A Study on Business Ethics and Indian Ethos in Management

(With Special Reference to social Marketing)

Management has now become an integral part of human life. Now the concept of management has changed. There are two aspects of management, first managing the organization, and or people around and the second to manage one self. This research work focuses on the idea that if one manages his ‘within’ or his mind and emotions properly he can manage the world ‘outside’ e.g. the people around and the system (of which he is the part) more effectively and efficiently. Thus self management directly influences the managerial performance and organizational success.

Managerial performance has two components values and skills. As values are base of all kinds of skills this research describes the importance of human values in prosperity of company as well as society through Indian wisdom of value driven management. Every effort must be made by the top management in the organization to inculcate values among individuals working with the organization, as human values not only helps in self development, managing interpersonal interactions, and achieving excellent performance but also in shaping the internal and external domains of business and enhancing the reputation and goodwill of the organization.

Ethics and values must be an integral part of management and work culture. Business ethics is a growing and developing discipline all over the world. The assumption that business and ethics are adversaries and their co-existence is impossible, no longer holds true in today’s globally competitive corporate landscape. If the values and ethics are observed in individual life, the same will be naturally observed in business life too. Every society has its own culture, values and ethical norms, and business organizations as a member of society cannot escape from values, and ethics and it must define its business goals and clarify its responsibility towards the society at large to gain the status.
Chapter I – Introduction

This study begins with definition and an investigation into the relationship between religion, values, morals, ethics, business ethics, and corporate social responsibility. The study describes in detail the various forms in which business ethics are being put into the action by corporations and the way corporations meet their social responsibilities.

Religion- Religion plays an important role in nourishing ethico-moral power and in cultivation of purity of mind of individuals who run any organization or system. Dharma (religious) is the Indian concept almost similar to integrity, is responsible for developing a value oriented vision among individuals and clearly concerned with an individual’s world of emotions and feelings. Dharma is defined along with its components as ‘rendering services with detached involvement is dharma of human being’. Dharma is the ultimate source of all values and ethics to build character of individuals, which is the very reason for survival and growth of entire human society. Spiritual growth is considered by all religions as the ultimate goal of every human being. However ethics is a relative word, and Indian religious concepts and principles as based on eternal laws assures their universal applicability, are discussed in this research work e.g. Ideas on art of managing self taken from Bhagwat Gita and Shrimad Bhagwatam. A comparative study of Indian thoughts in management with eastern theories and concepts is also done by the researcher.

Values- This research work describes the principles and theories of Indian ethos applicable in the area of management. ‘guna theory’ is an important part of Indian sankhya philosophy that describes value as ‘guna’(qualities) substance, attributes or psychological forces which serves an important role in the process of ‘becoming’ in the sense of transformation of the level of consciousness to the purer and higher levels in human life. Human actions are associated with internal thoughts feelings and guna (value system) influences mind, intellect, thoughts, and emotions.
Morals- Morals are positive set of values or those principles that have been internalized by an individual. Moral values are known as Devine qualities or sadgunas (devi sampatti or virtues). Morality deals with interpersonal relationship, and in an industry or business, life is a social process of interdependence, cooperation and Mutual relationship of people. Their moral directly affects the quality of output.

Ethics- it is also known as sadharan dharma means standards or common values relevant to all. Ethics are set of values or standardized form of conduct or behaviors of individuals understood and accepted in a particular field of activity prevailing in a group or a society.

Business Ethics- Ethics in the field of business are business ethics. Business ethics are reflected in the very philosophy of business organization. These are the desired norms, moral set of values and behaviors exclusively dealing with business transactions. Business ethics is an attempt to ascertain the responsibilities and ethical obligations of business professionals.

This research discusses business ethics in three different contexts.

Individual issues in business ethics are ethical questions raised about a particular individual or particular individuals within a company. These include questions about the morality of the decisions, actions, or character of an individual.

Corporate issues and business ethics are ethical questions raised about a particular company. These include questions about the morality of activities, policies, practices, or organizational structure of an individual company taken as a whole.

Systemic issues in business ethics are ethical questions raised about economic, political, legal, and other social systems within which businesses operate. These include questions about the morality of capitalism or the laws, regulations, industrial structures, and social practices within which business operate.

Corporate Social Responsibility
The social responsibility of business involves ethics which is reflected in the philosophy of business organization and in its policies. Corporate social responsibility goes much further than business ethics. It is not merely complying with minimum requirements of laws, as a good citizen. Social responsibility of business means the obligation of business enterprises to make decision and follow lines of action which protect and improve the welfare of society as a whole along with their own interest. The company is responsible to all its multiple stakeholders namely managers, consumers, investors or owners, and employees, the natural environment, the community, and its suppliers and their working conditions. Corporate social responsibility is multi dimensional. A socially responsible company has not just financial accountability but also has social and environmental responsibility popularity known as triple bottom line of good governance.

Social responsibility encompasses good business ethics, both within the walls of company and outside. It encourages enterprises to be involved in social issues, such as community improvement, improving underdeveloped working conditions, running educational institutes, hospitals and other social welfare schemes donating for social causes etc.; that are the out side the walls of the enterprise. It encompasses ‘Greening Policy’ aimed at protecting the environment from pollution by the company: ‘Affirmative Action’ involving the employment and or training of members of the disadvantaged sections of society: community development activities: domain development, that is activities aimed at straightening the domain of activities of the organization such as its industry or sector: activities aimed at increasing the social and economic development of the nation such as through import substitution or production and distribution of products/services of national priority: and activities aimed at improving the quality of governance in the country (through for example, lobbying the government for ‘Reform’ or governance or a more rational tax structure).

Corporate social responsibility does not mean that every company does all of the above. It is selective in its socially responsible activities. Corporate social responsibilities are visible in following forms in business organizations:
Social Marketing

Social marketing is the application of marketing socially beneficial ideas and causes to a particular group of people or community as a whole. Marketing concepts and techniques are now widely being used to promote social ideas such as public health campaigns to reduce smoking, alcoholism, drug abuse, and immunization; environmental campaigns to promote wilderness protection, clean air, and energy conservation; and other campaigns such as family planning, human rights, and racial equality, higher literacy, fund raising etc.

Green Marketing

One form of social marketing is ecological marketing or Green marketing where a firm that is intended to create a positive impact or to lessen the negative impact of a product on the environment and as a result capitalize on consumer’s concern for environmental issues. It encompasses every thing from using recyclable material in making a product to claims on advertising or on package labels. Green marketing strategies include the development and production of products with biodegradable packages use of recycled material and design and marketing of products that are environmentally safe to produce and use and reduce air pollution. Corporate Governance

A firm protects the interests of the society through corporate governance which advocates enhancing the accountability of the board of directors, chairman and chief executives to shareholders and a more transparent auditing.

Chapter II – Research Methodology

As ethics is a relative term that changes with time and place and there is a considerable disagreement over what is ethical and what is unethical. And there is no universally accepted definition of ethics by any society at a particular time and place. In this research work an effort is made to outline the basic concepts and ethical theories that are applicable most of the time and desirable everywhere. A comparative
study is done to discover the ethical concepts in different areas of management with their corresponding/respective western theories.

In order to study the problem stated above following objectives are set which provide a clear picture of the research.

1. To explore Indian vedantic principles and concepts and their application and relevance in the area of management to solve ethical problems encountered in business.

2. To identify the fundamental moral issues involved in the management of specific problem areas in business and other unethical practices and to study the causes and environment within which moral issues in business arise.

3. To study the corporate social responsibilities of a few selected private and public sector organizations, and to analyze that to what extent these companies have actually tried to incorporate ethics into business under various forms of corporate social responsibility.

4. To study the value based management programs and schemes (the methods of their implementation) of various private and public sector organizations.

5. To find out the common set of values for individuals and collective life that are helpful in obtaining excellence in work life along with profit motive.

6. To discover practical methods of inculcation of values and ethical theories in the behavior of business practitioners.

Research design-In a preliminary phase an exploratory research has been carried out by the researcher to define problem. Experience Survey of knowledgeable people related to business and spiritual field like top executives, sales managers, businessman, wholesalers, retailers consumers and spiritual gurus has been conducted by the researcher to gain an insight. The first stage of exploration ended with the formulation of hypothesis, setting of the objectives.
Three hypotheses have been set are followings:

1. Indian vedantic ethos are based on ‘duties and responsibilities’, interconnecting and interrelating individuals with each other.
2. The concepts and principles of Indian ethos are being applied to the various areas of management by the organizations
3. Business organizations are putting ethics into their business practices in various forms of ‘Corporate Social Responsibility’.

Sample design and data collection- In the present study researcher had selected business executives from various private and public sector organization on the basis of non-probability/non-random sampling method. In order to get insight into the current legal structure of the business organizations and the regulatory framework of government in order to control and bring in ethical theories into practice, a large volume of secondary data have been collected from the published sources like articles, journals, reports, committee reports, company policies, books etc. as Business ethics is an applied science. Business ethics is applied ethics, it is an applied science the researcher used a 26 question questionnaire/schedule to collect information on the topics e.g. ethical dilemma, policy regulation, value based programs, social welfare schemes and individual values and in-house training programs on values and to know the realities whether business organization are practicing ethical concepts or not. Moral issues are also discussed through discussion cases that provide reliable evidences. This research is mainly based on secondary data which have their own limitations.

Significance- the research is useful in providing practical guidance to solve actual moral dilemmas faced by business practitioners as well a common man, as it discovers the rich knowledge of Indian religious scriptures.

Chapter III- Indian Ethos in Management: A comparative Study with Western Theories and Concepts
In this research ethical theories and concepts have been discussed in the three different contexts individual, corporate and systemic. This chapter also discusses ethical issues in three different parts:

1. **Management of Self** and Karma-Yoga Philosophy - Managing self is considered very important in Indian philosophy which indicates satisfaction with self, performance of duty/work unattached – without having unnecessary anxiety for results, equanimity towards pairs of opposites and development of appropriate mental attitude. The process of managing self generates certain qualities in a manager most important is a balanced mind, that helps him in becoming more effective at managerial functions. Managing self indicates managing and controlling effectively one’s own desires which arise at mental level, one’s thoughts caused by desires, emotions and feelings which arise at mental and intellectual level and governs actions.

   The concept of self has been explained from *vedantic* point of view. Realization of ‘true self’ results in purity and calmness of mind that further reduces selfishness among individuals, which is the ultimate cause of unethical behaviors of individuals.

   Few guidelines are suggested for self management according to different yogic philosophies given in *Bhagvad Gita* by lord Krishna. The different states of mind and techniques to control emotions to improve the level of consciousness, has been explained with the story of Mann mind). Practice of *karmyoga* is another guideline suggested for self management. Doctrine of karma is explained with the help of a brief story taken from ‘*Gargasamhita*’ which throws light on the various aspects of karma theory and solves the philosophical problems logically.

2. **Management of Men** through Leadership and Motivation- one who has learned an art of managing self, performs actions with full dedication without having anxiety for results, who have developed equanimity of mind against the pairs of opposites and who has controlled over attachment, fear, and anger becomes able to manage the organization and its people effectively and efficiently without feeling any kind of stress and strain in all kinds of circumstances.
The most important resource of an organization is its human resource, and a manager is required to have knowledge of organizational behavior concepts, motivational theories and leadership skills and styles. A comparative study of Plato’s ‘Philosopher – King’ Model and Indian Raja-Rishi Model of Leadership, has been made. Indian GM model is compared with western NM model which is more relevant in Indian organizations. Indian motivational strategies are based on giving theory and because of its more mature and self regulated orientation they can be applied universally.

3. System Management through Value Based Holistic Management and Total Quality Management- the third part of this chapter throws light on values and ethics related to business as a system. Human value system plays a vital role in TQM and the quality environment incorporates many concepts of value based holistic management. Karma yoga theory as an important part of Indian value oriented holistic management is complimentary to TQM.

Chapter IV- Individual in the Organization

This chapter discusses the individual behavior and ethical issues in the organization. Ethics of individual depends on one’s own personal attitude and belief concerning what is right or wrong, good or bad. Individual differs in their perceptions, regarding ethical and unethical, behave differently and take decision in a different way. Indian philosophy gives more stress on internal factors responsible for situational factors. Indian sankhya philosophy and guna theory is compared with western theory of transactional analysis to describe individual behavior.

This chapter also describes selfishness as a major cause of all kind of dilemmas in the organizational and individual life. An effort is made to identify the common ethical issues and ethical dilemmas faced by managers and to identify the areas and environment where most ethical problems arise. These problems are discussed in detailed, whistle blowing as an open communication mechanism is suggested as a remedy to prevent and control them.
Individual decision making process is explained through cognitive inference system, a theory taken from Patanjali’s yogasutra and it is compared with western model of rational decision making. Indian philosophy suggests mind stilling in order make decision and to solve any problem. In this method individual are supposed to undergo through breathing and identity exercises.

Chapter V - A Study on Value Based System of a Few Select Organizations

This chapter is based on the research project carried on large Companies, who have implemented formal value based management system. All of them were asked about benefit of VBM program implementation. British Bank, Lloylds, Cadbury Schweppes, Dow Chemicals, Siemens are successful VBM companies among them. Implementation of VBM requires a great deal of patience, money, and efforts. It requires fundamental changes in company’s culture and transformation of belief system of the organization which is itself a difficult challenge, as management has to face strong cultural resistance to change the culture.

Following five main elements were used by successful companies in order to bring desired cultural transformation while implementing value based management:

1. An explicit commitment to shareholder value.

2. Creating an environment receptive to the changes through intensive training.

3. Building a sense of ownership in both the company and program to reinforce to improve performance and introduce a broad based incentive system.

4. Introducing major organizational changes that would allow all their workers to make value oriented decisions.

5. Introducing broad and inclusive changes rather than focusing on narrowly on financial reports and components.
These changes set up a virtuous circle of behaviors and benefits, laying a sound foundation for sustained value creation.

Human value system plays a vital role in TQM. There are many similarities in value based holistic management and TQM as total quality environment incorporates many concepts of value based holistic management. Karma yoga theory as an important part of Indian value oriented holistic management is complimentary to TQM. Value based management system emphasizes collaboration, autonomy, self management, concern for others, quality of life and quality of work, work ethics, zero defect product, active participation of employees in planning, action control cycle and team work, and so on.

Organizations in India are increasingly adopting the TQM processes as it facilitates and enhances organizational effectiveness. ABB, Modi Xerox, Thermax, and Infosys are the some Indian organizations, where TQM has been implemented successfully. The philosophy of TQM centers around the customer focused approach along with principles of team work and continuous improvement.

14 key elements of TQM under 4 broad factors are identified in Indian organizations:

Factor I Involvement in customer quality

Factor II tools and techniques

Factor II Just and fair climate

Factor IV Empowering for development

**Chapter VI - Social Marketing and Social Responsiveness of a Few Select Organizations a Synoptic View**

The social responsibility of business involves ethics which is reflected in the philosophy, objectives, policies and practices of organization. Corporate social responsibility is multi dimensional. CSR is visible in form of social marketing, green
marketing, community development activities, good governance, and it also includes employment and or training and development to employees etc. This chapter discusses selective activities of some socially responsible companies. There are a whole lot of companies throughout the world that are seeking the responsible sort of profit maximization. These include Weizi Corporation of China, Merck Pharmaceuticals of US, Matcuhita of Japan, Dow Canada of Canada, Fisher-Paykel of New Zealand, SbN Bank of Denmark, and the Body Shop of UK. In India too there is no shortage of companies: TATA Steel, Bharat Heavy Electricals, Goodrej and Boyce, Infosys, Wipro, HINDALCO, Thermax, Dr. Reddy’s, Titan, Bajaj Auto and so forth come readily to mind. Many of these profitable companies have won awards for corporate social responsibility. Not that they are perfect, but they are trying hard to be both profitable on the one hand and ethical and socially responsive on the other, and they are succeeding. They are the living examples from which we can learn a lot and develop a new paradigm of professional management. Now-days more and more companies are adopting policies of environmental sustainability (a management approach that involves developing strategies that both sustain environment and produce profits for the companies). In this chapter a thorough study of 10 socially responsive companies has been conducted by the researcher, which is mainly focused on social marketing and community development activities of these companies.

1. In this, companies minimize waste before it is created.

2. Develop ecologically safer products, recyclable and bio-degradable packaging, better pollution controls and more energy efficient operations.

3. Exercise pollution control throughout the full product life cycle.


5. Plan for new environmental technologies.

Chapter VII - Managing Ethical Performance through Corporate Governance
Lack of Ethics is the main problem in India today. Fusion of ethics and management can bring positive results in this regard. Though the framework for ethics is more comprehensive than being just legal, regulatory bodies in India CII, DoC and SEBI are playing a significant role in improving the governance in corporations.

There are several problems in corporate governance in India, among them central problem is the conflict between the dominant shareholders and minority shareholders, which arises in three large categories of companies.

1. Public sector units (PSUs) - where the government is the dominant shareholders.

2. Multinational Corporations (MNCs) - in most cases foreign parents in Indian subsidiaries is the dominant share holders.

3. Indian Business Groups- where promoters (together with their friends and relatives) with large minority stakes are the dominant share holders.

With the detailed discussion on the above three the role of regulatory bodies their guidelines has been discussed in this chapter. SEBI and DoC appointed many committees to examine the issues pertaining to corporate governance in India and hasten the process of improving governance through extensive regulatory process. Recommendations and reports of Kumar Mangalam Birla Committee, Naresh Chandra Committee and Narayana Murthy Committee are described here. The DoC has also amended Company’s Act frequently by introducing several classes concerning corporate governance.

Few resolutions are suggested to make capital market (which plays important role in improving corporate governance) more effective.

The more progressive companies are voluntarily accepting tougher accounting standards and more stringent disclosure norms than are mandated by law. They are also adapting more healthy governance practices. In India, companies like Tata Group,
Infosys, Wipro, ONGC, NTPC, ITC, have overtime evolved sound system of governance, intertwining corporate governance with social responsibility.

In order to evaluate social responsiveness of the company social auditing (ethical auditing) and social reporting are elaborated in detail as powerful techniques in bringing more transparent corporate governance. Social audits cover:

a. Social benefits to the staff- various facilities etc.

b. Social benefits to the community- local taxes paid to panchayat, municipality, environmental improvements, and generation of job potential.

c. Social benefits to the public- taxes paid and follow the duties towards governments.

Emphasis has been given on internal corporate governance mechanism, which relies on sound managerial conduct and performance. Besides laws and rules measures should be taken to educate for self management and creating an atmosphere for teamwork.

Chapter VIII - Conclusion and suggestions

The study reported in this research work tested three hypotheses with the help of secondary and primary data acquired from a few selected organizations. The results suggest that the hypotheses proposed had a significant fit with the data. The study tries to analyze the relevance of Indian vedantic theories and concepts related to ethics and true nature and existing form of ethics and value system in business organizations in the light of objectives framed by the researcher.

Indian philosophy gives more stress on internal factors responsible for individual behavior than situational factors. The research focuses two major ideas that an integrated human personality of self developed manager and worker can assure best and competent management of any enterprise and Business does have ethics and responsibilities towards the society. If the values and ethics are observed in individual
life, the same will be naturally observed in business life too. As a good citizen corporations have civic duties and responsibilities and they must discharge these voluntarily. Business has debts which it owes to society as duty- of gratitude. More over companies that are perceived as ethical are more likely to build trust among their shareholders, employees, customers and the wider community and creates the kind of good will and reputation that expands opportunity for profits.

The ethical and unethical behavior of individuals in work organizations is greatly influenced by organization’s culture. Organizational culture provides collective norms, standards of behavior and a value system that guides behavior. This research offers a few suggestions for more holistic developments to corporations, in this regard.

1. Right leadership, integrity, proficiency, commitment to social values of a manager can change the expected behavior of individuals. The exemplary conduct of Chief executives is required to establish a culture which encourages responsible behavior enabling employees to release the creative potential.

2. Business institutions of the society need to be democratized, through a robust system of grievances redressal, staff participation in management planning and decision making, empowerment of employees etc.

3. There is a need to institutionalize the code of conduct, which generally spells out ethicality of company in its dealings towards its stakeholders, and code of conduct should be accepted by the rank-and-file with practical, measurable consequences.

4. Value auditing of the social, human and the ethical performance at regular intervals, can be an effective tool for promoting ethics and human values in organizations.

5. Company should be concerned about quality of life of its workers by adapting humanizing practices e.g. taking the responsibility to ensure at least minimum and human standards to its work force, providing training and orientation programs, reviewing the employment practices to prevent Job discrimination.
6. Companies should provide mechanism for ‘Whistle Blowing’ as a matter of policy, so that the breaches of code of conduct can be swiftly observed, reported and punished.

7. Stakeholders’ council is an effective way of ensuring interaction with stakeholders, so that their concern, queries and suggestions reach to the ears of the top management, and equally the vision, plans, and expectations of the top management can reach to the stakeholders.

8. Corporations can take lead in utilization and conservation of natural resources through ecological marketing.

9. Industry & government to gather need to find solutions that will meaningfully address problems of the community. The government through its various regulatory bodies can play a significant role to protect the interests of various stakeholders, and it should enforce strong compliance.

10. The Corporate sector can work in partnership with governments & NGO's and can make a significant and measurable contribution towards improving the lots of less fortune. Social capital or goodwill is generated through trust, reciprocity, and tolerance of third party actions.

11. Large Corporations can offer services in managing accounts & marketing and provide infrastructure, including R&D facilities design, Joints product development support to social enterprises and to small scale businesses.

12. Short duration formal educational programs on values, including case studies, spiritualization (satsang of spiritual leaders) seminars and workshops, meditation, mind stilling, introspection, common prayers etc. at regular intervals can be conducted in the organizations.

    Efforts must be made by the top management in the organization to inculcate values among individuals working with the organization, as human values not only helps in self development, managing interpersonal interactions, and achieving
excellent performance but also in shaping the internal and external domains of business and enhancing the reputation and goodwill of the organization.

Major role of management is to harmonize the interest of organization that is made possible only with the development of values among individuals in the organization. The ideal of all Indian ethos ‘Atmano Mokshartham Jagat Hitay Cha’ (for gaining perfection in individual life as well as for the welfare of the world). Under holistic approach, management works for the development of individuals, and it does not exploit shareholders, employees, customers, society and Nature.

However hypotheses proposed had a significant fit with the data in this research work, there is a need for future research. As most of research work is based on secondary data which has their own limitations, further analysis is required to improve the quality of findings so that the research constraints can be freed. The research opens following questions –

1. How to measure the impact of individual and corporate ethicality on managerial performance?

2. How to institutionalize ethical code of conduct in business organization in order to bring desirable change in the organizational culture?

3. How to measure the degree of relationship between social and financial performance of business organizations?

4. What is the difference between the value system of private and public sector organizations?

5. What are the changes in Indian ethos and managerial thinking due to globalization and development of technology?

6. How to design the value education programs for managers, their contents and ways to implement successfully?