CHAPTER - I
INTRODUCTION
Chapter one would be an introduction covering the brief aspects of Ethics and its need along with Organizational Citizenship Behavior in the context of US, Europe and in India inclusive of both public and private sector organization. This chapter also focused on some of the ethical scandals in Indian companies as well. The main theme of this chapter would include the aims and objectives of the research, and the purpose of the research. The layout of the study is also covered here.
Globalization and internationalization of business has created increasingly diverse work force within countries. As such, there has been an enduring challenge for organizations to encourage behaviours that serve the organisation’s goals. This is not easily monitored or explicitly rewarded (Korsgaard et. al, 2010; Chiaburu and Byrne, 2009). Early interest in unrewarded organizational behaviours (Katz & Kahan, 1966) developed into a deeper understanding of what motivates such pro-social behaviour (Organ, 1988) and the definition of organisational citizenship behaviour (OCB). As such, organisations rely on their members to perform numerous behaviours that go beyond the formal employment contract and are not readily monitored or enforced (Korsgaard et. al, 2010; Podsakoff et. al 2009).

However, such behaviour is clearly culturally embedded and as globalization progresses, we need to better understand how it is in turn linked to work values. In assessing the impact of culture, Sparrow, (2006) argued the need to incorporate the study of values into the analysis of OCBs to reflect psychological, emotional and attitudinal states and salient organizational behaviors. A stream of research has
since linked cultural work values to an understanding and prediction of the behaviour and performance of individuals at work (Varma et. al, 2009; Gahan and Abesekera, 2009; Gerhart, 2008; Kirkman et. al, 2006; Sparrow and Wu, 1998). This work has shown that cultural values do indeed play a role in encouraging or dissuading OCBs. However, what has still not been studied as adequately is what motivates such behaviours in different contexts (Korsgaard et. al, 2010; Chiaburu and Byrne, 2009). Little, however, is known about the predictors and mechanism that sustain unmonitored and unrewarded prosocial behaviours or OCBs. In particular, the literature demonstrates a lack of theoretical and empirical understanding about the impact of work values on OCBs.

The original definition of organisational-citizenship behaviour (OCB) posited by Organ, (1988) was that, individual behaviour that is discretionary, not directly or explicitly recognized by the formal rewards system, and that in the aggregate promotes effective functioning of the organisation. They reflect voluntary, proactive, and non-prescribed actions taken by employees in an effort to improve organisational performance (Hunt, 2002). Understanding what motivates OCB is important for practicing managers as organisations expect their members
to perform numerous behaviours that go beyond the formal employment contact (Korsgaard et. al, 2010; Podsakoff et. al, 2009). If such behaviours are embedded in cultural and work values, they can be considered as sources that create competitive advantage in the global market place (Organ and Yeon Lee, 2008; Tierney et. al, 2002; Paine and Kidder, 2002) because: (a) cultural work values are enduring characteristics of individuals (Grant, 2008), (b) they might provoke unrewarded and unmonitored prosocial behaviours in organisations (Gagne and Deci, 2005; Smeesters et. al, 2003), and (c) OCBs shape the organisational, social, and psychological context that serves as the critical catalyst for task activities and processes (Borman and Motowidlow, 1993).

1.2 NEED FOR ETHICS

We are in a global and constantly changing world where the advances in the fields of information and communication technology (ICT) increases the number of ethical problems that can be confronted within our private as well as in our business life. Ethics is applied in daily life, because it is the necessary help to solve moral conflicts that can appear. It is true that ethics does not give recipes, or give the essential key for the problem’s resolution but it is a guide and a basic frame of application. People
living and working together need ethical rules that show us how to behave in certain conditions, how to be and cooperate with each other. Moral rules help us to predict the behavior of others, guide our actions, and tell us what we have to expect from our own and other groups, organizations and social situations. These rules are necessary because society cannot function without them. The problem that we encounter is our changing society. It changes so rapidly that we do not have access to such moral rules that can guide us and give us the necessary knowledge to solve all the new moral conflicts that we are confronted with.

Our modern society is more complex and unpredictable than before and we cannot find the right answers for ethical problems in old moral codes, habits and traditions. The constructions of new ethical rules demands stable conditions what we do not have in today's society. Ethic has not yet adapted to the speed of our changing world. The XXI century new advances had made the classic ethic's codes obsoletes.

1.3 BUSINESS ETHICS

The growing attention to and awareness of business ethics can be attributed to a number of factors. These include the increased globalization and decentralization of business; an expanded corporate
response to ethics; and the influence of various stakeholder groups focusing attention on both ethical successes and challenges.

With the globalization of the economy, media and the growth of the Internet, companies are increasingly being held accountable for their ethical conduct and the conduct of their business partners throughout the world. In addition, a range of new economic issues such as the shifting of production to developing economies, what constitutes a "living wage," and how companies respond to cultural differences, is being cast in ethical frames by a variety of advocacy groups.

Business ethics is the application of our understanding of what is good and right to institutions, technologies, transactions, activities, and pursuits which we call "business". (Velasquez, 1994). To make decisions in business world as well as in every social circle, we have to be informed, to think and to consider the consequences of our decisions. To make a decision we have to define perfectly the situation. It is not easy to apply ethical and fair criteria in companies; for example, it is not easy to evaluate a worker that steals because of hunger or to buy medicines for his ill child, although stealing is, in theory, a reprievable fact. Other difficult dilemmas are, for example, whether it is acceptable
to betray a colleague in order to increase the productivity of the company, or if it is acceptable deceive others that do not have the whole truth or to hide them information in order to protect them. There are different solutions to the same situation and therefore it is necessary to make a personal deliberation, influenced by organization’s or the society’s deliberation. Here it is where ethic must be applied. (Tierno, 2003).

Business Ethics, it has been claimed, is an oxymoron. By an oxymoron, we mean the bringing together of two apparently contradictory concepts, such as in a cheerful pessimist or a deafening silence. To say that business ethics is an oxymoron suggest that there are not or cannot be, ethics in business that business is in some way unethical (i.e. that business is inherently bad), or that it is, at best, amoral (i.e. outside of our normal moral considerations). For example, in the latter case, Carr, (1968) notoriously argued in his article ‘Is Business Bluffing Ethical’ that the ‘game’ of business was not subject to the same moral standards as the rest of society, but should be regarded as analogous to a game of poker where deception and lying were perfectly permissible.

To some extent, it is not surprising that some people think this way. Various scandals concerning undesirable business activities, such as the
despoiling or rivers with industrial officials and the deception of unwary consumers have highlighted the unethical way in which some firms have gone about their business. However, just because such malpractices take place, does not mean that there are not some kinds of values or principles driving such decisions. After all, even what we might think of as 'bad' ethics are still ethics of a sort. And clearly, it makes sense to try and understand why those decisions get made in the first place, and indeed to try and discover whether more acceptable business decisions and approaches can be developed.

Certainly then the revelations of corporate malpractice should not be interpreted to mean that thinking about ethics in business situations is entirely redundant. After all, as basic ethical standards, such as honesty, trustworthiness, and co-operation (Collins, 1994 and Watson, 1994). Business activity would be impossible if corporate directors always lied; if buyers and sellers never trusted each other; or if employees refused to ever help each other.

Similarly, it would be wrong to infer that scandals involving corporate wrong doing mean that the subject of business ethics was in some way native or idealistic. Indeed, on the contrary, it can be argued that the subject ethics primarily exist in order to provide us with some answers
as to why certain decisions should be evaluated as ethical or unethical or right or wrong. Without systematic study, how are we able to offer anything more than vague opinions or hunches about whether particular business activities are acceptable?

Business ethics is currently a very prominent business topic, and the debates and dilemmas surrounding business ethics have tended to attract an enormous amount of attention from various quarters. For a start, consumers and pressure groups appear to be increasingly demanding firms to seek out more ethical and ecologically sounder ways of doing business. The media also constantly seems to be keeping the spotlight on corporate abuses and malpractices. And even firms themselves appear to be increasingly recognizing that being ethical (or at the very least being seen to be ethical) may actually be good for business.

There are therefore many reasons why business ethics might be regarded as an increasingly important area of study, whether as students interested in evaluating business activities, or as managers seeking to improve their decision-making skills. Here then are the main reasons why we think that a good understanding of business ethics is important:

1. The power and influence of business in society is greater than ever before. Evidence suggests that many members of the public
are uneasy with such developments (Berstein, 2000). Business ethics helps us to understand why this is happening, what its implications might be, and how we might address this situation.

2. Business has the potential to provide a major contribution to our societies, in terms of producing the products and services that we want, providing employment, paying taxes, and acting as an engine for economic development, to name just a few examples. How or indeed whether, this contribution is made raises significant ethical issues that go to the heart of the social role in business in contemporary society.

3. Business malpractices have the potential to inflict enormous harm on individuals, on communities and on the environments. Through helping us to understand more about the causes and consequences of these malpractices, business ethics seeks, as the founding editor of the journal of Business Ethics has suggested (Michalos, 1988), to improve the human condition?

4. The demands being placed on business to be ethical by its various stakeholders are constantly becoming more challenging. Business Ethics provides the means to appreciate and understand these
challenges more clearly. In order that firms can meet these ethical expectations more effectively.

5. Business Ethics can provide us with the ability to assess the benefits and problems associated with different ways of managing ethics in organization.

6. Finally, business ethics is also extremely interesting is that it provides us with knowledge that transcends the traditional framework of business studies and confronts us with some of the most important questions faced by society.

The ethical perspective has been a part of human thought since ages. Questions about the ethical justifications of human activity have occupied philosophers since time immemorial. Whether Ved Vyas, Buddha, Mahavir, Kabir, Lao-Tse, Confucius, the writers of the gospels, or fathers of the Church like Augustine or Thomas of Aquinas—they have all discussed sustainable human existence and what is meant by good and bad human behaviour. Current sentiment against it is being seen as moving more and more to the forefront of social thought. Since the mid-1970s and increasingly since the beginning of the 1990s, every significant profession and every institution that thinks anything of itself has its 'something ethics' to proclaim—environmental ethics, media
ethics, research ethics and even corporate ethics are the consequence of this. The first attempt to know about the concern over ethics of business executives was made by Baumhart, (1961). He asked the readers of *Harvard Business Review* about their opinion on business ethics. Recent scandals in the corporate world have shaken the world’s conscience and a need is felt to make ethical conduct compulsive rather than adopting a persuasive approach. US President George W. Bush lamented: [These] high-profile acts of deception have shaken people’s trust. Too many corporations seem disconnected from the values of our country. These scandals have hurt the reputation of many good and honest companies. They have hurt the stock market. And worst of all, they are hurting millions of people who depend on the integrity of businesses for their livelihood and their retirement, for their peace of mind and their financial well-being. According to US Federal Reserve Chairman Alan Greenspan (2002), ‘infectious greed’ had simply ‘gripped the business community’. According to market and social trend analyst Daniel Yankelovich, (2003), the public’s widespread cynicism toward businesses today is the third wave of public mistrust about corporations in the past 90 years. The first, set-off by the Great Depression, continued until World War II; the second, caused in part by economic stagflation
and the Vietnam War, lasted from the early 1960s until the early 1980s. A survey by Booz Allen Hamilton and the Apsen Institute in 2004 (Lee et. al, 2005) of corporation in 30 countries and 5 regions based on the opinion of 365 executives indicate that this time the response is different. The survey suggests that the companies have moved into introspection mode to understand what has gone wrong and attempting to find answers outwards. India too has been rocked by corporate scandals like CRB, Unit Trust, plantation companies, siphoning of money by NBFCs, Satyam, etc.

1.4 ORGANIZATIONAL CITIZENSHIP BEHAVIOR

Organ, (1988, 1990, 1994) originally concluded that organizational citizenship behavior (OCB) is extra-role behavior that is not formally recognized or rewarded by the organization. Dimensions of OCB include altruism (helping behaviors), courtesy (behaviors preventing problems with others at work), sportsmanship (behaviors indicating willingness to go along with few complaints), civic virtue (behaviors reflecting concern for firm), and conscientiousness (behaviors that go beyond simply obeying rules). Schnake et. al, (1995) found that leadership behavior of managers might have more control over employee OCB than previously thought.
Van Dyne et al. (1994) redefined the OCB construct, broadening the set of specific behaviors and offering a more complex model with three factors: (1) loyalty: allegiance to an organization and its leaders, (2) obedience: acceptance of the need for rules and regulations to govern the organization, and (3) participation: full and responsible involvement in organizational governance while guided by "ideal standards of virtue". In addition, Van Dyne et al. (1994) observed three distinct dimensions of participation: (1) social (non-controversial interactions with other organizational members), (2) advocacy (controversial behavior targeted at other members), and (3) functional (behaviors in which individuals focus on themselves but contribute to organizational effectiveness). Three basic types of antecedents affect OCB: personal factors (low cynicism), perceived situational factors (job characteristics), and positional factors (job level). A mediating factor is whether a covenantal relationship emphasizing trust and shared values exists between the organization and the employee. In their exploratory research, Van Dyne et al. found a specific whistle blowing behavior related to ethical values; namely, employee reporting of wrongdoing by others is associated with both a sense of loyalty to the organization and also advocacy participation. That is, the person identifies with the organization
(loyalty) and shows a willingness to challenge others (advocacy participation). In addition, a second behavior related to ethical values—employee uses professional judgment to assess right and wrong for the organization—was related to advocacy participation. These behaviors are an extension of the original OCB factor of conscientiousness. The extent to which employees go the extra mile for their organizations can be captured by organizational citizenship behaviors (OCBs) defined as “those organizationally beneficial behaviors and gestures that can neither be enforced on the basis of formal role obligations nor elicited by contractual guarantees or recompense” (Organ, 1990). Several studies have underscored its importance for group and organizational effectiveness (Organ, 1988; Podsakoff et. al, 1990, 1997, 2000). It has also been surmised (Bachrach et. al, 2006) that managers do take into account employee acts of citizenship in rating employee performance (Podsakoff et. al, 2000). Evidently, citizenship behaviors are an important phenomenon to understand both from an individual and organizational level.

Early studies followed Organ, (1977) proposition that employee attitudes are likely to be expressed in actions over which they have discretion, such as OCBs. As a result, researchers examined the relationship...
between job satisfaction and citizenship behaviors (Bateman and Organ, 1983; Smith et. al, 1983). As more evidence was gathered, however, it became clearer that perceptions of organizational fairness accounted for variance in OCBs beyond job satisfaction (Moorman, 1991; Moorman et. al, 1993). With fairness becoming the predictor of choice for organizational citizenship behaviors (Moorman, 1991), a number of studies explored and confirmed social exchange as the mechanism that influences citizenship. Social exchange pertains to the idea that individuals provide benefits to others with an expectation of return (Blau, 1964) and is based on the notion of reciprocity (Gouldner, 1960). Such mechanisms included the quality of the relationship with the direct leader (Masterson et al., 2000; Wayne et. al, 2002), trust in the direct manager (Aryee et. al, 2002; Konovsky and Pugh, 1994; Pillai et. al, 1999), and exchanges with the focal supervisor. Evidently, citizenship behaviors are an important phenomenon to understand both from an individual and organizational level.

1.5 OCB AND ETHICS

An argument may be made that OCB is simply ethical behavior; however, examination of the two constructs indicates clear differences. Ethics derives from the Greek word ethos, which means character or
custom (Solomon, 1984). According to Solomon, (1984), the etymology of the word suggests that its fundamental concerns are with individual character, including what it means to be a “good” person, and the social rules of right and wrong (morality), which govern one’s conduct. Ethics and morality cannot be separated and are commonly used synonymously (Shaw, 1999). There is neither a universally accepted definition of ethics nor a standard measure that allows an individual or event to be uniformly judged as ethical or unethical. Two individuals judged by many as highly ethical may have divergent views on such issues as capital punishment, abortion, affirmative action, layoffs, plant closings, environmental issues, or discrimination. Two ethical individuals may act consistent with their values and arrive at different conclusions about a given decision, as the meaning of “ethical” is individual specific. Family influences, religious values, personal standards, and needs influence the individual’s ethical conduct (Schermerhorn, 1999). An evaluation of ethical behavior may be further confused by dissimilar roles: employees, managers, shareholders, and consumers may view a given situation in different ways (Ferrell et, al, 2000). Ethics must be evaluated with respect to personal values, which are the underlying beliefs and attitudes that are partial determinants of individual behavior.
Values are the basic convictions that a "specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state . . ." (Rokeach, 1973). They contain a judgmental element as they convey an individual's ideas as to what is right and wrong in both a content and intensity state (Robbins, 1998). These values vary among people, and, consequently, there are "... different interpretations of what behavior is ethical and unethical in a given situation" (Schmerhorn, 1999). A difference between an ethical decision and a routine one is the amount of emphasis on personal values as the decision is being made (Ferrell and Fraedrich, 1994). Due to the individual component, there are several different and conflicting points of view or interpretations of ethics. From the above context it is evident that studied in Indian context can hardly be found, however, there are certain examples out of many especially the case of satyam computer services, ltd was a rising star in the Indian outsourced IT services industry. The Satyam scandal is a classic case of negligence of finduciary duties, total collapse of ethical standards; it is a human greed and desire that led to fraud. The existence of rules, policies, job descriptions and cultural norms will discourage individuals from unethical behavior even if they have a feeble moral sense. But in the
presence of unethical organizational culture and structure, even highly
moral individuals may become corrupt. The culture of Satyam,
especially dominated by the board, symbolized such an unethical
culture. In the case of Mr. Raju, Satyam, as the smallest of the big four
players, was under pressure to show extraordinary results in order to
survive. Despite a plethora of scams that surround us on a daily basis,
frequently scams of large proportions come to light, and manage to stun
even our jaded sensibilities. Then, there is the usual round of allegations,
counter-allegations, enquiries and legislation. Some of our most notable
regulations and financial institutions are the results of such scams. On a
similar basis, scams such as in case of Insurance originated in the period
immediately following independence in 1947, scams in Mutual funds
and in capital markets was to attract huge funds from the public by
promising high rates of interest which was paid by further borrowings
and it continued in a continues basis unless the stock market collapsed,
on a similar line UTI scam was also in the flagship. A well known
financial scam was during the period of economic reform was the
Harshad Mehta scam who managed to procure huge amounts of money
and used the money to purchase large amounts of shares at hugely
inflated prices. Later, the banks got a clue of his shady deals, and
demanded their money back. The house of cards collapsed, and the rest, as they say, is history! Another lesson which was learnt by the country was because of the stock broker Mr. keten Parekh, the extent of the scam was estimated to be around Rs 1,500 crores. Another scam which was the mother of scams in India which reported a fighre of Rs. 30,000 crores was the Fake stamp papers. A number of key operators, including corporate stock brokers such as Karvy and Indiabulls, were involved in the IPO scam that spanned the years 2004 – 2005. The modus operandi was simple – the operators would open thousands of fake accounts to purchase shares in IPOs, in the hope of selling later at huge profits. A spate of IPOs issued during this period was heavily oversubscribed due to this scam, sometimes by as much as 40 times!

1.6 OBJECTIVES OF THE STUDY

In light of the complex issues and challenges prevailing in the organizations, the following objectives have been framed.

1. To study the business ethics in public and private sector organization of Uttar Pradesh.
2. To study the organizational citizenship behavior in public and private sector organization of Uttar Pradesh.
3. To find out the relationship between business ethics with organization citizenship behavior
4. To find out the relationship between different demographic variables on business ethics and organizational citizenship behavior.

1.7 PURPOSE OF THE STUDY

The proposed thesis seeks to give an idea about the role of ethics and values in the Indian economy and business in ancient times and the changed nature of these factors in the contemporary period. The economic philosophy which India has been holding up is in favor of an economic system that gives to all human beings the means to satisfy their minimum material requirements, but it is not prepared to accept the need for satisfying increasing human wants. If India is to streamline the economy for the welfare of the country and its people, economic activities should be directly related to social ethics.

On the other hand, Organizational citizenship behaviors (OCBs) are essential for effective organizational functioning. Decisions by employees to engage in these important discretionary behaviors are based on how they make sense of the organizational context. Using fairness heuristic theory, we tested two important OCB predictors: manager trustworthiness and interactional justice. In the process, we control for the effects of dispositional factors (propensity to trust) and for system-based organizational fairness (procedural and distributive
Results, based on surveys collected from 524 employee-supervisor, indicate that manager trustworthiness explains variance in OCBs over and above the variance accounted for by interactional fairness. Implications for theory and practice are discussed.

This study validates the importance of socially constructing hopeful future oriented organizational goals on employee motivation to perform organizational citizenship behaviors.

Results of this study indicate that employees will engage in OCB if top management is firm in its expectation of ethical behavior of all employees, including themselves. Internal perpetrators and fraud pervasiveness are less likely in firms in which top management firmly supports internal controls. As white-collar crime continues to grow, especially in computer technology, ever tighter internal controls will be needed. Management must display visible support for these new control systems, provide adequate training, and promote user involvement in order to create acceptance (McGowan and Klammer, 1997). However, internal control systems need to include not just accounting or information systems control, but also ethical behavior "control" by top management's consistently encouraging and rewarding advocacy participation and conscientiousness. Such consistency builds trust. Trust
increases employee identification with the organization and the likelihood of continued organizational citizenship behavior. Barnard's admonition to top management to communicate a shared sense of a moral purpose is perhaps even more important today than it was over sixty years ago.

1.8 LAYOUT OF THE STUDY

Chapter 1  Introduction
Chapter 2  Conceptual Framework: Business Ethics and Organizational Citizenship Behavior
Chapter 3  Review of Literature
Chapter 4  Research Methodology
Chapter 5  Results and Discussions
Chapter 6  Conclusions and Recommendations.

- Bibliography
- Annexure.

1.9 CHAPTER SUMMARY

The researcher from the various readings in newspapers, journal and other credible sources of information, understood that there has been indeed lot of studies that has been taken place in the context of U.S and
other European countries, however there has been hardly or limited studies have been in the context of Asian countries especially in the context of India. The studies have not been constructed in spite of the threats out of which some ethical concerns as mentioned in this chapter yet there are hardly any research undertaken in Indian context therefore the researcher with the observations that he had made from the various studies mentioned above reached into a conclusion that a study on Ethics on OCB is the need of the hour especially in Indian context.
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