proceedings against it for alleged violation of the provisions of the Companies Act of 2013 and the Companies (Appointment and Disqualification of Directors) Rules of 2014." The organization was asked by the court, among other things, why it had not provided full details regarding stock options awarded by the company's parent holdings company in exchange for contributions (around US \$40 million) paid to the parent business in the US for stock compensatory adjustments, which was one of the questions it was asked.

✓ Discrimination (2018) – Against Employee

A discrimination lawsuit was filed in 2018: "Three hundred former employees' assertion they were compelled out of their positions and substituted with 'less qualified' Indians after being treated poorly by their Indian supervisors and colleagues, given unjustifiably low performance ratings, and denied promotions." Cognizant stated that it was "national origin" rather than raceism.

✓ Layoff (2017) – 200 Senior Executive

200 executives who were above the Directorship Level were let go in order to stay current with technology. It raises questions about the company's ability to keep up with new technology given the unusually high number of managers let go. In petitions submitted to the labour department in 2017, eight workers alleged that they had been forced to quit as a result of a based-on performance evaluation by Cognizant.

√ Tax Evasion (2016 – 2017)

The Income Tax Department blocked Cognizant Corp.'s accounts with banks and assets in Chennai office and Mumbai office for allegedly evading the dividend-payout taxes. In the 2016–17 fiscal year, Cognizant failed to make payment of taxes of more than \$385 million. In order to serve as a deposit of trust while the matter is being settled, the court mandated that the company pay 15% of the disputed tax, or \$75 million.

4 UNITED STATES

✓ Corruption (2016)

Cognizant declared that, it was conducting its own investigation to see if payments made in India has violated the Foreign Corrupt Practices Act, or not while also working with US authorities on an inquiry involving the FCPPA in the year 2016. Rajeev Mehta would take over as president in Gordon Coburn's resignation, according to the corporation.

✓ Crawford and Company lawsuit

Cognizant was sued for contract breach by Crawford & Company, a US-based private supplier of insurance claims handling services provider. PeopleSoft Financials software integration was requested by Crawford from Cognizant as part of Project Atlas, an ERP project that was essential to Crawford's business operations. Internal activities and client-facing services were both covered by the Atlas project's components.

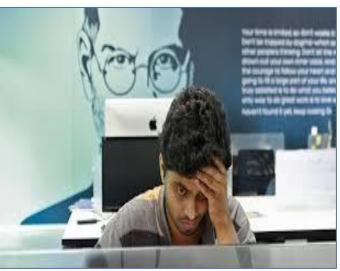
✓ Payroll fraud and H-1B visa infractions

The organization that obtains the most H-1B visas from the US is Cognizant. The company has gradually increased the number of employees it has in the US. In 2009, the US Department of Labor conducted an investigation and found that Cognizant had violated the Immigration and Naturalization and Nationality Act's H-1B limits. The firm was ordered to pay back \$509,607 in back wages after the Department of Labor discovered that 67 of its employees' wages & fringe benefits had been improperly taken.

✓ Issues relating to mental health and working circumstances

The Phoenix, Arizona, branch of Cognizant had poor working conditions, according to a February 2019 study by The Verge. As a result of having been confronted with explicit violence, sexist comments, and conspiracy theories, employees tasked with moderating Facebook content experienced post-traumatic stress disorder, among other mental health difficulties. Moderators at the Phoenix office complained of sexual misconduct, use of drugs, and alcohol misuse on the job. They also expressed fear that fired employees would exact retribution by threatening to harm them.



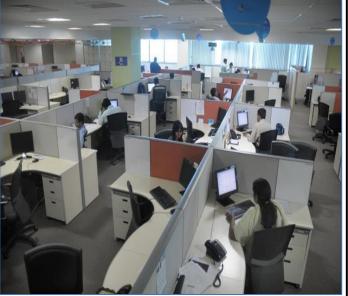


♣ <u>IRELAND</u>

√ Workplace circumstances (February 2018)

The UK and Irish media have expressed their concerns in February 2018 concerning subcontractors engaged by Cognizant in Ireland as part of the outsourced agreement with Google within pay and fundamental employee entitlements including sick leave.





➤ Moral philosophical bases infringements

As discussed briefly above, we will only emphasis on discrimination, layoffs, and working condition problems as well as harassment issues of similar nature faced by employees within organization based on India and US region.

In my opinion "<u>Normative Ethical Theories</u>" (are those who want to dictate what is ethically right behaviour) and "<u>Descriptive Ethical Theories</u>" (which attempt to explain how business ethics choices are made) are compromised.

It is clear evidence that, despite Cognizant's knowledge, firing or laying off staff after projects are completed or for cost cutting is unethical. True, no employee will be employed or chosen the company for a temporary or part-time position. As a result, great companies like Cognizant use employee sentiment to their advantage. They hire a new group of young employees, and if this individual cannot be shifted to a new project or area once the project is completed, HR and the senior management thread to put pressure on work or ask for a voluntary retirement. Despite understanding it is unethical, the firm has compromised components of normative ethical theory. According to descriptive ethical theories, the organization has been making unethical commercial decisions for decades, despite knowing it is messing with its employees' consciences.

It could not rationally identify the right and wrong qualities of its choice to lay off employees owing to employee harassment by choosing between two extreme viewpoints of ethical absolutism and ethical relativism. Because this has been a long-standing practice for Cognizant, the company has enacted numerous laws to address similar situations. In some circumstances, employees who were unable to be granted a forward constitute a hindrance to management's decision to lay off workers are continue to suffer.

According to "John Rawls's" Theory of Justice, every individual is entitled to an equal privilege, and inequalities in society and the economy are to be set up so that everyone benefits from the perks and also individual who is associated with positions and offices are open to all according to an atmosphere of fair equitable chances for advancement. The survey of employees revealed that Cognizant has never granted any of its individual employees at lower levels such an intuitive right or morality of equal privilege at the position of the office. As a result, the company's high resignation rates are rewarded as a toxic work environment as a company title in public platform.

In the aspect of Social Accounting, Cognizant failed to take up the voluntary process associated with evaluating and informing stakeholders about the organization's operations and impacts on social, moral, and environmental issues. In many cases like the Bribery Case (L&T), Company Act Volitation (March 2019), Tax Evasion (2016–2017), and Theft of Wages and Violations of H-1B Visa, the cognizant has failed by disclosing insufficient information, refusing to disclose sensitive information, setting up a lack of standardization, and not periodically revising inadequate information systems. Cognizant has recently adopted social accountability standards (SA 8000) and made the Global Reporting Initiative (GRI) approach when it came to the limelight, and it is still working on the global implementation of the AA1000S Assurance Standard.

Ethical decision Analysis

Considera	Considerations in making ethical decision by Cognizant			
Consideration	Typical questions self-asked	Theory		
One's own interests	Cognizant has always thought in the best interests of external stakeholders, especially shareholders, to maximize profit and increase organization repo, but it has always negated employee ethics.	Egoism		
Social consequences	In the case of Ireland's law suit in the UK, the company never understood the possible consequences of their actions, whether they were in favour of everyone or not, nor any significance important.	Utilitarianism		
Duties to others	The manager never realized who they were threatening; they were threatening people to get what they wanted for themselves or for the organization as per senior order.	Ethics of duty		
Entitlements of others	In this case, neither Cognizant nor Cognizant has an ethical fundamental right, so human dignity was compromised due to an ethical pillar.	Ethics of rights		
Fairness	Nor have processes been set up to allow everyone an equal chance, nor is Cognizant treating everyone fairly.	Theories of justice		
Character and integrity	Neither as organization nor as a senior leaders acted in integrity	Virtue ethics		
Relationships and responsibilities	Cognizant has a bad relationship with its employees and a bad rating on Glassdoor.com.	Ethic of care		

* Roles and Responsibility and duties in Code of Ethics

Cognizant should establish an ethical management approach, which is a deliberate effort to address ethical concerns or obstacles through certain practices, laws, and policies. The establishment of a professional code of ethics and rigorous adherence to it should be a priority for organizations, especially those that are unaware.

Cognizant should periodically revise, reform, implement, and educate all its operational units in all countries about the Global Code of Ethics. It is very important to set up a global code of ethics with respect to work culture because developing countries have low enforcement by law of employee organizational work culture as compared to developed countries like Germany and Canada. The business code of ethics is a part of the internal management system, where cognizant should have more focus in order to build organizational image and brand loyalty.

Unethical business practice on external Stakeholders

By using stakeholder impact analysis, a company can determine which stakeholders are most important to its existence and can make sure that meeting their requirements comes first. Increasingly, the sustainable economic, social, and environmental development is related to corporate ethics. Unethical business practices are detrimental to stakeholders as well as businesses. Employees, customers, suppliers, banks, investors, members of the local community, the government, the environment, etc. are all stakeholders in a corporation. The aforementioned stakeholders suffer greatly if a company fails. When some major firms, like Maxwell in the UK, collapsed, it became clear that their loss was irreparable compared to the damage that the company suffered.

According to business ethics, a company must gain the trust of its stakeholders, which include customers, suppliers, the neighbourhood community, and other parties. In order to foster market competitiveness, it is also anticipated that a company will act morally. It will not take any actions that would limit, prevent, or stifle competition. Another significant area of corporate ethics that calls for distinct, in-depth consideration is consumer data protection.

Banks, financial institutions, the government, and regulatory agencies can all exert influence to promote ethical corporate practices. They can make the required policy changes to assist and motivate companies to voluntarily incorporate ethics into their regular business operations. Banks and other financial organizations could demand that their customers set up a compliance program. Before providing the companies with any financial support, they can make it a prerequisite. As a result, by taking the appropriate steps, the government or regulators in charge of supervising, regulating, and auditing the enterprises should give the impression that ethical business practices are essential.

Leaders & Employee Response to unethical practice

In this aspect, the employees or leaders must be aware of their "Employee rights and Employee duties". At the same time, employers should periodically communicate or disclose any changes made to employee rights and duties as per organization policies. Examples like duty towards the labour contract, duty towards the employer's property, and duty towards abiding by organization rules, policies, and ethical codes of conduct. However, Cognizant has strict rules and codes against promoting bribery and unethical working cultures, confidentiality of client information, and unethical use of company resources.

Despite having the above-mentioned code of ethics towards employees' Rights and Duties, Cognizant faced a lawsuit for [bribery Case – Larsen & Toubro] and also fired many employees who also faced [Case of Layoff (2017): 200 Senior Executives]. The department of labour reached a conclusion in favour of the employees and recommended to the company leadership that the petitioner be given another opportunity to make their case. Cognizant also had a "voluntary retirement program" that paid 6 to 9 months of pay to directors, senior executives, and executive vice presidents at the time. Around 6,000 Cognizant employees from Hyderabad, Bangalore, and Chennai were laid off in 2017 as part of the organization's yearly performance assessment process.

Recommendation to the Company

Cognizant should promote open channels of communication so that staff members may report unethical behaviour without worrying about repercussions. All staff members, including leaders, should receive regular and thorough ethical instruction. Ensure that everyone is aware of the ethical standards, beliefs, and policies of the organization. Cognizant should create and explain clear standards and processes involving ethical conduct, potential conflicts of interest, and adherence to legal requirements. Also, Cognizant should establish a committee or autonomous authority for unbiased ethics supervision that can look into and deal with issues relating to unethical behaviour. This can guarantee that concerns are handled objectively.

When claims of unethical behaviour are made, Cognizant should perform complete unbiased investigations. Make sure that the investigation is transparent and that the results are properly shared. If unethical activity is proven, take proper action right away. If necessary, this might also involve taking corrective action, disciplinary sanctions, or even legal repercussions. Also, Cognizant must reward employees for reporting unethical activity by emphasizing how they help maintain a moral environment. Cognizant can also hire outside auditors or oversight organizations to perform recurring audits of the organization's procedures.

Cognizant can maintain transparency with stakeholders. Be transparent and truthful with stakeholders about the steps being taken to address the issue and prevent it from happening again if unethical behaviour is discovered. Cognizant can periodically reevaluate its incentive structure and performance evaluation standards to avoid creating conflict with employees. If Cognizant wants, it can utilize immoral events as teaching opportunities by learning from your mistakes. Determine what went wrong and why, then take action to avoid a repeat of the problem.

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