

Business Ethics



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Business Ethics



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Preface

Samshodhan Trust, established in 2011 at Pune, India, aims at carrying out socially relevant research in the domains of Management and socio-economic Development. The research outcomes are usually published as books/ monographs. While a limited number of copies of the publication are printed as hard copies and circulated among the associates and other interested audiences, the soft copies are uploaded on the website of the Trust (www.samshodhan.org) and are freely available for reading and for downloading.

This present monograph on Business Ethics (and ETHICS in general) is a result of several years of research and thinking on the subject, by the principal author, Prof. Shashi K. Sharma. Professor Sharma has been associated with the Department of Management Sciences, University of Pune as a visiting faculty member for teaching Business Ethics for the last more than 20 years. He has been a Corporate Consultant, advising clients on practice of ethics, including corporate social responsibility. He has shared his views on the subject on numerous public platforms. Five articles by Prof. Sharma, generally on improving practice of ethics in business organizations are included in the monograph. It also has an article by Dr Sharad Joshi, a well-known Professor of Management, covering fundamentals and important issues related to Business Ethics. We have also reprinted an article written by a thinker and social activist of repute, Mr. Prithvi Nandy, titled 'Price of Mistrust - the cost we pay for our compulsive inability to trust others'.

Hope this monograph persuades the reader to not only think about ETHICS but also practice them !!!

A Note on Business Ethics

- Dr. Sharad L Joshi

This note seeks to answer 4 questions related to Business Ethics.

- 1) What is the origin of ethical and unethical behaviour in Business?
- 2) How do we elevate the standard of Business Ethics?
- 3) How to create an ecosystem for ethics in business organizations?
- 4) Can an ethical business also be a more successful business?

Origin of ethical and unethical behaviour in business

Though not as widespread as commonly perceived, unethical practices in Business exist and may be attributed, substantially, to a Darwinian struggle for survival. Selfishness and altruism are two fundamental algorithms of moral decision-making. These derive, on the one hand, from the need to avoid being taken advantage of, and the evolution of cooperative behaviour and reciprocal altruism, on the other (Turner and Valentine, 2001). These two contrasting needs lead to both, ethical behaviour and lack of it, in business dealings.

Business Ethics Foundation, a non-profit organization in Pune had carried out a survey of 25 prominent business leaders, who were all asked to rate the current state of Business Ethics in India, and their average is close to 4 on a scale of 10. Most of them expect that it will slip closer to 3 in the near future. The perception about lack of ethics in business is quite often created by media reports about

unethical practices of business organizations and individual businessmen. It is necessary to understand that the media, by its very nature, report only the violations. Thousands of business transactions take place on any working day which, by and large, are ethical. The customers receive goods and services, and pay for them as promised. Several deals happen, in all parts of the world and especially in India, on a mere word of mouth. There has been a well circulated story that a traditional businessman borrowed a substantial loan from a bank offering just a hair from his lustrous whiskers, as a security. The hair stood for his word of honour, and that was good enough.

It is necessary to add that not just business, but routine human transactions also demonstrate a fair degree of goodwill, truthfulness, and honesty. By and large, people cooperate with and help each other, treat elders with respect and are hospitable to strangers. 'आतिथि देवो भव', treat your guest like God, is an age-old Indian custom; and it is so with most traditional societies of the world. Readers Digest had conducted an experiment in 2013, 'dropping' 12 wallets, each containing cash equivalent of \$50, in 16 prominent cities of the world, along with adequate details like mobile phone number and address of the 'owner'. Helsinki, Finland emerged as the 'most honest' city in the world, where 11 out of 12 wallets were returned, followed by Mumbai, where the score was 9 out of 12! Having said that, it is obvious that aberrations are also common. Both in day-to-day dealings and in business, frauds happen, trust compromised and thefts committed. Even in the Readers' Digest experiment, 100% of the wallets dropped were not returned.

Ethical and unethical behaviour, in business or otherwise, have been coexisting as a part of civilised life

since time immemorial. Since 100% honesty could not (ever) be enforced, from the days of Mahabharata and ancient Greece to the present day, it is necessary to trace its roots to fundamental human nature. The need for altruism and protecting self-interest, stated by Turner and Valentine, are part of behavioural traits, among not just humans but lower species as well. (The incidence of unethical practices in business may appear to be higher because the business, by its very nature, tilts more towards protecting self-interest than altruism.) The roots of human behaviour need to be traced to evolutionary biology. We as humans appear to have inherited these traits from our animal past.

In 'Selfish Genes', Richard Dawkins provides examples where, at a very fundamental level, genes collaborate with each other to build body parts in humans as well other species. A complex organ like an eye, whether in humans or in birds, requires collaborative effort of several genes. The genes are made of nucleotides, which is just protein and therefore can't 'think'. The collaboration between genes is not conscious, it is however established over millions of years of evolution. At the same time, genes also 'compete' with each other to get passed on to the next generation. In the development of a human embryo, the genes responsible for colour of the baby's eye, coming from the baby's mother and from baby's father may contain different messages - one would say black and the other brown - but just one of them would succeed and the other, bypassed - thus leading to the term 'selfish' gene. The genes even seem to follow 'strategies' in order to get selected. The two behaviours stated in the example, cooperation on the one hand and competition on the other, can be said to be the bases for ethical behaviour (based on mutual trust) and unethical behaviour (based on self-interest). The labels 'ethical' and

'unethical' are ours, for the nature it is just an evolutionary stable strategy. In the case of animals living in herds, sharing of food and collective caring for the infants is not uncommon; but so is fighting between adult males for supremacy, even males killing their own offspring to eliminate future competition for mating with females.

University of Chicago, Press Journal quotes a case of how certain varieties of orchids may 'cheat' the insects which visit them in search of the nectar. The flowers need the insects because they pollinate the flowers. The 'deal' between the flower and the insect is, pollination against nectar. However, the order in which it happens is, pollination first, followed by nectar. The pollination takes place as soon the insect visits the flower. It is now up to the flower to keep its part of the deal and reward the insect with nectar. It so happens that several flowers, 20% according to an estimate, do not have the nectar at all. They are looking for a free ride.

The flower is not an 'intelligent' species; hence the word 'cheat' is of course an exaggeration. What is at work is optimization in evolution. Pollination is a process important for perpetuation of the plants as species. In order to make it happen, offering nectar to the insects, who are essential agents for pollination, has evolved and has survived as an Evolutionary Stable Strategy. However, optimum percentage of flowers having nectar, would have been worked out through a process of trial and error - 30% may have been discarded as too low and 100%, because it is unnecessarily high.

Deception, evident in the case stated above, is a common phenomenon in nature. The prey animals practice deception to escape being eaten and the predators do it to obtain food. In fact, most behaviours which we may classify

as 'unethical' - deception, stealing, killing, selfishness, unjustified use of force are all routinely practiced in nature - of which humans are a part. Only a moderate thinking effort will suggest examples to support this observation. Remember what Jesus had told an angry mob which wanted to lynch an adulterous woman - "whichever of you is free from sin, throw the first stone" (John 8:1-11), and no one did.

Having evolved through the same process of evolution as all species and especially considering the behaviour of our nearest relatives in the evolutionary chain - the primates, it is therefore only 'natural' that a society of humans will adopt many of the ethical and unethical practices. Therefore, once in a while, most (all?) of us cheat, steal, lie and grab. This may also be the reason why it has not been possible to eliminate these undesirables despite thousands of years of preaching.

There are examples galore of unethical behaviour, in social as well as business transactions. Football (soccer) lovers may remember the infamous 'hand of god' goal by Maradona in 1986 world cup. Maradona fisted the ball in, and instead of admitting the foul, which the referee failed to notice, called the goal, 'hand of god'. In 2018, three Australian cricketers including captain Steve Smith, were found guilty of ball tampering; later debarred from international cricket for one year. In 2015, famous German automaker Volkswagen had intentionally programmed turbocharged direct injection (TDI) diesel engines to activate their emission controls only during laboratory emission testing. This caused the vehicles' pollutant output to meet US standards, but the vehicles emitted up to 40 times more pollutants in real-world driving. Sociologist S. H. Deshpande has quoted fraudulent practices of several semiliterate

villagers in Maharashtra, who borrowed money simultaneously from two separate banks, using same farmland as security. British historian Macaulay had stated that while 95% of the witnesses could be trusted in a British court, and only 5% lied, the percentage may be reverse in India. The well-known tolerance of the Indians extends even to petty thieves. Villagers condone them saying, “What can a thief do? He also has a belly to fill.” Sudhir Kakar states that for a Hindu, right or wrong is relative and may vary according to देश (place), काल (time period), श्रम (Effort required at different stages of life) and गुण (innate qualities of an individual). In India, just about 2% of the population, 27 million out of the estimated 1.3 billion in 2017, paid income-tax - most of them salary earners; small businessmen conspicuously absent from the count.

Human fallibility is the stuff epics and Nobel prize winning books are made of. We need to accept that some degree of dishonesty will remain in business and it will need to be systemically controlled.

How do we elevate the standard of business ethics?

At the outset, businessmen will need to outgrow the notion that ethics will just be ‘genetically’ controlled,¹ that they will be selectively altruistic and competitive, ethical or unethical, guided mainly by instinct. It may be true that when it comes to animal behaviour, we do accept it as originating in nature; the labels ‘right’ or ‘wrong’ do not apply. However, this cannot be so for humans, and for sound reasons.

Human species, in particular, can and do overcome the impulses originating from the ‘natural’ behaviour. **It is said that every time people use contraceptives, they are defying nature.** Humans are guided by ‘thoughts’ which are used to

deny or to modify impulses. Dawkins calls them 'memes'. According to him, a combination of genes and memes guide human behaviour. (Capacity to think, incidentally, places us on a higher evolutionary plane). Quoting Dawkins - "Most of what is unusual about man can be summed up in one word: Culture, using the word not in the snobbish sense but as used by scientists. Use of language, fashions in dress and diet, ceremonies and customs, art and architecture, engineering and technology evolve in a cultural ecosystem . . . We at least have the mental equipment to foster our long-term, rather than short-term interests. We have the power to defy the selfish genes of our birth and, if necessary, the selfish memes of our indoctrination". The latter term is important. We have the capability even to override ideas imposed by tradition and religion.

The argument that unethical behaviour of men in general and business in particular, will remain restricted to limitations imposed by 'nature', is therefore not acceptable. Business Practices guided by deception, pursuit of unbridled self-interest and non-compliance of law can be reined in by thoughtful action.

Having realized that ethics resulting from natural instinct can be improved upon, supporting systems have been developed over a long history of the mankind to further refine ethical conduct. Religion, Etiquette, Law and defined Code of Conduct are four which are prominent.

- 1) All religions, whether rigid (like Abrahamic religions - Judaism, Christianity and Islam) or flexible (like Eastern religions - Hinduism, Buddhism, Jainism, Taoism and Shintoism) preach ethical conduct. Kathopnishad (कठोपनिषद्) states that meditation, which should become more perfect day-by-day,

cannot be accomplished without the devotee having broken with all evil. Religion has played, probably, the most important part in promoting ethically desirable practices, often with a threat of retribution from a supreme power, either in this life or after-life!

- 2) Etiquette evolved over years of practice, such as sharing of food or exchanging greetings, are said to have served the role of lubricant in day-to-day human transactions, toning down aggression; making people more civil towards each other.
- 3) Law has served the role of a deterrent, declaring several unethical activities like stealing as criminal, punishable by fine, imprisonment and worse.
- 4) Codes of conduct, for professionals like doctors, in modern times, or 'Dharma' - like क्षात्रधर्म or पुत्रधर्म, duties of a warrior or of a son, as defined in ancient texts, have defined limits of ethical and unethical behaviour. Sudhir Kakar states that Dharma, Karma and Moksha are 3 pillars of Hinduism. Dharma, as the code of conduct for role specific duties, has played an important part in shaping behaviour of a Hindu.

The four systems outlined, if effectively implemented, will make any discussion about ethics largely redundant. Unfortunately, as any lawmaker knows, enactment of law is not the same thing as its implementation. The implementation will be especially ineffective in the case of norms laid down by religion, etiquette or the code of conduct, where they are voluntary. Rampant flouting of traffic laws in most Indian cities will serve as an example. The necessary legislation exists on paper. The

implementation, at the hands of a helpless (incompetent? corrupt? overworked?), administration is so poor that the result is a free-for-all on the road. (In fact, the state of traffic that emerges under the situation, is an excellent analogy for the practice of 'natural' ethics which has been described earlier. The traffic does not come to a standstill. It moves, albeit, way below its optimum efficiency.)

The way to raise the bar, in the context of ethical conduct can perhaps be better implementation of the law. World Justice Project prepares an annual rule-of-law index based on 8 parameters viz. Government Powers, Absence of Corruption, Open Government, Fundamental Rights, Order and Security, Regulatory Environment, Civil Justice and Criminal Justice. In 2017-18, India was ranked 62nd among 113 countries, with an index of 0.52 on a scale of 1.0. Scandinavian countries were among the top 10 with a score above .80. USA was ranked 19th and Canada, 9th. It is not difficult to co-relate higher level of Social (and Business) Ethics in the European and North American countries with more stringent rule of law. Better rule of law will make a difference in India too. Civilized individuals need, however, be law-abiding, requiring minimum intervention from the authorities. This is more so with respect to ethical guidelines coming from say, professional code of conduct or socially accepted etiquette. Using earlier analogy, the quality of the traffic on Indian roads can dramatically improve with strict enforcement of law and with law-abiding and responsible citizenship.

The elevated level of business ethics will thus be a scenario where maximum number of business people pay their taxes honestly or pay their suppliers on time or do not recklessly release effluents in rivers. It can be seen that not indulging in any of these acts require conscious awareness

of and commitment to Ethics - and it is not the same thing as being 'naturally' good or bad as per personal preference.

The approaches to inculcating ethics in Business have been discussed in this monograph by Professor Shashi Sharma, in two separate articles on 'Nitty Gritty Values'. According to Prof. Sharma, the ethical conduct by any individual at work, whether a businessman, a government employee or a politician, is essentially a reflection of their personal values. An organization is a notional entity, and that cannot be 'corrupt'. It indulges in corruption because some individuals in the organization decide to do so. The road to better ethics at workplace must therefore begin with a better value system at the personal level. The two articles list habits and practices one needs to inculcate at personal level so that the degree of ethics at work will also be high. The focus on personal habits underlines one more facet related to ethics. Tiny day-to-day actions such as not jumping a queue, returning a phone call or being polite with the office boy, reflect our principles. These make us a better and stronger human being. Ethics at workplace will only be its logical extension.

How to create an ecosystem for Ethics in Business organizations?

Setting and maintaining standards of Business Ethics is a task similar to the way a business establishes and maintains quality of its product and service. The term used often in the context of quality is 'creating a culture of quality'. It is looked upon as an ecosystem, encompassing all aspects of the business, leading to a concept titled 'Total Quality Management'.

Business Ethics can be similarly looked upon as a part of the business ecosystem. A manager is expected to

develop sensitivity to ethical aspect of a business practice, where relevant, and ensure that the said action is 'ethics compliant'. Like other aspects of management, managers need to be groomed in managing ethically.

Like other functions of management, Business Ethics has an element of theory as well as practice.

Most fields in Management draw upon research, tools and techniques from behavioural economics, sociology, psychology and anthropology. Business Ethics draws heavily upon Philosophy. Moral philosophy is a branch of philosophy that contemplates what is right and wrong. It explores the nature of morality and examines how people should live their lives in relation to others.

Moral philosophy has three branches, meta ethics, normative ethics and applied ethics. Meta ethics investigates fundamental questions such as, "What is morality?" "What is justice?" "Is there truth?" and "How can I justify my beliefs as better than conflicting beliefs held by others?" Another branch of moral philosophy is normative ethics. It answers the question of what we ought to do. Normative ethics focuses on providing a framework for deciding what is right and wrong. Three common frameworks are deontology, utilitarianism, and virtue ethics. Deontology literally means study of 'duty' - what is moral duty under a given set of circumstances. Deviation from duty will be considered immoral. By way of an example, if the business offers an item at a price X which is later found to be uneconomic, withdrawing the offer at that point will be considered immoral. Moral duty will be to stick to the original offer and suffer the loss. The Hindu idea of 'Dharma' comes close to deontological morality. Utilitarianism, as an approach, believes that the best action is the one that maximizes utility,

which is usually defined as that which produces the greatest well-being of the greatest number of people. Approval of a drug with serious side effects to a small minority, but beneficial to a vast majority, like penicillin, will be considered moral under utilitarian logic. (Informing the users about a possible side effect and precautions to be taken to protect oneself, will be a part of deontological morality in this case.)

Virtue Ethics expects actions to be built around virtues, defined as positive traits that makes its possessor a good human being. Virtue ethics puts a special emphasis on the development of values and moral character. Teaching people to be polite while dealing with subordinates is an example of value ethics; not accepting bribes is also value ethics. The last branch is applied ethics. It addresses specific, practical issues of moral importance such as war and capital punishment. Applied ethics also tackles specific moral challenges that people face daily, such as whether they should lie to help a friend or co-worker, or whether a doctor should lie to a seriously ill patient.

Much of moral philosophy usually gets passed to people through tradition; however, learning the theory may help managers reinforce their convictions and increase their confidence while taking moral decisions.

The practice of Business Ethics can be learnt from numerous case studies, describing situations requiring application of ethics. Several cases depict complex ethical dilemmas, focussing on grey, rather than, clearly black or clearly white areas of ethics in a business situation. Experience has proved that study of real life cases is an excellent learning tool for Business Ethics.

Professor Shashi Sharma has written two articles which will assist in understanding complexity in practice of Business Ethics.

It has been stated that Religion, Etiquette, Legislation and Code of Conduct are four approaches which evolved over the years to improve ethical conduct. The conflicts which may emerge, while attempting to comply with principles of ethics and any of the above four simultaneously, has been dealt with in an article titled 'Applying 2 x 2 Grid to Teaching Professional Ethics'. (For instance, ethical issues arising out of matters which are permitted by religion but do not appear ethical or the reverse.) Quite often, one of these may override the other. It is however necessary to be aware about the existence of the problems.

Another article, based on 4 caselets, titled 'Corporate Ethics - Some Anecdotes' shows how, apparently complex business situations, suggesting compromise with ethical principles can be resolved, with courage, creativity, patience and adherence to principles. As stated earlier, much can be learnt from experiences of successful handling of ethical dilemmas by practitioners.

The above, incidentally, underlines the fact that there are no easy answers to all ethical issues. The behaviour emerging from our natural instinct, is quite likely to take the precedence. (An article on BBC website, states that people often try to keep a balance of 'good' and 'bad' deeds. They 'allow' themselves one 'bad' deed if they have to their credit, say four 'good' deeds - the perception of 'good' and 'bad' deeds is of course their own!)

Can ethical business be a more successful business?

The last facet of the study of Business Ethics is to examine whether being ethical can actually lead to a more successful business. An article, by a well-known author Prithish Nandy on benefits of trusting is included in the monograph. I have summarized below the views of Richard

Dawkins from a chapter in his book 'Selfish Gene', which is titled 'Nice Guys finish first'.

Much of Dawkins' argument revolves around benefits of cooperation vs conflict. Since cooperation presupposes mutual trust, arguments in favour of cooperation are also in favour of trust. Dawkins draws upon an elegant but simple game developed by researchers Flood, Dresher and Tucker to support his conclusions².

The phrase 'Nice Guys Finish First' used in socio-biology extols the benefits of reciprocal altruism. Note that a nice guy does not mean he is a pushover, naive or weak. A nice guy simply means he doesn't play games, is confident and consistent with himself, and has strong core values and morals. Business-wise, he is expected to be as adept as the other person. The reasons why he will win in the long run is because he is more likely to gain cooperation of all stakeholders like him - nice and smart.

Professor Robert Axelrod, best known for his work on the evolution of cooperation, offers the following advice which more or less sums up what will be the wise long-term strategy in terms of Business Ethics.

- Be nice : cooperate, never be the first to betray trust.
- Be reactive : return cooperation for cooperation, betrayal with betrayal (which could mean stop dealing with the betrayer)
- Don't be envious: focus on maximizing your own 'score', as opposed to ensuring your score is higher than your 'partner's'. (Shun the wisecrack, "It's not enough that I should succeed -- others should fail".)
- Don't be too clever : or, don't try to be tricky. Transparency is essential for others to cooperate with you.

Drawing from the analogy of road traffic, it can be seen that drivers who abide by the law, respect rights of fellow citizens, are not in a hurry to be the first, are competent drivers and proactive enough to pull up, even to report, a law-breaker, will together lead not only to more orderly traffic but one that is faster and safer. Note that disciplined traffic in the developed countries moves at a higher average speed and results in fewer accidents. The effect of better ethical practices on business, can be similar.

Considering importance of Business Ethics, Prof. Shashi Sharma has written a note urging inclusion of Business Ethics as a subject in the MBA curriculum. He has also outlined some of the challenges in teaching Ethics, in a separate note. Both are also included in this monograph.

ENDNOTES

1 “Ethics will be genetically controlled” - The use of the term ‘Genetic’ is not strictly correct. ‘Genetic’ may refer to attributes for which we are hard wired. Colour of the skin or tendency to develop diabetes are examples of things for which we may be hard-wired. You cannot really do much about them - at least at the present state of bio-technology. However, when it comes to behaviour, the species and the humans, are not hard-wired. You may not inherit hot or cool temper of your father, as you may inherit colour of his eyes. The behaviour is controlled by factors for which we can be said to be soft-wired.

The difference between being hard-wired and soft-wired is that the unlike the former, the latter is not entirely rigid, though it still has a defined framework in which to operate. This concept can be better understood using Dawkins’s example of a chess playing computer. The chess playing computer though created by humans and, technically, a robot, is not a dumb number crunching machine. It carries, as a part of its software, the rules of the game and strategies to be used in a variety of gaming situations. Note that it does not arrive at the best move by anticipating all possible moves at that stage and derive the finest alternative. That is considered nearly impossible. (For the first four moves of chess alone, there are 318,979,564,000 different combinations. Even the fastest computer cannot run through them speedily enough to choose the best option). It works out the move based on the strategies supplied. A chess playing computer is also a learning machine. Previous experience of wins and losses is used to modify the strategies. An animal, including us, behaves similarly. According to Dawkins, our brains may just

be compared to a very advanced computers, with defined capabilities like that of a robot. While deciding which food may be avoided as being harmful, we go by built-in policy guidelines. Smell, taste of a tiny sample, colour and past experience dictate our behaviour. We use imagination to predict future outcomes in situations not encountered in the past. This is similar to simulation models used by modern computers. In a simulation model used for war games, even deception is used as one of the tactics. However spectacular they may appear, our mental abilities are finite and regulated; not very different from that of a robot. It can therefore be argued that the so-called unethical practices that living species may be found guilty of, such as deception, greed, self-centeredness and cruelty may have been a part of our arsenal, supplied by nature, for coping with challenges of survival.

2 The prisoners' game in its basic form is as follows. Two members of a criminal gang, A and B, are arrested and imprisoned. Each prisoner is in solitary confinement with no means of communicating with the other. The prosecutors lack sufficient evidence to convict the pair on the principal charge, but they have enough to convict both on a lesser charge. Simultaneously, the prosecutors offer each prisoner a bargain. Each prisoner is given the opportunity either to betray the other by testifying that the other committed the crime, or to cooperate with the other by remaining silent. The offer is:

- If A and B both betray the other, each of them serves two years in prison
- If A betrays B but B remains silent, A will be set free and B will serve three years in prison (and vice versa)
- If A and B both remain silent, both of them will only serve one year in prison (on the lesser charge).

(The assumptions of the game reflect real-life in that, as cooperation calls for sharing, the benefits are less than a winners-take-all competition. The latter however carries a risk of losing as well.)

Assuming both A and B are rational and selfish, thinking independently, are expected to betray each other, because that has a chance of being set free. In the process, both will fail in their mission and will instead be penalized with a prison sentence of 2 years, as per rule 1. The wise thing for both of them is to remain silent, i.e. to cooperate, and serve the least term of 1 year. The interesting part of the result is that pursuing individual interest logically leads both of the prisoners to betray, when, they would actually get a better deal by keeping silent.

If either A or B is saintly, he will remain silent, irrespective of whether the other prisoner betrays or remains silent; as a result, will go to jail for 3 years as per rule 2. This will not happen in real-life business. Being Nice does not mean naive. Anticipated betrayal is expected to be met by retaliation (or avoidance, which is not an option in this case.)

Professor Robert Axelrod, best known for his work on the evolution of cooperation, had conducted a tournament to try out the game in diverse formats, allowing for several 'rounds' to be played, with different strategies - for instance, cooperate most of the time, but occasionally betray. It was found that occasional betrayal resulted in loss of trust, was met with retaliation to the disadvantage of both. Based on the outcomes, Axelrod's advice for the best strategy is TIT FOR TAT. The strategy cooperates on the first move, and then does whatever its opponent has done on the previous move. Thus, when matched against the always-betray strategy, TIT

FOR TAT strategy always betrays after the first move. When matched against the all-cooperate strategy, TIT FOR TAT always cooperates. This strategy has the benefit of both cooperating with a friendly opponent, getting the full benefits of cooperation, and of betraying when matched against an opponent who betrays. **When matched against itself, the TIT FOR TAT strategy always cooperates.**

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Nitty Gritty Values

- Prof. Shashi K. Sharma

One needs to talk, and it needs to be done, of Values with lot of philosophical complexity, including religious prescriptions. But there is also a need to talk of Values in their nitty gritty, day-to-day action form.

This note attempts at listing such nitty gritty values. There are two very important attributes of these values.

1) Implementing them in our lives is entirely within our control (and therefore it would be difficult to pass the buck);

2) Adhering to these values does not require any additional resources.

The values are grouped under four main areas of endeavour:

a) ECONOMY: Conserve all resources - time, money, paper, energy, water etc.

b) CLEANLINESS: Maintain cleanliness both at personal level and in our surroundings

c) BEHAVIOUR : Keep the qualities of cooperation, politeness, courtesy, and helpfulness in our behaviour towards our superiors, peers, subordinates as well as other individuals who come in contact with us.

d) CONCERN FOR THE ORGANIZATION (we work for): Be loyal to the organization and its ideals. In our decisions and actions, we should always keep the interest of the organization at heart.

In continuation of the above, at an individual level we

need to commit ourselves to the following detailed examples of actions and behaviour. We should strive to expand and customize this list for our specific roles, now and as they change from time to time (first person singular is used in the language to signify one's own commitment to these values).

1. I shall switch off all the lights, fans and other electrical equipment when not in use, and particularly, when I am leaving a room.

2. I shall open water tap only as much as required and close immediately after use. I shall make all other efforts to conserve water.

3. I shall pick up anything fallen on the ground (which does not belong there) and put it in its proper place if useful, and in the nearest waste paper basket if not useful.

4. I shall not prolong a conversation on the phone beyond minimum necessary.

5. I shall keep my vehicle tuned and regularly serviced to ensure efficient fuel consumption and least pollution. Also, I shall observe all traffic rules and drive in such a way as not to be a nuisance to other users on the road (other drivers, pedestrians, etc.)

6. I shall not spit or blow my nose anywhere except in a wash basin or into a handkerchief.

7. I shall ensure that the volume of my voice is kept at a level which does not disturb people around me.

8. I shall handle books, periodicals and other documents carefully so that they do not get damaged in any way. I shall desist from writing on a book or magazine which is to be used by several people.

9. I shall be polite to all my colleagues - be they superior, peer or subordinate.
10. I shall be polite to all those who come to me regardless of their rank or socio-economic status.
11. I shall use polite tone and civil language both in person as well as on phone.
12. I shall try to desist from ingesting any substance which hampers my working efficiency or my politeness towards others.
13. After using any item I will put it back in its proper place.
14. I shall keep at least one colleague informed of my whereabouts when moving out of my usual location.
15. I shall not break a queue, whether of people, vehicles or documents, wherever it is already formed.
16. I shall cooperate with and help all my colleagues.
17. While taking any decision, I shall keep in mind the interest of our country and our organization.
18. I shall be honest and truthful in all my dealings.
19. While dealing with any human being, I shall remember that there is at least one thing he or she can do better than me and is therefore deserving of my request.
20. I shall act and behave keeping in mind a long-term perspective and not be swayed by short - term gains or expediency.
21. I shall strive for self-development without falling prey to blind ambition.

22. I shall not hesitate in accepting any mistake committed by me.

23. I shall be led primarily by rules and procedures of the Government wherever they exist without questioning. Wherever they do not exist or are capable of more than one interpretation, I shall use my discretion in conformity with accepted norms or based on principles of natural justice.

24. I shall maintain objectivity in my inter-personal relations and not be a party to unfounded criticisms or gossip.

25. I shall try to resolve all one-on-one conflicts through open-minded discussions and reach out for arbitration (by a superior) only as a last resort.

As mentioned earlier, this is not an exhaustive list. A human being has a wide diversity of roles (changing over time) which require set of specific values. But if the spirit of these nitty gritty values is internalized, then it can provide a guiding framework for all decisions and actions as well as lead to an easier comprehension of more complex concepts like God.

Nitty Gritty Actions – In Times of Climate Change !!!

- Prof. Shashi K. Sharma

At the recently convened UN General Assembly, in his opening address the UN Secretary General Antonio Guterres is reported to have said – “Climate change is moving faster than we are... the world has two years to react !”

That surely is a dire ultimatum. But such warnings have been uttered earlier also – at Rio, at Kyoto... Nothing much seems to have come out of those in terms of practical, palpable impact. As a matter of fact, there are many world leaders who are brazenly calling the whole domain of climate change a bit of a hoax !!?

But let us come down from such lofty international heights to our own day to day lives. I came to Pune (Poona those days) in 1974 – it was then a green and serene city with most of the vehicles on road being bicycles. The rubrics used for Poona those days were – “Pensioners’ Paradise”; “No fan station” (harking back to the British cantonment days); etc. The university road was lined with majestic banyan trees; the Parvati hill was verdant green... I think you get the picture!?

I used to have quite a few warm garments in my wardrobe which were needed when winter came around. Fans were needed in summer but only on limited number of days – hardly ever in the night.

Today, in 2018, the situation is drastically changed. To give just a few examples : I hardly ever need to pull out my

warm clothes and the fans at home are running, it seems to me, almost 24x7...

So I do not need to refer to some heavy duty scientific study to convince me that climate change is HERE ... and it bodes ill for the future !

In a recent discussion gathering with like-minded (and highly qualified) friends, we did come to this topic and there were some interesting remarks – “Well, we are now in the evening of our lives so why worry about the future ?!”; “Let the govts at different levels (international, national, state, local) take care of the problems; after all we are paying taxes from our hard-earned money !”

I struck a dissenting note – “We may be getting on in life but what about our children and their children...?!”. I suggested that there is enough evidence to be rather skeptical of the governments’ ability to think long-term and deliver effectively and efficiently.

And surely it is in our own (selfish?) interest that our children and grandchildren have a safe and healthy future ?! Giving the analogy which I use quite often in my ethics teaching, I pointed out that if we think of healthy climate as a dying tree, it will surely die if we make no attempts to water it. If we persistently keep watering it then there is at least a slender hope that it will revive !!!

So, without any doubt in my mind, I would say that the onus is on us to do something about climate change (and for that matter any problems that are damaging our happiness -- for now and for the future !)

The question to be answered is : “What can I do ?” (If everybody thinks that somebody will do it then nothing get done ... or something to that effect !)

Here is where “nitty gritty actions” come in. I am going to suggest some actions that we can all take in our own day-to-day lives without needing anyone’s permission or without requiring resources which may cost something - as a matter of fact these actions will reduce resource consumption and will definitely provide monetary, tangible benefits : A highly positive cost-benefit ratio indeed !!!

Taking a classic MBA approach, let us prioritize the proposed action plans in order of some importance (the reader can do his / her own analysis and prioritization) :

ENERGY RELATED ACTIONS : We use different forms of energy in our households and for different purposes.

Petrol / diesel (and in rare cases CNG) is used for transportation.

Electricity is used for lighting; cooling (fans, coolers, A/Cs, refrigerators); cooking (microwave ovens, conventional ovens, toasters, induction or coil heaters, mixers, food processors); heating (geysers, air heaters); entertainment (TVs, radios, various players and projectors); communications (cellphones, cordless phones, their respective chargers); cleaning (clothes washers / driers; dishwashers, vacuum cleaners)... and maybe several other gadgets and appliances.

LPG is used for cooking and maybe in lighting.

A comprehensive charting of sources of energy and their applications in one’s own household will provide a useful starting point for working out conservation strategies.

Some pointers to action : Can the family members all eat at the same time so that the kitchen lights can be switched off in shorter duration?

Can the cooking process start ONLY AFTER all the preparations like cutting, mixing, etc have been completed?

Can we plan our outdoor errands in such a way that there could be days which can be declared as “no 2/4 wheeler” day?

Can the A/c be switched on only for, say, couple of hours in the beginning of the night – once you are asleep it may not be too difficult to do away with the air-conditioner?

Can the A/c be set for, say, 25 degrees Celsius than 20 degrees?

Can you put some indoor plants which can help reduce the room temperature?

Can you switch from incandescent bulbs to CFLs or LED lights?

Can you plan in such a way that the washing machine needs to be switched on only once a week?

And so on... There is plenty of scope for creative thinking and effective planning to reduce energy consumption in your household.

WATER RELATED ACTIONS : Water is another major natural resource that we use in our daily routine. Water is used for drinking, cleaning (humans, pets, utensils, clothes, floors), cooking, plants, etc.

Some pointers to action : Can you avoid having a shave / bath on any given days (for example, when you have no formal meetings)? Obviously this can be easily combined with “no 2/4 wheeler” days.

Can the floors be mopped on alternate days – or even less frequently?

Can the water used for one activity be used for another activity downstream – for example, can water after being used for cleaning can be used for mopping or watering of plants? (This may require some additional hardware.)

Can the flush cistern be made to use less water? (Innovative ideas for practice include putting a brick or a water / sand-filled plastic bottle in each of the cisterns.)

EMBODIED RESOURCES RELATED ACTIONS : Practically everything that we use in our lives comes from Nature. So consumption of ANY kind whatsoever – and I will go out on a limb and say this – is harmful to Nature. Our own very existence depends upon breathing air in then consuming the oxygen content and then exhaling carbon dioxide – in the process adding to the hot house gases in the atmosphere !

Therefore, we need to carefully examine the classic ecological mantra “REDUCE, REUSE, RECYCLE” and see how we can apply that to our own lives.

Can you reduce the number of clothes in your wardrobe? (Do you really need 20 shirts or 10 or even 5... ??!)

How many shoes do you really need – can you give away some to needy people ?

You need to be aware of the forward and backward linkages related to your consumption of natural resources ! For example, a litre of water that you consume has been stored in some dam, then pumped and filtered in some plant running on electricity, then pumped through massive

pipelines (which themselves have consumed humongous amount of energy and other resources to be built) and then ultimately brought to the taps in your house

And then as that water leaves your house, it is again to be carried through sewers, (hopefully) treated to make it safe, and then released into some river...

The shirt that you wear, similarly, carries with it tremendous amount of natural resources “overheads” as it starts from a bit of cotton in the field or as crude in some petroleum well and then reaches your cupboard via various transportation and manufacturing processes... not to forget the neon light on the retailer’s showroom and the air-conditioner inside !

CONCLUSION : To reiterate, each item that we consume has an adverse impact on Nature – some flora or fauna is destroyed, some wounds and scars are created on or inside the planet earth (mining, drilling...). And the entire chain from production to consumption to disposal creates collateral damage by way of polluting air, water, earth .. and thus fueling the fires of climate change.

As I have said above, I have provided pointers for action. The situation in each household (and in each individual’s life) would have some similarities and some differences with others. But once the realization dawns that “Yes, I should and I can and I must do something to fight climate change!”, the process of analyzing, looking for creative action strategies and then implementing them is not too difficult.

Someone can ask – “What difference can I make as a (microscopic ?) individual ?” In answer to that let me point

out the power of aggregation : If I can save ONLY about 30 liters of water per week (roughly equivalent to eschewing bath one day in a week), that amounts to say (rounding off) 100 liters per month and that is more than 1000 liters per year! And if just 1 lakh individuals in Pune (2% of the population ?) implement this idea, we are going to be saving **10 crore liters** of water in just one year !!!

Simple arithmetic relating to aggregation across number of people and periods of time can lead to really impressive astronomical figures in saving of natural resources and saving Planet Earth which we have borrowed from our future generations !

Caveat : It will be obvious to the reader that the nitty gritty actions recommended above, by and large, relate to urban middle class life styles – but then that indeed is the target audience for this article.

Applying 2 x 2 Grid to Teaching Professional Ethics

- Prof. Shashi K. Sharma

Ethics as a topic, is taught in many subject areas – Philosophy, Sociology, Political Science, etc. – and, of course, in MBA programmes. It is a complex and challenging subject to teach in view of the prevailing climate of self-centeredness and the demands it makes upon students to do a serious and honest introspection. In a country like India, it is even more difficult because of the serious erosion of values seen in all segments of the society leading to a sense of skepticism and cynicism about learning Ethics.

The difficulty of teaching Ethics to MBA students is exacerbated by the fact that it is almost considered legitimate to indulge in unethical behavior in order to attain business goals. There is a preconceived notion that “Business Ethics” is a contradiction in terms!

Because of these challenges and difficulties, there is a great burden on a teacher of Business / Professional Ethics to come up with some pedagogical approaches and tools which can make at least some impact on a group of cynical and grown up (therefore less flexible) student audience.

It is also to be kept in mind that there is one difference which should be meaningfully maintained between teaching Ethics to say Philosophy students and to MBA students : In the non-MBA subject areas, Ethics can be a topic of intellectual curiosity and debate, and much of the discussion can be possibly left inconclusive. That kind of approach would not be appropriate for discussing Ethics in a managerial (MBA) context. Managers have to take

decisions-most of the time with incomplete information and under uncertainty. So any discussion must reach a conclusion.

In view of this unique need, it would be useful to create a framework for defining Ethics as tightly as possible. Here an attempt has been made to use a classic management tool - the 2 x 2 grid – to facilitate narrowing down of defining Ethics in an action-oriented manner in any given situation. This has been done through clearly differentiating between **Ethics** (as one set of guidelines for behavior) and **Law, Etiquette, Code of Conduct,** and **Religion** respectively (as some other guidelines for behavior).

The emphasis in this approach is to look for concrete examples of behavior / decisions and compare those through the diverse behavioral guidelines identified above.

Ethics and Law : The 2 x 2 grid device can be simply depicted using the example of Law, as follows :

	Legally Right	Legally Wrong
Ethically Right	I	II
Ethically Wrong	IV	III

Now, examples from the corporate world can be thought of for each quadrant.

Quadrants I and III can be understood relatively quite easily. A manufacturer should pack the right weight of a product in a package and then mark it correctly on the packaging. This is a quadrant I situation. When the manufacturer does not do so and packs less than what is marked then that becomes the example for quadrant III.

In the context of quadrant IV, one could think of a situation where the owner of an enterprise sacks some employees and then takes the money saved as his own remuneration. A disgruntled employee when fired may have some legal recourse to hang on to his / her position but ethically it would be right to keep such a person out of the organization and this would be a situation for Q II.

Ethics and Etiquette : Any given social group or culture would develop their own selection of social etiquette or mores. In this comparison (with Ethics) the 2 x 2 grid would appear as :

	Etiquette-wise Right	Etiquette-wise Wrong
Ethically Right	I	II
Ethically Wrong	IV	III

In this situation also examples in Q I and Q III will be fairly easy. Harsh treatment of one's subordinate would be

Q III and fair and just treatment of a junior would fall in Q I. The other two quadrants are more difficult to illustrate. For Q IV, one could think of social manners which specifically denigrate another human being. For example, at one time, in the southern U.S. it was considered bad for a white man to eat on the same table as a black man. In India, the 'Shoodras' (the so-called lower castes) were and still are subjected to treatment which would fall in Q IV.

Reversing the behavior relating to Q IV will give us the examples for Q II : etiquette-wise it may be wrong to hobnob with a "lesser" human being but ethically it would be right to give him due respect. In a corporate setting, differentiating or not between the food served in workers' canteen versus that served in managers' cafeteria could provide the examples for Q II and Q IV.

Ethics and Code of Conduct : Many organizations and professions (like Chartered Accountants, Medical Doctors) put down certain code of conduct for their members. This can be compared with Ethics through the following grid :

	Code of Conduct- wise Right	Code of Conduct- wise Wrong
Ethically Right	I	II
Ethically Wrong	IV	III

Let us take the example of doctors - Their not advertising in a commercial way would fall in Q I. If they start advertising and make tall claims in an uncertain science, then that behavior would fall in Q III.

The doctors' code of conduct may be silent on this issue but if they prescribe unnecessary or excessive diagnostic tests then that would be Q IV behavior.

A particular code of conduct may frown upon one professional criticizing another for the latter's errant behavior but it would be justified to bring such negative behavior to the notice of relevant authorities. Such type of "whistle blowing" would be an example for Q II.

Ethics and Religion : Religion also provides prescriptions for right or wrong behavior. But if we examine many situations in a non-emotional, rational way then some contradictions with Ethics may emerge. Let us apply the 2x2 grid for analyzing this.

	Religion-wise Right	Religion-wise Wrong
Ethically Right	I	II
Ethically Wrong	IV	III

Religious injunctions like "Be honest", "Tell the truth" etc would fit into Q I. A violation of these prescriptions would

provide examples for Q III. For Q IV, one could think of situations, wherein some religions look down upon women as mere property or condone killings in the name of religion. Conversely, educating women, giving them equal status may be construed by some religions as inappropriate but would be ethically right, giving us a Q II situation.

Discussion : In this short article, an attempt has been made to illustrate the use of 2 x 2 grid to analyze some behavioral situations and understand the differentiation in the context of Ethics and other guidelines for behavior like Law, Etiquette, Codes of Conduct or Religion.

There could be ethically neutral situations also - for example, whether to wear a tie to the office - which would fall totally in the domain of etiquette or code of conduct and have nothing to do with Ethics per se.

It is hoped that this innovative application of the 2 x 2 grid device will provide teachers as well as practicing managers with a sharper tool to examine ethical questions in decision-making.

Corporate Ethics – Some Anecdotes

- Prof. Shashi K. Sharma

There is absolutely no doubt in my mind that the largest source of corruption in India today is the interface between Business and Government. Businesses may be big or small – from corner paanwala to major conglomerates; and Government may be represented by the local beat cop or some big departments run by very senior bureaucrats and politicians.

Many of my knowledgeable friends who have themselves been entrepreneurs and / or senior managers in the corporate world have averred that no business can be run in India in an honest and ethical manner !!!

Fortunately, at least in my opinion, I came across some instances where it was demonstrated that ethical behavior could succeed on the Business – Government interface and I would like to share those anecdotes here.

Some years ago, a group of senior managers headed by Mr. Jamshed Irani of the Tata Group (who had probably retired by then) decided to run a series of training programmes on ETHICAL LEADERSHIP. I was roped in to ab initio design and conduct these programmes along with some other like-minded managers and trainers.

If I recall correctly, we ran about 7 such programmes in the beautiful setting of the Moral Re-Armament (MRA) campus in Panchgani (Maharashtra). (There may have been more than 7 programmes but down the line, I delinked from that initial group.)

For obvious reasons, most of the participants in these programmes were from the Tata Group but surely there were executives from several other companies also.

The anecdotes I am recounting here were happenings narrated by some of the hands-on, real life executives who were participants spread across all the programmes I was involved in conducting.

Since it would not be feasible to get formal permissions to write up these anecdotes from the diverse organizations where the various events being mentioned took place, per force I need to disguise the names and some of the identifiable details.

Anecdote 1 : This relates to the times when octroi was one of the most troublesome and corruption-ridden phenomenon in the Indian economy.

There was a company – let us call it CoA -- (which still exists today with a very strong brand-name) engaged in the manufacture and marketing of light and small but high-value consumer durables.

As a part of their distribution channels, the company had a large warehouse outside a metropolitan city. The goods used to come by trucks from the manufacturing plant to the warehouse for further distribution to the retail outlets. Quite diligently and regularly, CoA used to pay the octroi due as per prevalent rates to the octroi post under whose jurisdiction the warehouse fell.

Somewhere along the way, some corrupt officials in the Weights and Measures Dept decided to extort money from the CoA executives in-charge of the warehouse.

The corrupt officials came to the warehouse and threatened that unless they were paid off they will file proceedings claiming the following “violations” :

- There was no expiry date marked on the goods.
- The weight of the product was not marked on each unit.
- The MRP (Maximum Retail Price) was not marked on each unit.

The CoA executives countered each one of the so-called violations :

- The goods being marketed were durables and could last for several years so there was no logic for putting “expiry date”. They also pointed out that the date of manufacturing was surely marked on the product units.
- The products were not being sold by weight so, again, there was no logic for putting weight on each of the units.
- The MRP was clearly marked on the package in which each of the units was being sold.

The corrupt officials were not willing to buy the logic – since their only intention was to extort money and it had nothing to do with ensuring compliance of the prevailing rules.

The CoA executives stalled for time and then had their own internal meetings to assess the situation. They realized that this was not a one-time thing; once they started paying up, the demands for extortion would come repeatedly and maybe even with increasing quantum.

They finally decided to present the problem to the top management of CoA. Of course, like good managers they not only presented the problem but also suggested a possible solution strategy.

After considering all the pros and cons, and with the blessings of the top management, it was decided to close down that specific warehouse which was under threat from the corrupt officials.

It was worked out that the markets being served by that warehouse will be serviced from alternative storage nodes. That would definitely increase the costs in the supply chain but would keep the corporate ethics intact.

That strategy not only worked in keeping at bay the corrupt officials of the Weights and Measures Dept but also had an interesting fallout !

Once the warehouse was closed down, the very substantial octroi being paid was discontinued. That started some bells ringing in the octroi dept as their periodic revenues fell substantially.

The octroi officials came and met the CoA executives with whom they had dealt amicably for quite some time. When the octroi officials came to know the reason behind the closure of the warehouse, they were furious and went and had a strong feedback session with the Weights and Measures functionaries.

In due course, everything was sorted out and the CoA was able to resume its normal operations from the original warehouse without succumbing to any unethical pressures.

Anecdote 2 : This relates to a company – say CoB –

which, for its operations wanted to import some items - maybe in the nature of some capital equipment.

Once the items had been imported, they landed in a port city of India and were then impounded by the Customs authorities there. The corrupt officials there started raising all kinds of issues – both to delay the release of the items and to charge higher duties by inappropriately categorizing the items.

The top management of CoB realized that it was a ploy by the corrupt officials to get some unethical gratification. But the company decided not to yield to the pressure.

A small team of high-level executives was set up and the sole task assigned to them was to fight tooth and nail to get the imported items released.

The team consulted top experts in the field of Customs duties and prepared exhaustive documentation quoting chapter and verse from the laws and putting together various cases as precedent.

After diligent preparations and burning lot of mid-night oil, the CoB team went and argued with the Customs authorities. The participant in the ETHICAL LEADERSHIP course who told us this incident was part of the CoB team. He mentioned that they perhaps had almost 30-40 kgms of formidable documentation when they went to present their case.

The corrupt officials realized that the CoB team was fully prepared to fight right up to the highest levels in Government and courts. They also could see that the CoB team had prepared very well and had a cast iron case against which they stood no chance.

Finally, the imported consignment was released with reasonable duties and without too much delay.

Anecdote 3 : A third company - CoC - used to run a canteen with subsidized food as a way of making life easy for their employees.

A corrupt food inspector type officer once came to the canteen and after raising many spurious allegations ordered the canteen kitchen to be shut down. His expectation was that the company will provide him with some unethical gratification and then things could go back to normal.

But the company decided to stick to their ethical standards and without going to the trouble of protracted wrangling and fighting closed down the canteen.

As an alternative strategy, CoC management invited a dabbawalla to provide appropriate meals to the staff at designated times during the day.

After a long interval, that corrupt official was transferred and then CoC resumed its canteen operations.

Anecdote 4 : Here I am going to take real names the reason for which will become obvious as the story ends.

There was a gentleman called Amol Karnad. I met him and some of his colleagues during a discussion session on Corporate Ethics organized under the aegis of Thermax.

Amol and his partners had started an enterprise called Alacrity Housing – AH (they later on also started Alacrity Electronics). This was based in Chennai. As the name implies, AH was to operate in the Real Estate business domain.

Amol averred that he had literally taken a vow – either he will do business ethically or close down !!!

AH came up with previously unheard of customer friendly promises. They gave a guaranteed delivery date to housing buyers and decided to give fair compensation if the delivery was delayed for whatever reason.

Amol told the story of AH applying for an electricity supply transformer for one of their housing projects. Typically, the state electricity board persons started their delaying tactics expecting some gratification (“bribe” - to call a spade a spade !).

AH created a dedicated team of executives whose sole responsibility was to chase up with the electricity board officials. The AH executives would land up at the electricity board at opening time and then stay put till closing time. The corrupt officials would ask them to bring this document or that and the AH team would provide those. The corrupt officials would say “OK, come on Tuesday” .. then the AH team will without demur turn up on Tuesday. The name of the game they adopted was “patience and perseverance”.

Meanwhile, Amol went and met with some senior IAS officer who then talked to some other senior person at the electricity board... and in due course the matter was resolved : AH got their transformer.

That created an interesting and positive image of AH – from then onwards, no AH file got stuck. As if the corrupt officials said to themselves, “Oh, these AH people will not pay a bribe and instead create nuisance for us... Let us try and make money from someone else !”

AH tried to stick to the rules and ethical behavior. For example, if under some compulsion they violated a rule howsoever unfair they would voluntarily pay a fine

– one instance being using part of a road for keeping building material till it was used up.

I lost touch with Amol and quite some time passed. Later on I learnt that Amol and AH became victims of his own vow – they found that they could not do business ethically and so closed down !!!

Discussing these anecdotes with various corporate executives on different occasions has provided me favourable opportunities to share my prescription for adhering to ethical behavior :

- 1) Courage of Conviction – If you believe in yourself and the rightness of what you are doing then that gives you the power to sustain an ethical fight if so needed.
- 2) Creative Thinking – Like the management gurus generally talk about out-of-the-box thinking, innovating, being nimble etc, in sustaining and propagating ethical behavior also one needs to find creative solutions to fight threats arising out of unethical pressures.
- 3) Preparation, Persistence, and Patience – It is not easy to fight unethical people and pressures but with in-depth study and analyses one can surely come up with appropriate success strategies which again may require not-giving-up till you have killed the demon of unethical behavior.
- 4) Willingness to make Sacrifices – Kowtowing to unethical pressure may seem to make life easier in the short run but in the long run you are undermining the very basis of civilization and even attacking the survival of homo sapiens. So to uphold

the principals of ethics you may need to make small sacrifices for a bigger cause. We may not go to the extreme of being like Raja Harishchandra but we should be able to withstand and tolerate minor inconveniences – say delay in gratification – to be able to hold our head high, to be able to sleep without guilt, and to provide the right role models to our future generations.

Mistrust, and the Price We Pay For It

- British Nandy

I am often amazed by the awesome amount of mistrust that festers at all levels of our political, social and business life, and the vast number of industries that such mistrust spawns. We are blind to the miracles we could have wrought by trust. But, instead of focusing on this, instead of even noticing how we are losing out as a nation because of our mistrust of each other, we lumber ahead towards greater confusion, worse mayhem.

Muslims and Hindus mistrust each other. Political parties make capital out of this and fringe fundamentals invariably gain from this mistrust, which has become worse ever since the unfortunate Babri Masjid episode. It has lost us, for all practical purposes, the prettiest state in the Indian Union. Even though it exists on our maps, we have lost its soul.

The upper castes and the Dalits mistrust each other. Heartland politics has taken swift twists and turns to profit from this mistrust and new parties have even sprung up to take advantage of the growing hiatus which Mandal has further precipitated. V.P. Singh will be remembered long after other politicians have been forgotten as the man who legitimized this mistrust between the castes and gave it an enduring political complexion.

The rich and the poor mistrust each other. So much so that the rich refuse to lend a helping hand to the poor so that they can climb up and share in the future of India. The poor, in turn, prefer to wallow in their hate and poverty,

enriching the climate of crime and violence instead of forcing the rich to share their learning – and their earning – with them. So, instead of a welfare state, we have a state where the rich continues to get richer and the poor, poorer.

Employers and employees mistrust each other. So you have elaborate and complex industrial relations treaties which are violated on the slightest pretext. Instead of workers trying to produce more and owners trying to profit more, we have both sides wasting valuable production time fighting often futile battles in the labour courts. Eventually both sides lose and the labour lawyers win.

Manufacturers and consumers mistrust each other. Instead of saying sorry and withdrawing a defective product, manufacturers insist on the stupid fine print that protects each sale that they make but lose the thousands of customers in the long run. Bitter customers, on the other hand, miss the woods for the trees – thus allowing the KFCs and the Kelloggs of the world to come in and colonise us all over again.

Owners and financial institutions mistrust each other. So, while BAT tries to assert its ownership and the financial institutions show off their political clout, the bosses at ITC have a great time playing dirty politics instead of concentrating on what they are paid to do, which is work for the corporate weal. Upstart PR firms have gained the most from this mistrust.

The Liberalisation and the Swadeshis mistrust each other. Which is rather silly, because both of them are actually right. India certainly needs to be freed from her shackles so that she can join the great global economy. The quicker this is done, the better for all of us. But that does not mean we

must give up Swaraj and lose everything we value, to enshrine Coke and McDonalds as the ultimate symbols of freedom.

Owners and editors mistrust each other, very often to the detriment of the publication they both represent. The owner is too busy telling the whole world that he is the actual boss while the editor is equally busy proving that no one can twist his arm. This conflict, very often, ends up with the best editors quitting the best publishing houses and leaving matters of editorial policy in the hands of pliable advertising managers who do exactly what the owners want, compromising proper journalistic standards.

Tenants and landlords mistrust each other. This leads to an absurd scenario, as in the city of Mumbai, where people cannot find a decent place to live in while thousands of pensioners keep their flats locked up, not earning the rental they desperately need because they are too worried that they would lose their flats if they allowed tenants or paying guests in. As a result, rentals spiral and flats are in perennial short supply even as landlords lose money because they cannot rent out their flats without spending sleepless nights worrying if the flats would ever come back.

Parents and children mistrust each other. Parents mistrust their children and very often, through persistent nagging, drive them into the open arms of drug dealers and zombie television channels like MTV and Channel (V) – losing all sight of right and wrong. Children mistrust their parents and find them an embarrassment in front of their friends, thereby enlarging the generation gap and destroying the family.

Students and teachers mistrust each other. Both think they have nothing to learn from each other. Naturally,

neither do. Teachers simply do their job and go home, uncaring about whether the students have learnt anything or not. Students, on the other hand, are too busy buying question papers and bribing their way to better marks. Learning has nothing to do with eventual performance while many schools and colleges have become dens of vice and corruption.

Generations mistrust each other. Older people find the young lot shallow, pushy, confrontational and totally bereft of all values, Younger people find earlier generations pompous, self righteous, unimaginative and, at the same time, uncompromising. As a result, the old and the young avoid each other instead of working together and contributing towards making each other's life more whole.

The sexes mistrust each other. Men find women becoming increasingly more aggressive, more demanding and less supportive, in the traditional sense. Women see men as increasingly more exploitative, more boorish, less understanding of the changing equation between the sexes. The result is a Mexican stand-off, with more broken marriages, more gays, more lesbians, more misogyny, less romance.

Doctors and patients mistrust each other, Doctors are terrified that their patients will misuse the Consumer Protection Act to harass them in the courts now while patients are gleeful that they have finally been able to get a handle on what they see in the garb of healers but are actually as avaricious as any group of small-time hoods. It is sad because we need many more doctors than we have and such mistrust will turn good people away from the profession.

The taxman and the tax payer mistrust each other. The result is a silly and often infructuous game of wits where the tax payer spends most of his time trying to devise ways and means to pay less taxes while the taxman is trying his best to catch him and force him to pay up more. Those who make the most money in the process are the chartered accountants who have no responsibility towards either side but feed off the mistrust.

Wherever you look you see mistrust, mistrust and more mistrust. And the cost of this mistrust that festers at every level of our life and society is very, very high. More security guards. More lawyers. More chartered accountants. More trade union leaders. More politics, more fine print, more delays, more fundamentalism, more confrontations, more harassment of the common citizen. More subversion of the very principles we are fighting for in a free and open society.

It is time people saw themselves more as trustees, less as owners. Of corporate, people, families, values, money. We would save a great deal of time, cash and effort concentrating on doing real things that can change the quality of our life instead of wasting ourselves on futile fears and imagined slights. May be India, in the process, will become a stronger, tougher, more self reliant nation where greed, envy, anxiety and pain can yield way to emotions that will build the nation, not tear it apart.

The Japanese did it very successfully.

The Chinese are doing it today.

So are the Vietnamese, the Malays, the Singaporeans, the Thais. In fact, so are Indians all over the world.

We are all Asians and the future of the world is slowing zeroing in on Asia. There is no reason why we cannot do this

in India. All we need to do is discover our own inner strengths instead of aping the feckless values of the industrial revolution that enslaved and, in many ways, destroyed the spirit of the western world. This is what Swadeshi really means. This is what economic liberalization also stands for. Less confrontation. Less mistrust. More growth. The creation of more wealth for more people to share. (Sanctuary)

- Article in Maharashtra Herald, Dec. 1995
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Need to Teach Ethics in MBA Programmes

- Prof. Shashi K. Sharma

Satyam, Enron, Lehman Brothers .. a great number of diverse - in geographic locations, in industrial segments, in size - corporate disasters have one thing in common : the root cause undoubtedly has been unethical behavior by Managers.

Inspired and supported by a very senior IIMA alumnus, I have been teaching Business Ethics to MBA students for more than a decade now. I have also designed and conducted a one-day workshop on Ethics for diverse audiences. It would be naive to claim that this almost missionary endeavour has not been fraught with frustration, as one battles cynicism with various stakeholders (teachers, students, practicing managers) sniggering -- --"Isn't Business Ethics a contradiction in terms ?"

In a very brief discussion, a senior scion of a very reputed business family of Pune asserted that Ethics was a subject to be taught only to school children. He failed to discern that school children have no idea of functional areas of Marketing, HRM, Finance and Operations /Manufacturing. School children would hardly appreciate the ethical issues that emerge in all these areas. School children do not understand the vocabulary, concepts, and techniques of Cost-Benefit Analysis; Short Term vs. Long Term; Profit Maximization vs. Social Responsibility; Limits to Growth vs. Sustainability ...

Surely school children cannot understand ethical dilemmas of Cloning, Genetically Modified Food,

Amniocentesis, Stem Cell Research .. complex topics that I discuss with one of the MBA batches I teach who specialize in Biotechnology !!?

Ethics surely should be taught to school children as "Moral Science" or whatever appropriate rubric is considered relevant. But that is no substitute for teaching Business Ethics to MBA students who would go on to become corporate leaders, taking decisions and solving problems impacting all the various segments of local, national and international communities.

In a discussion with a senior faculty member at a leading B-school in Western India, I was told that a policy decision had been taken to let faculty members weave Ethics into their own respective subjects. This was not explicitly admitted but, needless to say, the dilution of the topic of Ethics reached totally ineffective levels - with no integration, no focus, and even confusion with no uniformity of treatment of this vital subject.

There have been sporadic efforts at some B-schools to offer Ethics as an elective. It would be hardly surprising to find that given the current state of values and morals in India, there would be few takers (among students) of such an offering - an apt analogy would be that, given a choice, no sick child would like to swallow a bitter medicine (even though that is needed as a cure of the ailment).

At a fairly well-known university in Western India, I am told, Ethics was dropped from the MBA curriculum because it was considered that there were not enough teachers to teach the subject !!? The mildest criticism of this stratagem would be that it is an ostrich-like defeatist approach.

There is a very clear and urgent need to teach Ethics to MBA students; I would even say to all students of higher education. (An erstwhile vice - chancellor mooted the possibility of a half-credit course for all students taking admission in that university in any subject. I guess that went the way of all good intentions !?) To paraphrase what some sage said, "Management without Ethics would be barbarian; and Ethics without Management would be ineffectual!" .

One definition of Management says, "It is making effective and efficient use of available resources to achieve defined objectives". The real meaning of efficiency and effectiveness can come only out of a thorough understanding of Ethics. Even the formulation of right objectives can come about only if Managers are fully sensitive to Right vs. Wrong; Good vs. Bad; Fair vs. Unfair; Just vs. Unjust. ... Which they can learn only through focused instruction in Ethics.

Mr. N. R. Narayana Murthy, in his book "Better India; Better World", has used a phrase "Compassionate Capitalism". I would interpret it to mean managing by managers who understand the imperatives of long- term ecological sustainability; who can balance profit maximization with social optimization; who have courage of conviction; who are creative thinkers; who are willing to make small sacrifices for a larger good Who have learnt all this through a deep and practical study of Ethics - integrated into the MBA curriculum.

Hope the gurus who guard the gates of Management Education can rise to this demanding and urgent challenge!!!

Challenge of Teaching Ethics in Modern Times

- Prof. Shashi K. Sharma

It is the first session of the semester and one is facing a bunch of young students (average age most likely close to 23 years or even less). These students have been selected after a rigorous filtering process including a written test, group discussions and personal interviews, and of course their earlier academic record in school as well as at undergraduate level.

The subject one has to discuss (I prefer that to the word “teach”) is ETHICS – including Business Ethics.

There are some challenges to be faced, and I openly share those with the audience.

Challenge 1 - ETHICS, as I define it, is primarily a set of guidelines for behavior... And the responsibility for choosing how to behave lies within oneself.

So, an effective and meaningful discussion on ETHICS involves deep introspection. One has to look within oneself and be quite self-critical – “Did I behave rightly or wrongly; fairly or unfairly; in a good manner or bad; justly or unjustly ... ??!”

Even for mature (in age) individuals, it is not easy to critically examine one’s own behavior and be fair and objective in their assessment and judgement. Even more difficult is to translate that assessment into modifying / improving future behavior.

Challenge 2 – Human behavior is very complex and even the best experts cannot say that they understand everything perfectly. Since ETHICS deals with human behavior, there is lot of scope for confusion and mis-interpretation.

Humans have a great penchant for rationalization and justification. So if someone behaves unethically, he or she would try to find an excuse for their wrong behavior. I have heard this several times – “I broke the red light while driving as I was in a hurry!” When they are asked, why did they not start early so that there would be no need to hurry up, no satisfactory answer comes; one is more likely to get further excuses and justifications!

Not too many people have the strength to say, “Oh, I am sorry; I should not have done that!”

Challenge 3 – The feedback loops for ETHICAL or UNETHICAL behavior are very long. The rewards for good behavior may not be immediate and so also any punishment for bad behavior may take a while to manifest.

For providing contrast, I give the example of touching a hot plate – the body reacts instantaneously and the hand is jerked back pretty much autonomously. Similarly, if you put your favourite sweet in your mouth (say, a rasmalai), there is an immediate sense of gratification and joy.

Now if you cut a tree in your backyard, nothing happens (or at least so it seems). But as the vegetation is lost (at an estimated 130,000 sq. kms. per year; another estimate gives about 2 acres lost per second) our sources of oxygen will diminish. Oxygen is vital for human survival and with the population growth the demand is increasing continuously.

One can get some idea of a potential disaster if the demand for oxygen continues to grow and the supply continues to diminish!!! Only thing is that this will happen a long time from now... BUT the start of this creeping disaster is rooted in actions / behavior of the present!!!

Challenge 4: In today's India, it appears that unethical behavior outweighs ethical behavior. There is a sense of cynicism and skepticism when one talks of ETHICS now a days. People seem to think that if they want to succeed in any of their endeavors, unethical behavior is the only option. Unfortunately, the extensive and sensational media coverage of scams and corruption seems to reinforce this thinking.

Not many people seem to be aware of or have thought about, what has been mentioned by Prof. Sharad Joshi earlier, "good guys finish first"!

It appears that there is less acknowledgement of positive role models like those of Mr. N.R. Narayana Murthy of Infosys fame and Mr. Azim Premji of WIPRO who have made ETHICS as the corner-stone of their business strategies. (And I am sure there are many others who behave ethically in all walks of life.)

There could be other ways of meeting these challenges above but here is what I do – I openly discuss these challenges and process any comments that the audience may have.

Then I appeal to their rationality and their aspirations to become successful managers; I ask, "When there is a challenge, how do you meet that?"

I process the answers and then point out that any challenge can be best met by keeping one's mind open,

consider any suggestions that are made, assess them and then make a call and go for a choice!

I am also very emphatic in pointing out that the choices have to be made by them; no one from outside can be persuasive enough to force anyone's long-term behavior. Of course, I add that attitudinal and value changes are always possible, provided there is enough courage of conviction and the willingness to make some sacrifices for the long-term greater good!

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SAMSHODHAN Trust

Samshodhan Trust was established by some senior teachers of management in the year 2011 with the primary objective of encouraging and promoting research in the field of management and management education. Subsequently, carrying out research in socially relevant themes, in other social sciences, was added to the objectives of the trust.

The Trust has a total number of about 70 'associates' who have contributed an amount of Rs 5000 to Rs 3,00,000 each to promote the activities of the Trust. A majority of the associates are PhD's in Management, Commerce or Economics and have research interests. The Maharashtra Executor and Trustee Co. Pvt. Ltd. (a Subsidiary of Bank of Maharashtra) have been appointed as Managers of the Trust. The activities of the Trust can be divided in three categories.

The trust awards Scholarships/ awards for undertaking activities leading to contribution of knowledge in Management. In the past, PhD Scholars, MBA students working on their summer internship projects, faculty members and professionals contributing Research Papers to Management Journals have been honoured by the Trust through cash awards. PhD Scholars have also been offered assistance for funding their research.

The trust conducts Public lectures, Seminars and Symposia on issues related to Management, and having Social relevance. The associates of the Trust also participate in research activities conducted by Management Institutes, Commerce Colleges and Research institutions.

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Those who are interested in Management and Social Research and would like to join the trust as an Associate, are welcome to contact Dr Subhash Bhave on subhash.bhave@rediffmail.com.