

Chapter 2

REVIEW OF LITERATURE

- 2.2 Understanding Ethics
- 2.2 Ethical Values
- 2.3 Management of Ethics

2.1 UNDERSTANDING ETHICS

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.

Arun Monappa is of the opinion that good ethics is good business in the long run. Early tendencies can be seen in efforts to develop business codes of ethics in the 1920s and 1930s. These are the first attempts of a great and powerful corporate group to gain its own self-respect and the respect of other members of society. By the late 1970s many US and multinational companies had begun to adopt at least the trappings of ethical self-discipline by drafting corporate codes of conduct. This trend continued and spread in the 1980s after 3000 local residents died of toxic leaks from Union Carbide's plant in Bhopal, India in 1984. A group of 18 leading US defense contractors in 1986, went beyond the code and developed an ethics program.

The emergent ethical organization is one in which management actively seeks a greater balance between profits and ethics. Boeing is an example of an emergent ethical corporation, which has greater CEO involvement in ethics and line management involvement in ethics training programs. Close at home we can look at the Alacrity Foundation of Chennai as one such instance of emergent ethical organization.

Following the development of ethical thoughts in modern era, the Ethical Resource Center was established in USA in 1977 to promote ethical thought. D. R. Kiran in his book listed the major ethical centers at national level as

- The Ethical Resource Centre (ERC), USA
- The Gulf Centre for Excellence in Ethics (GCEE), Abu Dhabi, UAE
- The South African Ethics Institute ,South Africa
- Transperencia for Columbia
- The Centre for Business Ethics (CBE), St. Peterburg, Russia
- The Turkish Ethical Value Foundation (TEDMER), Turkey
- The Korean Business Ethics Institute (KBEI), Korea

Following is an exhaustive list of values, which are desired in a cultured person and are universal (Chinmayananda, 1992) :

1. Fearlessness
2. Purity of heart
3. Devotion to knowledge
4. Charity
5. Restraint of the senses
6. Sacrifice
7. Self-study
8. Consistency of purpose
9. Uprightness
10. Harmlessness
11. Truth
12. Even Temper
13. Quietude
14. Unmelodious tongue
15. Tenderness towards beings
16. Non-covetousness
17. Gentleness
18. Modesty

19. Not – unnecessary moving the limbs
20. Patience
21. Fortitude
22. Absence of arrogance

Manuel G Velasquez (2002) says, 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. According to McFarland, “a profession is a source of livelihood, based on substantial body of knowledge and its formed acquisition the test of success in the service is not the profit earned thereon”. A profession has following five characteristics :

1. Existence of knowledge
2. Formal teaching of knowledge
3. Existence of representative
- 4. *Ethical standards***
5. Reasonable remuneration

Stephen P. Robbins(2003) says, successful organizations put people first. Companies that aspire to higher levels of performance must develop capabilities that have not been traditionally viewed as critical to corporate success. To behave as moral actors, they will need to

- Actually manage their own values and identity, practicing self-governance, self-evaluation, self-correction and self-improvement
- Confirm their activities to generally accepted ethical principles
- Being moral judgment to beam in their planning and decision making
- Seek opportunities to contribute to the communities in which they operate.

Even unintentional violations of other's happiness require some form of atonement (Adam Smith).

Lynn Sharp Paine(2003) shows a four fold matrix that provides a useful framework for looking into more systematically at the ethics relationship in different domains.

2.1.1 Four Fold Matrix

Scope of commitment	Full	Do right Be honest Be fair Keep promises Obey spirit of law	Develop self Help others Improve the community Promote human dignity Be courageous
	Basic	Avoid wrong Avoid fraud Avoid theft Fulfill contractss Obey letter of law	Maintain self Avoid harming others Avoid injury to community Respect human rights Be considerate
		Values	
		Justice	Humanity

People can be selfish, but they have no right to cause trouble to others. This concept calls for the term ETHICS.

2.2 ETHICAL VALUES

Norms, Beliefs, Values, Moral Standards - Ethics :

C. S. V. Murthy(1995) differentiates that each individual with in society has a set of norms, beliefs and values that together form his or her moral standards.

Norms are criteria of behavior. They are the ways an individual expects all people to act, when faced with a given situation.

Beliefs are criteria of thought. They are the ways an individual expects people to think about given concepts.

Values are the rankings or priorities that a person establishes for his or her norms and beliefs.

Moral standards – the criteria used for judging whether an act that impacts others is right or wrong for now can be considered to be subjective, that is, the result of each individual's emotional preferences.

Integrity refers to self imposed values

Law pertains to a set of rules and that these rules reflect the collective choices of members of society regarding any decisions and actions that affect the welfare of society.

R. P. Banerjee(1998) states that each individual develops his or her set of norms, beliefs and values through exposure to the cultural / religious context, and the economic / technological context. Morality refers to the standards of behavior by which people are judged and particularly to the standards of behavior by which people are judged in their relationships with others. Character defines the course of action where as behavior gives it an immediate shape. Character is intrinsic while behavior is extrinsic. The course of action that character defines is ethical where as those that behavior sets are moral.

Ethics is science of values (Paine, 2003).

Ethics is normally used in the plural form since most people have a system of interrelated beliefs rather than a single opinion. The difference between morality and ethics is easy to remember if one speaks of moral standards of behavior and ethical systems of belief.

Sow an ACT

reap a HABIT

Sow a HABIT

reap a CHARACTER

Sow a CHARACTER

reap a DESTINY

This is true for all kinds of organizations and collective bodies (Majjhim Nikaya, a Buddhist text).

There is a strong linkage between excellent long term performance and the way values held by an organization are interwoven with its daily routine processes. If the top management clearly enunciates these values and also very vigilantly ensures their implementation across the organization in every single process, these values become an integral part of a superbly performing, long lived and healthy organization. There is no shortcut.

First build character, everything else will follow (Swami Vivekananda). Domenico A. Fanelli, President, American Management Association International, expresses that greater organizational effectiveness requires forging closer links between personal values, organizational values and external economic, social and political values.

First ethics program was started at defense contract firm Martin Marietta (now Lockheed Martin). In mid-1980s to correct the entire US defense industry being referred as “fraud, waste and abuse”. In India Azim Premji of Wipro ltd. carried forward the reputation for high ethical standards, those begun by his father M.H. Hashem Premji, who found the company in 1945 to make vegetable oil.

In Oct.1977 India’s first Housing Finance Company was started by H.T.Parekh known as Housing Development Finance Corporation

Ltd. (HDFC). Later his nephew Deepak Parekh took over and followed the core values, integrity, transparency, sharing, customer service, civic responsibility and genuineness of purpose. It became one of the most respected companies in catering to the housing needs of the poorest sectors of Indian society.

Business Values For The Future :

Dr. Stephen E. Roulac(1993) establishes a strong linkage between excellent long term performance and the way values are held by an organization. They are interwoven with its daily processes. As we march ahead into the future, the outlook for business appears to be a blend of high prospects for growth, on the one hand, and on the other hand, serious concerns about the impact of business on society and the environment loomed large. Perfect balance can be found through harmonizing the following kinds of multiple stakeholder's expectations:

1. The citizen as a member of global, national and local civil society, expecting total quality of life, including, physical material, psychological, intellectual, aesthetic and spiritual dimensions.
2. The citizen as a consumer, expecting product and service quality and value for the money.
3. The citizen as a worker, expecting quality of work life.
4. The citizen as a direct investor in equity and debt, and an indirect investor through institutions, expecting a choice of risk – return trade offs.
5. Dealers, venders, small and medium business, expecting a mutually beneficial partnership with large national and transnational corporations.
6. Governments and agencies at local, national, regional and global levels expecting a fine blend of commercial performance and social responsibility from business.
7. Competitors expecting fair play and efforts to excel by ethical means.

S. K. Chakraborty(1994) explains that in order to exploit the rich prospects and address the concerns, the following values from the age old Indian philosophical tradition, consistent with similar values from other civilizations may be considered:

Dharma (Righteousness)

Loka Sangraha (Public Good)

Kuasalam (Efficacy)

Vividhata (Innovation)

Jigyasa (Learning)

In three decades Singapore was turned into a disciplined and prosperous nation. It is called a ‘fine’ city. There are regular prompt fines for every infraction like wrong parking or littering or even failing to flush the toilet (Lee Kwan Yew). The prime importance is to build value systems for better public sense.

The Value, Attitude And Behavior Chain:

T. V. Rao(2002) in India made a call to professional organizations to develop a standard for ethics for HRD. Because values exert influence over our attitudes and attitudes influence our behavior, they need to be consciously stated, but they also need to be affirmed by actions. Effective leaders need to understand the values, actions and behavioral standards that can influence their organizations and then proactively create an environment that will effectively promote those values and standards. Values are integral to attitude formation and how to respond to people and situations.

Martin Seligman in his book, *Authentic Happiness*, has reviewed six core virtuous values that influence ethical behavior and appear to have universal appeal. These values shape attitudes and thus drive behavior along the path of doing the ‘right’ thing to create an ethical work culture.

2.2.1 Core virtuous values

VALUE	ATTITUDE	ETHICAL BEHAVIOR
Wisdom and knowledge	Experience promotes wisdom that helps convert information to knowledge	Using knowledge to solve problems ethically and to do what is right
Self-control	Means effectively managing reactions to challenging situations and temptations	Putting personal motivations aside and acting with objectivity by doing what is right
Justice	Acting justly and fairly is a long term driver of ethical behavior	Establishing just and mutually agreed upon criteria and administering them fairly to all people
Transcendence	The belief in a power and source outside oneself reduces self serving actions and increases humility	Putting institutional and/or stakeholder interests above self interests. Identifying a personal purpose that is aligned with organizational mission
Love and kindness	Treating people with kindness helps increase the reservoir of positive affection and love	Recognizing and encouraging others for their contributions
Courage and integrity	Ethics requires the courage to do the right things consistently with out regard to personal consequences	Making unpopular decisions based on fair consideration of the facts

Value Shift :

There is a mismatch between how companies are managed and what is expected of them by society today. It is not enough for today’s leading companies to create wealth and produce superior goods and services.

Companies are expected to behave responsibly, adhere to basic moral principles and manage their own values and commitments.

Lynn Sharp Paine(2003), Professor, Harvard Business School has given the interaction with executives and managers from many parts of the world as given below :

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- An Argentine executive sees ethics as integral to transforming his company into a “world class organization”.
 - A group of Thai executives want to protect their company’s reputation for integrity and social responsibility from erosion in the face of intensified competition.
 - A US executive believes that high ethical standards are correlated to better financial performance.
 - An Indian software company executive sees his company’s ethical stance as important for building customer trust and also for attracting and retaining the best employees and software professionals.
 - A Chinese executive believes that establishing the right value system and serving society are key components in building a global brand.
 - The executives of a U.S. company see their efforts as essential to building a decentralized organization and entrepreneurial culture around the world.
 - Two Nigerian entrepreneurs want their company to become a “role model” for Nigerian society.
 - A Swiss manager believes the market will increasingly demand “social compatibility”.
 - An Italian executive wants to make sure his company stays clear of the scandals that have embroiled others.

- A U.S. manager believes that a focus on ethics and values is necessary to allow his company to decentralize the responsibility while pursuing aggressive financial goals.

T Krishna Kumar(2006) emphasizes that while culture is a part of the environment, ‘business ethics’ is culture bound. Culture affects interpersonal relations, such as those found in negotiations. Cultural differences affect managerial behavior and practices such as planning (e.g. short versus long term orientation), organizing (e.g. the kind of organization structure or the attitude toward delegation), staffing (e.g. selection based on family relationships versus professional qualifications), leading (e.g. participative versus directive leadership style) and controlling (e.g. tight and close control versus broad control).

Align Work Ethics To Corporate Culture :

As per The Hindu dt. 8Aug.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.

2.3 MANAGEMENT OF ETHICS

HRM Review, June07 depicts that ethics in organizations face many challenges. The human relations of most organizations in modern

times are prey to three forms of mismanagement viz., misplacement, miscommunication and mistreatment. Generally in an autocratic form of management, these three behemoths sap the vital energy of HR in an organization. In order to ensure smooth sailing progress, every organization should detect these three mishaps at an early stage and take necessary steps to defend itself. The management should know that a warm superior- subordinate relationship works wonders for the organization.

William A. Cohen(1995), Peter Drucker's first PhD graduate, presented five components of Drucker's model for effective leadership :

1. *Build on the foundation of strategic planning* : Drucker wrote: "you cannot predict the future, but you can create it." His method of creation was strategic planning. Strategic planning is about making decisions now to create a desired future.
2. *Establish the condition of business ethics and personal integrity* : If strategic planning is the foundation of leadership, ethics and personal integrity are necessary conditions for leadership effectiveness. Drucker stated that leadership is exercised through character, and though followers might forgive a leader much, they would not forgive him a lack of integrity. He also noted that the law and integrity are not the same. He tested many different ethical approaches and found them all wanting for business applications. "Above all, do no harm".
3. *Model military leadership* : Drucker stated that the first and best book on leadership was written by Xenophon, a Greek General. In recommending Frances Hesselbein's adaptation of the *Army Leadership Manual* in a book, *Be, Know, Do*, written with former Army Chief of Staff General Eric Shinseki, Drucker wrote: "The Army trains and develops more leaders than do all other institutions and with a lower casualty rate".

4. *Motivate in a correct way* : To Drucker, labour was not an expense but was added value, potentially the greatest resource that an organization possessed. Workers are led not managed. The work place is participatory, but not ‘free wheeling’. Workers are not motivated through money alone. Each worker is motivated differently according to the individual and the situation. All workers are treated as volunteers and with respect.
5. *Apply the marketing concept to leadership* : Drucker called workers ‘partners’ who cannot be ordered, they have to be persuaded. The basis of the marketing concept is that firm should seek to discover and then to satisfy the needs of their customers rather than primarily convincing them to purchase products or services. Leaders need to approach workers and subordinates in the same way.

Norman Vincent Peale and Kenneth Blanchard designed a model regarding ethical decision making. Ask the following questions whenever besieged by doubts on propriety of a decision and to decide whether a particular decision is ethical or not.

- Is the decision legal
If it is not legal, it is unethical
- Is the decision fair
If the decision is not fair to all the concerned stakeholders, it is unethical
- If the decision is exposed, will I feel ashamed
If you feel ashamed when the decision is made public knowledge, then, it is not ethical.

The three point test could be the basis for judging the decisions taken by self or others. If introspection of every decision on the above lines is followed by

practice of vigilance and disclosure of unethical practices, an ethical climate can easily be created in the work place.

Nonetheless, there are some other tools which prove effective to assess the ethical implications of an action. They are

- *The Mother test*: Would you be able to tell your mother or your children about this action without being embarrassed.
- *The Newspaper Test*: Would you like to see your decision on a newspaper headline.
- *The Audience Test*: Would you like anyone in a similar situation to do the same.

The answer to these questions is more compelling than any long, philosophical ponderings on what is and is not ethically acceptable.

Robert Hoyk & Paul Hersey(2009) has twelve questions for examining the Ethics of a Business Decision:

1. Have you defined the problem adequately
2. How would you define the problem if you stood on the other side of the fence
3. How did this situation occur in the first place
4. To whom and to what do you give your loyalty as a person and a member of the corporation
5. What is your intension in making this decision
6. How does this intention compare with the probable results
7. Whom could your decision or action injure
8. Can you discuss the problem with the affected parties before you make your decision

9. Are you confident that your position will be as valid over a long period of time as it seems now
10. Could you disclose without qualm your decision or action to your boss, your CEO, the board of directors, your family, society as a whole
11. What is the symbolic potential of your action if understood or if misunderstood
12. Under what conditions would you allow exceptions to your stand

R.K. Mishra in his book has given some decision making models. These are questions that employees can ask themselves to help them make ethical decisions, for example employees at the Dallas based Texas Instruments Inc. receive this compass :

- Is the action legal
- Does it comply with our values
- If you do it, will you feel bad
- How would it look in the newspaper
- If you know it is wrong do not do it
- If you are not sure, keep working until you get an answer

Corporate Disclosure Practices :

Dharminder Singh Ubha simplified that each one of us is familiar with the three monkeys, which ‘see no evil, speak no evil, and hear no evil’. We seem to have taken this maxim to its extreme lengths. Today, we refuse to see, to hear or to speak about values through unethical practices are rampant all around us and it affects us at every stage in our daily lives. No wonder, India has been identified as one of the most corrupt nations in the world. We take pride in the fact that we are an ancient civilization and our traditions are a repository of wisdom,

knowledge and values. Surprisingly, we don't attach much importance to the very same values in our conduct. To a common man, government departments / undertakings are places where lethargy, corruption and un-professionalism thrive. Despite the fact that government departments / undertakings have done work in many areas and continue to provide services in areas where private sector will not put its dainty foot, the reputation of government organizations continue to be low in the eyes of the common man.

A. C. Fernando discloses that the senior management, the board of directors, internal auditors and the ultimate watchdog, the external auditors form the foundation on which effective corporate governance has to be built. Gone are the days when business used to be simple individual effort requiring a small amount of capital and involving the interests of only a single individual or a small group of individuals. These days it has become a highly complex and collective affair which involves the interests of not only a large number of investors but there of many other persons also. Consequently a major decision taken by an industrial house worth the name affects not only its management or investors but many other sections of the society and sometimes even the society as a whole also. The fact cannot be denied that the level of business reflects the health level of the economy in more than one way. Thus in this fast changing economic and social scenario, an intimate interaction between business / industry on the one hand and the society on the other has become absolutely essential. It is therefore, necessary that there is adequate corporate disclosure so that it proves to be the most useful and effective channel for the flow of information from the enterprise to the interested persons / parties.

Growth Potential for India :

C. K. Prahalad (1998) has suggested the following to make use of the tremendous opportunities in India :

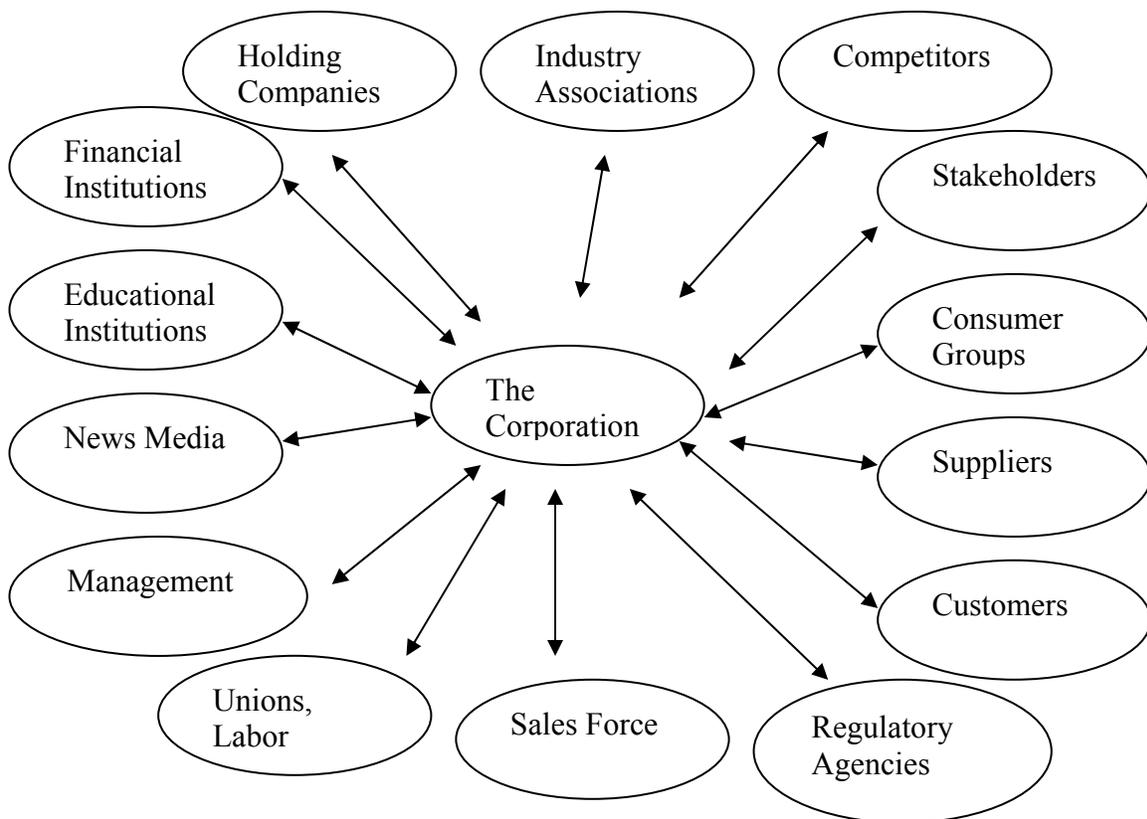
1. Imagination: We have to think beyond the boss. Strategy is about imagination.
2. We need to build our own business models. Business models that work in India have been indigenously developed.
3. Strong leadership – knowledge, leadership – belief and commitment.
4. Entrepreneurship is alive among the poorest and needs to be exploited.
5. Technology and adaptations of technology.
6. New organizational models need to be developed and used.
7. Accountability and transparency in performance.
8. Recognition of resistance to change and managing the same.
9. Commercial outlook in all transactions.
10. An optimism to be world class.

Corporate social responsibility :

Rashmi Joshi(2007) articulates that corporate social responsibility is the organization's commitment to behave in an economically and environmentally sustainable manner and at the same time, honor the interests of stakeholders. Being 'socially responsible' is defined at many levels. However there is an evolving core of minimum standards to evaluate corporate social performance. These standards are the stepping stones to a fully developed socially responsible organization. Many of the standards have been made auditable leading to effective implementation. However the point to be given attention is that the new codes and standards merely serve as a guide to companies and can be useful only if a significant change is brought about in the social behavior of the organizations worldwide.

The Corporation In Society :

2.3.1 The world as a complex system



Drucker(1954), in his ‘The Practice of Management’ brings out that philosophy is the study of thought and conduct. Even the most private enterprise is an organ of society and serves as a social function. Genesis of corruption in the

society points on government officials. Society confers greater role on ombudsman. Ombudsman is a Swedish term, refers to a government agent who has been especially appointed to investigate complaints made by individuals against public officials for abuse of power or unfeeling / uncaring acts.

D Chakraborty and S K Chakraborty(2006) referred J N Tata, the father of India's industrialization, as to have taken many concrete steps in putting the philosophy of NK (Nishkam Karma or detached involvement, the principle of the Bhagwad Gita) in to practice. He, in a letter to Swami Vivekananda in 1898, had acknowledged that the ascetic spirit (i.e. NK), which curbs the acquisitive instinct, would help concentration of all energies for the development of sciences - both sacred and secular.

Today, like the three sisters of a religion – faith, hope and charity, the three sisters of corporations are

business ethics

corporate governance

social responsibility

These are necessary to satisfy all the stakeholders (N. Casimir Raj, Director, XLRI).

Corporate governance is defined as the manner in which business is conducted to protect the interests of the stakeholders whilst ensuring that other stakeholder's requirements are fulfilled as far as possible.

The corporate governance movement in India began in 1997 with a voluntary code formed by the confederation of Indian industry (CII). By 1999, the Securities and Exchange Board of India (SEBI) set up a committee headed by

K. M. Birla to mandate international standards of corporate governance for listed companies. In recent years the Cadbury committee in the United Kingdom, the Vienot commission in France and the organization for economic cooperation and development (OECD) have all issued new guidelines.

The best corporate governance can emerge only through a consensus within the organization about its behavior especially its relation to the operating environment (Rahul Bajaj). The steps for good governance are

- Independent board
- Employee participation
- Operational performance
- Disclosures
- Developing an ethical organization

A Corporate is a national asset and not of a family : “When an institution becomes very important to society, it no longer belongs only to its financial investors and promoters. It belongs to society. Therefore concepts of governance must encompass the role of trusteeship for society and not merely question about the interests of the owners” says Maira of Boston Consulting Group.

Kamal Singh(2009), former Head, Governance and Social Justice, British Council, India, has demonstrated four models of corporate responsibility:

2.3.2 Models of corporate responsibility

MODEL	FOCUS	CHAMPIONS
Ethical	Voluntary commitment by companies to public welfare	Mahatma Gandhi
Statist	State ownership and legal requirements determine	Jawaharlal Nehru

	corporate responsibilities	
Liberal	Corporate responsibilities limited to private owners	Milton Friedman
Stakeholder	Companies respond to the needs of the stakeholders	R Edward Freeman

These are conflicts between economic performance and social performance. 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.

Unethical Exploitations :

Frederick Hertzberg, University of Utah (1976), says that crisis brings back ethics. But the public, in general, contemplate that business means earning money disregarding ethics. Profit maximization and personal benefits are the mantras of any business organization. It is misconceived that business means profit. As it is well-known, most businessmen are lured by the fast-buck culture, that is to earn as much money and as far as possible. Harshad Mehta, Ramalinga Raju etc. can be quoted as examples. Ends justify the means for these businessmen. Ethics is the science of morality. Ethics prohibit direct harm (death, disability, deprivation of freedom or pleasure), as well as indirect harm to others (deceiving, cheating, breaking promise, breach of trust, violating the law and negligence of duty). The most prevalent instances of ethics are

By Organizations

- By exploiting the employees without giving proportionate salary, non-remittance of EPF contribution, holding of original certificates, ill-treating of employees, insulting the teaching staff before students.
- Deceiving their customers by selling defective products, non-compliance of the terms and conditions as given in the agreement.
- Hidden charges levied in the bills of the customers. For example, caller tune service, GPRS service etc. They are compulsorily levied on the mobile phone users without their demand.
- Not taking appropriate remedial actions for the complaints brought to the notice of the higher authorities.
- Collecting the rent and service charges for the periods when there was out of order of the system or interruption of the service.
- Not treating all shareholders fairly at par with other elite shareholders.
- Non-transparency of the business activities.
- Favoritism committed during recruitment, selection, appointment, promotion, and transfers.
- In public sector units, while purchasing or availing services, it is mandatory to go for tender through wide publicity using mass media when the estimate cost go beyond a certain predetermined level. In such cases, the self-centered higher-ups commit unethical business practices by allowing blacklisted vendors or by giving opportunity to letter pad companies or to the kith and kin of the tendering authority. The previous record/performance of the bidders is ignored.
- Lack of attention and negligence of duty while dealing with contract matters and tendering processes. Consequently, it may lead to litigations causing irreversible loss to the organization.
- The board of directors of the Public Sector Enterprises willfully purchases

obsolete equipments from the vendors of close relatives of the board members. These equipments or instruments purchased for the organization incur huge expenditure and mostly are of inferior quality.

- Having some vested interests, the top level executives of the public sector units secretly support the private sector competitors, getting gratification from them.

By Employees

- Some trade unions accept hush money from various contractors.
- Being a deadbeat employee. That is, an employee who does a very minimum of work to stick to the job.
- Always applying the policy of work-to -rule.
- Leaking company secrets to others and selling customer profiles to the competitor company.
- Joining the competitor company after retirement and attacking the weaknesses of the previous employer.
- Getting drunk while on duty, being a dubious character, threatening and discouraging other employees who are sincere and loyal.
- The trade unions always oppose implementation of any policy by the organization. In order to win the heart of their members they support the erring employees, meddling in the routine business of the executives, and compelling the organization to bow down for their unjustified demands.
- Nowadays, trade unions are politically colored and they divide their members based on party line and caste line.
- Some trade unions accept hush money from various contractors to cover up the usual malpractices committed by them. For example, the civil contractors, electrical contractors, road contractors, and suppliers of some

equipments sometimes breach the promises and intentionally fail to provide quality product. Such malpractices even though brought to the notice of the union leaders, they hesitate to kindle the issue.

- Lastly, it is shameful to say that some trade union leaders accept money from non- deserving employees for postings, transfers, and also to protect the delinquent employees from punishment.

By Regulating Agencies

- Being a mute spectator of unethical business practices and not taking any action even after brought to the notice of the authorities concerned.
- Failure to press the investigating agencies at the right time to probe the malpractices in the organization.
- Some governments try to cover up issues if the ruling party leaders are involved in any such disputes.
- The government officials intentionally do not extend cooperation to the investigating agencies during probing operation.
- Sometimes, the legislators block access to documents that could reveal the existence of a politician official-business mafia nexus in the alleged scam.
- Meddling with internal affairs of the public sector units especially in key areas of recruitment, appointments and tendering processes.
- Some governments compel the public sector banks to provide a huge amount of loan to the bad debtors and force such banks to waive the loans provided to the farmers to win the hearts of the voters.

Ultimately Sumati Reddy(2007) comes out with twelve reasons for an ethical culture, leading to a new power base.

1. Ethics is power because for people who operate ethically, their word is their bond.
2. Ethics is power because people who operate ethically do not have any hidden agendas.
3. Ethics is power because you do not have to watch your back.
4. Ethics is power because it fosters the development of trust – one of the most crucial success elements for organizations.
5. Ethics is power because ethical people are preferred team members, treated as equal to and sometimes greater than technical competence.
6. Ethics is power because operating ethically increases one's reputation in the firm and therefore informal influence and power in the organization.
7. Ethics is power because ethical people are more resistant to influence attempts from 'political persons'. Thus unethical behavior gets dampened and the overall ethical influence is enhanced in comparison.
8. Ethics is power because ethics means doing the right thing. Doing things right increases the chances of success, which in turn, increases the power.
9. Ethics is power because the boss is willing to delegate more responsibility to an ethical person, other factors being equal. This can give the ethical person more responsibility and influence.
10. Ethics is power because ethical people are less likely to spend precious energy in internal turf battles. This can free up an enormous amount of energy for task accomplishment. It thus empowers teams and organizations to better serve customers and operate more efficiently. The result can be greater power and influence in the market place.
11. Ethics is power because operating ethically can increase personal self esteem and self confidence which can make them more powerful and influential with others.