Chapter 1

INTRODUCTION

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1.1 INTRODUCTION TO 'ETHICS'

Management is defined as the art of getting things done[1] (Mary Parker Follet). This is a most value free definition where there is no obligation on the part of manager or the worker to be **ethical**. To a large extent even there is no obligation in business to give customers what he/she desires as long as the business can make more profits.

Ethics is often perceived as an area which is in the realm of subjectivity and thus what one feels one should do, could be totally at variance with one's moral principles or even with what society believes, is appropriate behavior[2]. This often leads to the fine distinction between correctness and rightness. Such metaphysical quibbling will not, however, help us arrive at a practical definition of ethics. While one way of looking at the issue is to state that the greater good of the greatest number is to be attained, this view point though laudable is not viable.

The history of ethics is based on the utilization of philosophical principles[3]. The precursor to psychology is also philosophy. Psychology was born when philosophical ideas were tempered by empirical science. It is time to acknowledge that philosophy is the forerunner for ethics and its movement into the realm of science and social psychology.

1.Heinz Weihrich & Harold Kounz, Chapter 'Management, Science, Theory and Practice', Book 'Management', Pg. 4-22, McGraw Hill, 1988 .
2. Rajan Mani, Faculty Member, The ICFAI Business School, Magazine 'Marketing Mastermind', Article 'The Eleventh Commandment', June 2007, Pg.19-22.

3.Robert Hoyk & Paul Hersey, Chapter 'Why This Isn't Just Another Business Ethics Book', Book 'The Ethical Executive', Stanford Business Books, 2009, Pg. 8-12.

It is no longer enough for companies to produce healthy profits[4]. They must also prepare the next generation of business executives to respond to the ethical, social and environmental considerations of today's corporate world.

 A value can be defined as a fairly permanent belief about what is appropriate and what is not, that guides the actions and behavior of employees in fulfilling the organization's aims. Values can be thought of as forming an ideology that permeates everyday decisions. The 3R's, which are the prerequisites for business ethics are Respect, Responsibility and Results[5]. Building these three factors into the organisation's culture would help to align the behavior of its employees in the ethical direction. Conversely, it is unlikely that an organization can manifest extensive ethical behavior in the absence of these three R's.

Taken together, virtuous values, actions and behavioral standards / codes can produce a formula such as given below, that may increase the likelihood of ethical organizational behavior[6] :

Virtuous values + Aligned action + Behavioral standards / codes ＝ Increased ethical behavior

4.K. Suresh, Book 'Business Ethics – Perspectives and Cases', Chapter 'Going beyond Business Ethics', Pg. 78-84, ICFAI Press, 2005.
5.D V R Seshadri, Achal Raghavan and Shobitha Hegde, Article 'Business Ethics : The Next Frontier for Globalizing Indian Companies', Magazine 'Vikalpa', Volume 32, July - Sep. 2007, Pg. 61-79.
6. Sumati Reddy, Faculty, ICFAI Business School, Chapter 'Creating & Sustaining an Ethical Workplace Culture', Book 'Work place ethics – Perspectives and challenges', Pg. 3-11, ICFAI Press, 2005.

Although it is only anecdotal, the evidence suggests that the work ethic plays a significant role in providing meaning and purpose in life, thereby eliminating the conditions that contribute to a mid-life crisis[7]. People, who have a strong work ethic, enjoy a zest for living and an enthusiasm for their work that serves to insulate them from psychological stress and depression. There are good reasons to envy people who are so attracted to noble life and work and strengthening the work ethic, here appears to be a worthy societal goal.

We all hold generalizations about the behavior of people[8]. Some of our generalizations may provide valid insights into human behavior, but many are erroneous. Organizational behavior offers both challenges and opportunities for managers. It offers specific insights to improve a manager's people skills. It recognizes differences and helps managers to see the value of work force diversity and practices that many need to be changed when managing in different countries. It can improve quality and employee productivity by showing managers, how to empower their people, design and implement change programs, and help employees balance work / life conflicts. It provides suggestions for helping managers, meet chronic labor problems. It helps managers to cope in a world of temporariness and to learn ways to stimulate innovation. Finally, organizational behavior, can offer managers guidance in creating an ethically healthy work climate.

A group of senior executives of Indian Ordnance Factories were gone through a workshop on values and ethics in Sep.98, lectured by R.P. Banerjee[9]. The

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7. David Jack Cherrington, Professor at Brigham Young University, Article 'How the Work Ethic Mitigates Midlife Crisis', Magazine 'Effective Executive', Feb. 2009, Pg. 71-76.
8. Stephen P Robbins, Book 'Organizational Behavior', Chapter 'What Is Organisational Behavior?', Pearson Education Publishers, 2003, Pg. 2-35.

9.R. P. Banerjee, Book 'Ethics in Business and Management', Chapter 'Ethics Cases', Himalaya Pub. House, 2001, Pg. 142-158.

organization values incorporated are

- Contribute to society and human well being

- Be fair and do not discriminate on race, sex, religion etc.

- Do not suppress the voice of conscience even if it means sacrificing achievements.

- Honour human and proprietary rights of others.

- Promote family values of respecting age and experience in work situation.

- Work selflessly to the extent possible for a healthy psychological approach to work life.

Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are expected or prohibited by societal members even though they are not codified into law[10]. Ethical responsibilities embody those standards, norms or expectations that reflect a concern for what consumers, employees, shareholders and the community regards as fair, just or in keeping with the respect or protection of shareholder's moral rights. One of the most engaging interlocutors of an Indian point of view on business ethics is that it requires managerial transformation by values.

Generally we understand ethics as something external or how we deal with outside agencies, e.g., with income tax / sales tax / customs department etc[11]. But here it is proposed that these external ethics cannot be much different. We have sound internal ethics to start with i.e. how we first deal with our own employees in the organization. The basic elements of ethics are

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10.S K Chakravorthy, IIM – Calcutta, Chapter 'Transforming Work Ethos : The Subjective Secret', Book 'Ethics in Management: Vedantic Perspectives', 1994, Pg. 212-215.

11.N.K.Dhand, MD of Parisudh Sadhan Yantra Pvt. Ltd., Ghaziabad, 1994.

Fairness

Equity

Justice

Integrity

Honesty

Trust

The injunctions of the Bible or the Quran, or Buddhism or in our own scriptures have a great deal to say that what it shall be, if you have gained the world and you have lost your soul[12].

There is a strong relationship between organizational ethics and the leadership[13]. To be a role model is an amazing responsibility, which automatically comes with leadership but it is also a remarkable opportunity to influence the ethics of our work unit and the entire organization.

Decision making involves choice from a set of options or variables, with a purpose, be it individual or organizational[14]. The question of being ethical or unethical does not necessarily appear in every decision. However, when it is a question of another party being affected adversely by the decision, such a decision needs to be judged in terms of 'should' or 'should not'. Thus, decision-making to be ethical under relevant circumstances needs to satisfy certain universal and local normative standards. Decision making is the backbone for the efficient performance of today's managers. The moral dimensions of everyday managerial decision making, creates a constant

12.Dr. M.B.Athreya, Professor, IIM, London and Scottish Business Schools.
13.Steven F. Covey, Chapter 'Characteristics of Principle Centered Leaders', Book 'Principle Centered Leadership', Simon & Schuster Publishers, 1993, Pg. 33-39.
14.Debangshu Chakraborty and S K Chakraborty, Article 'The Nishkam Karma Principle : Its Relevance to Effectiveness and Ethics', Magazine 'IIMB Management Review', June 2006, Pg. 115-125.

reminder of the ethical commitment towards the interacting factors.

The emerging trend of separation of management from ownership and increasing professionalisation of management has lead to a debate as to whether management is a profession like doctors, advocates, engineers, accountants etc[15]. Profession can be defined as an occupation for which specialized skills are required, it is not only meant for self-satisfaction but is used for the larger interests of the society, and the success of these skills is not measured in terms of money alone.

Managerial role failures and role distortions comprise the vast majority of every day ethical challenges faced on the job and though not publically obvious, are costly to those affected, corrosive of moral standards and undermine the substance of corporate character[16]. Senior management that ignores, condones or neglects to address questionable ethical acts indirectly creates widespread moral stress and intractable ethical dilemmas with in organizations, which impair the ability of competent managers to act with total integrity.

When the heat is on, Indian CEOs find a cool way to beat it in the company of Spirituality[17]. Among others, Adi Godrej of Godrej Industries says, his spirituality lies in walking the right path. Ethics and morality are important. Work place spirituality is not about organized religious practices. It's not about God or theology. Work place spirituality recognizes that people have an inner life that nourishes and is nourished by meaningful work that takes place in the

15. Parag Diwan, Chapter 'Conceptual Framework of Management', Book 'Management', Pg. 1-16, Excel Books, 1998.
16. Joseph A Petrick, Associate Professor, Wright State University, Ohio & John F Quinn, Associate Professor, University of Dayton, Ohio, Chapter 'Introduction & Overview', Book 'Management Ethics : Integrity At Work', Pg. 3-40, Sage Publications, 1997.
17. Adi Godrej, Article 'Spirituality', Magazine 'The Week', 20 April 2008.

context of community. Organizations that promote a spiritual culture recognize that people have both a need and a spirit, seek to find meaning and purpose in their work, and desire to connect with other human beings and be part of a community. The feeling that everybody is accountable to one supreme power for all our actions should be instilled in the minds of employees. Lessons on the preaching of Lord Buddha, Swami Vivekananda, Mahatma Gandhi, Socrates and moral values of the Gita, the Bible and the Quran should be taught. Crime and deceit are the creations of man. Sincere work must be habituated for the well being of one and all. True happiness lies in giving in to others.

Mistreatment at Workplaces

A year-2000 study by Loraleigh Keashly and Karen Jagatic found that 27% of the workers in a representative sample of 700 Michigan residents experienced mistreatment by someone in the workplace[18]. Some occupations such as medical ones are especially bad. A year-2003 study of 461 nurses found that 91% had experienced verbal abuse, defined as mistreatment that left them fully attacked, devalued or humiliated. Physicians are the most frequent abusers. The common 12 dirty activities are -

- Personal insults
- Invading co-worker's personal territory
- Uninvited physical contact
- Threats and intimidation
- Verbal and non-verbal, sarcastic jokes and teasing
- Withering e-mails
- Status slaps intended to humiliate victims

18.Rubert Sutton, Professor of Management Science and Engineering at Stanford University, Magazine 'Indian Management', June 2007.

- Public sharing of status degradation rituals

- Rude interruptions

- Two faced attacks

- Dirty looks

- Treating people as if they are invisible

Common Types of Misconduct

In 1994, KPMG (Klynveld, Peat, Marwick and Goendeler) fraud survey of 3000 top large and medium sized US companies documented the awesome cost of various forms of unethical and illegal conduct. The annual amount of work fraud reported in the survey was $224 million with the medium cost of work fraud being $117,000. 18% of companies reported frauds aggregating $1 million or more per company and 56% of respondents indicated aggregate annual losses of more than $100,000.

Since 1994, the Ethics Resource Center[19] has fielded the National Business Ethics Survey, a nationally (US) representative poll of employees at all levels, to understand how they view ethics and compliance at work. The misconduct most frequently seen by employees in 2007 tends to reflect personal lapses, rather than violations which are against the organization's agenda.

1.1.1 Misconduct at Personal & Organisational level

	Personal	Organizational
Putting own interests ahead of org.	22%	
Abusive behavior	21%	

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19. 'National Business Ethics Survey, 2007' by Ethics Resource Center, USA, Website 'www.ethics.org'.

Lying to employees	20%	
Misreporting hours worked		17%
Internet abuse	16%	
Safety violations		15%
Lying to stakeholders	14%	
Discrimination	13%	
Stealing	11%	
Sexual harassment	10%	
Provision of low quality goods and services	10%	
Improper hiring practices	10%	
Environmental violations		7%
Misuse of confidential org. info.		6%
Alteration of documents		5%
Alteration of financial records		5%
Bribes		4%
Using competitors' inside info.		4%

Teamlease releases 2008 survey on 'workplace ethics' :

TeamLease Services[20], India's largest staffing company, today released the 4th survey in the series of 'World of Work' surveys to understand the changing scenario at workplaces in India. The study titled *Nothing Ethical about Ethics'* attempts to present views of the corporate workforce on 'Workplace Ethics' across 8 cities in India - New Delhi, Mumbai, Bangalore, Chennai, Kolkata, Ahmedabad, Hyderabad and Pune. The highlights are

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20.Teamlease Services year 2008 survey on 'workplace ethics', Website
    'www.IndiaPRwire.com', dt. 30th July 2007

- 9.30am - 5.30pm: Recorded Standard Time! – Nearly 45% people don't bat an eyelid while logging incorrect in / out times.

- Calling "Granny or Aunty" from office is fine. Nearly 46.8% feel using the office line for personal long distance calls, is ok.

- The next time cost goes up, check your expense reports. Around 55.7% workers had no qualms about fudging details here.

- Nearly 60% people lied unabashed while applying for leave. "Too bad boss wants me at work – I need time off" is the attitude.

- The next time you bribe someone, there's a full chance you qualify for the 62% of people who consider this act normal and ethical.

- Promise the earth to the customers. It'll be too late by the time they find out anyway. This attitude is echoed as 60% responses support this as accepted ethical behavior.

- Everything's fair in love 'n war – and now Business too! Nearly 62% respondents would use any means to get competitor information.

- Need printouts / photocopy for personal work? Worry not, the office support system is there just for you. Nearly 61% respondents felt it was fine to take printouts and photocopies at office for personal work.

- Work productivity dipping. Obviously! Around 63% respondents are ok with doing personal work during office hours.

- Kolkata comes through as a highly integrity & ethic conscious city with an ethics index of 76%. Also, against popular notion, Delhites seem to be quite ethical and straight-forward or so they stay at 53%!

- Interestingly, among the cities interviewed, Kolkatais are the most sensitive to unethical behavior with an ethics index of 76, vis-à-vis Ahmedabad which came through the most lenient at an ethics index of 21.

Ethics described by Chanakya are based on Vedas and Vedanta philosophies, indicating human values dear to Chanakya as truth, donation,

non-violence, wisdom, trust, good conduct and positive attitude[21]. He has advised to avoid vices like desires, greed, lust, anger, attachment, ego, envy, revenge, violence etc. He has laid great stress on bliss, peace, happiness, satisfaction etc. in human life. 'Purity of mind and concentration, in order to attain freedom from bondage of desires and other vices, are essential', he has advocated. Rise from demonhood to manhood and then finally to attain divinity and mukti is the roadmap of personal growth, as outlined by him.

Ethical thinking has its origins in the writings of the great philosophers of early ages such as Socrates and Confucius[22]. Norman Bowie states that the date of the birth of business ethics (in the USA) as November 1974 – the date of the first conference on business ethics at the University of Kansas. According to Elaine Sternberg, far from being anti-business, business ethics actually provides essential support for maximizing owner value. Manuel G. Velasquez states that business ethics is a specialized study of moral right and wrong. It concentrates on moral standards as they apply to business policies, institutions and behavior.

After the epoch making effects of the industrial revolution on business and the subsequent framing of labour legislations for protecting employees and the laying down of their rights and duties in legal terms, there has been one area which has caused concern repetitively to both business academicians and business practitioners alike and that has been the ethical way of conducting business[23]. Previously, it was thought that business ethics is a contradiction of terms. The popular concept was that if it is business, then it cannot be ethical,

21. N. M. Khandelwal, Chapter 'Teaching Ethics', Book 'Indian Ethos And Values For Managers', Pg. 85-101, Pragati Prakashan, 2007.
22. T. Krishna Kumar, Associate Professor, Osmania University, Article 'Putting Business Ethics in Practice: Some Issues', Magazine 'ICFAI Journal of Organizational Behavior', Vol. V, No.3, 2006, Pg. 25-32.
23. Rituparna Raj, Book 'A Study in Business Ethics', Chapter 'An Overview of Business Ethics', Himalaya Pub. House, 1999, Pg. 1-22

and if it is ethical at all, it does not represent business. Fortunately, there were people in the world, even at that time, significant people, who disagreed with this philosophy – the notable amongst them being our very own J.R.D. Tata – and it is mainly due to the efforts of these significant people that business ethics has reached the proper place in business that is due to it.

Business ethics is the most vital concept for any organization to achieve its objectives[24]. Without ethics, an organization may become a rendezvous of white collar criminals causing innumerable harm to the entire society. Hence, it is the responsibility of the governments to make efforts to inculcate ethical principles in all organizations in the interest of the society.

Ethics has several attributes, some of which are universal in nature, while others are bound by time and place[25]. It may be specific to a particular task situation, profession or area of responsibility, e.g., ethics of top executives, ethics in production area, ethics in planning function in any company, ethics of a judge, ethics of a doctor, teacher or a chartered accountant and so on. Now – a –days ethics or values are being prescribed even for organizations as a whole to carry out the activities with the sense of right and wrong i.e., what is permissible, what is not permissible, what is to be done and what is not to be done.

It is perceived that a philosophical or theological basis will have an indirect influence on the conduct (inside – out approach)[26]. What is of paramount

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24. Article 'Business Ethics in Indian Organizations', Magazine 'HRM Review', Sep. 2010, Pg. 45-48.
25. Book 'The Fight Against Corruption in Public Life' by Vigilance Department, Visakhapatnam Steel Plant, Chapter 'Ethics & Corruption', Pg. 1-4.
26. Sumati Reddy, Article 'Ethical Leadership – The New Base of Power', Magazine 'Global CEO', May 2007, Pg. 59-65.

importance is to translate these values and virtues into ethical behavior on a day to day basis. Supplementing this 'inside – out' approach with an 'outside – in' approach can provide the means to trigger the inherent values and endures that such values get translated into practical action. The 'outside – in' approach can take the form of codes of ethical conduct, ethical training, disciplinary actions, systems to protect the whistle blowers etc. Warren Buffett is one leader who is known to hire people based on their integrity.

Global businesses should not participate in or condone bribery, money laundering or other corrupt practices but should cooperate with others to eliminate them[27].

1.2 ORGANISATIONAL ETHICS

Fulfilling national and social objectives of the country have always been the prime concern of the public sector[28]. It is a matter of pride that the sector has always responded magnificently and generously at the time of need. As and when natural calamities like earthquake, cyclonic storm, flood, drought etc. have struck, causing huge loss of life, property and hardship to the survivors, public enterprises have always helped in alleviating the sufferings of the affected people.

The past emphasis of governance systems and theory was on the conflicts of interest between management and investors[29]. Governance today holds people

27.A C Fernando, Book 'Corporate Governance', Pg. 540-546.
28. Bureau correspondent, Magazine 'Kaleidoscope', Jan. 09, Pg. 5.
29.Robert A. Peterson of University of Texas and O. C. Ferrell of Colorado State University, Book 'Business Ethics – New Challenges for Business Schools and Corporate Leaders', Chapter 'Corporate Governance & Ethical Leadership', Pg. 56-81, Prentice Hall of India, 2006.

at the highest organizational levels accountable and responsible to a broad, diverse set of stakeholders. Perhaps the greatest challenge is the power shift taking place between executives and board members. A key issue in the future will be the board's ability to align corporate decisions with various stakeholder interests. According to Robert Monks an activist, money manager and leader on corporate governance issues, the effective corporate governance system requires understanding that the 'indispensable link among the corporate constituents is the creation of a credible structure that enables people with, overlapping but not entirely congruent interests, to have a sufficient level of confidence in each other and in the viability of the enterprise as a whole'.

In any organization, from top management to employees at all levels, ethics is considered as everybody's business[30]. It is not just only achieving high levels of economic performance, but also to conduct one of business's most important social challenges, ethically, at the same time simultaneously. The problems in a business are multifold. Many of the vendors offer kickbacks to the buyers, for the purchase of their goods. These bribes are many times hefty and within a short period, the buyers make plenty of money.

Management is a profession[31]. Any profession must have a code of conduct. Now-a-days, all MBA students must be administered an oath for ethics like, "I will act with utmost integrity and pursue work in an ethical manner".

Government and PSUs (Public Sector Undertakings) are mainly dealing with the public money and therefore they have an added responsibility to ensure that

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30.C. S. V. Murthy, Industrial Consultant, Visiting Faculty at various management colleges, Bangalore, Chapter 'Introduction to Business Ethics', Book 'Business Ethics', Pg. 1-8.
31. Article 'Why An MBA Oath', Magazine 'Indian Management', Dec. 2009, Pg. 68-72.

this money is put to the best use in a given circumstance. The government / management may prescribe codes for ethical behavior and put in place rigorous procedures for decision making and implementation of projects[32]. Nevertheless, if the individual does not conduct himself with a sense of right and wrong, such codes and procedures will have only a limited impact. It is therefore imperative to ensure that an ethical climate is created and maintained in work place, specifically in the government organizations. Ethical climate would require:

-- Conscientious conduct

-- Transparency in decision making

-- Accountability for decisions and actions

-- Vigilance by every employee

Ethical issues are categorized in Indian companies in to four groups, equity, rights, honesty and exercise of corporate power[33]. External issues which dominate ethical functioning of Indian businesses are government policy related, finance related, market related and business environmental related.

There are three dimensions for the scope of ethical practices in corporations[34]. They are

-- Written codes of ethics

-- Forums for the discussion of ethics

-- Environmental sensitivity

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32. Article 'Creating an Ethical Climate in an Organisational Set up', Magazine 'Spandana', Visakhapatnam Steel Plant's in-house magazine, Apr-Jun 2008, Pg. 3
33. Satish Modi, Vice Chairman, Aeronautical Society of India, Book 'Ethical Management', Chapter 'Business Ethics', Pg. 109-132, MacMillan, 2005.
34. Jonathan A. Batten, Samanthala Hettihewe and Robert Meller, 'Ethical Management Practice in Australia', Global Business Review, 9:1 (2008), Pg. 1-18.

Minister for Heavy Industries and Public Enterprises, Sri Santosh Mohan Dev, attending a 3rd Director's certification programme, urged the Public Sector Enterprises (PSEs) to use only ethical and right means for generating profits[35]. 'Profits are important, so also the responsibility towards people', he said advising PSEs not to resort to unethical practices as some corporate entities in the developed world have done. Prof. Y. R. K. Reddy, founder, ACG (Academy of Corporate Governance) said that India's initiative in releasing guidelines on corporate governance for the public sector is unparalleled in the world.

Philanthropy has always been a part of the Indian value system[36]. Some of the early corporate codes of conduct were general policy statements aimed at establishing broad ethical principles for employees. Others included more detailed guidelines on employee conduct in business situations and clear monitoring procedures. The concept of CSR (Corporate Social Responsibility) involves changing perceptions of human welfare and put an emphasis on the social dimensions of business activity, which have a direct bearing on the quality of life in the society.

For ethics, there are three points of caution, while there are many, which are important. They are the hazards of seeking international standardization of ethical practice, the risk of business ethics being merely a veneer of respectability spread thinly over an unethical organization and the dangers of undesirable professionalisation in the field[37].

35.Kaleidoscope (A magazine on public sector undertakings), Sept. 2007, Pg. 4-9.
36.Rashmi Joshi, Faculty Member, ICFAI National College, 'Ethics and CSR – Do they Accelerate or Hinder Business Growth', HRM Review, Sept. 2007, Pg. 48-52.
37.David Murray, Book 'Ethics in Organisations', Chapter 'Business Ethics In To The 21st Century', Pg. 218-230, Crest Publishing House, 2004.

Whistle Blowing is defined as the voluntary disclosure of harmful, non-public information as a moral protest (John R. Boatright).

One after another, the men and women who have stepped forward to report corruption in the massive US effort in Iraq have been vilified, fired and demoted[38]. For reporting illegal arms sales, a US navy veteran, Donald Vance, says he was imprisoned by the US military in a security compound and subjected to harsh interrogation methods.

An organisation's primary duty is towards its shareholders and employees and its profit line[39]. Any act that threatens the profitable continuation of its business can be disputed and sought to be stopped. It so happens that someone is torn between individual safety and the call of conscience. Ethics and integrity at the workplace is much more than communicating organizational values. It is also about personal fears and insecurities, about work relationships and role models.

There has been a crying need to protect whistle blowers since the death of Satyendra Dube in 2003. Dube, a project director with the National Highways Authority of India, had written to the then Prime Minister exposing rampant corruption in the construction of highways. Although he had requested that his identity be kept secret, his letter was openly tossed between various government departments, leaving him exposed and vulnerable. He was killed shortly after that. Manjunath Shanmugham, a sales manager of Indian Oil Corporation was murdered in late 2005 for opposing the petrol adulteration racket.

Central Vigilance Commission (CVC), which would have the powers of a civil court, including the power to order a police investigation and to provide

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38. Article 'Vilifying the Whistle Blower', Newspaper 'Deccan Chronicle', 9Aug07.
39. Article 'Do not shoot the whistle blower', Magazine 'Human Capital', May 2007, Pg. 46-51.

security to the whistle blower, works in an advisory capacity[40]. In just the first seven months of the year 2010, eight RTI (right to information) activists have been murdered and dozens attacked around the country. The Indian Government is now formulating the Public Interest Disclosure (Protection of Informers) Bill 2010. but it has flaws. The bill states that no complaint will be probed if it is made 12 months after the petitioner got to know of it, or five years after the date of the alleged offence.

Ombudsman is a person within an organization, often an older and respected manager, close to retirement, who has been relieved of operating responsibilities and assigned the task of counseling young employees on career problems, organizational difficulties and ethical issues[41]. The term is Swedish and it refers to a government agent in that country who has been especially appointed to investigate complaints made by individual citizens against public officials for abuse of power or unfeeling / uncaring acts.

A study related to compliance procedures reveals that most corporations (over 80%) have emphasized or discussed issues related to compliance procedures, reporting concerns and monitoring mechanisms / punishment for non-compliance[42]. In many cases employees are required to give periodical undertakings to comply with these codes while discharging their responsibilities. A few companies have even facilities for such reporting through their web site. On the other hand there seem to be no formal code

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40. Antara Dev Sen, Editor, Article 'The Little Magazine', News Paper 'Deccan Chronicle', Aug. 07, 2010.
41.La Rue Tone Hosmer, Graduate School of Business Administration, University of Michigan, Book 'The Ethics of Management', Chapter 'Managerial Ethics & Organisational Design', Pg. 151-170, Universal Book Stall, 1989.

42.S Elankumaran, Visiting Assistant Professor, Management Centre for Human Values, IIM – Calcutta, Magazine 'Journal of Human Values' Vol. 12:1, Article 'Corporate Codes of Conduct in India: A Survey', 2006, Pg. 65-80.

(53%) that monitors or ensures the same. Of the nine corporations that laid an organizational set-up such as ethics offices / coordinators / committees to look after ethics management, eight belong to the Tata Group.

In marketing, branding gives a warped message. It combines a dream and a wish, so it becomes problematic when you assume the truth[43]. Some advertisements may ring true but they are never true. It is just a cause of lies being more equal to the truth than the truth. To tackle this, brand ethics is needed where an advertisement clearly lists that this is the truth and these are the risk factors.

Codes of conduct play an important role in a corporation's effort to instituationalise ethics. The imperative of their implementation and compliance has been widely recognized by corporations across the world. A great many codes in India are only inspirational in character.

The Business World conducted a survey in Nov. 07[44]. They polled 499 senior level executives across the spectrum of corporate world to identify the most respected companies in 17 sectors to short list 71 top companies for overall rakings from a block of 300 companies. Here one of the parameters is Ethics and Transparency. The table showing the ranking of different organizations basing on various criteria is shown in the next page.

43.Shiv Vishwanathan, Psychologist, Article 'Lies, lies everywhere', Paper 'Deccan Chronicle', 17th June 2011
44.Magazine 'Business World', 5th Nov. 2007.

1.2.1 <u>Ranking for Different Organisations</u>

Company	Aspect	Rank	Ethics&Transparency	Innovativeness	Quality&Depth of top management	Financial performance&return to shareholders	Quality of products, services	People practices& talent management	Global competitiveness
Infosys		1	1	1	1	1	1	1	1
Reliance Industries		2	4	2	3	5	2	5	6
ICICI		3	7	4	4	2	6	4	3
Wipro		4	6	3	2	3	4	3	5
Tata Steel		5	3	6	5	4	5	2	2
Microsoft		6	2	8	6	6	3	6	4
Tata Motors		7	8	7	7	7	8	7	7
Hindustan Lever		8	5	14	10	9	11	9	12
L&T		9	10	10	8	10	9	8	14
Maruti Suzuki		10	9	16	9	8	13	10	11

There is a distinction between the ethics of conviction and the ethics of responsibility by saying that they concern the action of the politician and can be based on and only on his personality[45]. According to Weber's view, the politician has to make ethical decisions entirely on his own and cannot rely on ethically unjustified political objectives. The profound antithesis between the ethics of conviction and the ethics of responsibility opens at the point where the ethos of politics as service to a cause, are to be determined more precisely.

45.Georges Enderle, Professor of International Business Ethics, University of Notre Dame, USA, Magazine 'Journal of Human Values' Vol.13:2, Article 'The Ethics of Conviction Versus the Ethics of Responsibility', 2007, Pg. 83-94.

Dr. Abdul Kalam on National Ethics and Sustainable Development delivered that profit with integrity leads to sustained growth[46]. For it to be possible, we need to have National ethics for sustained growth and peace. It starts from :

-- Nation has to have ethics in all its tasks, for sustained economic prosperity and peace.
-- If nation is to have ethics; society has to promote ethics and value system.
-- If society is to have ethics and value system, families should adhere to ethics and value system.
-- If families have to get evolved with ethics and value system, parenthood should have inbuilt ethics.
-- Parental ethics come from great learning, value based education and creation of clean environment that leads to righteousness in the heart.

President Smt. Pratibha Patil implored that medical care is an eternal duty and stressed that equitable medical care should be provided to all[47]. She said efforts are underway, through various policies and programmes, to reach the populations deprived of proper healthcare. "The question of equitable medical care to all people is a big human and ethical question. In India, we are conscious of this and through policies and programmmes, efforts are underway to reach the population including those in rural areas that face the high degree of deprivation in terms of health facilities", said the President of the World Medical Association.

46.Magazine 'Effective Executive', Aug. 2009, Pg. 74.
47.General Assembly, hosted by the All Indian Medical Association (IMA), Newspaper 'Deccan Chronicle', Oct.17, 2010.

1.3 ETHICAL LEADERSHIP

Robert Carr, Chief Ethics Officer, Society for Human Resource Management, Alexandria says ethics and the compliance applications that support our businesses, are often the shared responsibilities internally[48]. Getting the process in place to make sure that information is always in the right hands and that the individuals are empowered to act on things they see and question without fear is an important aspect of being able to keep these 'surprises' from happening. That speaks to the need to also align company culture and lines of communication to allow for communication of messages to reach the right parties and allow for appropriate action can be taken. In ordinary times this would take concerned effort, however, with the rapid growth that is taking place, specifically in India and China, the difficulty factor for ensuring that all the appropriate 'risk management' process are in place is even more challenging.

The corporate world raises the duel issue of ethical leadership and ethical self–governance[49]. Is anticipating and responding to ethical challenges the primary responsibility of key administrators, compliance and privacy officers and institutional counsels or is it a shared responsibility of all students, faculty, staff and administrators. Ethical standards, guidelines, monitoring systems and directives are usually plentiful and can serve as a starting place for ethical thinking and decision making. But just as leaders in the corporate world are now beginning to realize that compliance alone often fails or is, at best,

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48. Robert Carr, Magazine 'Human Capital', Article 'Ethical Leadership Must Be Visible And Authentic', May 2008, Pg. 26-29.
49. Perrin Cohen, Northeastern University, Boston and Donna M. Qualters, Suffolk University, Boston, Magazine 'Journal of Human values' Vol. 13:2, Article 'The AIR Model Empowers Moral Agency', 2007, Pg. 107-117.

inadequate, so too academics need to come to the same realization.

Attention can be drawn extensively on the *Gita,* which observes that the supreme law of all existence – cosmic or human – is sacrifice[50]. Human energy and talent, power and strength are all variegated reflections or embodiments of the grand act of sacrifice. To work without being aware of this persuasive cyclical process of exchange is a violation of the supreme principle, preparing the ground for weakened ethics in work.

Ethical leadership manifests itself on three dimensions : the leader's *motives*, the leader's *influence strategies* and the leader's *character formation*[51]. Ethical leaders strive to operate with an altruistic intent. They utilize empowering rather than control strategies to influence followers and they endeavor to cultivate virtues and abstain from vices in order to build up their own inner strength.

Leaders are truly effective only when they are motivated by a concern for others, when their actions are invariably guided primarily by the criteria of benefit to others even if it results in some cost to self. Since the 'other', that is, the organizations members and society at large, is the reason for the leader's efforts, the altruistic motive logically becomes the only morally justifiable motive for the leader's role behaviors. Hence, leadership effectiveness is assured only by altruistic acts that reflect the leader's incessant desire and concern to benefit others despite the risk of personal cost inherent in such acts.

50.S.K.Chakravorthy, Book 'Management by Values', Pg. 60-64.
51.R.N. Kanungo & M. Mendonca, McGill University, Canada, Magazine 'Journal of Human Values' Vol. 4:2, Article 'Ethical Leadership in Three Dimensions', 1998, Pg. 133-147.

It is not enough to espouse high standards[52]. To live up to them – and help others do the same – requires an ethical cast of mind that lets you practice your principles consistently. In business, it is easy to wander off the proper path, because professional standards are a vocational option, not part of the territory. Today the public increasingly demands that companies take better care of their employees, communities and the environment. If you are prepared to resign or be fired for what you believe in, then you are not a worker, let alone a professional. You are a slave.

Henry Ford, founder of Ford Motors, provides a compelling note: 'A business that makes nothing but money is a poor kind of business'. Management is specific and distinguishing organ of any and all organizations[53]. One does not manage people. One has to lead people and the goal is to make productive the specific strengths and knowledge of each individual. Neither technology nor end-use is a foundation for management policy. They are limitations. The foundations have to be customer values. With this the management policy and management strategy increasingly the values have to start. To be able to manage oneself, one has finally to know: what are my values. In respect to ethics, the rules are the same for everybody.

Sound ethics is an integral component in excellent companies and for successful careers. Treating people and nature right pays off in terms of excellence: fulfilling our mission and vision. Great leaders learn how to preach persuasively as well as practice consistently the ethics / excellence message.

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52. Howard Gardner, Psychologist, Harvard Graduate School of Education in Cambridge, Massachusetts, Magazine 'Harvard Business Review,' Article 'The Ethical Mind', March 2007, Pg. 51-56.
53. Peter F. Drucker, Book 'Managing In A time Of Great Change', Chapter 'Management', Butterworth Heinemann Publications, 1995, Pg. 19-66.

Plato and Aristotle thought about ethics this way: self – control, courage, wisdom and justice are four cardinal oral virtues because these characteristics enable us to achieve our purpose and be happy[54]. The *Ten Commandments* also have this structure. The vital step towards sound ethics is to get clear about an inspiring and unifying mission. Purpose, mission and vision are integral to sustainability, success and excellence. For Plato, Aristotle and the classical Greeks, *arête* was the term for both moral virtue and excellence. Ethics is about excellence – not just jail avoidance.

We can never promise that good ethics will always result in profitable businesses and successful careers. Sometimes, in fact choosing to do the right things may cost our business or career. Great leaders argue that it is preferable to live a life of integrity and pride, even it means suffering, rather than living a life as a weak, moral sell out (even if selling out results in gain). After the recent exposures of corporate malpractices, there is a heightened awareness of the need for ethical behavior in business.

Legal is something you find in a book of rules or laws. *Ethical* is something you find within yourself[55]. Ethical standards are uttered by your inner voice. We often dismiss minor ethical compromises. We miss an appointment and embarrassed to admit the truth, we tell colleagues we were out sick. Or we fill in an expense report and throw in a few extra charges. The harm is not so much in the small ethical mistakes – it is in practicing distorted thought and making a habit of fooling ourselves and showing our people that fooling ourselves and others is ethical.

54.Magazine 'Leadership Excellence', Mar. 2008, Pg. 13.
55.Clinton D. Korver, CEO, Decision Street, USA, Magazine 'Leadership Excellence', Aug. 2008, Pg. 15.

The Allahabad High Court recently gave a judgment on the application filed by Ms. Payal Sharma, who was seeking a judgment on whether she has a right to live with a male whom she likes but without marriage[56]. The High Court Bench, consisting of Justice M. Bhatju and Justice R. B. Mishra, said ``there is a difference between law and ethic." The applicant is adult and has full freedom to live anywhere and with anybody. The society may treat this as immoral, but the law would say that there is nothing illegal in this."

Normally law follows ethic. As a matter of fact, laws are enacted to give formal recognition to ethics which can then be enforced in the society. But in this particular case, law has overtaken ethic, and is giving a right, especially to a woman, which would be welcomed by women in advanced societies where they are free and empowered. Many of them are career women and may not like to be tied down in marital bonds.

Maintaining business ethics in a tough economy is not as easy as following a system of moral principles. All of us need to be on guard when the inner voice of ethical guidance is countered by another voice that tries to rationalize a set of behaviors that deep down we know are not right. Not if, but when this stronger, wiser and most importantly, with our ethics and integrity intact.

Decision debacles are often used to illustrate ethical issues that arise during decision making, their consequences and how they create dilemmas for decision makers[57]. Coping with an ethical issue requires both awareness and a strategy. Once core values are understood, actions and practices that recognize

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56.The Hindu online edition dt. 13 Sept. 2001
57.Dr. Paul C Nutt, Ohio State University, Magazine 'Effective Executive', Article 'Ethical Decision Making', Nov. 2009, Pg. 60-66.

them can be sought. Decision makers are called upon to alter their course of action and their decision approach until objections are removed and core values can be affirmed among stakeholders.

1.4   NEED FOR THE STUDY

Ethics is a set of principles or standards of human conduct that govern the behavior of individuals or organizations. Ethics means living by values. Practically speaking, ethics is an inner feeling concerned with rendering no inconvenience, trouble, damage etc. to individuals, organizations, firms, society etc. directly or indirectly.

Organizations need to maintain self respect and respect for the society[58]. Diverse societies agree that there are constants and these to be incorporated in the moral code, but disagree on the bed-rock. One will be persuaded to submit to order only if one recognizes the value of a sound ethical code. We do not want to live with conflict, confrontation and instability. There is a pressing need to establish a new order out of this chaos, a new moral order.

Morals come first and once there is consensus, they are codified into law, which in turn are enforced. Unlike the legal system, the moral system demands that conscience play a role. This means that you can be legally wrong but morally right. By disobeying the law, you obey something else; a higher ethical order. The decision to disobey one's authority in favour of a greater cause – a superior ethics or moral imperative – is the decisive factor in ethical

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58.Lynn Sharp Paine, Professor, Harvard Business School, Book 'Value Shift', Chapter 'The Corporation's Evolving Personality', Pg. 55-79, Tata McGraw Hill, 2003.

disobedience. All it takes for evil men to succeed is for good men to do nothing (Edmund Burke – the eighteenth century Irish political philosopher).

No matter what ever be the amount invested in activities, unless the process and functions turn ethical, it will be very hard to hold back the process of growth, nay, for enhancing it (Dr. Amartya Sen). The world wants to move towards universal ethics, a shared moral code.

Mahatma Gandhi urged voluntary commitment by business organizations for public welfare[59]. But the new ethical challenges are being faced in particular sectors such as the media and the military. Whether it's the medical devices that influence doctor's life and death decisions, the weaponry that requires immediate and instinctive military response, the live reporting pressures that fix journalists or the presence n a region in need of humanitarian assistance of a population armed with mobile phones and internet access, the pressures of the real time world would have not only changed the way this work is done but also challenged the ethical frameworks that have traditionally underpinned this activity. The nature of that challenge is only now becoming apparent, but as the pace of technological change makes real time ever more important, the pressure on ethics is growing ever stronger.

Where convictions and inclinations are dominant rather than rationality, the ethical base of the decision maker becomes more important than ever in informing the decision that will finally be made[60]. Most of the countries have set up their own ethics centers at national levels.

59.Kamal Singh, Asian Centre for Organisation Research & Development (ACORD), Magazine 'Effective Executive', Article 'Business Ethics & Corporate Social Responsibility', Oct. 2009, Pg. 58-64.
60.D. R. Kiran, Principal, PMR Institute of Technology, Chennai, Book 'Professional Ethics and Human Values', Chapter 'Introduction', Pg. 1-9, Tata McGraw Hill, 2007.

At a time when bottom line issues and moral compromises are increasingly blurring the thin line between right and wrong, there is a growing need to equip employees to handle the ethical dilemmas they encounter in day to day activities. Whether it is the shocking scandals that have rocked the business world with alarming regularity in recent years or CEOs indulging in aggrandizement, the problem of ethics – the lack of it rather- appears to have pervaded our work culture, changing our values and the rules by which the game is played.

The profession of business ethics has long needed a highly practical resource that is designed particularly for leaders and managers -- those people charged to ensure ethical practices in their organizations. Unfortunately, far too many resources about business ethics end up being designed primarily for philosophers, academics and social critics. As a result, leaders and managers struggle to really be able to make use of the resources at all.

Organisations must admit establishment of good conditions for business ethics and personal integrity[61]. With real-time technology providing the means by which the activities of one person can put the entire organization at risk, it becomes more important than ever for every member of the organization to share its ethics and adopt them actively. This poses a significant cultural challenge in organizations in which responsibility for ethics and standards of conduct has traditionally been regarded as the management's monopoly. The prospect of making lower staff in effect collaborators in framing and actively implementing a set of ethics is one that many people in hierarchies will find hard to come to terms with, but it is a step that must be taken to respond appropriately to the pressures of the real-time world.

61.William A. Cohen, President, The Institute of Leader Arts, Magazine 'Leadership Excellence', Sep. 2008, Pg. 1-10.

The near continuous rise in prices witnessed from early 2008 has pushed the inflation to thirteen year high of over 12 percent. The policy planners are taking some tough measures to control the inflation. However, they have limited options. At this juncture, the public sector emerged as the most potential tool in the government's armory to fight the menace of inflation. A case in point is that of national steel companies. While the global iron ore and coal prices kept surging enormously, the national steel companies including Visakhapatnam Steel Plant, were selling steel products at discounted prices, even facing cheaper imports, to protect the people from the burden of price hike. There arises a need for a true ethical organization to keep the company prosperous in the long run.

There is a paucity of research in this field. It is not surprising, as the area of ethical behavior is delicate and complex in nature. Managers are not likely to allow their ethical behavior to be observed or assessed.

Need for study in Visakhapatnam Steel Plant

Public sector companies like Visakhapatnam Steel Plant has an investment of huge public money. Accountability plays a major role in the performance of the plant. It has 17,756 employees, a lot more contractors, suppliers, customers, a surrounding society, government and a host of stakeholders. The employees of Steel Plant range from the bottom level 'Khalasi' to the highest level 'Chairman cum Managing Director'. The Officers are highly qualified engineers, marketing professionals, chartered accountants and doctorates as well. The steel plant's environment is cosmopolitan in nature. The employees come from all over India, representing various regions, religions, casts and cultures. The ethics exhibited by each group is unique in nature. The Steel Plant, being a reputed government organization, command respect in the entire

district of Visakhapatnam. There are high expectations regarding the ethical behavior of the employees in the society.

Each and every activity taken up by all the related individuals must confirm to accepted ethical norms. Everyone from top to bottom in the organization must follow ethics. Limited and scarce resources must be properly utilized. The practices that the organisation is following, either in the name of ethics or not, needs to be studied. The type of ethical environment prevalent in the steel plant must be put in measurable terms. There is a need to identify the gap and to formulate the measures to improve the ethical climate in the organization. Thus Visakhapatnam Steel Plant represents a perfect entity for conducting the research of this nature.

1.5   OBJECTIVES OF THE STUDY

Prof. W.A. Neiswanger states that "statement of the objective is of basic importance because it determines the data which are to be collected, the characteristics of the data which are relevant, relations which are to be explored, the choice of technique to be used in these explorations and the form of the final report".

The chief objective of the study is to make a comprehensive analysis of the impact and importance of ethics for the prosperity of businesses and the society. Effort is also made to identify the present level of our organization and the measures to implement for making the organization the most ethical and the most respected business entity in India. The detailed objectives of the study are as under :

- To study the meaning and development of ethics.

- To discuss the impact of ethics in various functions of business organizations.

- To examine the codes of ethics followed by different organizations.

- To bring out various activities performed, directly or indirectly, under the umbrella of ethics, to study individual perceptions about ethics and an effort is made to measure the level of ethics in Visakhapatnam Steel Plant.

- To offer important suggestions regarding the ethical environment and the need to have formal ethics program in the Steel Plant.

- To develop an ethical code of conduct for Visakhapatnam Steel Plant.

1.6   SCOPE OF THE STUDY

The concern for ethical practices among the regulators, social groups and managers has substantially increased since failure of some of the prominent business organizations like Enron and Satyam, owing to strong social condemnation of some of their business practices. Day to day ethics is becoming more prominent. Most of the reputed private organizations have already started formal ethics management systems. It is still new to public sector organizations. The present study is to fill this gap for the public sector organisations. Visakhapatnam Steel Plant, a large undertaking employing 17,756 employees and having a turnover of 12,000cr, itself represents an universe. This thesis reviews literature and examines Visakhapatnam Steel Plant only.

1.7   METHOD OF THE STUDY

The study of ethics in the context of organization is a complex phenomenon where multiple subjective realities coexist. Such contexts suggest the adoption of qualitative research (Lee, 1999). The difficulty of operationalising a concept

like Managerial Ethics is not unique to research in this field and is frequently encountered in the behavioral sciences particularly when opinion or attitude surveys are used to investigate psychological constructs such as ideology and consciousness or abstract concepts such as value and statehood[62]. It is needed to observe the phenomena to understand the dynamics of behavior of employees and managers in organizations, suggesting to adopt qualitative research route through case method. These challenges could be overcome by collection and interpretation of data through multiple sources.

The study of ethical practices in a professional organization like Visakhapatnam Steel Plant, is done using review of general literature, finding out the need of the hour, the present gap in the research in the particular topic, focused literature review, studying the ethical environment in a particular area, subsequent data collection and analysis.

62. S. Sadri, Professor, XLRI, D. S. Dastoor, Associate Professor, NITIE and S. Jayasree, Superintendent, NITIE, Book 'The Theory and Practice of Managerial Ethics', Chapter 'The Character of Managerial Ethics', Pg. 62-96, Jaico Publishing House, 1999.

Methodology

Visakhapatnam Steel Plant is a large integrated steel plant. It has 7000 officers, apart from the board members. This is the universe. Officers, start from the lowest Junior Officer (JO) to the highest Executive Director (ED). It has various departments, from raw materials division, manufacturing, captive power plant, foundry to finance, marketing, medical and vigilance. Officers are highly qualified engineers, marketing professionals, chartered accountants and doctorates as well.

A questionnaire was developed based on literature review, published surveys and prevailing industrial culture and practices. Study and analysis of the ethical values exhibited by the respondents in totality is a mammoth task.

Comprehension of the results will become very difficult. To make the observations more analytical and meaningful, the values followed in Visakhapatnam Steel Plant knowingly or unknowingly in the name of ethics are divided into four categories. Different types of behaviors are exhibited in different categories.

Categories of Ethics

1. Self Ethics :

    It is ethics related to self. Ethics related to self deals with one's conscience. It is an internal matter. It pertains to one's ego as well. If one follows values, he can expect the same from others. One can always be a role model. Ethics related to dealings solely with own / self fall into this category.

2. Internal Ethics :

    It is ethics related to internal environmental relations. The ethical mannerism changes when the employee handles his internal organizational relations. One can simply follow rules and regulations. But one needs to think much about unwritten values. Ethics related to inter departmental, hierarchy, organization etc. come under this ambit.

3. External Ethics :

    It is ethics related to external organizational relations. One's business needs daily interaction with different external environmental relations. Mutual reflection of ethics is the need of the day. One falls under the scanner of various external stakeholders. Ethics related to suppliers, customers, government agencies etc. fall under this category.

4. Societal Ethics :

It is ethics related to general society. Ethics start from the home. Like corporate social responsibility, individual's social responsibility, also needs emphasis. One spends more time in the society than in the organization. Family members and pals (close friends), take an inspiration from one's exhibited behavior. Ethics related to general society, family, friends come under this area.

Each category of ethics exhibits three dimensional behavior. Questions were set in each category in three different modes. They are Perception, Frequency and Comprehension. 'Perception' deals with the basic understanding of the concept, ethics. 'Frequency' measures the scale at which the concept, ethics is imbibed in the respective individual. Comprehension studies how the respondent reacts in an ethical dilemma. This partition enables the researcher to do a detailed study.

Now the questionnaire is divided into twelve parts as follows.

1. *Self ethical perception :* It deals with the basic understanding shown by the self regarding the ethics related to one's conscience.
2. *Self ethical frequency :* It is the seriousness shown by the self regarding the ethics related to one's conscience.
3. *Self ethical comprehension* : It is the analytical ability regarding the ethics related to one's conscience.
4. *Internal ethical perception :* It deals with the basic understanding shown regarding the ethics related to the internal organizational relations.
5. *Internal ethical frequency :* It is the seriousness shown regarding the ethics related to the internal organizational relations.

6. *Internal ethical comprehension* : It is the analytical ability regarding the ethics related to the internal organizational relations.

7. *External ethical perception :* It deals with the basic understanding shown regarding the ethics related to different external environmental relations.

8. *External ethical frequency :* It is the seriousness shown regarding the ethics related to different external environmental relations.

9. *External ethical comprehension* : It is the analytical ability regarding the ethics related to different external environmental relations.

10. *Societal ethical perception :* It deals with the basic understanding shown regarding the ethics related to one's response to the societal needs.

11. *Societal ethical frequency :* It is the seriousness shown regarding the ethics related to one's response to the societal needs.

12. *Societal ethical comprehension* : It is the analytical ability regarding the ethics related to one's response to the societal needs.

The questionnaire is administered based on stratified random sampling method. Major departments constitute each strata and minor departments put altogether form one strata. Personal data is solicited in the form of open ended questions. It is followed by closed ended questions in the form of Likhert type, rating scales and questions of specific input. The questionnaire is formed on a five point scale. Their mean scores are taken for analysis. The study is to observe the intensity of behavior and the rate at which it is felt by the officers of various back grounds. The size of the sample is taken as 200 as against the 5258 officers. The total number of employees are 17,756.

1.7.1 Number of Employees at Various Levels

S.No.	Employee Level	Number
1	CMD	1
2	Director	5
3	ED	3
4	GM	41
5	DGM	261
6	AGM	865
7	Sr. Manager	352
8	Manager	611
9	Dy. Manager	254
10	Asst. Manager	972
11	Jr. Manager	1112
12	Management Trainee	19
13	Assistant Executive	284
14	Junior Officer	478
15	Staff-Senior Assistant	66
16	Supervisory-Technical	8919
17	Staff-Junior Level	11
18	Technician	2738
19	Junior Trainee	488
20	Khalasi	276

1.8   LIMITATIONS OF THE STUDY

Study of ethics in an organization, now–a-days is still a new concept. Visakhapatnam Steel Plant is a public sector nava ratna organization having a huge manpower on its rolls. It has 17,756 manpower of which executives constitute to 5,258. Studying various industries in and around Visakhapatnam creates a huge burden on the research. Non-executives of the steel plant, though are present in larger portion, because of their educational and cultural background, may not respond positively to this study as the study is critical and sensitive in nature. So the present study is limited to the officers of the Visakhapatnam Steel Plant only.

Officers above General Managers are abiding by the Code of Business Conduct & Ethics for Board Members and Senior Management Personnel as directed by the Board of Public sector Enterprises. As such they are averse to disclosures to the researcher. At present the study is limited to the officers starting from Junior Officers to Deputy General Managers. The behavior exhibited in the survey is analysed keeping in view that the respondents are genuine and fair in their disclosure.

1.9 SCHEME OF PRESENTATION

The first chapter of the thesis gives an introduction to the topic 'ethics'. It gives bird's view of the crux of the thesis. It also deals with the framework of the thesis. It discusses the need for the Study, scope of the study, objectives, method and limitations of the study.

The second chapter exhibits an extensive review of literature. It enlightens, what is ethics, and different values practiced as illustrated by reputed authors. It dwells at length about the ethical attitudes and implications practiced in the corporate atmosphere.

The third chapter brings out various aspects of ethics. It talks at length about unethical instances, principles of ethics, ethics prevalent in different aspects of the organizations. The chapter further discusses about code of ethics, its evolution and how to develop a relevant code. It demonstrates the ethical codes practiced by professional bodies and by different business organizations.

The forth chapter presents the profile of Visakhapatnam Steel Plant. Here the history of the steel plant, its growth and development has been given. The fall

and rise of the steel plant from BIFR (Board of Industrial & Financial Reconstruction) to 'Navaratna' status was explained.

The fifth chapter deals exclusively about various ethical practices followed in the steel plant whether knowingly in the name of 'ethics' or unknowingly with some related practices. It demonstrates all the guidelines that are followed in the plant.

The sixth chapter brings out the practice of ethics followed in the steel plant in a quantified manner. It analyses the survey results taken up in the steel plant. The entire analysis is presented in tabular forms. This chapter analyses the study data with different classifications and presents a step by step discussion.

The seventh chapter summarizes the results from the entire study including the survey results presented above. It offers some useful suggestions. Basing on the research, a code of ethics is developed for the Visakhapatnam Steel Plant.