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CHAPTER

CONCEPTS AND THEORIES OF BUSINESS ETHICS

P OINTS DISCUSSED IN THIS CHAPTER

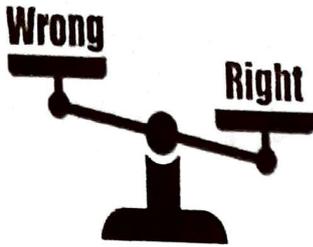
- 1.1. Definitions of Ethics
- 1.2. Personal Ethics and Business Ethics
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1.1. DEFINITION OF ETHICS

- ◆ The term "ethics" is derived from the Greek word *ethos* or *ethikos*, which means character.
- ◆ Ethics is concerned with the **principles of right conduct**.
- ◆ Ethics is **major branch of philosophy**. It is study of value or quality.
- ◆ It deals with concepts such as **right, wrong, good, bad and responsibility**. In particular, ethics relates to what is good or bad, and having to do with moral duty and obligation.
- ◆ Ethics are the principles of conduct governing an individual or a group.
- ◆ According to Webster's New World Dictionary, ethics is "the study of standards of conduct and moral judgement. It is system or code of morals for particular purpose, religion, group or profession."

Values

"Values" are deeply held beliefs that form core of an individual, an organisation or society. Our values guide out behaviour. Values are real qualities that make up a person's and organisation's characters.

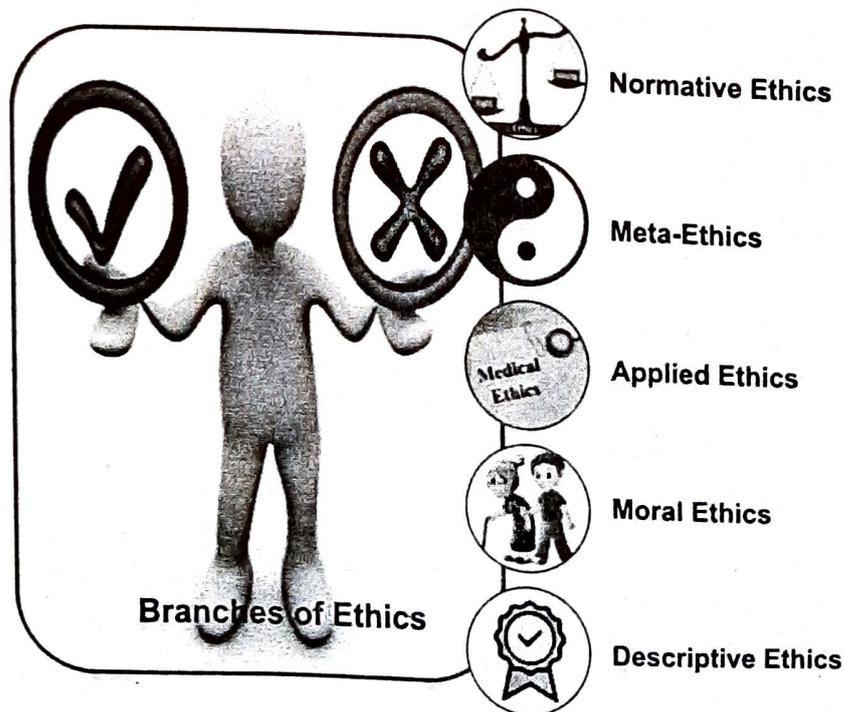


7. The set of moral standards is worked out from human reason and experience. Human actions are determined as ultimately right or wrong on the basis of this moral code. If an action confirms to these standards it is considered ethical or right. If it does not confirm, it is unethical or wrong. **Thus, ethics is study of morality.**

- ◆ According to Collins English Dictionary, ethics is science of morals; moral principles, rules of conduct.

Branches of Ethics

- ◆ You can study ethics from both a **religious and a philosophical point of view**.
- ◆ There are **five branches** of ethics:



Normative Ethics

- Normative ethics is the branch of philosophical study of ethics concerned with classifying actions as right and wrong. Normative ethics regard ethics as set of norms related to actions.
- **It is largest branch**, it deals with how individuals can figure out the correct moral action that they should take.
- Philosophers such as **Socrates and John Stuart Mill** are included in this branch of ethics.
- A norm is just another way of saying “standard”, so normative ethics is the attempt to find a single test or criterion for what constitutes moral behaviour – and what does not.
- Normative ethics bridges the gap between meta-ethics and applied ethics. It is the attempt to arrive at general moral standards that tell us how to judge right from wrong, or good from bad, and how to live moral lives.



Meta-Ethics

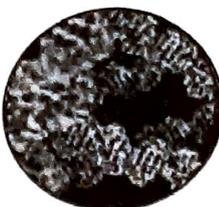
- **The term “meta” means after or beyond.** Thus, meta-ethics is study of origin and meaning of ethical concepts.
- This branch seeks to **understand the nature of ethical properties and judgments** such as if truth values can be found and the theory behind moral principles.
- It is study of where ethical notions came from and what they mean; in particular, whether there is an ethical system independent of our own opinions that could be applied to any situation at any time or place.
- Meta-ethics investigates whether our ethical principles are merely social inventions. Do they involve more than expressions of our individual emotions? Meta-ethics answers to these questions, focus on the issues on universal truths, the will of God, the role of reason in ethical judgments, and the meaning of ethical terms themselves.
- Difference between Normative Ethics and Meta Ethics can be described as given below:

Meta Ethics	Normative Ethics
Meta-ethics is the study of nature of ethics.	Normative ethics is the study of ethical action.
Analyses the meaning of moral language and metaphysics of moral facts.	Evaluates standards for the rightness and wrongness of actions.
More philosophical in nature as it analyses the nature of ethics and morality.	More practical in nature.
It is like a foreign language you have to understand what the word means to understand what is being said.	It tells people what to do and what not to do.

Applied Ethics

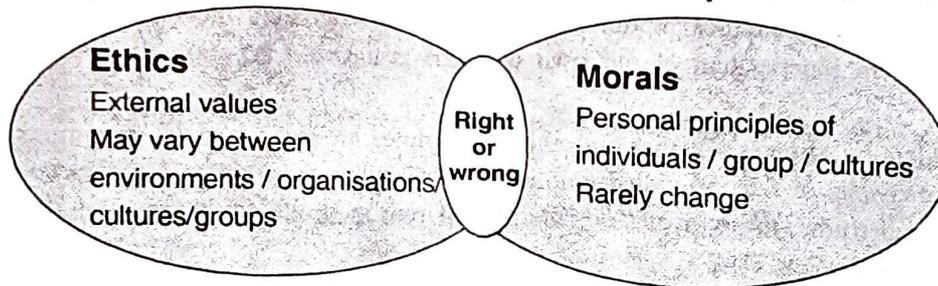
- Applied ethics applies normative ethical theories to specific controversial issues.
- This is the study of applying theories from philosophers regarding **ethics in everyday life**.
- **For example**, this area of ethics asks questions such as “Is it right to have an abortion?”

- Ethics has been applied in various situations – e.g. medical ethics, engineering ethics, legal ethics, environmental ethics, political ethics etc. Some examples are as follows:

 <p>Environmental Ethics</p>	 <p>Ethics & Religion</p>	 <p>Social Justice</p>	 <p>Biomedical Ethics</p>	 <p>Global Justice Peace & War</p>
<p>Examples include: Biodiversity Conservation Future Generations Climate Change Wildness Value of Nature</p>	<p>Examples include: Moral Conscience Compassion Buddhism Satyagraha Mindfulness Yoga</p>	<p>Examples include: Gender, Feminism, and Racism Disability & Access Collective Bargaining Civil Disobedience Personhood Art Activism</p>	<p>Examples include: Playing God Death with Dignity Stem Cells Rationing Triage Organ Donation</p>	<p>Examples include: Immigration Terrorism Human Rights Poverty & Inequality Non-violence Citizenship</p>

Moral Ethics

- This branch questions how individuals develop their morality, why certain aspects of morality differ between cultures and why certain aspects of morality are generally universal.



Morals	Ethics
Principles on which one's judgments of right and wrong are based.	Guiding principles of conduct of an individual or a group.
Influenced by society, culture and religion.	Influenced by profession, field, organisation etc.
Not related to professional work.	Related to professional work.
Vary according to different cultures and religions. But rarely change within a particular culture or religion over a period of time.	Uniform compared to morals. And may change over a period of time depending upon changing environment.

Descriptive Ethics

- This branch is more **scientific in its approach** and focuses on how human beings actually operate in the real world, rather than attempt to theorize about how they should operate.

Descriptive Ethics	Normative Ethics
Descriptive Ethics is the study of people's views about moral beliefs.	Normative Ethics is the study of ethical action.
Analyses people's moral values, standards and behavior.	Analyses how people ought to act.
Describes how people behave and what types of moral standards they claim to follow.	Attempts to evaluate or create moral standards and prescribes how people ought to act.
Based on data and facts.	Based on opinions and values.
Ask "what actually is".	Ask "what ought to be".

Distinguish Between Ethics and Law

- ◆ In simple terms, the law may be understood as the systematic set of universally accepted rules and regulation created by an appropriate authority such as government, which may be regional, national, international, etc.

Law
Law is set of rules and regulation, created by the government to govern the whole society.



- ◆ Law is used to **govern the action and behavior** of the members and can be enforced by imposing penalties.
- ◆ Ethics cannot be legislated. It has to come through **conviction and self-discipline**. Only some ethical practices can be forced by law.
- ◆ In majority of cases, legal provisions and ethics match.
- ◆ Often law is passed to force some practices which are considered as ethical or to curb some practices which are considered unethical (e.g. prohibition on insider trading, prohibiting child marriages).
- ◆ However, ethics and law are quite independent of each other.
- ◆ What is legal may not necessarily be ethical and vice-versa. There are many ethical concepts for which no legal provision exists.

Example Box 1.1 :
Gambling is legal in some States but not ethical.

Example Box 1.2 :
Drinking alcohol may be illegal in some states but it is not considered unethical by many people.

- ◆ Following table describe the difference between law and ethics:

Basis for comparison	Law	Ethics
Meaning	The law refers to a systematic body of rules that governs the whole society and the actions of its individual members.	Ethics is a branch of moral philosophy that guides people about the basic human conduct.
What is it?	Set of rules and regulations	Set of guidelines
Governed By	Government	Individual, legal and professional norms
Expression	Expressed and published in writing.	They are abstract.
Violation	Violation of law is not permissible which may result in punishment like imprisonment or fine or both.	There is no punishment for violation of ethics.
Objective	Law is created with an intent to maintain social order and peace in the society and provide protection to all the citizens.	Ethics are made to help people to decide what is right or wrong and how to act.
Binding	Law has a legal binding.	Ethics do not have a binding nature.

- ◆ Law and ethics differ in many ways, but **law is generally derived from social ethics**. Both law and ethics are necessary for a stable and functioning society.

Ethics Matter More than Law

“There are two kinds of people, those who do the work and those take the credit. Try to be in the first group; there is less competition there.”
- Indira Gandhi

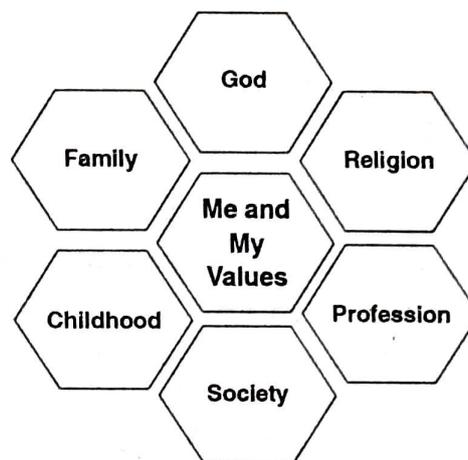
- ◆ Not every aspect of business can be codified into law. There will always remain areas of decision making which have a moral dimension, but no law may be present to deal with that particular issue. (For example: Taking credit for someone else’s work, making unreasonable demands on subordinates or unjustly reprimanding employee are all issues which have a moral dimension but are very difficult to legislate on)

- ◆ Sometimes, implementation of laws are **time consuming**. It takes a considerable time to pass any legislation. Obtaining remedy under the law is also a lengthy process.
- ◆ The law itself, in many, cases in built up **based on ethical considerations**.
- ◆ Where the law is not absolutely clear or requires **interpretation** (whether by judges or expert) it is very common to settle matters in these grey areas based on ethical principles.
- ◆ In the day and age of 24 hours’ news media, social networking and trial by media, many corporates have lost their goodwill and customer loyalty because they acted in ways that were considered by society to be unethical, even if they had vindicated at the court.
- ◆ The above give credibility to the saying, **“the law cannot protect everything in society, but ethics can.”**
- ◆ Several sensitive issues in the business world demand quick solution. Ethical codes for self-regulation in this sense can be worked out faster than legislation.

1.2 PERSONAL ETHICS AND PROFESSIONAL (BUSINESS) ETHICS

Personal Ethics

- ◆ Personal ethics involve your morals and values.
- ◆ They are instilled generally, during childhood by your parents, family and friends.
- ◆ They relate to your deep-rooted principles, and how religiously you follow them determines the kind of person you are.
- ◆ Personal ethics refers to the ethics that a person identifies with in respect to people and situations that they deal with in everyday life.



Example Box 1.3 : Personal Ethics

- I will always speak the truth.
- I will respect all those who are elder to me.
- I will never hurt anyone purposely.
- I will maintain a caring attitude towards everyone.

Professional (Business) Ethics



- ◆ Business ethics refers to the ethics that a person must follow in respect of their interactions and business dealings in their professional life.
- ◆ Business ethics attempts to apply general moral principles to business activities in order to resolve or to clarify the moral issues developed in business.
- ◆ According to Peter Drucker, business ethics is plain everyday honesty.
- ◆ Business ethics is the process of evaluating decisions, either pre or post, with respect to the moral standard of the society's culture – David J Fitzche.
- ◆ Interest in business ethics has increased significantly in recent year. Many major corporates lay emphasis on commitment to promoting non-economic social value under variety of headings (e.g. ethics code, social responsibility). In some cases, companies have redefined their core values or "Mission Statement" in the light of business ethical considerations.

Example Box 1.4 : Professional or Business Ethics

- Punctuality
- Time management
- No gossip
- Safeguard company's privacy

Example Box 1.5 : Professional or Business Ethics

- Lawyer must keep his conversation with client confidential.

Difference between Personal Ethics and Business Ethics

- ◆ It is important to make a distinction between personal ethics and business ethics, although there is not always a clear boundary between the two. Personal ethics deals with how we treat others in our day to day lives. Many of these principles are applicable to ethical situation that occur in business.
- ◆ Personal ethics and business ethics are essentially the same thing, but there can be significant differences in how they are applied and when they are appropriate to express.
- ◆ Business ethics refers to the professional sphere of human life, whereas personal ethics refers to the personal sphere of human life.
- ◆ Personal ethics influences consistently business ethics because business ethics borrows basic concepts from personal ethics but on the other hand, business ethics does not influence personal ethics.
- ◆ Both are moral principles that drive behavior, and often, an individual's personal ethics code looks quite similar to a company's business ethics code.
- ◆ The primary difference between personal ethics and business ethics is whose behavior they drive and the effects that result. Companies and individuals have different interests, different legal obligations and different social expectations placed upon them.
- ◆ Following table indicate relationship between personal ethics and business ethics:

<p>Personal ethics often include values like:</p>	<p>Some personal ethics and business ethics are essentially the same thing. Values that can find their way into both personal and business ethical codes include:</p>	<p>Certain values tend to appear more in business ethics codes than in personal ethics codes. These are values that relate directly to working as part of an organisation and operating within a community as an organisation.</p> <p>Many individuals also hold these values as part of their personal ethics codes, recognizing that the difference between personal ethics and business ethics is usually how they are applied to situations rather than specific values themselves. Examples of primarily business-focused values include:</p>
<ul style="list-style-type: none"> ◆ Openness ◆ Honesty ◆ Friendliness. ◆ Respect for others ◆ Loyalty ◆ Personal responsibility ◆ Honesty ◆ Integrity 	<ul style="list-style-type: none"> ◆ Transparency ◆ Accountability ◆ Fairness ◆ Kindness ◆ Commitment to sustainability ◆ Always choosing the action that will do the least harm ◆ Punctuality 	<ul style="list-style-type: none"> ◆ Abiding by the law ◆ Nondiscrimination ◆ Abiding by industry standards ◆ Commitment to ethical sourcing ◆ Commitment to fair trade and fair worker treatment ◆ Commitment to worker safety ◆ Confidentiality

- ◆ Certain activities which are considered as ethically with regard to business ethics may not be viewed as ethical with regard to personal ethics (e.g. whistleblowing). Hence, what is moral and right in terms of business ethics may be immoral and wrong in terms of personal ethics and vice versa.
- ◆ Business ethics relates to activities of individuals within an organisation (business environment and work-life), while personal ethics applies for all domains of life.

	Personal Ethics	Professional Ethics
<p>Development</p>	<div data-bbox="357 197 749 591" data-label="Diagram"> </div> <p>They are developed over a period of time. They can be instilled during your childhood by your parents and people close to you, they can be developed through life-altering experiences, or even meeting certain people in life and exchanging ideas with them. Some values can also be inherited, or can be developed after a spiritual experience.</p>	<div data-bbox="921 215 1345 568" data-label="Image"> </div> <p>They are also shaped over time, but depend a great deal on the company or organisation that you work for. They can be developed as you undergo experiences related to business, education, law, politics, or any other professional setting. They can be developed through corporate deals, contracts, workshops, training etc.</p>
<p>Satisfaction</p>	<p>They satisfy your personal needs; they only influence your behavior with people you know personally. They define who you are and help you to take decisions. Therefore, they control your attitude towards the people you care about. Whenever you take any decision keeping these values in mind, you invariably think of how it is going to affect you, your behavior, or your family and friends.</p>	<p>They satisfy your corporate needs. Your professional career is influenced by these rules, and the more stringently you follow them, the better professional you will be. These values help satisfy the need to feel capable of making fair decisions regarding your position in your workplace.</p>
<p>Results</p>	<p>Following personal ethics result in a clear conscience, positive attitude, and a contented spirit. This is because you are following them for yourself and your loved ones. If you fail to follow these principles that you yourself have laid out, you will end up feeling guilty, regretful, with a sense of failure, and lack self-esteem. These consequences may vary from individual to individual.</p>	<p>The results are more predictable, common, and obvious in this scenario. Following business ethics may result in you being honored as a diligent employee and sincere worker. Not following them may result in being blacklisted in the organisation, attract legal issues, loss of money and reputation, etc. These are followed more for the sake of your colleagues, bosses, and society.</p>
<p>Reliability</p>	<p>They rely only on the individual. They are designed by the person himself, to make his life more orderly and disciplined.</p>	<p>They rely on the organisation. They are formulated and laid down by the organisation, and they need to be upheld by whoever works there, irrespective of his designation or salary. The same rules need not be applied outside the workplace, they are confined within the company, and they need to follow with utmost decorum.</p>

'Similarities between Personal Ethics and Business Ethics

- ◆ On analysing personal and business ethics, we can observe that both type of ethics represent moral values.
- ◆ Both personal and business ethics are grounded on a set of moral values that **define behavior of individuals in their interaction.**
- ◆ Individuals attempt to follow these moral values in their personal and professional life to meet norms of personal and business ethics respectively.
- ◆ Both types of ethics **relate to public duty and describe one's interaction with the society.**
- ◆ In both types of ethics, **dilemmas are involved which are related to the conflicts of interest.**

Moral Conflicts

- ◆ In some cases, personal and business ethics may create conflict or stress at workplace.
- ◆ A few examples of an individual's personal ethics clashing with his business ethics are described hereunder.

Example Box 1.6 :

A police officer may personally believe which a law which he is required to enforce is wrong. However, as per Code of Conduct for the Police Department, he is required to obey all lawful and reasonable instructions to enforce that law unless there is good and sufficient cause to do otherwise.

Example Box 1.7 :

A judge who feels cannabis should not be illegal but he has to sentence an individual who is found guilty of a cannabis-related offense.

Example Box 1.8 :

Admissions officer of college encouraging a prospective student to enroll despite knowing that the student would not perform well in college.

What Happen When Individual Applies His Personal Ethics to Business (Workplace)?

- ◆ When an individual brings his personal ethics to work and applies them to the challenges he faces in the workplace, he can cause problems for himself, the company and the company's consumers.
- ◆ The nature of the problems he causes depends on the nature of the ethical clash.

Example Box 1.9 :



A marketer knowingly promoting a low-quality product can cause consumers to lose trust in the company after realising the drop in quality, but speaking up about what he feels to be dishonest advertising could jeopardize his position with his company.

Example Box 1.10 :



A college admissions officer who discourages a student from pursuing a particular course by saying that he is not a fit for it. He might help the student avoid debt and the stress of a program student cannot handle. On other hand, it could disturb course's admission statistics and lead to unfavorable discussion about the university on social media.

- ◆ Applying one's personal ethics to a business decision could lead to legal issue and dispute.
- ◆ People at work resolve moral conflicts by drawing a line between their professional and individual roles.
- ◆ In other words, they separate their work from their personal life and follow their professional code of conduct.

Developing an Ethical Code

- ◆ An individual's personal ethics code usually has its **roots in his childhood**.
- ◆ His ethical foundation can come from a variety of early influences on his life, such as his **family, his religion, his community and his school**.
- ◆ Over the course of his life, the individual's experiences and changing circumstances can drive him to rethink and reshape his ethical code multiple times.
- ◆ That same individual's sense of business ethics can come partially from his personal ethics code, but it also partially stems from his experiences in the workplace.
- ◆ Just like his personal ethical code, an individual's personal business ethics can change over the course of his life.
- ◆ A company's business ethics code is different from an individual's ethics code.
- ◆ While an individual might have a personal code of how to perform his job and conduct himself at work, like never discussing his religious views in the workplace or refusing to engage in workplace gossip, he is also expected to act within his company's business ethics code.
- ◆ This set of ethics, which can include values like always keeping clients' personal information confidential and only working with suppliers that engage in environmentally sustainable practices, holds employees to a specific set of behavior and defines the company's brand.
- ◆ An important difference between personal ethics and business ethics is that **business ethics can be quantified more easily**.
- ◆ Many companies routinely evaluate their ethical codes and run diagnostics to determine how they can make more ethical choices. Evaluating a business's ethical code can be a **time-intense and resource-intense process**.

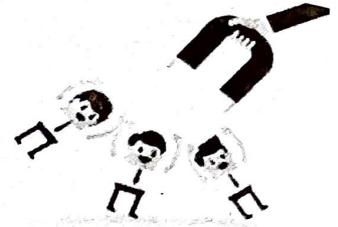


1.3 ADVANTAGES OF PROFESSIONAL (BUSINESS) ETHICS

While some people believe that the only thing companies should focus on is making money in a lawful way, other people believe companies should do this ethically too. Business ethics can bring significant benefits, especially to a company's reputation. Here are the advantages of business ethics:

Attracting and retaining good employees

- ◆ Talented individuals at all levels of an organisation want to be compensated fairly for their work and dedication.
- ◆ They want career advancement within the organisation to be based on the quality of the work and not favoritism.
- ◆ People aspire to join organisations with high ethical values.
- ◆ Ethical organisations create an environment that is trustworthy, making employees willing to rely on. Thus, companies' policies cultivate teamwork, promote productivity and support employee growth.



Investor Loyalty



- ◆ Earning investor loyalty is not an event, it is a process. Investors are concerned about ethics, social responsibility, and reputation of the company in which they invest.
- ◆ Investors today are very much aware that an ethical environment in an organisation provides efficiency, productivity, and profits.

Customer Satisfaction

- ◆ Customer satisfaction a marketing term that measures how products or services supplied by a company meet a customer's satisfaction is important because it provides marketers and business owners with a metric that they can use to manage and improve their businesses.
- ◆ The company should evoke trust and respect among customers for enduring success. This can only be achieved through good ethical practices.



Avoid Legal Problems



- ◆ At times, a company's management may be tempted to cut corners in pursuit of profit, such as not fully complying with environmental regulations or labor laws, ignoring worker safety hazards or using substandard materials in their products.
- ◆ The penalties for being caught can be severe, including legal fees and fines or sanctions by governmental agencies.
- ◆ The resulting negative publicity can cause long-range damage to the company's reputation that is even more costly than the legal fees or fines.
- ◆ Companies that maintain the highest ethical standards take the time to train every member of the organisation about the conduct that is expected of them.

Better for Society

- ◆ Business ethics are beneficial for the company by attracting customers, investors and employees. But that's not all.
- ◆ When a company cares about its behaviour, impact and environmental footprint, it is also better for society overall.
- ◆ **For example**, a print company might care about sourcing their materials sustainably and producing their products in a way that's environmentally friendly. Both of these approaches help to benefit society in a number of ways:
 - The print company's stock (such as paper, card etc.) will be sourced in a way that doesnot impact the environment. For every tree that's cut down to make the stock, another might be planted in its place.
 - The labourers who plant, maintain, chop and produce the stock will be paid a good living wage and ensure their business does not damage the local way of life.
 - When the printed products are being made, it will be in an environmentally friendly way - such as using sustainable inks or energy saving printers.



1.4. CONCEPT OF MORALITY

What is Morality?

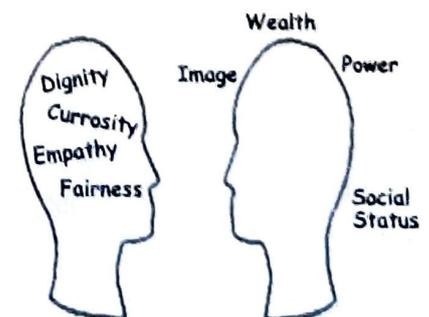
- ◆ Morality is the human attempt to define what is right and wrong about our actions and thoughts, and what is good and bad about our being who we are.
- ◆ Morality is also defined as conformity to the right conduct rules.
- ◆ **Ethics is the philosophy of morality.** Therefore, morality means rightness or goodness.
- ◆ Morality is **complex concept and philosophical beliefs** by which an individual determines whether his actions are right or wrong.
- ◆ People learn morals from **parents, teachers, religious leaders, friends and experiences.**
- ◆ A moral on the other hand is any teaching or practice within a particular moral code. However, the opposite of morality is immorality, which is actually the opposite of what is right or good.

What would you do?

What would you do if you found packet containing Rs. 1,00,000 from roadside? Would you return it for a reward? Or would you keep it for yourself? Or would you just keep it for 24 hours so you could roll around in it for a while before returning it? Our answer speaks of our morality; of what we think is the right thing to do.

Moral vs. Non-Moral Standards

- ◆ What falls outside the sphere of morality is non-moral standards.
- ◆ To make people morally conscious of their actions and help them to understand what is the required moral standard, experts have suggested few characteristics that distinguish moral standards from other standards not exactly related to moral standards and called as non-moral standards.
- ◆ Moral standards deal with matters, which can **seriously benefit human beings** while it is not the case of non-moral standards. Example of non-moral standards include standards of etiquette by which we judge manners as good or bad and standards we call law by which we judge legal right or wrong.



- ◆ Technically, religious rules, some traditions, and legal statutes (i.e. laws and ordinances) are non-moral principles, though they can be ethically relevant depending on some factors and contexts.
- ◆ Moral standards are not formed or changed by decision of particular authority or body. Validity of these standards are based on reason which justify them. If person has moral obligation to do something, then he is supposed to do it even if it is in conflict with other non-moral value or self-interest.

Example Box 1.11 :

THANK YOU

I'm Sorry PLEASE

EXCUSE ME

1. Cleanliness of person and habitation, polite behavior in company, saying "please" and "thank-you" appropriately, and avoiding embarrassing subjects in conversation are examples of non-moral standards.
2. A non-moral standard could also refer to technical standards - e.g. shoe sizes, clothes sizes, color of banknotes etc.

Characteristics of Moral Standards

The following six characteristics of moral standards further differentiate them from non-moral standards:

Moral standards involve serious wrongs or significant benefits

Moral standards ought to be preferred to other values

Moral standards are not established by authority figures.

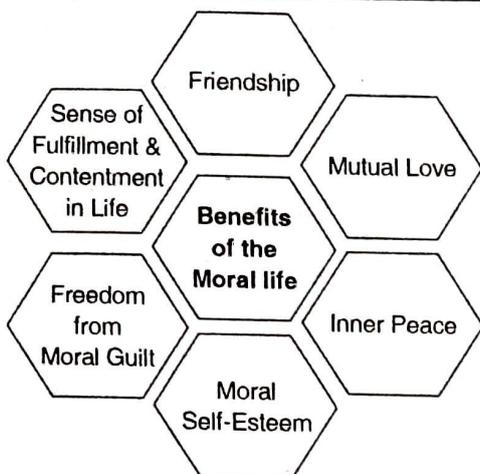
Golden Rule
do unto others as you would have them do unto you.

Moral standards have the trait of universallizability.

Moral standards are based on impartial considerations

Moral standards are self-inflicting

Moral Standards Involve Serious Wrongs or Significant Benefits



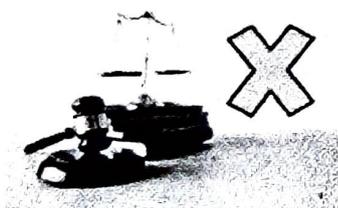
- Moral standards deal with matters which can seriously impact, that is, **injure or benefit human beings**. It is not the case with many non-moral standards.
- **For instance**, following or violating some cricket rules may matter in result of cricket game but it does not necessarily affect one's life or wellbeing.

Moral Standards ought to be Preferred to Other Values

- Moral standards have **overriding character**.
- If a moral standard states that a person has the moral obligation to do something, then he is supposed to do that even if it conflicts with other non-moral standards, and even with self-interest.
- Moral standards are not the only rules or principles in society, but they take priority over other considerations, including aesthetic, prudential, and even legal ones. A person may be aesthetically justified in leaving behind his family in order to devote his life to painting, but morally, all things considered, he probably was not justified. It may be prudent to lie to save one's dignity. but morally it is wrong to do so. When a particular law becomes seriously immoral, it may be people's moral duty to exercise civil disobedience.



Moral Standards are not Established by Authority



- Moral standards are not formed or changed by decision of particular authority or body.
- Validity of these standards are **based on reason which justify them**.
- If person has moral obligation to do something, then he is supposed to do it even if it is in conflict with other non-moral value or self-interest.

Moral Standards have the Trait of Universalizability

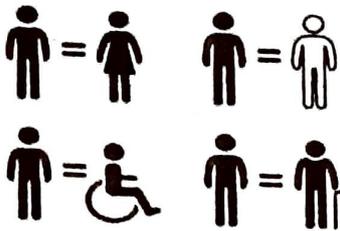
- Simply put, it means that everyone should live up to moral standards. To be more accurate, however, it entails that moral principles must apply to all who are in the relevantly similar situation. If one judges that act A is morally right for a certain person P, then it is morally right for anybody relevantly similar to P.
- This characteristic is exemplified in the **Gold Rule**, "Do unto others what you would them do unto you (if you were in their shoes)"



and in the formal Principle of Justice, "It cannot be right for A to treat B in a manner in which it would be wrong for B to treat A, merely on the ground that they are two different individuals, and without there being any difference between the natures or circumstances of the two which can be stated as a reasonable ground for difference of treatment."

- Universalizability is an extension of the principle of consistency, that is, one ought to be consistent about one's value judgments.

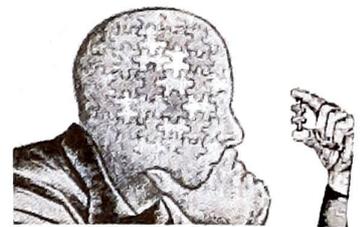
Moral Standards are Based on Impartial Considerations



1. Moral standard does not evaluate standards on the basis of the interests of a certain person or group, but one that goes beyond personal interests to a **universal standpoint in which each person's interests are impartially counted as equal.**
2. Impartiality is usually depicted as being free of bias or prejudice. Impartiality in morality requires that we give equal and/or adequate consideration to the interests of all concerned parties.

Moral Standards are Self-inflicting

- If a person violates a moral standard by telling a lie or for any special purpose, he starts feeling guilty or being ashamed of his behavior afterwards.



1.5 MORALITY, ETIQUETTES AND PROFESSIONAL CODE

Morality and Etiquettes

- ◆ Etiquettes refers to any special code of behavior or courtesy e.g. it is usually considered bad etiquettes to chew with one's mouth open.



- ◆ If we violate the rules of etiquettes that we have read in the books then we rightly considered as ill-mannered, impolite or even uncivilised but not necessary immoral.
- ◆ **Rules of etiquettes are generally non-moral in nature:** "Push your chair back into place upon leaving a dinner table."
- ◆ But violation of etiquette can have **moral implications.** The male boss who calls to her female subordinates as "honey" or "doll" shows bad manners.

Morality and Professional Codes

- ◆ Somewhere between etiquettes and law lies **professional codes of ethics.**
- ◆ These are the rules that are supposed to govern the conduct of members of a given profession.
- ◆ Generally speaking, the members of a profession are understood to have agreed to abide by those rules as a condition of their engaging in that profession.



1.6 MORALITY AND LAW

- ◆ The main difference between law and morality is that law refers to the set of rules and regulations enforced by the state to regulate the human behaviour in society whereas morality refers to the ethical code of conduct for a human being. Hence, morality stands are the basis for the law while morality is ensured by living according to the law.
- ◆ Law and morality are **extrinsically related**, and they have been used interchangeably since ancient times.
- ◆ However, we can find differences between law and morality with concern to several prime factors.

What is Law?

- ◆ Law refers to the system of rules and regulations, created and enforced by the administrative authority of the country with the intention of regulating human behaviour for the common good.



- ◆ Accordingly, it can be elaborated as fair and just rules of conduct for a community. Moreover, the enforcement of the body of rules is through a **controlling authority**.
 - ◆ Hence, the law refers to the rules and regulations in society to maintain the order and decorum in a particular community.
 - ◆ Laws, therefore, should be **obeyed and respected by all those living in that society or country**. Accordingly, punishments are enforced to those who violate these laws.
- ◆ There are several rules and laws with regard to several aspects in a country or society. They can be laws regarding matrimony, laws regarding infrastructure and transport, laws regarding lifestyles, laws regarding finances and economy, etc.
 - ◆ These are created by the state and its institutions. However, these laws are enforced according to their acceptance by the majority of the people. Hence, they may vary from society to society and country to country.
 - ◆ Laws can come in the form of state constitutions, treaties, acts, local laws, statutes, executive orders, etc. Overall, they govern what a person should and should not do.
 - ◆ Consequently, law enforced by the ruling authority according to the desire of the majority of the people of that particular society regulate the proper maintenance of the orderliness of that society.
 - ◆ Moreover, some **necessities in lawmaking are**:
 - The authority of the state
 - The authorised institutions that have the right to formulate laws
 - These institutions have been given the authority to do so by the state
 - Punishments exist for breaking the law
 - The punishments are imposed by those given state authority to do so.
 - ◆ Therefore, laws mandate its citizens of what should be followed, what should not be followed (what is right and just) along with the sanctions or penalties for breaking those laws.
 - ◆ More importantly, law plays a central role in the political, social and economic life in the country.

What is Morality?

- ◆ Morality refers to the **social principles that define what is morally right and morally wrong.**
- ◆ In brief, it is the **ethical code of conduct of a person.** The main aspect that defines this right or wrong quality of action under moral terms is the intention of the person committing that particular action.
- ◆ Therefore, morality is concerned with both the **external acts and internal motives for that action or occurrence.**
- ◆ Social concepts such as ethics, religious teachings, etc. directly influence in creating morality standard in a certain community or country. Hence, it is these social concepts that formulate morality, unlike the law that is formulated by the state.
- ◆ However, morality strongly influences the emergence of laws as well. **For instance,** the crimes and other actions identified as illegal under the law are those that are identified as immoral by morality. Therefore, morality stands as the basis for the emergence of laws.
- ◆ Moreover, law enforces punishment to those who violate the laws and create discrepancy for the lives of others while there are no such enforced punishments for those who live in an immoral way or commit immoral acts. However, morality emphasizes the fact that every immoral action is followed by negative consequences that the doer will someday have to suffer.
- ◆ Thus, unlike law, the rules and regulations in morality are not mandates or acts. Instead, they are beliefs and practices.



Relationship between Law and Morality

- ◆ **Morality influences the law,** providing ethical reasons as to why the immoral actions are considered illegal by the law.
- ◆ Hence, morality stands as the **fundamental basis for the ideal set of laws** in a country.
- ◆ Moreover, morality aims at uplifting the moral standards of the people while the core aim of the law is also the same thing.

Difference between Law and Morality

	Law	Morality
Definition	Law is the system of rules which a particular country or community recognises to regulate the actions of its members and which it may enforce by the imposition of penalties.	Morality is the set of ethical principles that define what is morally right and morally wrong.
Enforcement	Law is enforced by the ruling bodies of a country; state or a society.	There is no such a significant body to enforce moral codes; however, they are followed by those that are taught by the religious teachings and social ethics.
Constitution	Law creates the constitution of a country.	There is no direct connection with the constitution in morality.
Emergence	Morality influence the emergence of law in country or community as law was developed after morality.	Morality was emerged before ideal set of laws.
Punishment	There are direct punishments for those who violate the law.	There are no such enforced direct punishments for those who do immoral acts.

Effect	Law is direct. It is obeyed. To follow laws of land is obligation and not choice.	Morality can be followed or not according to the person's choice.
	Breaking law is not always or necessarily immoral. For example : Helping a Jewish family to hide from the Nazis was against German Law 1939, but it would have been a morally admirable thing to have done. An action can be illegal but morally right.	The legality of an action does not guarantee that it is morally right. For example: It may have been perfectly legal for the chairman of a profitable company to lay-off 125 workers and use three-quarters of the money saved to boost his pay and that of the company's other top manager, but morality it is right. An action that is legal can be morally wrong.

We can say that law and morality are related since they both share the same aim of uplifting the moral standards and eventually the life of humans.

1.6 RELIGION AND MORALITY

- ◆ Morality and religion is the relationship between religious views and morals. Many religions have value frameworks regarding personal behavior meant to guide adherents in determining between right and wrong.
- ◆ In every major religion, a divine influence is proposed as inspiration for texts that dictate our moral principles. Whether it is the Ten Commandments, the Five Pillars of Islam, the Eight Fold Path, or the Hindu Purusarthas, each decree guarantees a pleasant afterlife because each is endorsed by the god(s).
- ◆ These frameworks are outlined and interpreted by various sources such as holy books, oral and written traditions, and religious leaders. Many of these share tenets with secular value frameworks such as consequentialism, free thought, and utilitarianism.

Morality is doing what is right regardless of what are told.

Religion is doing what you are told regardless of what is right.

- ◆ Religion and morality are not synonymous. Morality does not necessarily depend upon religion, though for some, this is "an almost automatic assumption."
- ◆ According to the **Westminster Dictionary of Christian Ethics**, religion and morality "are to be defined differently and have no definitional connections with each other. Conceptually and in principle,

morality and a religious value system are two distinct kinds of value systems or action guides."

- ◆ In the views of others, the two can overlap. According to one definition, morality is an active process which is, "at the very least, the effort to guide one's conduct by reason, that is, doing what there are the best reasons for doing, while giving equal consideration to the interests of all those affected by what one does."

Religion without morality is a superstition and a curse, and morality without religion is impossible
2.Mark Hopkins

- ◆ Value judgments can vary greatly between religions, past and present. People in various religious traditions, such as Christianity, may derive ideas of right and wrong from the rules and laws set forth in their respective authoritative guides and by their religious leaders. Equating morality to adherence to authoritative commands in a holy book is the Divine Command Theory.
- ◆ Polytheistic religions such as Buddhism and Hinduism generally draw from some of the broadest canons of religious works.
- ◆ There has been interest in the relationship between religion and crime and other behavior that does not adhere to contemporary laws and social norms in various countries.

- ◆ Studies conducted in recent years have explored these relationships, but the results have been mixed and sometimes contradictory.
- ◆ The ability of religious faiths to provide value frameworks that are seen as useful is a debated matter. Religious commentators have asserted that a moral life cannot be led without an absolute lawgiver as a guide. Other observers assert that moral behavior does not rely on religious tenets, and secular commentators point to ethical challenges within various religions that conflict with contemporary social norms.

Relationship between Religion and Morality

- ◆ Within the wide range of ethical traditions, religious traditions co-exist with secular value frameworks such as **humanism, utilitarianism, and others.**
- ◆ There are many types of religious values. Modern monotheistic religions, such as Islam, Judaism, Christianity (and to a certain degree others such as Sikhism) define right and wrong by the laws and rules set forth by their respective gods and as interpreted by religious leaders within the respective faith. Polytheistic religious traditions tend to be less absolute.
- ◆ **For example, within Buddhism,** the intention of the individual and the circumstances play roles in determining whether an action is right or wrong.
- ◆ **Barbara Stoler Miller** points out a further disparity between the morals of religious traditions, stating that in Hinduism, “Practically, right and wrong are decided according to the categories of social rank, kinship, and stages of life.”
- ◆ For modern Westerners, who have been raised on ideals of universality and egalitarianism, this relativity of values and obligations is the aspect of Hinduism most difficult to understand.”
- ◆ According to **Stephen Gaukroger:** “It was generally assumed in the 17th century that religion provided the unique basis for morality, and that without religion, there could be no morality.”
- ◆ This view slowly shifted over time. **In 1690, Pierre Bayle asserted that religion “is neither necessary nor sufficient for morality”.**
- ◆ Modern sources separate the two concepts. For example, the Westminster Dictionary of Christian Ethics says that,

For many religious people, morality and religion are the same or inseparable; for them either morality is part of religion or their religion is their morality. For others, especially for nonreligious people, morality and religion are distinct and separable; religion may be immoral or non-moral, and morality may or should be nonreligious. Even for some religious people the two are different and separable; they may hold that religion should be moral and morality should be, but they agree that they may not be.

- ◆ **Richard Paula and Linda Elder of the Foundation for Critical Thinking** assert that, “Most people confuse ethics with behaving in accordance with social conventions, religious beliefs, and the law.” They separate the concept of ethics from these topics, stating:

The proper role of ethical reasoning is to highlight acts of two kinds: those which enhance the well-being of others - that warrant our praise and those that harm or diminish the well-being of others and thus warrant our criticism.

RELIGION AND MORALITY ARE THE ESSENTIAL PILLARS OF CIVIL SOCIETY

- ◆ They note problems that could arise if religions defined ethics, such as:
 - religious practices like “torturing unbelievers or burning them alive” potentially being labeled “ethical”
 - the lack of a common religious baseline across humanity because religions provide different theological definitions for the idea of sin
- ◆ They further note that various documents, such as the **UN Declaration of Human Rights** lay out “transcultural” and “trans-religious” ethical concepts and principles—such as slavery, torture, sexism, racism, murder, assault, fraud, deceit, and intimidation—which require no reliance on religion (or social convention) for us to understand they are “ethically wrong”.
- ◆ **Armin Geertz** suggests that “the age-old assumption that religion produces morals and values is neither the only, nor the most parsimonious, hypothesis for religion”.



"You don't need religion to have morals. If you can't determine right from wrong, then you lack empathy, not religion."
Anonymous

1.8 HOW MORAL STANDARDS ARE FORMED?

- ◆ Business Ethics is a specialized study of moral right and wrong. It concentrates on moral standards as they apply particularly to business policies, institutions, and behavior.
- ◆ Each person learns moral standards from his or her parents—what they teach in words and perhaps more importantly through their actions. These teachings shape our most fundamental attitudes about what is “right” and what is “wrong.” It shape moral standards of child.
- ◆ Not only teaching by parents and family but upbringing of child also contribute towards development of moral standards.
- ◆ Events, good and bad taking place in life of child also affect its moral development. This life-shaping event may more directly and consciously shape a person’s ethics.
- ◆ Due to teaching, learning and life shaping events, person learn more about standards and all these factors contribute to the great extent in development of moral standards of person.
- ◆ Religion followed by the family members of child and his religious belief on later part also contribute towards moral development.
- ◆ Society and culture of society also have impact on development of moral standards of person because person spend his life with society and social value. Culture plays great role in development of moral standards of person.

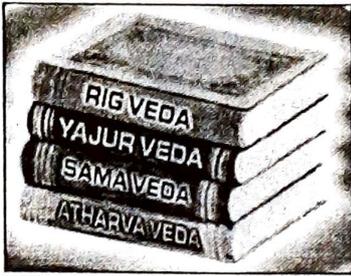


1.9 INDIAN ETHICAL TRADITION

In the knowledge tradition of India, ethics has its origin in its religious and philosophical thinking. From ancient time, various religious faiths have flourished here. Every religious and every philosophical system of India has a prominent ethical component. Ethics is the core of all these systems. In every religious tradition, good moral conduct is considered essential for a happy and contented life. Without following the path of righteousness no one can attain supreme goal (*moksa*) of life. For this one has to perform good deeds and avoid wrong-doing.

Ethics in Veda

- ◆ India has a very ancient history of thinking about ethics.



- ◆ Central concepts of ethics are represented in **Rigveda**. It is one of the **oldest script in world**.
- ◆ Rgveda has idea of an all-pervading **cosmic order (ṛta = ऋतु)** which stands for harmony and balance in nature and in human society. Here, *ṛta* is described as a **power or force which is the controller of the forces of nature** and of moral values in human society.
- ◆ In human society, when harmony and balance are disturbed, there is disorder and suffering. This is the power or force that lies behind nature and keeps everything in balance.
- ◆ In Indian tradition, the concept of *ṛta* gave rise to the **idea of dharma**.
- ◆ The term dharma here does not mean mere religion; it stands for **duty, obligation and righteousness**. It is a whole way of life in which ethical values are considered supreme and everyone is expected to perform his duty according to his social position and station in life.
- ◆ In Buddhism, the word dhamma is used, which is the **Pāli** (Pali is one language) equivalent of the Sanskrit word dharma.
- ◆ The guidelines and rules regarding what is considered as appropriate behaviour for human beings are prescribed in the **Dharmasāstras**. These are sociological texts that tell us about our duties and obligations as individuals as well as members of society.
- ◆ In the Hindu way of life, every individual is expected to perform his duty appropriate to his caste (*varna*) and stage of life (*āshrama*).
- ◆ This division of one's life into the four *āshramas* and their respective dharmas, was designed, in principle at least, to provide fulfilment to the person in his social, moral and spiritual aspects, and so to lead to harmony and balance in the society.
- ◆ The four āshramas are:



1. Brahmacharya
Stage of studentship



2. Gṛhastha
Stage of the householder

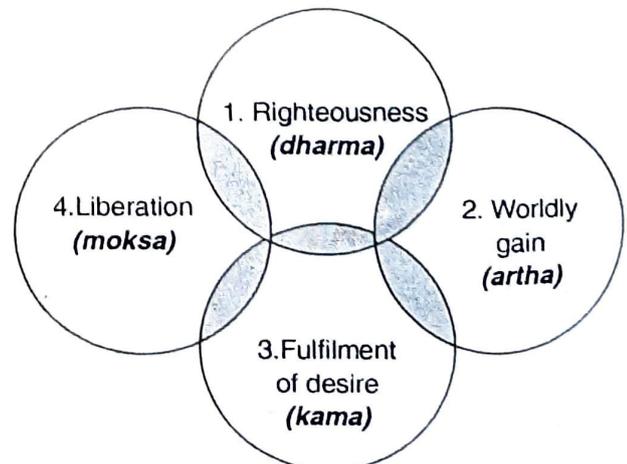


3. Vanaprastha
Life in the forest



4. Saṁnyāsa
Renunciation

- ◆ Apart from this, the concept of four ends of life (**purusārthas**) is also very important.
- ◆ These four ends of life are the goals which are desirable in them and also needed for fulfilment of human aspirations. These are:
- ◆ The fulfilment of all of these four ends of life is important for man.
- ◆ In this classification, dharma and moksa are most important from the ethical point of view. They give right direction and purpose to human life. For instance, acquiring *wealth (artha)* is a desirable objective, provided however it also serves dharma, that is, the welfare of the society.



Ethics in Bhagavad-Gita

- The Bhagavad-Gita is a 700 verse Hindu Scripture that is part of ancient Sanskrit epic, the Mahabharata.
- In the Bhagavad-Gîtâ, selfless action (*niskâma karma*) is advocated.
- It is an action which is required to be performed without consideration of personal consequences.
- It is an altruistic action aimed at the well-being of others rather than for oneself. In Hinduism this doctrine is known as **karma yoga**.
- The Ethics of Gita is perfectionist. It arranges for and organizes the proper development of all aspects of man. In it devotion is also assimilated in knowledge and action.
- Extreme important is the quality of self-submission (*atmasamarpana*) in the Gita. All sins are destroyed if man takes refuge with God after relinquishing everything. Satya is accessible only after purification to one who has faith in knowledge.
- Gita has preached this same doctrine of complete self-submission and devotion to God in a number of ways among the other characteristic of the Gita, the major ones are the following:

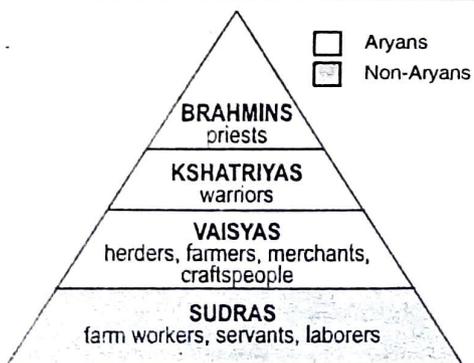


Synthesis of the Good of Society and Individual



- Gita's ethics has synthesized both **social and individual interests**.
- The individual is not inconsiderable but his soul and the universal soul are not two separate entities. All distinctions are the result of ignorance.
- The ultimate end is absolute perfection of the individual but this perfection can be attained only through consolidation of society and God realisation.

Theory of Division of Labour

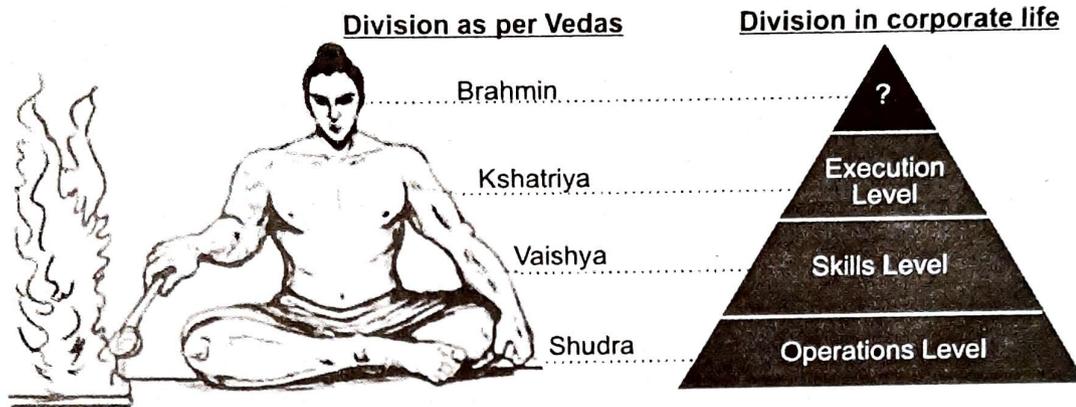


Source : Guide to the Essentials of World History, Prentice Hall, 1999 (adapted)

- Gita's conception of the varna system is not only the equivalent of the modern scientific division of labour but it is superior in some respect because man does not become entangled his actions because he fulfils his duty with the intention of God realisation.
- In this way, Gita has also achieved a magnificent synthesis of spiritualism and social welfare.

Varna System in Corporate Life

The duties ascribed for each varna do correspond to professional sphere of corporate lives



Duties **NOT** as per your roles and titles,
But rather how you **EXERT** yourself in the work of **YOUR** choice.

Synthesis of Enjoyment and Austerity

- Gita's theory of *Nishkama Karmayoga* is the supreme means not only from the spiritual viewpoint but also from the practical and worldly viewpoints.
- It is an expert synthesis of action and abstinence, enjoyment and asceticism.
- Nishkama karma does not admit of any probability of being deflected from one's path and supplies the uninterrupted power for staying duty bound.
- The differentiation between Nishkam Karma and Sakam Karma can be explained by following table :

Nishkam karma	Sakam karma
Psychological energy conservation	Psychological humour
Reactionless, steady action	Reactionful, erratic action
Perfection (as the aim)	Success (as the aim)
Inner autonomy	Dependence on praise etc.
Freedom (swadheen)	Bondage (paradheen)
Socio-economically appropriate	Socio-economically questionable
Work-commitment	Reward-commitment
Work-as-worship for excellence	Competitive rivalry for excellence
Mind-enrichment	Job-enrichment
Leads to yoga with the transcendent/higher self	Leads to viyoga (alienation) from the transcendent/higher self

Divinisation of Passion

WORKING HARD FOR SOMETHING WE DONT CARE ABOUT IS CALLED STRESS. WORKING HARD FOR SOMETHING WE LOVE IS CALLED PASSION.

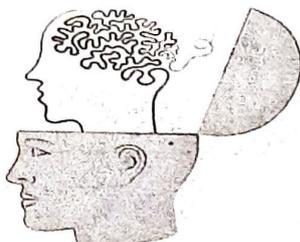
- In spite of the ideal of detachment Gita's path is **natural and integral**.
- It preaches the divinisation and transformation of passions and not their repression.
- Gita teaches us to do our work with full commitment and passion and offer the same to the supreme power.

Directive of Daily Duties

- In view of the fact that the Gita contains a long description of duties concurring to a number of different natures of man, it must be admitted that it affords assistance in the understanding of daily duties.



Based on Sound Metaphysics



- Metaphysics is the **branch of philosophy** that examines the fundamental nature of reality, including the relationship between mind and matter, between substance and attribute, and between potentiality and actuality.
- The ethics of Gita is based on sound metaphysics.
- Although it is theistic, it does not encourage blind faith in any instance.

Synthesis of Determinism and Freedom of Will

- Gita has synthesized determinism and freedom of will.
- It is God who controls the result of action and the order of the world but in order to become a dynamic instrument of divine action after understanding this order and **complete self-submission to God**, it is essential to act with **determination**.
- Becoming the instrument of divine consciousness implies action according to the internal consciousness because fundamentally the soul and God are identical. Thus true independence lies in divine transformation.
- True, **self-realisation is in self-surrender**. The one way of freeing the soul from its various limitations is social service and devotion to God.

As Human beings, we are endowed with freedom of choice, and we cannot shuffle off our responsibility upon the shoulders of God, Nature or Others. We must shoulder it ourselves. It is our responsibility.
- Arnold J Toynbee

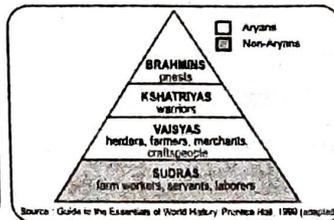
Universal Message of the Gita



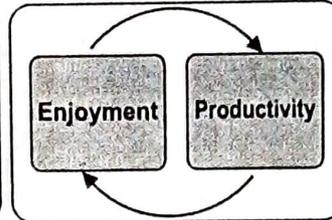
- The message of Gita is universally comprehensive and everlasting.
- In today's atomic age when human society is grievously endangered by excessive materialism some of the messages of the Gita, like 'nishkama karmayoga' have assumed an ever greater importance.
- Gita treasures elements which can faithfully serve as motive to men of any society and any age.



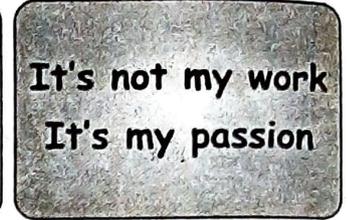
Synthesis of the good of society and individual



Theory of division of labour



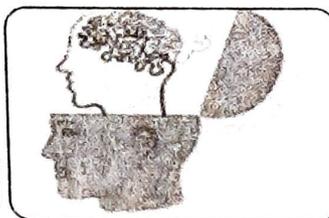
Synthesis of enjoyment and austerity



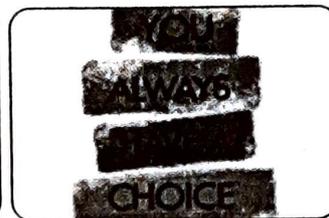
Divinization of passion



Directive of daily duties



Based on sound metaphysics



Synthesis of determinism and freedom of will



Universal message of the Gita

Decision Making Styles and the Gita (based on the 4 yogas mentioned in Gita – Namely, Karma yoga, Jnana Yoga, Samkhya Yoga and Bhakti Yoga)

	Karma	Jnana	Samkhya	Bhakti
Defining characteristic	Dynamic / Implementor	Analytical	Creative / Imaginator	Relational / Collaborator
Focus of information acquisition	"How"	"What and how much"	"If"	"Why"
Inclinations	Practical methods to act	Data, figures, charts, models	Novelty, alternatives	Informal meetings
Dislikings	Vague ideas	Mental pictures	Details	Non-human factors
Mode of thinking	In terms of action	Point by point sequentially and logically	Jumping from idea to idea	Thinks in terms of feelings
Motivated by	Practical approach	Intellectual approach	New ideas	Emotional approach
Mind-set	Pragmatic	Rationality oriented	Creative	Emotive
Metaphorical analogy	Hand	Head	Third eye	Heart

Ethics in Mahabharata

- ◆ The concept of right and wrong is the core of the **Mahâbhârata** which emphasizes, among others, the values of non-violence, truthfulness, absence of anger, charity, forgiveness and self-realisation.
- ◆ It is only by performing one's righteous duties or dharma that one can hope to attain the supreme path to the highest good.
- ◆ It is dharma alone that gives both **prosperity (abhyudaya)** and the **supreme spiritual good (nisryas)**.

Ethical Approaches	Mahabharata Incidences
1. Utilitarian	<ul style="list-style-type: none"> • The whole moral of Mahabharata states that "Victory of good over evil" against which heavy cost was paid in form of loss of great lives.
2. Rights and Duties	<ul style="list-style-type: none"> • The famous quote said by Krishna "MaFaleshu Kadachana" (do your duty and do not think about its rewards)
3. Justice and Fairness	<ul style="list-style-type: none"> • The intent of Lord Krishna was to defeat the forces of evil and to establish the Rule of Law or 'Dharma' where the righteous would not only defend themselves but also triumph over evil.
4. Virtue	<ul style="list-style-type: none"> • Earthly achievements, such a wealth and power, mean nothing without a strong moral compass to guide you.
5. Common Good	<ul style="list-style-type: none"> • Concept of 'bahujan hitaya bahujan sukhaya' has remained the touchstone of decision making in righteous public policy in India since the times of the Mahabharata.

Ethics in Ramayana

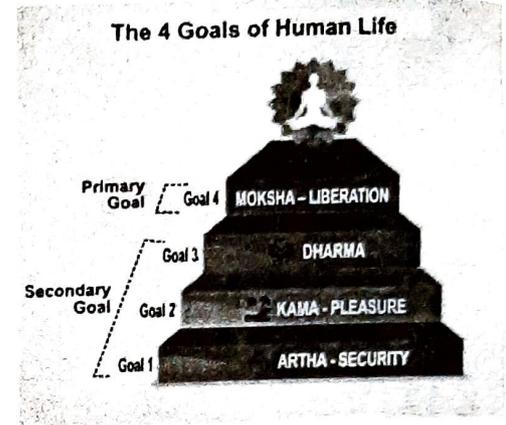
- ◆ Similarly, the importance of ethics and ethical values is highlighted in epics and philosophical texts like, **Upanisads, Râmâyana, Darsana-sâstras and Dharma-sâstras**. These philosophical texts provide rational explanations of the ethical issues; the universal moral problems faced by man in daily life. In these texts the ethical problems are discussed in direct and indirect manner.
- ◆ **Ramayana offer clear insights into what is right and what is wrong for a particular role.** The greatest difficulty is that the same person performs many roles, and dilemmas arise when the demands of one role come in conflict with the demands of another role.
- ◆ Ramayana helps us resolve these role conflicts with beautiful insights. Ram as a son, Ram as husband, Ram as a king, Ram as a brother, and Ram as a father had encountered many such conflicts which were not easy to resolve, yet he could come up to the expectations of all these roles in the best possible way. When Ram was asked to go into exile, he had options. Yet he chose the ideal path.
- ◆ Similarly, Bharat, his younger brother, also had many ethical dilemmas but he resolved them in the most objective and ideal way. The same applies for Sita, Ram's wife, Lakshman and Shatrughan — Ram's other two brothers.
- ◆ The Ramayana shows **how to incorporate dharma into one's life.** It is guide how to follow dharma and reject artha through the experience of its characters.



- ◆ Here are some of the lessons one can learn from reading Ramayana:

The Relationship between Dharma, Artha, Kama and Moksha.

- Human life is often lost while chasing materialism - known as Artha, and sensory pleasures - known as Kama.
- The Ramayana makes it clear that these two pursuits should never be sought at the cost of righteousness - Dharma.
- The ultimate goal of life is liberation - or Moksha, and this can be attained only by relinquishing Artha and Kama and by strictly following a life of Dharma.



Adherence to Truth and the Need to Honor One's Word

रघुकुल रीत सदा चली आई,
प्राण जाए पर वचन न जाई
*Raghukul Riti Sada Chali Aayi,
Praan Jaye par Vachan Na Jaye.*

- When Rama was a young boy, the love and affection his father Dasarata had for him was immense. He would never want to get separated from his loving son.
- When Sage Viswamitra visited his palace and asked for help to ward off demons who were disturbing his spiritual practices at his forest hermitage, Dasarata promised to offer whatever help he could give.
- The Sage asked the king to send young Rama with him to fight the demons at the forest and naturally Dasarata was terribly shocked. Still, though, he agreed to part with Rama, to honor his promise to the Sage.
- Later on, his third wife Kaikeyi wanted the throne of Ayodhya for her own son Bharata. She also wanted Rama to be exiled to the forest.
- This was nothing short of a deathly blow to Dasarata, but, still, he never used his authority as king to veto her request.
- This is because of the promise he had made long ago to Kaikeyi to grant her two boons whenever she chose to ask.

Respecting a Father's Word of Honor

- On the night before Rama's crowning ceremony, Kaikeyi made use of her boons not only to deny Rama his rightful ascend to the kingdom, but also to send him into exile in the forest.
- Rama, as a Kshatriya (a person belonging to a ruler or warrior class), had every right to question such an injustice. He was also not duty bound to honor his father's unjust promises, either.
- However, true to his greatness, Rama, with total mental equipoise and without even a trace of disappointment on his face, conceded to both the demands.
- For him, "pitru vakya paripalanam" (honoring his father's words) was one of the highest dharmas.



The Importance of Fighting Against Atrocity Done to Woman



- Jatayu, the old and once powerful bird, noticed Ravana abducting Sita forcefully and flying with her in his vehicle towards his country Lanka.
- Jatayu fought valiantly with Ravana in an effort to release Sita.
- Unfortunately, he could not succeed in this effort. The bird sacrificed its very own life on such a noble effort.
- Before taking his last breath, though, Jatayu managed to convey the news to Rama, who was moved to tears by the old bird's gallantry.
- Rama performed its last rites and funeral, as though he was the bird's son.

The Greatness of True Friendship

- Rama befriended the estranged Vanar King Sugriva with a mutual promise of help.
- Sugriva's brother Vali had forcefully taken Sugriva's wife. Not only that, but he also denied him his share of the Vanar kingdom.
- Sugriva and Rama teamed up in an effort to eliminate the immensely powerful Vali.
- Sugriva, in turn, helped Rama in seeking and locating Sita. He also helped Rama to wage war against Ravana in order to retrieve Sita. Both did a commendable job in honoring their words.



Showing Mercy, Even to the Enemy

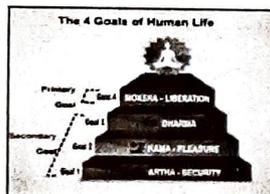
- Ravana's younger brother Vibhishan was an extremely righteous person. In fact, he was bold enough to warn and advise Ravana against abducting another person's wife just to satisfy his own carnal desires.
- When the furious Ravana showed his brother to the door, Vibhishana went to Rama and surrendered to him.
- Despite reservations from Sugriva and others, Rama accepted Vibhishana into his fold.
- During the first fiery combat between Rama and Ravana, Rama destroyed all of Ravana's weapons and armor.
- So, Ravana stood on the war field unprotected. Rama, who could have easily killed Ravana at that moment, in one of the greatest acts of graciousness, then asked Ravana to retire for the day and return to the war field the next day, fully rearmed, as it was against dharma to kill an un-armed person.
- Irrespective of the fact that Ravana was the enemy, in the last times of Ravana, Rama asks his younger brother Lakshman to receive the knowledge from Ravana as Ravana was considered to be the knower of three times (trikaal gyani) and the knowledge of such a person should not die with him.



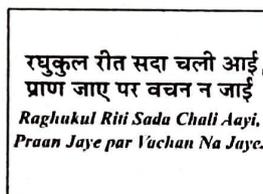
The Need for the Highest Standards in a King



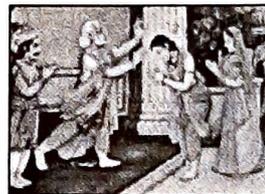
- After annihilating Ravana and freeing Sita from confinement, Rama performed one of the most controversial and oft-criticized demands in asking Sita to jump into the fire to prove her chastity. Sita did it, and she came out unscathed. Rama took her into his loving fold once again.
- Later, when he became King of Ayodhya, he came to know that a washerman who spoke ill words about Rama for having accepted his wife Sita who had stayed in the confinement of his enemy for months. Rama, whose love for Sita was unfathomable, then made the most painful decision in relinquishing her—simply because he had to maintain a very high order of personal probity as the ruler of Ayodhya.
- One can go on discussing many more lessons of morality and dharma that can be found from an in-depth reading of Ramayana.



The relationship between Dharma, Artha, Kama and Moksha



Adherence to truth and the need to honor one's word



Respecting a father's word of honor



The importance of fighting against atrocity done to woman



The greatness of true friendship



Showing mercy, even to the enemy



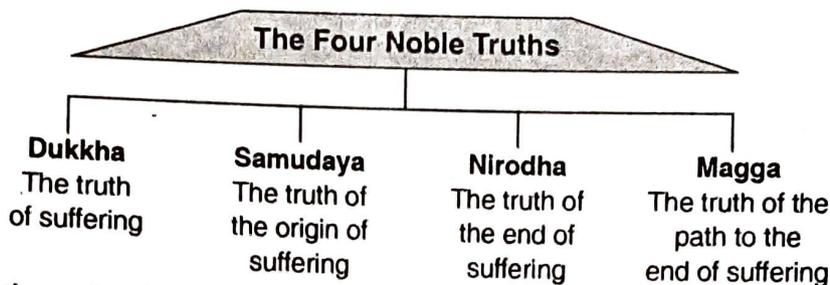
The need for the highest standards in a King

Ethics in Buddhism

- ◆ Buddhism also gives primary importance to ethics.
- ◆ Sometimes, it is called an ethical religion as it does not discuss or depend on the existence of God (the Supreme Being with form and attributes) but instead believes in alleviating the suffering of humanity.
- ◆ The ethical values in this faith are based on the life and teachings of the Buddha.
- ◆ These moral instructions are included in **Buddhist scriptures** or handed down through tradition.
- ◆ According to Buddhism, the foundation of ethics is the *pañcasīla* (five rules), which advocates refraining from killing, stealing, lying, sexual misconduct and intoxicants.
- ◆ In Buddhism, the two most important ethical virtues are compassion (*karuna*) and friendliness (*maitrī*).



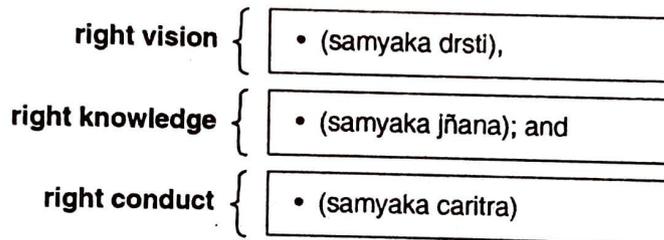
- ◆ One should have deep sympathy and goodwill for the suffering people and should have the qualities of a good friend.
- ◆ The most important ethical value is **non-violence or non-injury to all living beings**.
- ◆ Buddhist ethics is based on four noble truths. These are:
 - life is suffering,
 - there is a cause for suffering,
 - there is a way to remove it, and
 - it can be removed (through the eight-fold path)



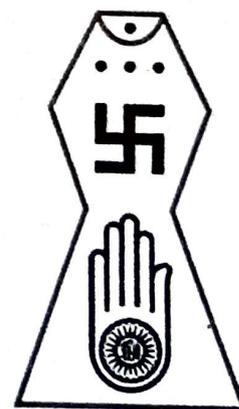
- It advocates the path of righteousness (*dhamma*).

Ethics in Jainism

- ◆ Jainism places great emphasis on three most important things in life called **three gems (triratna)**. These are:



- ◆ Apart from these, Jain thinkers emphasize the need for reverence (*sraddhâ*). There are other moral principles governing the life of Jains. Most important of these are ideas of *punya* (merit) and *pâpa* (demerit). Such deeds are very important from the ethical point of view. *Pâpa* is the result of evil deeds generated by vice and *punya* is the result of good deeds generated by virtuous conduct. Right conduct is necessary for the spiritual progress of man.
- ◆ The most important thing in Jainism is the practice of non-violence (*ahinsa*), or abstaining from inflicting injury on any being. This principle of ahimsa should be followed in thought, word and deed.
- ◆ In Jainism, the other cardinal virtues are: forgiveness, humility, simplicity, non-covetousness, austerity, restraint, truthfulness, purity, renunciation and celibacy.



परस्पररोपग्रहो जीवानाम्

Ethics in Islam

- ◆ The ethical system in Islam is presented in light of *Shariah* – the Islamic social/legal system.
- ◆ According to Islam, whatever leads to welfare of the individual or society is morally good and whatever is injurious is morally bad.
- ◆ Islamic ethics prescribe its followers to zealously guard their behavior, words, thoughts, and intentions and observe certain norms and moral codes in their family affairs; in dealings with relatives, neighbors, and friends; in their business transactions; in their social affairs; and in private and public life.

- ◆ Islam also has its own distinctive value-based ethical system for business dealings. It prescribes certain specific guidelines governing business ethics, which are dictated primarily by the notion of *halal* (lawful or permitted) and *haram* (unlawful or prohibited) as per Islamic jurisprudence (*fiqh*).
- ◆ Quranic revelations are regarded by Muslims as a sacred word of God. There are 114 chapters in the Quran, which is written in the old Arabic dialect. Some of major teaching that can be extracted from the Quran are as follows:

- Always respond to a greeting with a better one
- Do not be arrogant or proud
- Be humble and speak softly
- Be kind to your parents
- Counter evil with good
- Do not insult the idolaters
- Do not be suspicious, or spy on one another
- Invite to God with wisdom and kindness
- Suppress anger and forgive people
- Do not say bad things
- Do not make fun of others
- Do not be racist

Holy Quran



Always respond to a greeting with better one

Arrogance is used by the weak, while kindness is used by the strong.

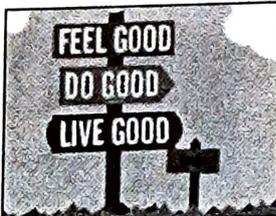
Do not be arrogant or proud



Be humble and speak softly



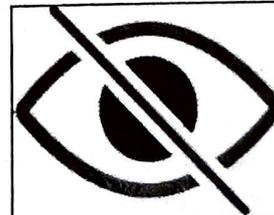
Be kind to your parents



Counter evil with good



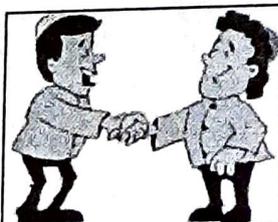
Do not insult the idolaters



Do not be suspicious, or spy on one another

Kindness is the greatest wisdom.

Invite to God with wisdom and kindness



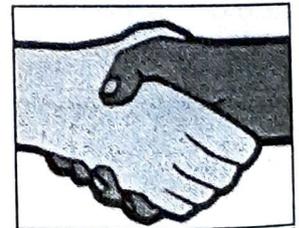
Suppress anger and forgive people



Do not say bad things



Do not make fun of others



Do not be racist

2

CHAPTER

BUSINESS ETHICS

PPOINTS DISCUSSED IN THIS CHAPTER

- 2.1. Principles of Personal Ethics
- 2.2. Principles of Professional Ethics
- 2.3. Evolution of Business Ethics Over the Years
- 2.4. Honesty, Integrity and Transparency in Business Ethics
- 2.5. Roots of Unethical Behaviour
- 2.6. Distinction Between Values and Ethics
- 2.7. Ethical Decision-Making

2.1. PRINCIPLES OF PERSONAL ETHICS

- ◆ Personal ethics might also be called **morality**, since they **reflect general expectations** of any person in any society, acting in any capacity.
- ◆ Principles of Personal Ethics include:
 - Concern for the well-being of others;
 - Respect for the autonomy of others;
 - Trustworthiness and honesty;
 - Compliance with the law;
 - Basic justice; being fair;
 - Refusing to take unfair advantage;
 - Benevolence: doing good;
 - Preventing harm

Ethical Principles

Ethical principles are universal standards of right and wrong prescribing the kind of behavior an ethical company or person should and should not engage in. These principles provide a guide to making decisions but they also establish the criteria by which your decisions will be judged by others.

2.2. PRINCIPLES OF PROFESSIONAL ETHICS OR BUSINESS ETHICS

- ◆ Individuals acting in a professional capacity take on an additional burden of ethical responsibility.
- ◆ **For example**, professional associations have codes of ethics that prescribe required behavior for those who practice profession such as medicine, law, accounting, or engineering.
- ◆ These written codes provide **rules of conduct and standards of behavior** based on the principles of professional ethics, which include:
 - Honesty
 - Integrity
 - Promise keeping
 - Loyalty
 - Fairness
 - Caring
 - Respect for others
 - Law abiding
 - Commitment to excellence
 - Reputation and morale
 - Accountability



Honesty

“HONESTY IS THE FASTEST WAY TO PREVENT A MISTAKE FROM TURNING INTO A FAILURE.”

— James Altucher

- ◆ Ethical executives should be honest in all communications and actions.
- ◆ Ethical executives are, above all, worthy of trust and honesty is the cornerstone of trust. They are not only truthful, they are candid and forthright.
- ◆ Ethical executives **do not deliberately mislead or deceive others by misrepresentations, overstatements, partial truths, selective omissions**, or any other means and when trust requires it they supply relevant information and correct misapprehensions of fact.

Integrity

- ◆ Ethical executives shall maintain personal integrity.
- ◆ Ethical executives earn the trust of others through personal integrity.
- ◆ Integrity refers to a **wholeness of character** demonstrated by consistency between thoughts, words and actions.
- ◆ Maintaining integrity often requires moral courage, the inner strength to do the right thing even when it may cost more than they want to pay.
- ◆ Ethical executives are principled, honorable, upright and reliable. They fight for their beliefs and do not sacrifice principle for expediency. They live by ethical principles despite great pressure to do otherwise.



Integrity is doing the right thing, even when no one is watching.

– C. S. Lewis

Promise Keeping

**WHEN YOU
MAKE A
COMMITMENT.
YOU BUILD HOPE.
WHEN YOU
KEEP IT.
YOU BUILD TRUST.**

- ◆ Ethical executives shall keep promises and **fulfill commitments**.
- ◆ Ethical executives can be trusted because they make every reasonable effort to fulfill the letter and spirit of their promises and commitments.
- ◆ They do not interpret agreements in an unreasonably technical or legalistic manner in order to rationalize non-compliance or create justifications for escaping their commitments.

Loyalty

- ◆ Ethical executives shall be loyal within the framework of other ethical principles.
- ◆ Ethical executives justify trust by being loyal to their organisation and the people they work with.
- ◆ Ethical executives place a high value on protecting and advancing the lawful and legitimate interests of their companies and their colleagues. They do not, however, put their loyalty above other ethical principles or use loyalty to others as an excuse for unprincipled conduct.
- ◆ Ethical executives demonstrate loyalty by **safeguarding their ability to make independent professional judgments**.
- ◆ They avoid conflicts of interest and they do not use or disclose information learned in confidence for personal advantage.
- ◆ If they decide to accept other employment, ethical executives provide reasonable notice, respect the proprietary information of their former employer, and refuse to engage in any activities that take undue advantage of their previous positions.

**EVERYBODY WANTS
LOYALTY, CONSISTENCY
AND SOMEBODY WHO
WON'T QUIT. BUT
EVERYBODY FORGETS THAT
TO GET THAT PERSON,
YOU HAVE TO BE THAT
PERSON.**

Fairness



- ◆ Ethical executives shall strive to be fair and just in all dealings.
- ◆ Ethical executives are fundamentally **committed to fairness**.
- ◆ They do not exercise power arbitrarily. They do not use improper or indecent means to gain or maintain any advantage. They do not take undue advantage of another's mistakes or difficulties.
- ◆ Ethical executives manifest a commitment to justice, the equal treatment of individuals, tolerance for and acceptance of diversity.

- ◆ They are open-minded; willing to admit they are wrong and, where appropriate, they change their positions and beliefs.

Caring

- ◆ Ethical executives demonstrate compassion and a genuine concern for the well-being of others.
- ◆ Ethical executives are caring, compassionate, benevolent and kind.
- ◆ They understand the concept of stakeholders (those who have a stake in a decision because they are affected by it) and they always consider the business, financial and emotional consequences of their actions on all stakeholders.
- ◆ Ethical executives achieve their business objectives in a manner that causes the least harm and the greatest positive good.



Respect for Others

When employees respect each other and get along in the workplace, it's amazing how productivity increases, morale increases and employees are more courteous to customers.

- ◆ Ethical executive shall treat everyone with **respect**.
- ◆ Ethical executives demonstrate respect for the human dignity, autonomy, privacy, rights, and interests of all those who have a stake in their decisions; they are courteous and treat all people with equal respect and dignity regardless of sex, race or national origin.
- ◆ Ethical executives adhere to the **Golden Rule**, striving to treat others the way they would like to be treated.

Golden Rule of Ethics

The Golden Rule states, "Do unto others as you would have them do unto you". Another way to rewrite the rule would be "treat others as you would like to be treated, if you were them". For example, I do not want my neighbor to steal my belongings, it is wrong for me to steal his belongings. Using this same reasoning, it is theoretically possible to determine whether any possible action is right or wrong. Based on Golden Rule, it would also be wrong for me to lie, to harass, to cheat, to discriminate or to kill others.

Law Abiding

- ◆ Ethical executives shall obey the law.
- ◆ Ethical executives abide by laws, rules and regulations relating to their business activities.



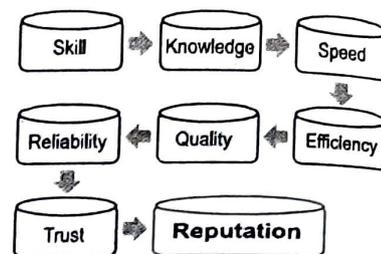
Commitment to Excellence

PRODUCTIVITY IS NEVER AN ACCIDENT. IT IS ALWAYS THE RESULT OF A COMMITMENT TO EXCELLENCE, INTELLIGENT PLANNING AND FOCUSED EFFORT.
- Paul J. Meyer

- ◆ Ethical executives pursue excellence all the time in all things.
- ◆ Ethical executives pursue excellence in performing their duties, are well-informed and prepared, and constantly endeavor to increase their proficiency in all areas of responsibility.

Reputation and Morale

- ◆ Ethical executives shall build and protect and build the company's good reputation and the morale of its employees.
- ◆ Ethical executives understand the importance of their own and their company's reputation as well as the importance of the pride and good morale of employees.
- ◆ Thus, they avoid words or actions that that might undermine respect and they take positive steps to correct or prevent inappropriate conduct of others.



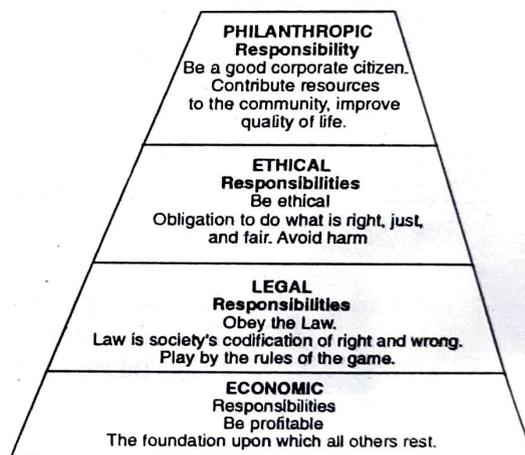
Accountability



- ◆ Ethical executives are accountable.
- ◆ Ethical executives acknowledge and **accept personal accountability** for the ethical quality of their decisions and omissions to themselves, their colleagues, their companies, and their communities.

2.3. EVOLUTION OF BUSINESS ETHICS OVER THE YEARS

- ◆ Business ethics has only existed as an academic field since the 1970s.
- ◆ During the 1960s, corporations found themselves increasingly under attack over unethical conduct.
- ◆ As a response to this, corporations - most notably in the US - developed **social responsibility programmes** which usually involved charitable contribution and donations to local community projects.
- ◆ This practice was mostly ad hoc and unorganized varying from industry to industry and company to company.
- ◆ Business schools in reputed universities have **incorporated 'social responsibility' courses into their academic curriculum** around this time but it was mostly focused on the law and management strategy.
- ◆ Social responsibility has been described as being a pyramid with **four types of responsibility** involved - economic (on the bottom level), then legal, ethical and finally philanthropic.
- ◆ Ethical issues were dealt with in social issues courses. However, they were not considered in their own right until the 1970s when philosophers began to write on the subject of business ethics.
- ◆ Business ethics was introduced into **Europe and Japan in the 1980s** although the term did not translate easily, and the development in each country varied from that in the United States because of socio-political-economic differences.
- ◆ It then spread in a variety of ways to other parts of the world, each time with a different local emphasis and history.
- ◆ The **UN Global Compact** was announced by then UN



UN Global Compact

The United Nations Global Compact is a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption. Under the Global Compact, companies are brought together with UN agencies, labor groups and civil society. Cities can join the Global Compact through the Cities Programme

Secretary-General Kofi Annan in an address to the World Economic Forum on 31 January 1999, and was officially launched at UN Headquarters in New York City on 26 July 2000.

- ◆ Previous to this development, only management professionals, theologians and journalists had been highlighting problems of this nature on a regular basis.
- ◆ **When philosophers became involved, they brought ethical theory to bear on the relevant ethical issues and business ethics became a more institutionalized, organized and integral part of education in business.** (Note: Ethical theories are explained in detail in chapter 5)
- ◆ Thereafter annual conferences, case books, journals and text books on ethics were organised and published more regularly.
- ◆ **The first conference on business ethics was held in 1974 (Bowie 1986) and the papers were published as Ethics, Free Enterprise and Public Policy (De George and Pichler 1978).**
- ◆ About the same time Richard De George developed a course in business ethics and circulated a ninety-page course curriculum to 900 interested professors in business schools and philosophy departments. In 1979 the first texts in business ethics appeared: three anthologies—one by Tom Beauchamp and Norman Bowie, another by Thomas Donaldson and Patricia Werhane, and a third by Vincent Barry - followed by two single authored texts in 1982 - one by Richard De George and the other by Manuel Velasquez.



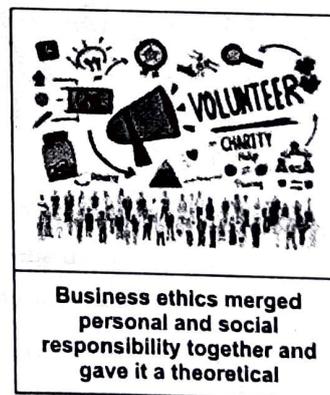
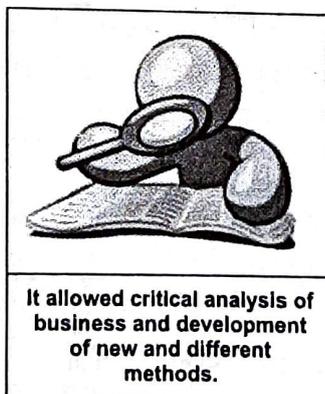
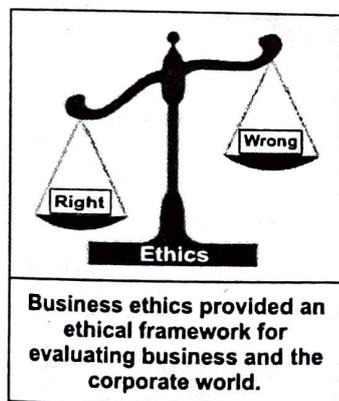
Richard De George



ISBEE
International Society
of Business,
Economics and Ethics

◆ The International Society for Business, Economics and Ethics, which was founded in 1988, helped to promote the growth of business ethics in countries around the world.

- ◆ This new aspect of business ethics differentiated it from social issues courses in three ways:



- ◆ In this way, business ethics had a somewhat broader remit than its predecessor (the social issues course) and was a good deal more systematic and constructive.
- ◆ Business ethics also recognized that the world of business raised new and unique moral problems not covered by personal systems of morality.
- ◆ Common-sense morality is sufficient to govern judgments about stealing from your employer, cheating customers and tax fraud. It could not provide all the necessary tools for evaluating moral justification of affirmative action, the right to strike and whistle-blowing.
- ◆ In recent years, there have been several business scandals that caused serious damage to the credibility of the companies involved, the entire industry in which they operate, and the numerous stakeholders of the business.
- ◆ The scandals about bribery, insider trading, false advertising, and the like, the stories about Enron and Arthur Andersen and Charles Ponzi scheme, constitute what is generally regarded as misconduct in business and

what the general public associates with business ethics or more precisely, with the failure of businesses to act ethically. The moral norms that are violated apply to all sections of society.

- ◆ Harshad Mehta securities scam (Rs. 50 Billion), CRB Capital Finance scam (Rs. 11 Billion), Indian Bank Scam (Rs. 13 Billion), Anubhav Plantation scam and several other scams taken place during the 1990s have shaken Indian economy and financial system. As result, **SEBI-Capital Market Regulator has introduced new rules and regulation on ethics and corporate governance for Companies in India.** Indian Companies were imposed with obligation of complying these regulations and reporting.

About – Harshad Mehta Securities Scam

Harshad Mehta was an Indian stockbroker, well known for his wealth and for having been charged with numerous financial crimes that took place in the Securities Scam of 1992. He engaged in a massive stock manipulation scheme financed by worthless bank receipts, which his firm brokered in “ready forward” transactions between banks. Mehta was convicted by the Supreme Court of India for his part in a financial scandal valued at Rs. 5000 Crores which took place on the Bombay Stock Exchange (BSE). The scandal exposed the loopholes in the Indian banking system, Bombay Stock Exchange (BSE) transaction system. He was tried for 9 years, until he died in late 2001.

About – Charles Ponzi Scheme

In a ‘Ponzi’ scheme, investors are offered very high return over a short period. Initial investors indeed get the promised returns. This attracts more and more investors. The earlier investors are paid out of money received from previous investors and not out of earnings from the investments. The high returns that a Ponzi scheme advertises (and pays) require an ever-increasing flow of money from investors in order to keep the scheme going.

Often, initial investors who do get returns again invest the money in same scheme due to lure of high returns. The system is doomed to collapse because there are little or no underlying earnings from the money received by the promoter. The scheme collapses and promoters of scheme run away with money.

Ponzi scheme is named for Charles Ponzi, who duped thousands of New England residents into investing in a postage stamp speculation scheme. He thought he could take advantage of differences between U.S. and foreign currencies used to buy and sell international mail coupons.

Ponzi started his scheme in 1919. He told investors that he could provide a 40% return in just 90 days compared with 5% for bank savings accounts. Ponzi was deluged with funds from investors, taking in \$ 1 million. About forty thousand people purchased Ponzi promissory notes at values ranging from \$ 10 to \$ 50,000. Earlier investors were paid out of the money received from subsequent investors rather than from net revenues generated by any real business. Finally the scheme collapsed in August, 1920. An investigation found that Ponzi had only purchased about \$ 30 worth of the international mail coupons.

Ponzi scheme continues to work on the “rob-Peter-to-pay-Paul” principle, until the whole scheme collapses. Today’s schemes are often considerably more sophisticated than Ponzi’s, although the underlying formula is quite similar and the principle behind every Ponzi scheme is to exploit lapses in judgment arising out of greed.

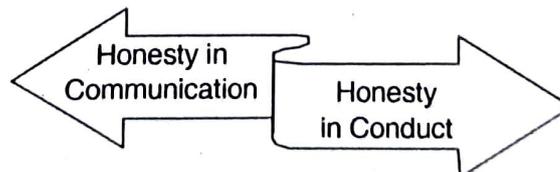
2.4. HONESTY, INTEGRITY AND TRANSPARENCY IN BUSINESS ETHICS

“Moral authority comes from following universal and timeless principles like honesty, integrity, and treating people with respect.”
- Stephen Covey

- ◆ The success of an organisation is built off of the trust of customers, employees and the general public. According to a Gallup poll, “68% of adults worldwide believed corruption was widespread among businesses in their country..... and 60% of adults in the U.S. responded this way in 2017.....”
- ◆ The best way to gain that trust is to demonstrate honesty, integrity and transparency in business practices. It is required to be followed not because of legal requirements but because it is the **right thing to do**.
- ◆ A great example is the infamous Enron Collapse and Charles Ponzi scheme stories. Thousands of employees and investors were impacted. Which resulted in corporate collapse due to unethical behaviors and business practices.
- ◆ The integrity of a business affects all customer groups and every area of business operations. That is why it is important to incorporate honesty, integrity and transparency as core corporate value. These values will lead to accountability and protect interest of various stake holders in business. Hence, honesty, integrity and transparency are considered as touchstone of business ethics.

Honesty

- ◆ Honesty is the **backbone of trust and trustworthiness**.
- ◆ Honesty requires us to speak and act only in ways that create and justify trust.
- ◆ It seems simple concept but it is very difficult to be honest in every business decision by business man. Honesty is a broader concept than some realise and it is **applicable in personal and social life**.
- ◆ An honest business man tells the truth, is sincere, does not deceive, mislead, act devious or tricky, does not betray a trust, doesnot withhold important information in relationships of trust, does not steal, and does not cheat.
- ◆ There are two dimensions of honesty:
 - honesty in communication; and
 - honesty in conduct.
- ◆ It means, businessman shall observe honesty while he is engaged into any type of communication and his conduct (i.e., action, decision-making and plan).



Example Box 2.1 :

You have taken some office supplies for personal use. The office manager is now wondering where all the pens have gone and asks you if you know the answer. You answered that you did not know. It is common example about dishonesty at workplace.

Integrity

"Real integrity is doing the right thing, knowing that nobody's going to know whether you did it or not."
- Oprah Winfrey

- ◆ Integrity is one of the fundamental values that employers seek in the employees that they hire.
- ◆ It is the hallmark of a person who demonstrates sound moral and ethical principles at work.
- ◆ Integrity is the **foundation on which co-workers build relationships, trust, and effective interpersonal relationships.**
- ◆ A person who has integrity exhibits his values in relationships with coworkers, customers, and stakeholders.
- ◆ **Honesty and trust are central to integrity.**
- ◆ People who demonstrate integrity draw others to them because they are trustworthy and dependable. They are principled and you can count on them to behave in honorable ways even when no one is watching. They are principled enough that they perform even when no one even knows about their performance.
- ◆ Integrity is demonstrated in large ways and in small daily activities and practices.

Example Box 2.2 :

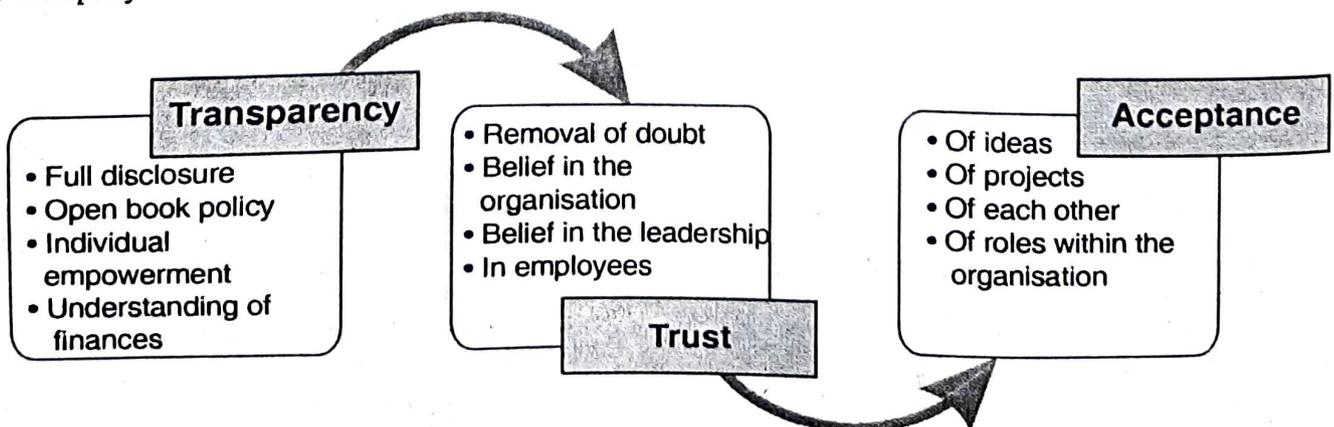
Bina went to the women's restroom and used the last bit of toilet paper in her stand. Rather than leave the dispenser empty for the next employee, she tracked down the location of the toilet paper and replaced the empty roll. It took her five minutes, but she did not leave the next employee in a difficulty.

Example Box 2.3 :

Manisha was responsible for producing a report once a week that was used on Friday by two other departments to plan their workflow for the next week. Knowing that she planned to take advantage of her vacation time in the near future, Manisha ensured that the report would be produced as needed in her absence. She completely prepared another employee to create the report. Additionally, she wrote out the appropriate procedures so that the coworker had a guide in her absence. She supervised the trainee for two weeks so that her replacement had a chance to do the actual task.

Transparency

- ◆ Transparency is the practice of **openly and honestly disclosing information to stakeholders** in the organisation such as investors, employees and customers.
- ◆ In many cases, transparency is considered a **principle and duty.**
- ◆ Reporting financial position to shareholders and investors is principle as well as duty to be followed by auditor of company.



Example Box 2.4 :

Chief Executive Officer (CEO) of company is selling same products manufactured and sold by company through his amazon vendor listing. Here, conflict of interest is created for him. He should disclose his conflict of interest to company in appropriate manner.

Example Box 2.5

WorldCom (WCOM) was the United States' second largest long distance phone company (AT&T was largest company). From 1999 to May 2002, the company used fraudulent accounting methods to mask its declining financial condition by painting a false picture of financial growth and profitability to maintain the price of Worldcom's shares. This was because many senior employees were holding huge stocks of WorldCom shares. The fraud was carried out by underreporting of cost and expenses. Over US \$7 Billion expenses were ignored. Inflating revenues with bogus accounting entries from 'corporate unallocated revenue account'. Over US \$2 Billion of revenue was overstated, US Securities Exchange Commission (SEC) launched an investigation into these matters on June 26, 2002. In July, 2002, WorldCom filed for bankruptcy petition. Corporate collapse of WorldCom has caused due to lack of transparency and unethical practice followed by top management of company.

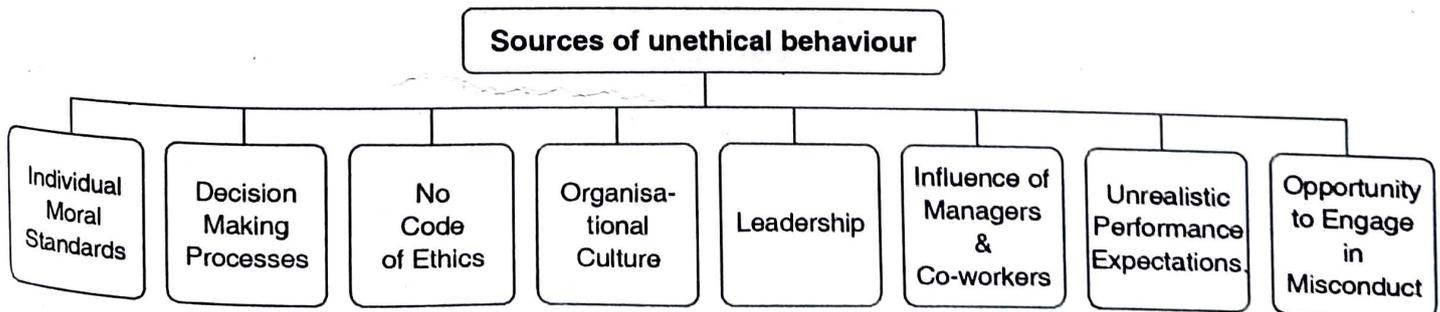
2.5. ROOT OR SOURCES OF UNETHICAL BEHAVIOUR

What is Unethical Behaviour?

- ◆ Unethical behavior refers to the behavior of people that **do not confirm with the acceptable standards of social and professional behavior.**
- ◆ Such behavior may include making long-distance calls from the office, duplicating the enterprise's system software to use at home, projecting a false report on the number of worked hours, or falsifying business records.
- ◆ There can be numerous factors that cause unethical behavior in the employees of an enterprise.
- ◆ Identifying these causes of unethical behavior in the workplace could prevent problems and minimise damages.
- ◆ Such factors are shown in diagram and discussed in detail as follows:

Ethical Behaviour

Ethical behavior is doing the right thing, even when no one else is around to witness it. It is choosing to not lie, cheat, steal or hurt others, but it is also stepping up to intervene when you are a witness to wrongdoing.



Individual Moral Standards

- The moral standards and sound personal values of a person exercise a significant impact on ethics in the workplace.
- An employee has to make a choice between right and wrong in different situations. His ethical behaviour affects his reputation within the company as well as the reputation of his company.
- His choices and actions depend upon his personal beliefs and value as well as reflect the understanding of his ethical responsibility as an employee.



Decision Making Process

- Studies show that employees may behave unethically because they fail to ask the relevant question— is this decision or action ethical?
- Sometime, decisions are made based on economic logic, without consideration for ethics.

No Code of Ethics



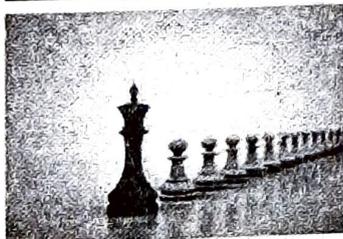
- Employees are more likely to do wrong if they donot know what is right.
- Without a code of ethics, they may be involved in unethical practice.
- A code of ethics is a **proactive approach to addressing unethical behavior.**
- Code of ethics establishes an organisation's values and sets boundaries for adhering to those values. Everyone is accountable.

Organisation Culture

- Unethical behavior may exist in work place where organisation culture (the values and standards that are shared among employees of an organisation) that does not stress business ethics.
- Values and standards shape the culture of a work place, and that culture **influences decision making.**



Leadership



- If business leaders fail to act in an ethical manner, other employees may not act ethically.
- **Ethical behavior starts at the top.** Employees follow their leaders, and the most significant factor in ethical leadership is personal character.
- That's why it is rightly said that "Actions speak louder than words".

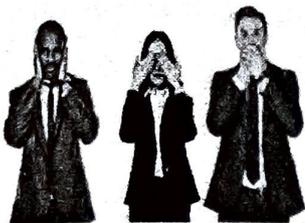
Influence of Managers and Co-workers

- Managers and co-workers exert significant control on one's choices at workplace through authority.
- For gaining consistent ethical compliance in the company's workplace, activities and examples should be set by co-workers along with the rules and policies established by the company.



Example Box 2.6 :

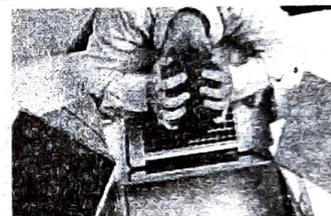
If the boss or co-workers leave office early or make personal long-distance phone calls from office and charge them to the company or uses company's assets for private purpose, every individual may be tempted to do so.

Opportunity to Engage in Misconduct

- In case the company fails to provide good examples and direction for appropriate workplace conduct, confusion and conflict will develop and will result in the opportunity for unethical behaviour.
- If punishments for undesirable behaviour are not implemented, each individual may misuse the opportunities available to him since there is no system of punishment.

Unrealistic Performance Expectation

- Pressure to meet performance goals and deadline that are **unrealistic** may force employee to engage into an unethical manner which cause unethical behavior.

**2.6. DISTINCTION BETWEEN ETHICS AND VALUE**

- ◆ Ethics and values together lay the **foundation for sustainability**.
- ◆ While they are sometimes used synonymously, they are different, wherein ethics are the **set of rules** that govern the behaviour of a person, established by a group or culture. Values refer to the **beliefs** for which a person has an enduring preference.
- ◆ Ethics and values are important in every aspect of life, when we have to make a choice between two things, wherein **ethics determine what is right, values determine what is important**.
- ◆ In the world of **intense competition**, every business works on certain principles and beliefs which are nothing but the values.
- ◆ Likewise, ethics is implemented in the organisation to ensure the **protection of the interest of stakeholders** like customers, suppliers, employees, society and government.
- ◆ We have already understood about ethics. Next point describe what is values.

What is Values?

- ◆ Values refer to the **important and enduring beliefs or principles**, based on which an individual makes **judgement in life**. It is at the center of our lives which act as a standard of behaviour. Examples of certain core values are included in example box 2.7

Example Box 2.7 :

Honesty, efficiency, creativity, spirit of adventure, motivation, positivity, optimism, respect, fitness, courage, education and patriotism etc.

- ◆ They severely affect the **emotional state of mind** of an individual. They can be personal values, cultural values or corporate values. Corporate values are usually expressed in the corporation's mission statement.

Some examples of corporate values for a several companies are given in example box 2.8.

Example Box 2.8 :

A commitment to innovation and excellence. **Apple Computer** is perhaps best known for having a commitment to innovation as a core value. **Google**, for example, believes in making a great search engine and building a great company without being evil. A commitment to building strong communities. **Shell Oil Company** donates millions of dollars to the University of Texas to improve student education and to match employee charitable donations.

- ◆ Values are forces that cause an individual to behave in a particular manner.
- ◆ **It sets our priorities in life**, i.e. what we consider in the first place.
- ◆ It is a **reason behind the choices we make**. It reflects what is more important for us. So, if we are true to our values and make our choices accordingly, then the way we live to express our core values.
- ◆ Moreover, if you understand an individual's values, you can easily identify what is important for him.

Key Differences Between Ethics and Values

The fundamental differences between ethics and value are described in the given below points:

- ◆ Ethics refers to the guidelines for conduct, that address question about morality. Value is defined as the principles and ideals, which helps them in making the judgement of what is more important.
- ◆ Ethics is a system of moral principles. In contrast to values, which is the stimuli of our thinking.
- ◆ Values strongly influence the emotional state of mind. Therefore it acts as a **motivator**. On the other hand, ethics **compels to follow a particular course of action**.
- ◆ **Ethics are consistent**, whereas values are different for different persons, i.e. what is important for one person, may not be important for another person.
- ◆ Values tell us what we want to do or achieve in our life, whereas ethics helps us in deciding what is **morally correct or incorrect, in the given situation**.
- ◆ Ethics determines, to what extent our options are right or wrong. As opposed to values, which defines our priorities for life.

Basis for comparison	Ethics	Values
Meaning	Ethics refers to the guidelines for conduct, that address question about morality.	Value is defined as the principles and ideals that helps them in making judgement of what is more important.
What are they?	System of moral principles.	Stimuli for thinking.
Consistency	Uniform	Differs from person to person
Tells	What is morally correct or incorrect in the given situation.	What we want to do or achieve.
Determines	Extent of rightness or wrongness of our options.	Level of importance.
What it does?	Constrains	Motivates

While ethics are consistently applied over the period, and remains same for all the human beings. Values have an **individualistic approach**, i.e. it varies from person to person but remains stable, relatively unchanging, but they can be changed over time due to a **significant emotional event**.

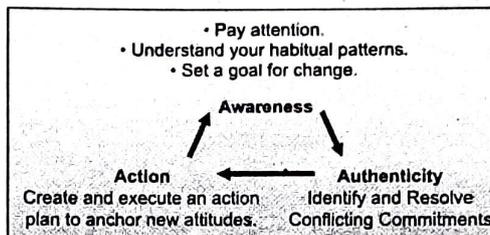
2.7. ETHICAL DECISION - MAKING

What is Ethical Decision Making?

- ◆ When faced with a difficult ethical dilemma, we need ethical decision making ability to resolve it. It helps us to determine the right course of action or the right thing to do and also enables us to analyse whether another's decisions or actions are right or wrong.
- ◆ Ethical decision making is a **cognitive process** that considers various ethical principles, rules, and virtues or the maintenance of relationships to guide or judge individual or group decisions or intended actions.
- ◆ In simple language, we can say that ethical decision-making refers to the process of evaluating and choosing among alternatives in a manner consistent with ethical principles.
- ◆ While making ethical decisions, it is necessary to perceive and eliminate unethical options and select the best ethical alternative.
- ◆ The process of making ethical decisions requires:



Commitment: The desire to do the right thing regardless of the cost



Consciousness: The awareness to act consistently and apply moral convictions to daily behavior



Competency: The ability to collect and evaluate information, develop alternatives, and foresee potential consequences and risks.

- ◆ Ethical decisions should express some obligations to others. If a decision merely results in benefits only to oneself, then that is not an ethical decision.

Steps for Ethical Decision Making Process

Identify Ethical Issues

- Donot jump to solutions without first identifying the ethical issue(s) in the situation.
- The decision maker must be able to determine:
 - ✓ If there is a possible violation of an important ethical principle, social law or organisational standard or policy.
 - ✓ If there are potential consequences that should be sought or avoided that develop from an action being considered to resolve the problem.
- Define the ethical basis for the issue you want to focus on.
- There may be multiple ethical issues. You shall focus on one major issue at a time.



Collect Necessary Information



- The decision maker should collect as much information as possible about which rights are being forsaken and to what degree.
- Donot jump to conclusions without having necessary information.
- Ask questions to collect information: Who, what, where, when, how and why.
- However, facts and information may be difficult to find because of the uncertainty often found around ethical issues. Some facts are not available.
- Collect all necessary information and facts in issue before proceeding.
- Clarify what assumptions you are making!

Evaluate the Information and Identify Affected Stakeholders

- Once the information has been collected, the decision maker must apply some type of standard assessment criterion to evaluate the situation.
- Identify all of the affected stakeholders
 - ✓ Who are the primary or direct stakeholders?
 - ✓ Who are the secondary or indirect stakeholders?
- Why are they stakeholders for the issue?
 - ✓ Perspective-taking — Try to see things through the eyes of those individuals affected
- RAD CAB Model can be used to evaluate the information.

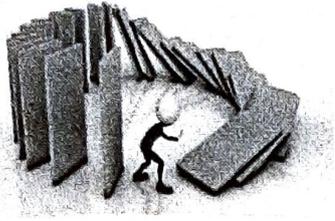
RELEVANCY	Is the information relevant to the question at hand? Am I on the right track?
APPROPRIATENESS	Is the information suitable to my age and core values?
DETAIL	How much information do I need? Is the depth of coverage adequate?
CURRENCY	When was the information published or last updated?
AUTHORITY	Who is the author of the information? What are his or her qualifications?
BIAS	Why was this information written? Was it written to inform me, persuade me, entertain me, or sell me something?

Consider Alternatives

- The decision maker needs to generate a set of possible action alternatives, such as:
 - ✓ confronting another person's actions,
 - ✓ seeking a higher authority, or
 - ✓ stepping in and changing the direction of what is happening.



Identify the Consequences



- Think about **potential positive and negative consequences** for affected parties by the decision (Focus on primary stakeholders to simplify analysis until you become comfortable with the process).
- Also identify, what are the magnitude of the consequences and the probability that the consequences will happen.

- **Short term vs. Long term consequences** – will decision be valid over time.
- **Broader systemic consequences** – tied to symbolic and secrecy

<ul style="list-style-type: none"> ✓ Symbolic consequences 	}	Each decision sends a message.
<ul style="list-style-type: none"> ✓ Secrecy consequences 	}	What are the consequences if the decision or action becomes public?

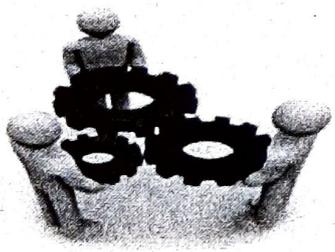
- Also consider **relevant cognitive barriers/biases**.
- Consider what your decision would be based only on consequences – then move on and see if it is similar given other considerations.

Make a Decision

- The decision maker should seek the action alternative that is supported by the evaluation criteria used in above step.
- A decision maker selects a course of action that is supported by all the ethics theories or other evaluation criteria used in the decision-making process.



Implement Decision



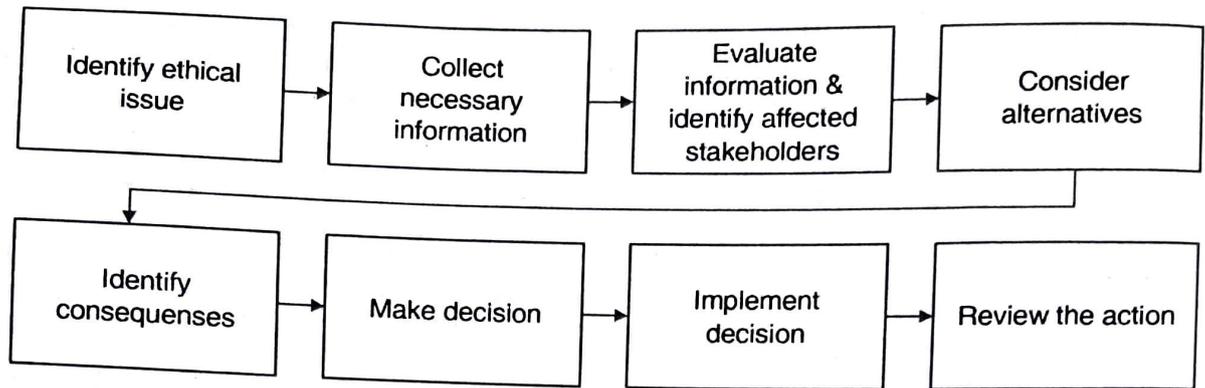
- The decision maker, if truly seeking to resolve the problem being considered, must take action.
- The decision maker should **document his decision** which may include an explanation of how it is best course of an action and its possible outcome or result.

Review the Action

- Once the action has been taken and the results are known, the decision maker should **review the consequences of the action**.
- If the optimal resolution to the problem is not achieved, the decision maker may need to modify the actions being taken or return to the beginning of the decision-making process.

1. What were our intended results? (What was planned?)	3. What caused our results? (Why did it happen?)
2. What were our actual results? (What really happened?)	4. What will we sustain? Improve? (What can we do better next time?)

- Decide on the proper ethical action and be prepared to deal with opposing arguments.



Good Decisions are Both Ethical and Effective

- Ethical decisions generate and sustain trust; demonstrate respect, responsibility, fairness and caring; and are **consistent with good citizenship**.
- These behaviors provide a foundation for making better decisions by setting the ground rules for our behavior.
- Effective decisions are effective if they accomplish what we want accomplished and if they advance our purposes.
- A choice that produces unintended and undesirable results is ineffective.
- The key to making effective decisions is to think about choices in terms of their ability to accomplish our most important goals.
- This means, we have to understand the difference between immediate and short-term goals and longer-term goals.

• PRACTICE QUESTIONS •

- What are the principles of personal ethics?
- What are the principles of professional ethics?
- How business ethics was evolved?
- Write short note on: Role of honesty, integrity and transparency in business ethics
- Honesty, integrity and transparency are three pillars of business ethics. Do you agree?
- What do you mean by unethical behaviour?
- Discuss in brief sources of unethical behaviour.
- What is value?
- Distinguish between ethics and value?
- What is ethical decision making?
- Explain in brief steps to be taken for ethical decision making.



3

CHAPTER

ETHICAL DILEMMAS, SOURCES AND THEIR RESOLUTIONS

PPOINTS DISCUSSED IN THIS CHAPTER

- 3.1. What is an Ethical Dilemma?
- 3.2. Sources of Ethical Behaviour
- 3.3. How to Resolve an Ethical Problem
- 3.4. Code of Professional Ethics for Employees
- 3.5. How to Resolve Ethical Dilemma
- 3.6. Case Study on Ethical Dilemma

3.1. WHAT IS AN ETHICAL DILEMMA ?



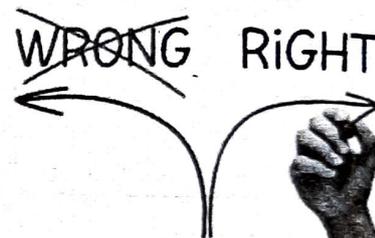
- ◆ Ethical dilemma is also known as **moral dilemma**.
- ◆ An ethical dilemma involves the need to **choose one option** from among two or more morally acceptable courses of action. Here, one choice prevents selecting the other. Further there may also be a situation where we are forced to choose between equally unacceptable alternatives.

- ◆ An ethical dilemma is a situation where the decision-maker has to choose between:
 - right and right; or
 - right and wrong

Example Box 3.1 :

In Ramayana, Rama had to choose between two Dharmas – (a) to abide by his father's words and proceed to the forest for 14 years, or (b) to ignore his father's words and rule the country as a Kshatriya Prince. Both these alternatives constitute "right action" by applying different yardsticks/viewpoints.

- ◆ A dilemma could be a right vs. wrong situation in which the right would be more convenient. A **right versus wrong dilemma is easier to resolve**.
- ◆ An ethical dilemma is a situation that will often involve an apparent conflict between moral imperatives, in which to obey one would result in disobeying another. This is also called an **ethical paradox**.
- ◆ An ethical dilemma involves a situation that makes a person question what is the 'right' or 'wrong' thing to do.



Example Box 3.2 :

In the case of a salesperson, does offering a gift to a customer constitute a bribe or sales promotion?

- ◆ Ethical dilemmas make individuals think about their **obligations, duties or responsibilities**.
- ◆ These dilemmas can be highly complex and difficult to resolve. Easier dilemmas involve a decision between right and right. However, any dilemma needs to be resolved.
- ◆ Every person can encounter an ethical dilemma in almost every aspect of their life, including personal, social, and professional. Example Box 3.3 illustrate ethical dilemma in social life.

Example Box 3.3 :



Manish had several friends including Rajesh and Dinesh. Rajesh has recently met and started dating a wonderful lady named Pushpa. He is convinced this is a long term relationship. Unknown to Rajesh, Manish observed them at a restaurant several days ago and realised Pushpa is the wife of his other friend Dinesh. Manish is deciding whether to tell Rajesh that Pushpa is married when he receives a call from Dinesh. Dinesh suspects his wife is having an affair and since they and Manish share many friends and contacts, he asks if Manish has heard anything regarding an

affair. To whom does Manish owe greater friendship to in this situation? If Manish informs any one of his friend, his friendship is going to end up hurting one, if not both friends. Does he remain silent and hope his knowledge is never discovered?

Characteristics of Ethical Dilemma

- ◆ Choice between equally undesirable alternatives
- ◆ Different courses of action possible
- ◆ Involves value judgments about actions or consequences
- ◆ Data will not help to resolve issue
- ◆ Different sources (psychology, theology) offer solutions
- ◆ Unfavourable outcomes
- ◆ Choices have far-reaching effects on persons, relationships and society
- ◆ Resources which must be allocated are finite or limited
- ◆ It can be resolved. It cannot be solved
- ◆ There is no "right" or "wrong".

Ethical Dilemmas in Business

- ◆ Ethical dilemmas are especially significant in business life, as they frequently occur at the time of decision making in business.

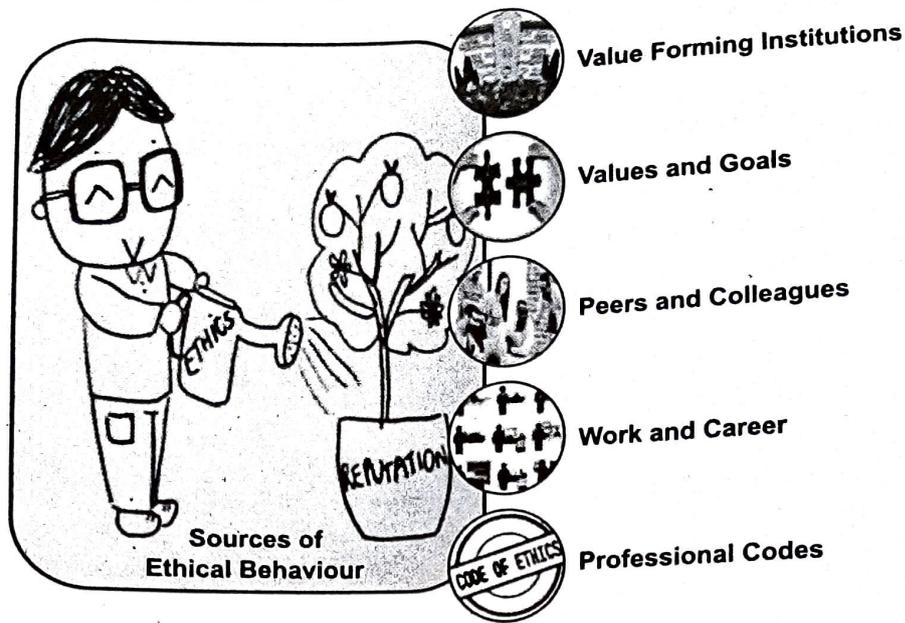


**NATIONAL
SOCIETY OF
PROFESSIONAL
ENGINEERS**

- ◆ Some companies and professional organisations (e.g., NSPE Code of Conducts for Engineers) adhere to their own codes of conduct and ethical standards. Violation of the standards may lead to disciplinary sanctions.
- ◆ Almost every aspect of the business can become a possible ground for ethical dilemmas. It may include relationships with co-workers, management, clients, and business partners.
- ◆ The people's inability to determine the optimal solution for ethical dilemmas in the business situation may result in serious consequences for businesses and organisations.
- ◆ In order to solve ethical problems, companies and organisations should develop strict ethical standards for their employees.
- ◆ Every company must demonstrate its concerns regarding the ethical norms within the organisation. In addition, companies may provide ethical training for their employees.

3.2. SOURCES OF ETHICAL BEHAVIOUR

Every business manager is the center of a web of values which connect into various value systems that, while different from one another, have interconnections. Therefore, ethical behavior on the part of managers has its roots in numerous aspects of contemporary society. In particular, there are **five sources** of ethical behavior in any society. These are value-forming activities of various social institutions, values and goals of an organisation, peers and colleagues in the organisation, work and career, and professionalization and professional code of conduct. Let us see how each of these affects ethical behavior.

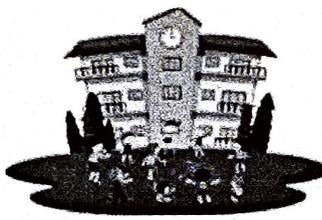


Value-forming Institutions

- ◆ The life and development of a society are both based upon and produce values. Therefore, there can be various institutions in the society which inculcate values in an individual.
- ◆ In particular, there are **four major institutions which provide the basic sources of values for persons and organisations:**



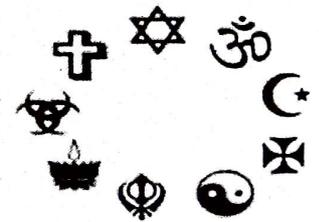
Family



School



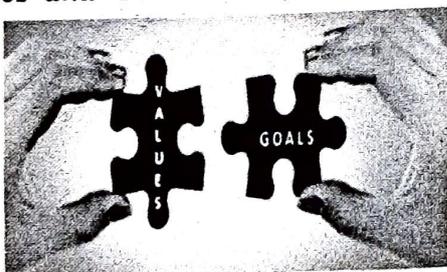
State



Religion

- ◆ Value systems are constructed over a lifetime of experience in which the value-shaping influences of these institutions predominate. A key characteristic of all these basic value-forming sources is their inter relatedness.
- ◆ The basic process of value formation by these institutions is that they prescribe what is good or bad for an individual.
- ◆ **Good behavior is rewarded and bad behavior is punished.** This recurs in the daily routine of the individual and he learns a particular behavior which is rewarded and reinforced.
- ◆ Since an organisation is a collection of individuals, its values are the collective values of individuals. This is the reason why there is a conflict of individual and organisational values.

Values and Goals



- ◆ There is an important relationship between the goals and values of an organisation.
- ◆ The goals of a business organisation and its managers may either be explicit or implicit.
- ◆ Business is economic institution and it has economic goal that is maximisation of profit as per classical economic theory.

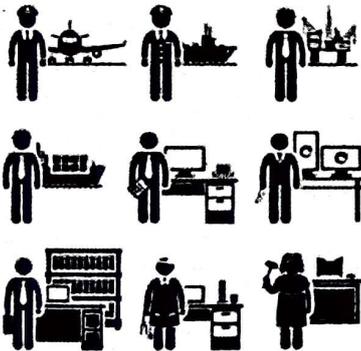
- ◆ However, the goals of business organisation and managers are extremely complex and empirical evidence indicates that the ultimate goals of profit maximisation are tempered by a much wider range of values explicit and implicit in an organisation's goals that temper the profit maximization concept. Among these are leadership, integrity, knowledge and skills, amity, influence and power and survival. All these factors change the goals of the organisation and consequently the expected behavior from individuals.

Peers and Colleagues

- ◆ An individual gets clue of behavior from his peers and colleagues. He develops and applies beliefs, attitudes, and values derived from the groups of peers and colleagues with whom he is associated.
- ◆ An individual working in group tends to conform to the group's norms as long as he values the friendship and approval of his associates or fears the possibility that they will cut him from rights, privileges, and benefits they can offer.
- ◆ In the case of values, the individual feels an intimate involvement with a number of people, a nation, a society or a business organisation, or a work group. It binds him to adhere his peers and colleagues and force to follow behaviour exhibited by his peers and colleagues.
- ◆ Departure from values may invoke no immediate penalty but it create a sense of separation. Therefore, the individual tries to follow that group norm of behavior.



Work and Career



- ◆ Work consists of the tasks or responsibilities associated with a particular job or position in an organisation.
- ◆ Essentially work is human energy directed at the achievement of a desired end.
- ◆ In organisations, this work is organised, directed, controlled and entrusted to individuals willing to become employees through a more or less permanent association with the organisation.
- ◆ An individual's experience over a period of time constitutes his career.
- ◆ Generally, this career is within an occupation, and in an occupational career the individual follows a related, progressive series of jobs, positions, or stages of development.
- ◆ Work and career create special values that give its own values and persons performing the work will follow those values.
- ◆ For example, in an organisation, sales people, accountants, engineers will have different values according to their specialisation.

Professional Codes

- ◆ Professional codes are an increasing source of ethical norms for managers in business organisations.:
- ◆ There are three types of codes available in an organisation :

First { is the so-called company philosophies which usually cover those basic philosophies and behavior that govern the business. Most of the companies have such sets, either expressly or otherwise. Sometimes these documents are prepared to build the company's image by showing the company's concern for ethical behavior in the society.

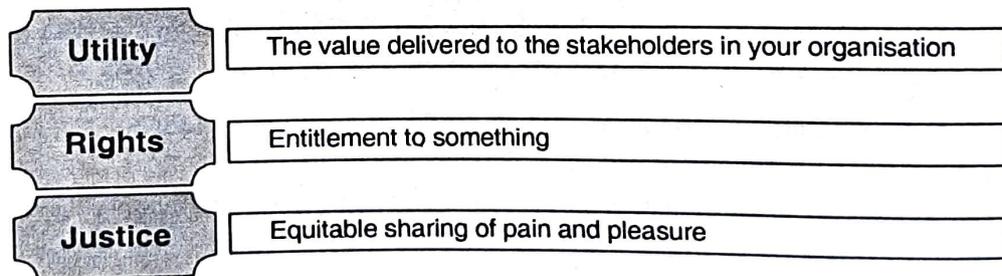
Second { a code is found in company operational policies which set up guides to action that have an ethical content. Such policy guidelines may be for various activities like recruitment and selection, selling, handling customer complaints etc.

Third { since people belong to various professions, they are also governed by code of conduct framed by their associations. Such codes have been devised by various professional bodies like All India Management Association, Institute of Company Secretaries of India, Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India, and so on.

- ◆ These codes are consonant with customs, traditions, beliefs, social values, public laws, and generally desirable behavior.
- ◆ The enforcement of these codes is by various sanctions such as fines or even the expulsion of deviant members.
- ◆ However, in the case of management codes, such sanction is not very effective because of lack of enforcement body and also because majority of managers are not the members of the association.

3.3. HOW TO RESOLVE ETHICAL PROBLEM

- ◆ Ethical problem and dilemmas arises in business when you start managing others. You should have framework to deal with ethical problems and dilemmas.
- ◆ Business managers must learn to apply their values, aligned with the values of their organisation, to these situations. Ethical decisions are often trade-offs between:

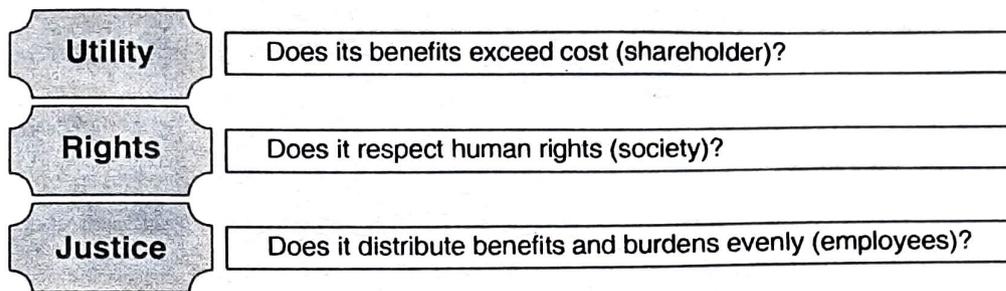


Example Box 3.4 :

A manager is required to decide whether company should implement pollution control devise or not. If he decides to implement pollution control devise it require to invest heavily in pollution control devise. If he decides to implement pollution control devise, it will be beneficial to society but it will increase production costs and reduce profits. It is in benefit of society but not in interest of investors.

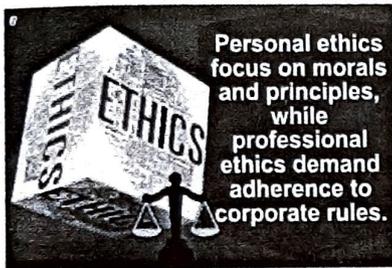
- ◆ Because of these trade-offs, managers must be prepared to deal with ethical issue and dilemmas. Therefore, to deal with ethical issue manager shall first ask following questions:
 - Is it policy, a decision or an action?
 - Is it ethical or unethical?

- ◆ To resolve these questions that create dilemma, ask three **questions** :



- ◆ Answers to these questions in the affirmative will be the first step in the process of solving ethical problems.

3.4. CODE OF PROFESSIONAL ETHICS FOR EMPLOYEES



- ◆ A code of ethics and professional conduct outlines the ethical principles that **govern decisions and behavior** at a company or organisation.
- ◆ They give general outlines of how employees should behave, as well as **specific guidance for handling issues** like harassment, safety, and conflicts of interest.

- ◆ In general, following values are included in the company's code of ethics which are expected to be observed from employees:

- Always protect company assets, including physical, intellectual, and electronic or digital properties. It includes not to share confidential information accessed during work.
- Act with integrity, comply with laws, maintain a professional work environment and comply with company policies.
- Maintain high standard of professional responsibility.
- Avoid being placed in situations involving conflict of interest.
- Treat customers, colleagues, and partners ethically at all times. Do not discriminate against anybody or anything on any bias.
- Maintain professional relations based on mutual respect for individuals and organisations.
- Be committed to the goals of the organisation.
- Do not give up your individual professional ethics.

Difference between a Code of Ethics & Code of Conduct

A code of ethics is broad, giving employees or members a general idea of what types of behavior and decisions are acceptable and encouraged at a business or organisation. A code of conduct is more focused. It defines how employees or members should act in specific situations.

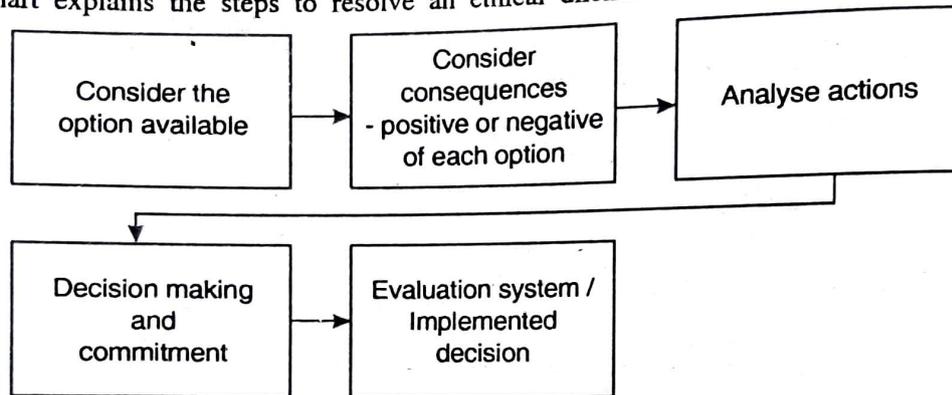
Example Box 3.5 : Starbucks - Code of Ethics

Starbucks empowers all partners to make decisions that impact our reputation. Individual actions at work shape how the world views Starbucks, which is why it is so important that we each take responsibility for our Starbucks Mission and acting ethically in all situations.

- ◆ A code of ethics is important because it **helps employees to make decisions** that are in line with company values in the absence of a clear rule or direct supervision.
- ◆ A code of ethics can **improve decision making** at a business, and make it easier for employees to be autonomous.

3.5. HOW TO RESOLVE ETHICAL DILEMMA

- ◆ Ethical dilemmas faced by managers are often **highly complex with no clear guidelines.**
- ◆ Before, manager deal with ethical dilemma, he should be **fully aware about problem.** He should verify that whether problem has been defined in proper way?
- ◆ After defining problem or issue, he can take following steps or guidelines to resolve ethical dilemmas:
 - Consider the option available (**It includes finding and developing various options**)
 - Consider consequences for each option (**It can be positive or negative**)
 - Analyse actions
 - Decision making and commitment
 - Evaluate the implemented decision
- ◆ Following chart explains the steps to resolve an ethical dilemma :



Solving Ethical Dilemma – Practical Approach

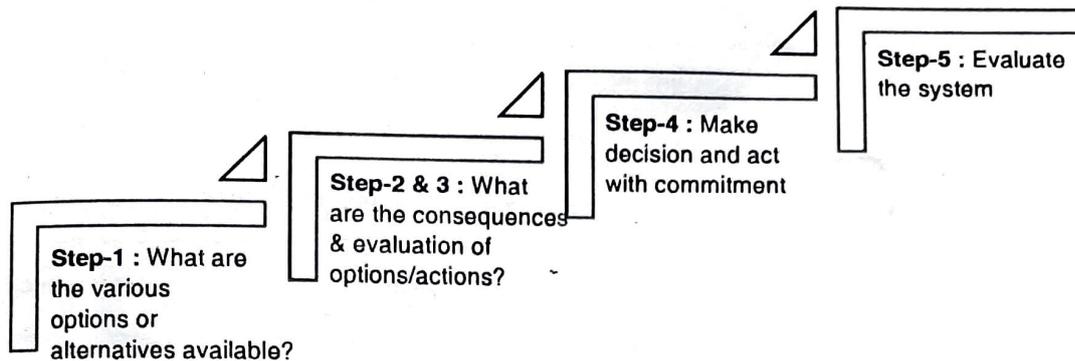
You are a Sr. Engineer in X Ltd. which is manufacturing automatic machinery and having international standing. X Ltd. is loss making and struggling for its revival. X Ltd. follows highest standards of ethical behaviour.

X Ltd. is planning to make a very important presentation to corporate client and if the deal gets through, it will be highly benefited. The management of company is of the opinion that this activity will be lucrative return to successful bidder for the business and number of other companies have been asked to make presentations.

X Ltd. had made presentation and committed considerable resources to the bid. X Ltd. is keen to win the mandate for the business. Sr. Engineer of company came to know that company's proposal is well received and it is shortlisted against only one other major firm i.e. Y Ltd.

Sr. Engineer discovered and realised that there is substantial variation in the bid from the original presentation but he leaves it to the judgement of team. Thereafter, he also discovered that his team had got hold of the bid book of the competitor which was inadvertently left by them in the waiting room.

In business howsoever highly competitive, there are rules and principles to ensure that certain standards are maintained. Now, let us resolve the ethical dilemma projected in this case by applying above steps:



STEP-1	Option (a)	Option (b)	Option (c)	Option (d)
Finding or developing various options	Keep quiet and let things take their own course.	Inform the company seeking the bid about the incident and let them to decide whether to have re-bid or not.	Inform Y Ltd. about incident and let them to decide whether to seek for re-bid or any other corrective measures at their end.	Withdraw the bid and let the competitor get the deal.
STEP - 2&3	Likely chance that deal would be in my favour. The competitor (Y Ltd.) was careless in leaving the bid book and therefore there is nothing wrong, if my team took advantage of the situation. In any case, it is the best interest of the company.	The company seeking bid, in spite of knowing about the incident, may aware the deal to my company and not take any cognizance of the incident keeping in view the cost of the tendering process, the time involved etc. or may decide to seek bid again.	The competitor in spite of being aware of the incident, may decide not to take it up with the company seeking bids, which get the deal.	The deal would rightfully have been awarded to the competitor but for the incident and hence it is most appropriate that my company should withdraw.
	However, there is risk that the competitor would discover their mistakes and approach the company seeking the bid company for a re-bid. In that event, the reputation of my company "as being committed to highest ethical standard" will get affected. In addition, my company would not get the deal.	May award the deal to the competitor by disqualifying my company or may seek a re-bid.	The competitor may approach the company seeking the bid and inform them about the incident and that they were informed by my company about the same and may : (a) either seek the company making the bid to seek bids again; or (b) let them decide whether or not to seek the bid again.	

STEP - 4	Both parts of analysis should be complied and conscious decision should be taken. Once the decision is made, it has to be followed through with commitment irrespective of the consequence.
STEP - 5	<ol style="list-style-type: none"> 1. What my team did was ethically wrong? 2. Even if the bid book was carelessly left by competitor, they had no right to capitalise on the same. 3. They should have returned it to the competitor. In any case, the competitor would have discovered their mistake. 4. The term put the reputation of the company at stake. 5. The employees of the company need to be sensitised about the ethical practices and the culture of the company through appropriate training.

3.6. CASE STUDY ON ETHICAL DILEMMA

Apex pharmaceuticals company Ltd. is a well reputed multinational company dealing in manufacturing and marketing of life saving drugs and formulations. Company's Research and Development (R&D) Department is actively engaged in development and formulations of new drugs in general and life-saving drugs in particular. While experimenting with a chemical molecule, R&D department sees the possibility that a molecule may be developed into a drug that may prove very helpful in the treatment of a rare, painful and life threatening generic disease, for which no effective drug is available at present in the market, but which troubles to only one child in one million. However, development of the drug will require investment of huge sum of investor's money of the company, despite the drug may not have good market.

The R & D department of the company brings this to the notice of Mr. Ram, who is the CEO of the company.

Taking the above facts into consideration, answer:

- (i) What dilemma Mr. Ram is facing?
- (ii) As a CEO, in place of Mr. Ram, how would have acted in such situation?

(i) Ethical dilemma faced by Mr. Ram

From the facts given in question, it can be said that Mr. Ram is certainly in dilemma. Mr. Ram is required to choose between carrying out the development of a drug for a rare, painful and life-threatening disease which trouble to only one in a million and the action of spending huge sum of shareholder's money. As one can see, both are positive and ethically right choices. As a socially responsible person, he must be careful in dealing with shareholder's money.

(ii) What Mr. Ram should do?

As CEO in place of Mr. Ram, I would have opted the following course of action to resolve this ethical dilemma:

1. Define the problem clearly.
2. Collect the statistical data across the globe, the previous history of such type of genetic disease and probable cause of its spreading in the coming times.
3. Search and develop all possible options or alternatives available.
4. Evaluate each option carefully in term of pros and cons of each of them.

5. Take the senior management (Board of directors, etc.) in confidence and keep them apprising of the situation.
6. Compare positive and negative consequences of each option.
7. Choose the best available action keeping resources and other prevailing situations of the company in mind.
8. Properly implementing the decision taken and keeping the follow-up of the same.

4

CHAPTER

ETHICAL DECISION MAKING IN BUSINESS

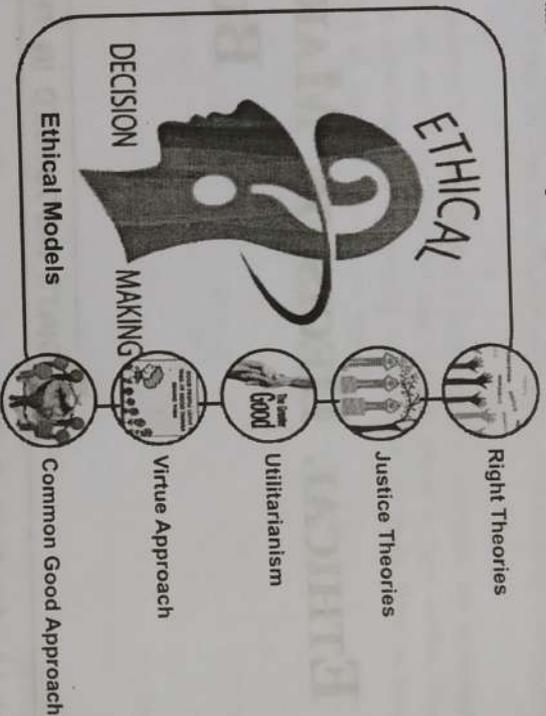
POINTS DISCUSSED IN THIS CHAPTER

- 4.1. Ethical Models that Guide Decision making - Which Approach to Use
- 4.2. Ethical Decision Making with Cross-holder Conflicts and Competition
- 4.3. Kohlberg's Model of Cognitive Moral Development
- 4.4. Influences on Ethical Decision Making
- 4.5. Personal Values and Ethical Decision Making

Note: Topic "Applying Moral Philosophy to Ethical Decision Making" is covered and discussed under chapter 5.

4.1 ETHICAL MODELS THAT GUIDE DECISION MAKING - WHICH APPROACH TO USE

Various theories are developed by the philosophers and ethics expert in last three decades. Each theory has developed considering certain social factors, professional standards and moral standards. However, these theories could not provide perfect model of ethical decision making. Certainly, these theories guide or help us in making decision. Experts have identified models of professional standards based on ethical theories. Following theories are mainly used in ethical models that guide decision making:



Right Theories

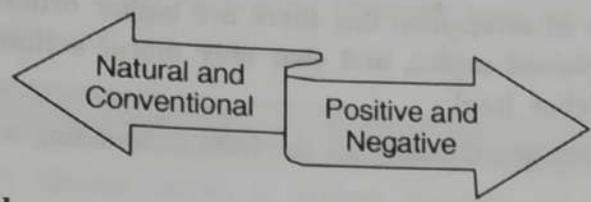
- ◆ All people have basic rights e.g. freedom of speech, natural justice, freedom of movement, freedom of association, right to live dignified life.
- ◆ Other rights are:
 - The right to life
 - The right to liberty
 - The right to freely practice a religion of choice
 - The right to travel within the country
 - The right to work
 - The right to marry
 - The right to free education
 - The right to not be tortured
 - The right to be treated as equal to others
 - The right to be considered to be innocent until proven guilty
 - The right to personal privacy
 - The right to own property
- ◆ Rights are claims against others (whether individuals or social entities) to be treated in certain ways.



- ◆ Rights generate correlative duties on the part of others.

Example Box 4.1 :
 If I have right to have property. Then, correlative duty is to pay property tax.

- ◆ The theory of rights state that **norms of ethics should be based on these rights.**
- ◆ **John Locke** was one of the primary supporters of right based ethics system as it takes the perspective of what the ideal world looks like and creates a rights system based upon those ideas.
- ◆ There are **two basic divisions of rights:**



Natural and Conventional

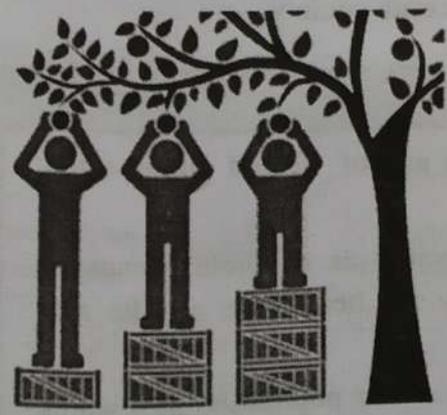
- Natural rights pertain to us by **virtue of our humanity**; as such they apply to all persons.
- Natural rights are commonly called **moral rights**.
- Natural rights are commonly regarded as **universal rights**. They are supposed to apply to all humans.
- Conventional rights are created by humans, generally within the **context of social and political organisations**.

Negative and Positive

- Negative rights impose duties of non-interference on others.
- Thus my right to life as a negative right is a right not be killed.
- Positive rights impose **duties of assistance on others**.
- **For example**, welfare rights impose on the state the duty to assist those who cannot provide for themselves.

- ◆ **The opposite of rights based ethics are utilitarian ethics.** Utilitarian ethics are based on the maximisation of "good outcomes" and minimisations of "bad outcomes."

Fairness or Justice Approach



- ◆ The justice or fairness approach to ethics has its roots in the teachings of the ancient Greek philosopher Aristotle, who said that **"equals should be treated equally and unequals should be treated unequally."**
- ◆ **The basic moral question in this approach is:** How fair is an action? Does it treat everyone in the same way, or does it show favoritism and discrimination?
- ◆ This approach demands that decision makers should be guided by **fairness, equity as well as impartiality.**

- ◆ Each person is to have **equal liberty.**
- ◆ Social and economic inequalities are to be so arranged that these are to everyone's advantage and are attached to position and offices that are open to all. (Refer point no. 5.2 of chapter 5 for detail theory)

Utilitarianism

- ◆ This theory states that plan and actions should be evaluated by their **consequences**.
- ◆ The plans or actions should produce greatest good for the greatest number of people.
- ◆ This is **end oriented approach**. (Refer point no. 5.2 of chapter 5 for detail theory)

It is the greatest good to the greatest number of people which is the measure of right and wrong

Virtue Approach

- ◆ The virtue approach describes an assumption that **there are higher orders of goodness to which man should aspire, and that only moral actions will help us achieve that higher level**.
- ◆ Ethical problem solving involves accumulating all the facts surrounding an issue and considering-
- ◆ what the possible solutions to the problem are, and what benefits and harms result from each and whom they affect;
 - what rights each of the parties to the problems has;
 - what solutions to the problem treat all parties equally;
 - what course of action promotes the common good; and
 - what actions develop moral virtues



(Refer point no. 5.2 of chapter 5 for detail theory)

Common Good Approach



- ◆ The Common Good Approach **regards all individuals as part of a larger community**.
- ◆ As such, we share certain common conditions and institutions upon which our welfare depends. For society to thrive, we need to safeguard the sustainability of our community for the good of all, including our weakest and most vulnerable members.
- ◆ Some things that nurture a healthy, functioning community are: stable family life; good schools; affordable nourishment and health care; effective public

safety; a just legal system; fair trade and commerce; a safe, well-managed ecosystem; an accessible technological environment; a well-maintained infrastructure; and a peaceful society.

Example Box 4.2 :

- Public library, public transportation, free public education up to age of 12 and public safety are good examples of common good.
- Giving access to affordable healthcare is beneficial for the society as a whole because it allows for people who receive low incomes to be able to pay for healthcare and be able to bring more attention to their health.
- Giving free public education until grade 12 increases the literacy of our population as a whole and it also creates a pathway for them to continue their education into college as well. If public education until grade 12 was not free, then many families would not be able to afford putting their children through school.

The utilitarian principle weighs the net balance of goodness and harm produced by a certain action on a

group of individuals, while this approach tests whether an action benefits or erodes a specific element of the common good.

- ◆ It weighs the effect on the fabric of the community. It encourages us to recognise how the freedoms and support we enjoy as individuals in pursuit of our own happiness are made possible by the sustained welfare of our community life.
- ◆ It invites us to ask what kind of society we are and want to become, and what actions we need to take to achieve that end.

Which Approach to Use?

- ◆ At the outset, we can say that all ethical approaches (theories) have strengths and shortcomings.
- ◆ There is no confirmed "best approach" and individuals will have preferences and make their own choices.

Example Box 4.3 :



War against terror is ethical decision as per utilitarian approach because it tries to curb death and injury to innocent people (Greatest balance of good over evil). But according to common good approach it is not ethical decision as it is not ethical action which result in to everyone's advantage.

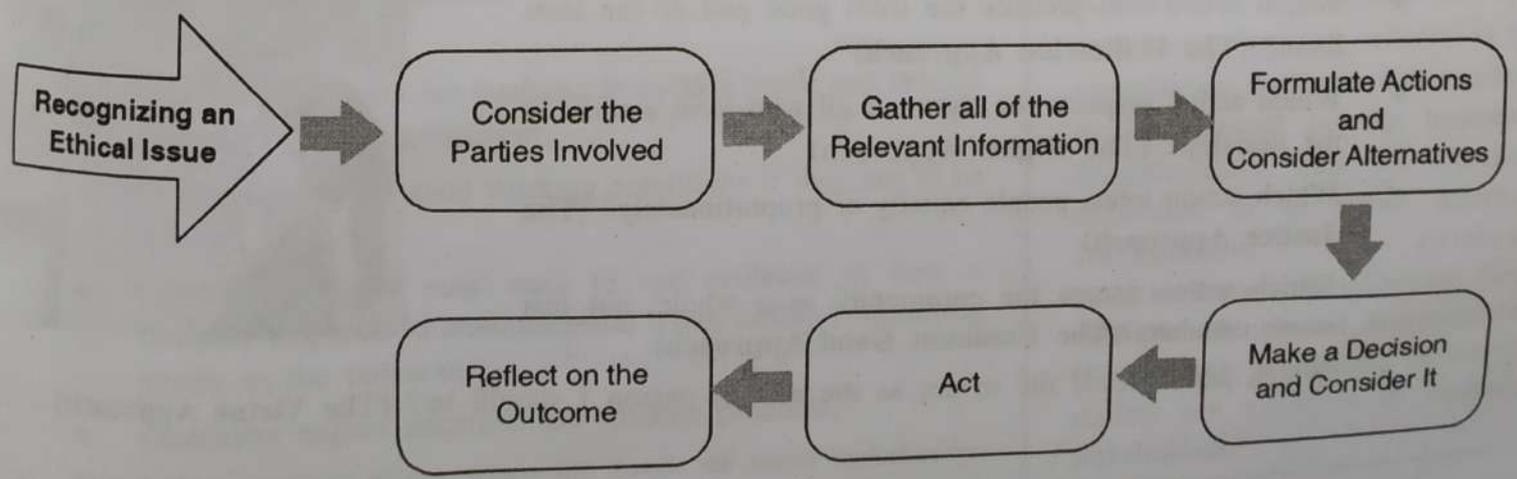
Example Box 4.4



Truth is God and you believe to be truthful all time (Your virtue). Now, if thief comes to you and asks for whereabouts of particular rich person, should you tell him truth? What is to be done if the thief knows that you know the whereabouts of that rich person?

Now, answer would be different when we apply different theories of ethics. According to virtue theory you should tell truth. But according to common good approach or justice approach, you are not supposed to tell the name.

- ◆ Moreover, we may not agree on the content of some of these specific approaches. We may not agree to the same set of human and civil rights. We may not agree on what constitutes the common good. We may not agree on what is a good and what is a harmful action.
- ◆ Therefore, all approaches (theories) can be considered together to provide assistance to make a specific choice.
- ◆ When using the approach to make ethical decision about specific issue, it will be useful to follow the process below:



Recognizing an Ethical Issue



- One of the most important things to do at the beginning of ethical deliberation is to locate, to the extent possible, the specifically ethical aspects of the issue at hand.
- Sometimes what appears to be an ethical dispute is really a dispute about facts or concepts.
- **For example**, some Utilitarians might argue that the death penalty is ethical because it prevents the occurrence of crime and thus produces the greatest amount of good with the least harm.
- Other Utilitarians, however, might argue that the death penalty does not prevent the occurrence of crime, and thus produces more harm than good. The argument here is over which facts argue for the morality of a particular action, not simply over the morality of particular principles.
- All Utilitarians would abide by the principle of producing the most good with the least harm.

Consider the Parties Involved

- Another important aspect to reflect upon are the various individuals and groups who may be affected by your decision.
- Consider who might be harmed or who might benefit.



Gather all of the Relevant Information



- Before taking action, it is a good idea to make sure that you have gathered all of the pertinent information, and that all potential sources of information have been consulted.

Formulate Actions and Consider Alternatives

- Evaluate your decision-making options by asking the following questions:
 - ✓ Which action will produce the most good and do the least harm? (**The Utilitarian Approach**)
 - ✓ Which action respects the rights of all who have a stake in the decision? (**The Rights Approach**)
 - ✓ Which action treats people equally or proportionately? (**The Justice Approach**)
 - ✓ Which action serves the community as a whole, not just some members? (**The Common Good Approach**)
 - ✓ Which action leads me to act as the sort of person I should be? (**The Virtue Approach**)



Make a Decision and Consider It



- After examining all of the potential actions, which best addresses the situation? How do I feel about my choice?

Act

- Many ethical situations are uncomfortable because we can never have all of the information. Even so, we must often take action.



Reflect on the Outcome



- What were the results of my decision? What were the intended and unintended consequences? Would I change anything now that I have seen the consequences?

4.2. ETHICAL DECISION MAKING WITH CROSS HOLDER CONFLICTS AND COMPETITION

- ♦ Ethical decision making in business will be more complicated when it involves conflicting interest of various stakeholders.
- ♦ When this kind of situation takes place, it is important for a business to balance the interest of its various stakeholders.
- ♦ Different stakeholder groups have different priorities, for example:
 - Shareholders expect the business to make a profit and receive a return on their investment.
 - Employees require good working conditions if they are to be retained.
 - Potential investors may want to see evidence of how a company responds to environmental issues before committing money to the business.
 - Customers expect accurate and reliable products.
- ♦ Stakeholder conflict arises when the needs of some stakeholder groups compromise the expectations of others.

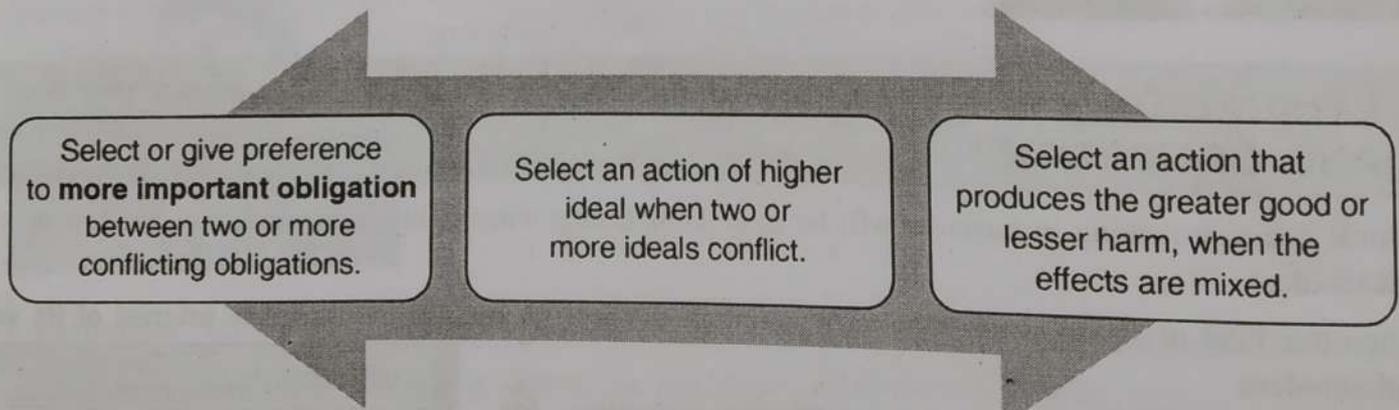
Stakeholder

A stakeholder is a person who has an interest (direct or indirect) in an organisation and can either affect or be affected by the business. Stakeholders can be further classified in to either internal stakeholders or external stakeholders. Employees are example of internal stakeholders. Government, suppliers, customer, society are examples of external stakeholders.

- ◆ A business has to make choices which some stakeholders might not like.
- ◆ **Organisation has objective of maximise profits and enhance shareholder value.** Since labor costs are a critical input cost for most companies, a company may seek to keep these costs under tight control. This might have the effect of making another important group of stakeholders, its employees, unhappy. The most efficient companies successfully manage the self-interests and expectations of their stakeholders. This situation **indicate conflict of interests of employees vs. investors.**
- ◆ To manufacture more units, company runs factory beyond permissible limit of carbon emission. This will help company to manufacture goods in large quantity and thereby increase profit. But on the other hand, if allowed, carbon emissions will adversely affect place where company is located. In simple term, it will create pollution and it is not good for health of person residing in same city. Certainly, decision will help to maximise profit for investors and shareholders of company but it is not in favor of society.

Potential Conflict between stakeholders		
Business Decision	Likely to be Supported By	Possibly Opposed By
Cut jobs to reduce costs	Shareholders and Banks	Employees Local Community
Add extra shifts to increase factory capacity	Management Customers and Suppliers	Local Community
Introduce new machinery to replace manual work	Customers Shareholders	Employees
Increase selling price significantly to improve profit margins	Shareholders Management	Customers

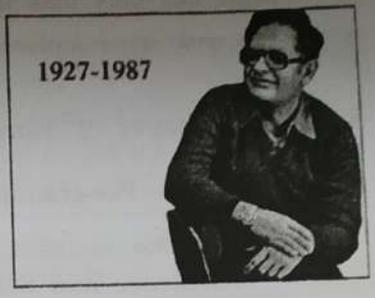
- ◆ There is no clear cut guideline available to deal with this kind of situation. However, **Barry in the year 1986, suggested following three points to deal with situation which involve various group of stakeholders for effective ethical decision making:**



- ◆ Above guideline should be used in combination with various ethical and moral principles, code of conduct applicable, applicable laws and various approaches (Right, Justice, Virtue etc.) as discussed in above point.
- ◆ Decision maker or businessman shall use his experience, moral judgement and customary practice followed in the industry at the time of dealing with cross holder conflict and competition.

4.3. KOHLBERG'S MODEL OF COGNITIVE MORAL DEVELOPMENT

- ◆ Lawrence Kohlberg (1958) agreed with Piaget's (1932) theory of moral development in principle but wanted to develop his ideas further.
- ◆ He used Piaget's storytelling technique to tell people stories involving moral dilemmas.
- ◆ In each case, he presented a choice to be considered, for example, between the rights of some authority and the needs of some deserving individual who is being unfairly treated.
- ◆ According to Kohlberg's Theory of Moral Development, there are 6 stages of moral development, known as Kohlberg's stages of moral development.
- ◆ One of Kohlberg's best known experiments is known as the **Heinz Dilemma**. In this experiment, Kohlberg presented a story about a man named Heinz :



Heinz's wife was dying from a particular type of cancer. Doctors said a new drug might save her. The drug had been discovered by a local chemist, and the Heinz tried desperately to buy some, but the chemist was charging ten times the money it cost to make the drug, and this was much more than the Heinz could afford.

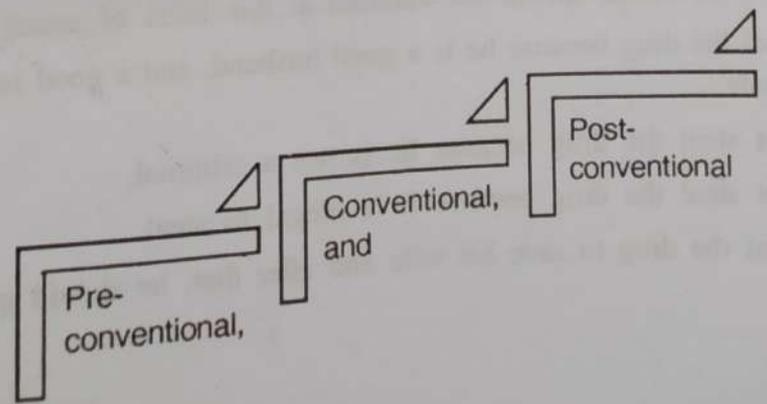
Heinz could only raise half the money, even after help from family and friends. He explained to the chemist that his wife was dying and asked if he could have the drug cheaper or pay the rest of the money later.

The chemist refused, saying that he had discovered the drug and was going to make money from it. The husband was desperate to save his wife, so

later that night he broke into the chemist's and stole the drug. Kohlberg asked a series of questions such as:

Should Heinz have stolen the drug?	Would it change anything if Heinz did not love his wife?	What if the person dying was a stranger, would it make any difference?	Should the police arrest the chemist for murder if the woman died?
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- ◆ By studying the answers from children of different ages to these questions, Kohlberg hoped to discover how moral reasoning changed as people grew older.
- ◆ The sample comprised 72 Chicago boys aged 10-16 years, 58 of whom were followed up at three-yearly intervals for 20 years (Kohlberg, 1984).
- ◆ Each boy was given a 2-hour interview based on the ten dilemmas.
- ◆ What Kohlberg was mainly interested in was not whether the boys judged the action right or wrong, but the reasons given for the decision.
- ◆ He found that these reasons tended to change as the children got older.
- ◆ Kohlberg identified three distinct levels of moral reasoning:



- ◆ Each level has **two sub-stages**.
- ◆ People can only pass through these levels in the order listed.
- ◆ Each new stage replaces the reasoning typical of the earlier stage. Not everyone achieves all the stages.

Kohlberg's Stages of Moral Development

Level 1 - Pre-conventional Morality

- The pre-conventional stage is associated with the first two Kohlberg's stages of moral development: **Obedience and Self-interest**.
- At the pre-conventional level (most nine-year-olds and younger, some over nine), we do not have a personal code of morality.
- At this level, children are **only interested in securing their own benefits**. This is their idea of morality.
- They begin by avoiding punishment, and quickly learn that they may secure other benefits by pleasing others. No other ethical concepts are available to children this young.
- When being asked what Heinz should do, children at this level of moral development may answer:
 - ✓ He should not steal the drug because it is bad to steal.
 - ✓ He should steal the drug because the chemist is charging too much.
 - ✓ He should steal the drug because he will feel good that he saves his wife.
 - ✓ He should not steal the drug because he will end up in prison.

Stage 1. Obedience and Punishment Orientation

The child/individual is good in order to avoid being punished. If a person is punished, they must have done wrong.

Stage 2. Individualism and Exchange

At this stage, children recognise that there is not just one right view that is handed down by the authorities. Different individuals have different viewpoints.

Level 2 - Conventional Morality

- According to Kohlberg's Theory of Moral Development, the conventional level is associated with **conformity and Law and Order**.
- This is the stage at which children **learn about rules and authority**.
- They learn that there are certain "conventions" that govern how they should and should not behave, and learn to obey them.
- **At this stage, no distinction is drawn between moral principles and legal principles.**
- What is right is what is handed down by authority, and disobeying the rules is always by definition "bad."
- When being asked what Heinz should do, children at this level of moral development may answer:
 - ✓ He should steal the drug because he is a good husband, and a good husband would do anything to save his wife.
 - ✓ He should not steal the drug because he is not a criminal.
 - ✓ He should not steal the drug because it is illegal to steal.
 - ✓ He should steal the drug to save his wife and after that, he should go to prison for the crime.

- Kohlberg believed that some people stay at this stage of moral reasoning for their whole lives, deriving moral principles from social or religious authority figures and never thinking about morality for themselves.

Stage 3. Good Interpersonal Relationships

The child/individual is good in order to be seen as being a good person by others. Therefore, answers relate to the approval of others.

Stage 4. Maintaining the Social Order

The child/individual becomes aware of the wider rules of society, so judgments concern obeying the rules in order to uphold the law and to avoid guilt.

Level 3 - Post-conventional Morality

- The post-conventional level is associated with these Kohlberg's stages of moral development: **Social contract orientation and Universal human ethics.**
- At this level, children have learned that there is a difference between what is right and what is wrong from a moral perspective, and what is right and what is wrong according to rules. Although they often overlap, there are still times when breaking a rule is the right thing to do.
- When being asked what Heinz should do, children at this level of moral development may answer:
 - ✓ He should steal the drug because everyone has a right to live, regardless of the law.
 - ✓ He should not steal the drug because the chemist deserves to get paid for his effort to develop the drug.
 - ✓ He should steal the drug because saving life is more important than anything else.
 - ✓ He should not steal the drug because others also have to pay for the drug. It is only fair that he pays for it as well.

Stage 5. Social Contract and Individual Rights

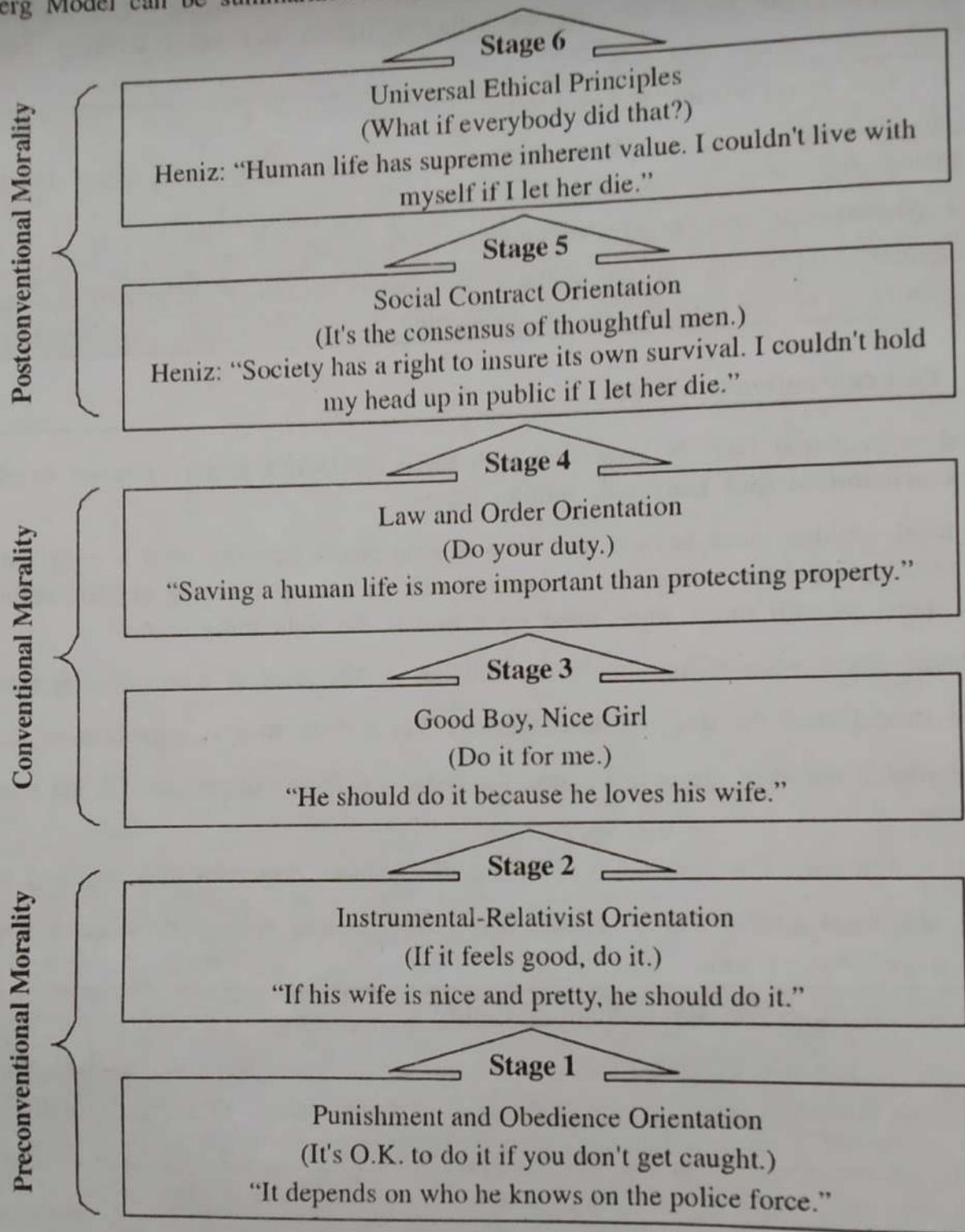
The child/individual becomes aware that while rules/laws might exist for the good of the greatest number, there are times when they will work against the interest of particular individuals.

The issues are not always clear-cut. For example, in Heinz's dilemma, the protection of life is more important than breaking the law against stealing.

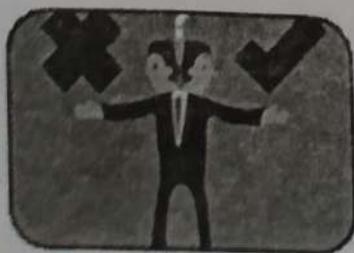
Stage 6. Universal Principles

People at this stage have developed their own set of moral guidelines which may or may not fit the law. The principles applies to everyone. E.g., human rights, justice, and equality. The person will be prepared to act to defend these principles even if it means going against the rest of society in the process and having to pay the consequences of disapproval and or imprisonment. Kohlberg doubted few people reached this stage.

The Kohlberg Model can be summarized in following graphic :



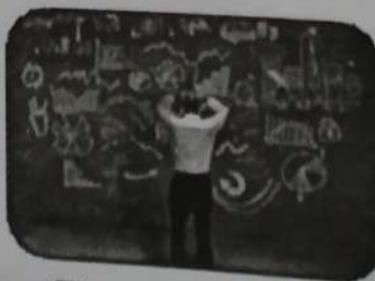
Limitation of Theory



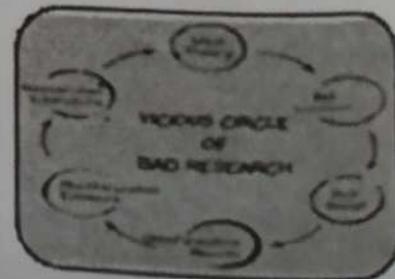
The dilemmas are artificial



The sample is biased



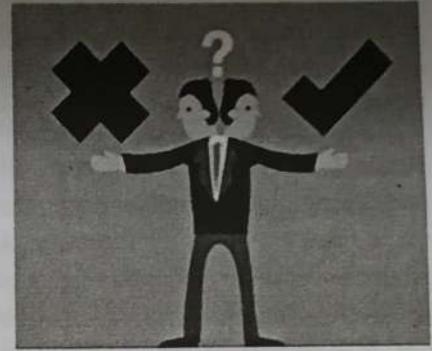
The dilemmas are hypothetical (Not real)



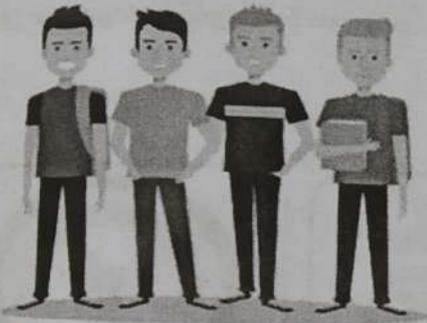
Poor research design

The Dilemmas are Artificial

- ◆ Most of the dilemmas are **unfamiliar to most people (Rosen, 1980)**.
- ◆ For example, it is all very well in the Heinz dilemma asking subjects whether Heinz should steal the drug to save his wife.
- ◆ However, Kohlberg's subjects were **aged between 9 and 16**. They have never been married, and never been placed in a situation remotely like the one in the story. How should they know whether Heinz should steal the drug?



The Sample is Biased



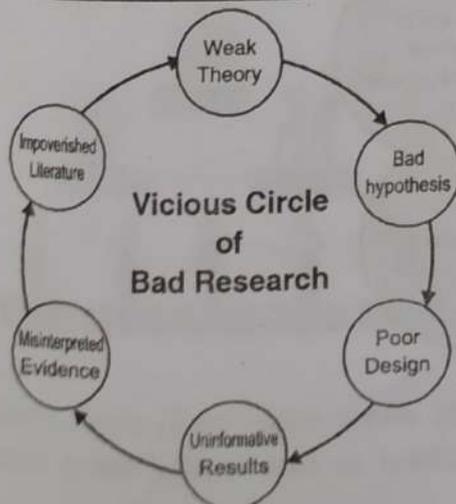
- ◆ According to **Gilligan (1977)**, because Kohlberg's theory was based on an all-male sample, the stages reflect a **male definition of morality**.
- ◆ Men's morality is based on abstract principles of **law and justice**, while women's is based on principles of **compassion and care**.
- ◆ Further, the gender bias issue raised by Gilligan is a reminder of the significant gender debate still present in psychology, which when ignored, can have a large impact on the results obtained through psychological research.

The Dilemmas are Hypothetical (Not real)

- ◆ In a real situation, what course of action a person takes will have real consequences – and sometimes very unpleasant ones for themselves?
- ◆ Would subjects reason in the same way if they were placed in a real situation? We just don't know.
- ◆ The fact that Kohlberg's theory is heavily dependent on an individual's response to an artificial dilemma brings a question to the validity of the results obtained through this research.
- ◆ People may respond very differently to real life situations that they find themselves in than they do with an artificial dilemma presented to them in the comfort of a research environment.



Poor Research Design



- ◆ The way in which Kohlberg carried out his research when constructing this theory may not have been the best way to test whether all children follow the same sequence of stage progression.
- ◆ His research was **cross-sectional**, meaning that he interviewed children of different ages to see what level of moral development they were at.
- ◆ A better way to see if all children follow the same order through the stages would have been to carry out longitudinal research on the same children.

4.4. INFLUENCES ON ETHICAL DECISION MAKING

Business ethics comprises principles and standards that guide individual and work group behavior in the world of business. Stakeholders determine these conventions, and they may change over time. The most basic of these standards have been codified as laws and regulations. Business ethics goes beyond legal issues.

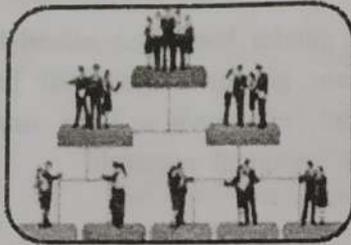
Because individuals and groups within a company may not have embraced the same set of values, ethical conflict may occur. Questionable decisions and actions may result in disputes that must be resolved through some type of negotiation or even litigation. Codifying ethical standards into meaningful policies that spell out what is and is not acceptable gives businesspeople an opportunity to reduce the possibility of behavior that could create legal problems. Business decisions involve complex and detailed discussions in which correctness may not be clear-cut. It is important that a shared vision of acceptable behavior develop from an organisational perspective to create consistent and reliable relationships with all concerned stakeholders.

Understanding the ethical decision-making process can help individuals and businesses design strategies to prevent misconduct.

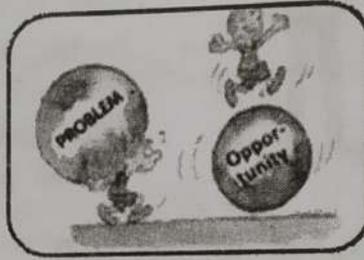
Four of the important components of ethical decision making are:



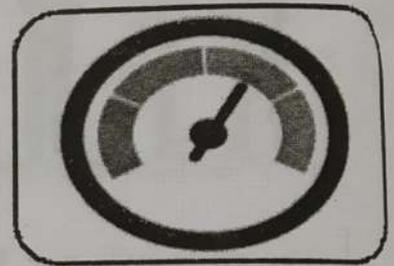
1. Individual factors



2. Organizational relationships



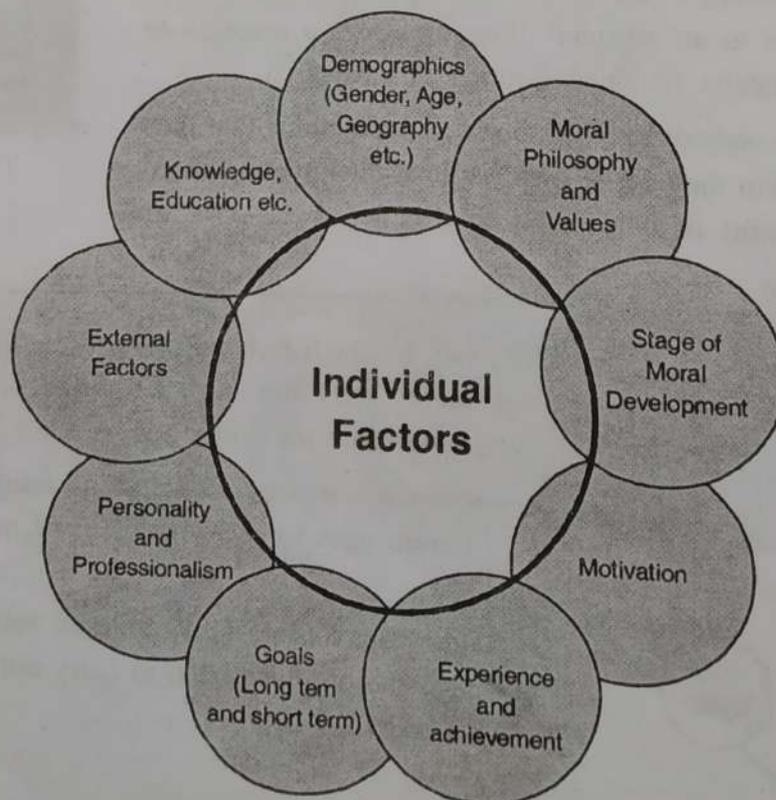
3. Opportunity



4. Issue Intensity

Individual Factors

- ◆ Significant individual factors that affect the ethical decision-making process include personal moral philosophy, stage of moral development, motivation, and other personal factors such as gender, age, and experience.
- ◆ Moral philosophies are the principles or rules that individuals apply in deciding what is right or wrong.

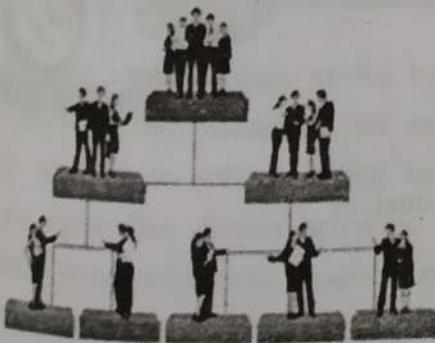


- ◆ Most moral philosophies can be classified as consequentialism, ethical formalism, or justice.
- ◆ **Consequentialist philosophies** consider a decision to be right or acceptable if it accomplishes a desired result such as pleasure, knowledge, career growth, the realisation of self-interest, or utility.
- ◆ **Consequentialism may be further classified as egoism and utilitarianism.**
- ◆ **Ethical formalism** focuses on the rights of individuals and on the intentions associated with a particular behavior rather than on its consequences.
- ◆ **Justice theory** relates to evaluations of fairness, or the disposition to deal with perceived injustices of others.
- ◆ Kohlberg proposed that people progress through six stages in their cognitive moral development.
- ◆ McClelland identified three different social needs that may motivate an individual in an ethical decision-making situation: power, affiliation and achievement.

NEED FOR POWER	NEED FOR AFFILIATION	NEED FOR ACHIEVEMENT
<ul style="list-style-type: none"> • Great concern to exercise influence and control. • Forceful, outspoken, hard headed and demanding. 	<ul style="list-style-type: none"> • Derive pleasure from being loved and avoid the pain of rejection. • Enjoy sense of intimacy and understanding. 	<ul style="list-style-type: none"> • Intense desired for success and fear of failure. • Take difficult goals and take a realistic approach to risk.

- ◆ In addition to above factors, unique characters of the individual making the decision (i.e., age, gender, experience, socialisation etc.) also has influence on ethical decision making. Person with good amount of experience usually does not involve into unethical decision whereas it is very common that young and fresh graduate due to lack of experience and age factor involve into unethical decisions.
- ◆ To the certain extent **gender** also play role in decision making process. It has been found that female or woman managers are more ethical than male managers.
- ◆ Person's **long term or short term vision and attitude** to adhere values and abiding by law also influence ethical decision making. Generally, person having short term vision with greedy nature do not hesitate to involve into wrong and unethical behaviour.
- ◆ **Level of education and professionalism** are two individual elements which influence ethical decision. Person who is professional is required to follow and comply his profession's code of conduct. Therefore, he will be extra cautious and avoid unethical decision making. The decision making skill will be different based on person's education level and whether he is educated or illiterate.

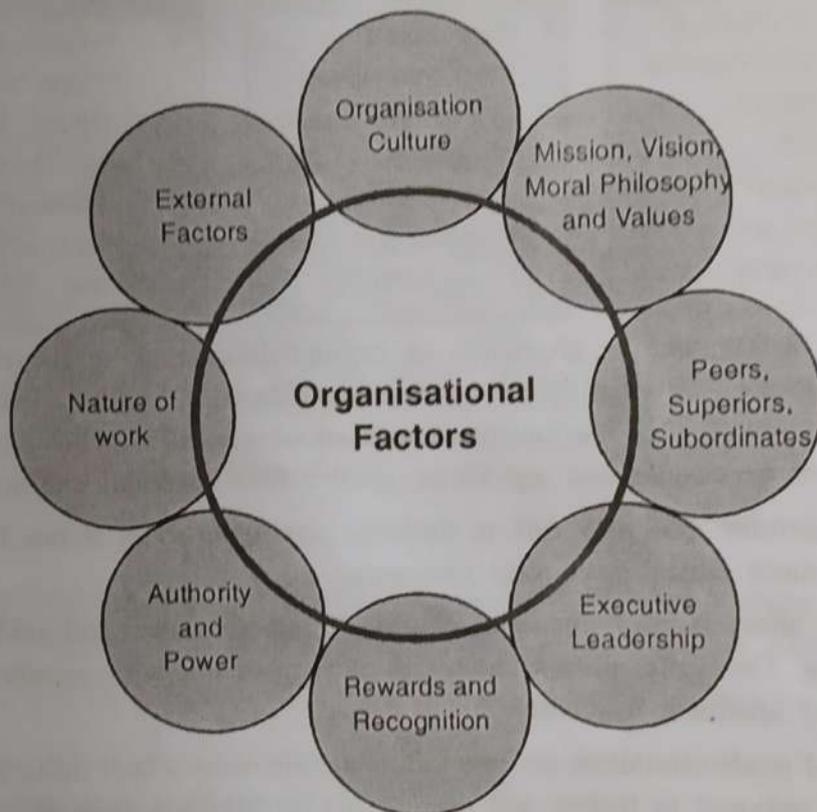
Organisational Factors



- ◆ The culture of the organisation, as well as superiors, peers, and subordinates, can have a significant impact on the ethical decision-making process.
- ◆ Organisational, or corporate culture can be defined as a set of values, beliefs, goals, norms, and rituals shared by members or employees of an organisation. Whereas a firm's overall culture establishes ideals that guide a wide range of behaviors for members of the organisation, its ethical climate focuses specifically on issues of right and wrong.

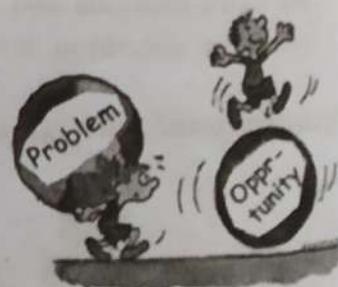
◆ Strong work place ethics create ethical culture and pressuring employees to follow it. Whereas weak work place ethics culture lead to unethical act.

- ◆ Other significant organisational factors include superiors, peers, and subordinates in the organisation who influence the ethical decision-making process.
- ◆ Interaction between corporate culture and executive leadership helps to determine the ethical value system of the firm, but obedience to authority can also explain why many people resolve workplace issues by following the directives of a superior.
- ◆ More a person is exposed to unethical activity by others in the organisation, the more likely it is that he will behave unethically. Superiors and coworkers can create organisational pressure, which plays a key role in creating ethical issues.
- ◆ **Reward systems** in organisation also influence ethical decision making. People tend to do what they are rewarded for, e.g. maximizing sales. When ethical behavior is not rewarded, it will not be conducted.
- ◆ **Authority** also influence ethical decision making. People do what they are told to do, or what they think they are being told to do. Hence, organisation where authority is not delegated, leave less scope to engage into unethical act.



Opportunity

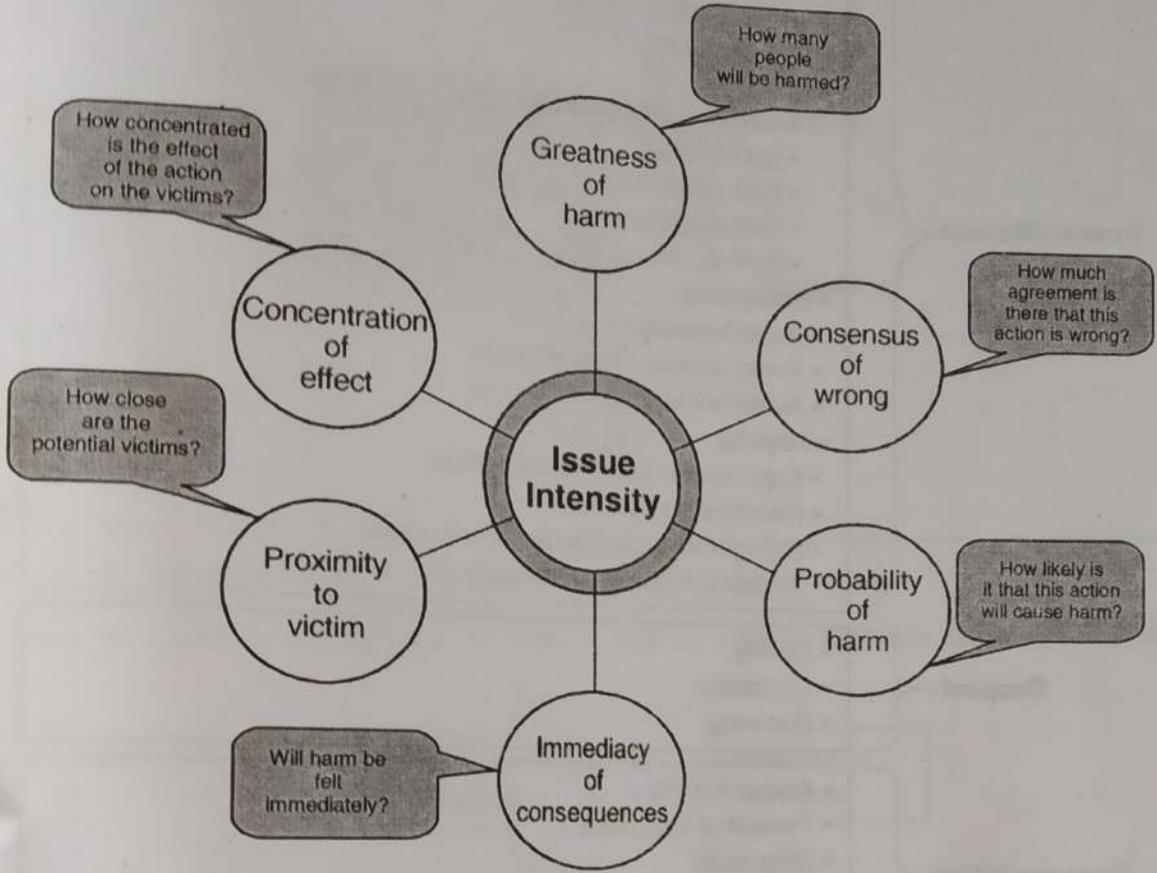
- ◆ Opportunity is a set of conditions that limit barriers or provide rewards.
- ◆ If an individual takes advantage of an opportunity to act unethically and escapes punishment or gains a reward, that person may repeat such acts when circumstances favor them.



Issue Intensity

- ◆ Finally, the intensity of an issue can affect ethical decisions.
- ◆ Ethical intensity is the degree of importance of an issue for an individual or group.
- ◆ There are **six characteristics** that determine issue intensity:
 - Greatness of harm
 - Consensus of wrong
 - Probability of harm

- Immediacy of consequences
- Proximity to victim
- Concentration of effect



Example Box 4.5 :



If a few customers were overcharged a small amount by mistake, it may not be worth correcting the mistake. If thousands were overcharged, then the ethical intensity is much higher. If the overcharged customers are friends or neighbors (proximity), it becomes more important to address the issue.

4.5 PERSONAL VALUES AND ETHICAL DECISION MAKING

Using core ethical values as the basis for ethical thinking can help to detect situations where we focus so hard on upholding one value that we sacrifice another — e.g. we are loyal to friends and so do not always tell the truth about their actions. What informally regulates the inner workings of the business community is a set of principles that dictate behavior. **The six pillars of character from the book "Making Ethical Decisions" include trustworthiness, respect, responsibility, fairness, caring, and citizenship.** They are discussed in detail hereunder:

Trustworthiness

- **Honesty**
 - *In communication*
 - Truthfulness
 - Sincerity/non-deception
 - Frankness
 - *In conduct*
- **Integrity**
 - *4 enemies of integrity*
 - Self-interest
 - Self-protection
 - Self-deception
 - Self-righteousness
- **Reliability**
 - Avoid bad-faith excuses
 - Avoid unwise commitments
 - Avoid unclear commitments
- **Loyalty**
 - Expectation from Relationships
 - Prioritizing Loyalties
 - Safeguarding confidential information
 - Avoiding Conflict of Interest

Respect

- Civility
- Courtesy
- Decency

Responsibility

- Accountability
- Pursuit of Excellent
- Diligence
- Perseverance
- Continuous Improvement
- Self-Restraint

Fairness

- Process
- Impartiality
- Equity

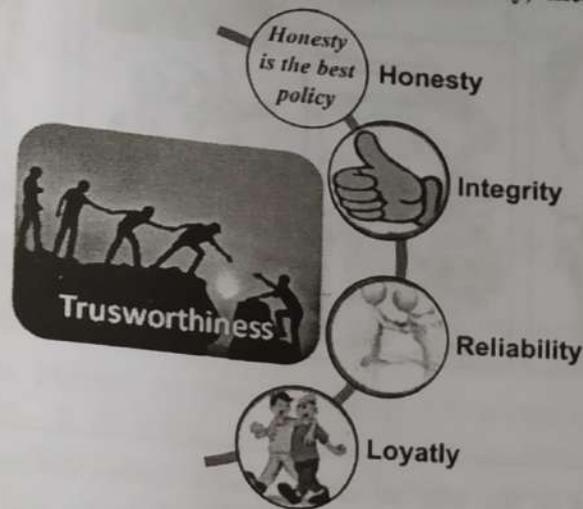
Caring

- Care for others
- Care for self

Citizenship

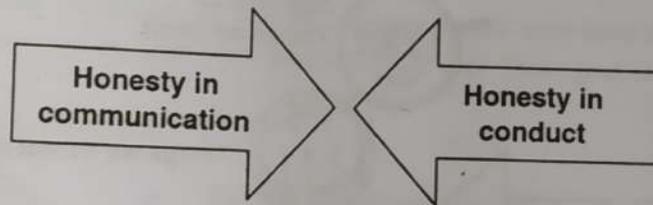
- Fair dealing
- Be a part of Community

- Trustworthiness concerns a variety of behavioral qualities - honesty, integrity, reliability and loyalty.



Honesty

- There is no more fundamental ethical value than honesty.
- We associate honesty with people of honour, and we admire and trust those who are honest.



Honesty in communication is about intent to convey the truth as best we know it and to avoid communicating in a way likely to mislead or deceive. There are three dimensions:



- ✓ **Truthfulness** — truthfulness means not intentionally misrepresenting a fact (lying). Intent is the crucial distinction between truthfulness and truth itself. Being wrong is not the same thing as being a liar, although honest mistakes can still damage trust.
- ✓ **Sincerity/non-deception** — a sincere person does not act, say half-truths, or stay silent with the intention of creating beliefs or leaving impressions that are untrue or misleading.
- ✓ **Frankness** — in relationships involving trust, honesty may also require us to volunteer information that another person needs to know.
- **Honesty in conduct** prohibits stealing, cheating, fraud, and trickery. Cheating is not only dishonest but takes advantage of those who are not cheating. It's a violation of trust and fairness.
- Not all lies are unethical, even though all lies are dishonest.
- Occasionally dishonesty is ethically justifiable, such as when the police lie in undercover operations or when one lies to criminals or terrorists to save lives. But occasions for ethically sanctioned lying are rare — e.g. saving a life.

"It is difficult, but not impossible, to conduct strictly honest business."
- Mahatma Gandhi





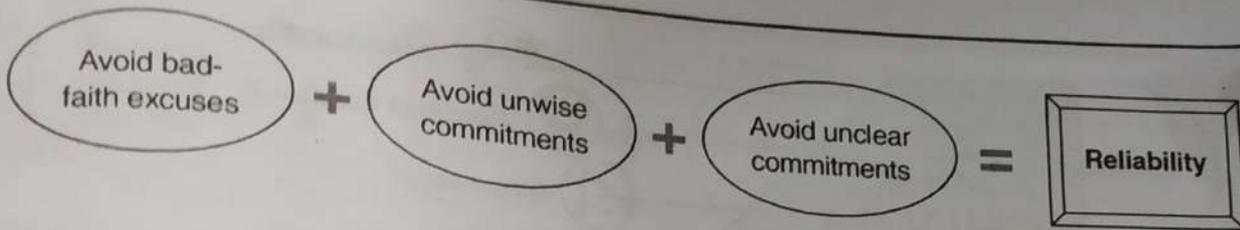
Integrity

- There are no differences in the way an ethical person makes decisions from situation to situation-no difference in the way they act at work and at home, in public and alone.
- The person of integrity takes time for self-reflection so that the events, crises and the necessities of the day do not determine the course of their moral life. They stay in control.
- The four enemies of integrity are:



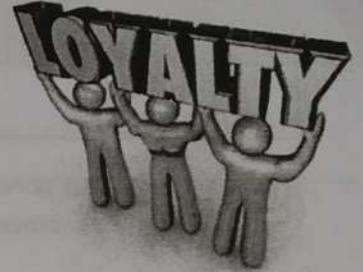
Reliability

- When we make promises or commitments to people our ethical duties go beyond legal obligations.
- The ethical dimension of promise-keeping imposes the responsibility of making all **reasonable efforts to fulfill our commitments**. It is also important to:
 - ✓ **Avoid bad-faith excuses** - Honourable people donot rationalize noncompliance or create justifications for escaping commitments.
 - ✓ **Avoid unwise commitments** - Before making a promise consider carefully whether you are willing and likely to keep it. Think about unknown or future events that could make it difficult, undesirable or impossible to keep your commitment. Sometimes, all we can do is promise to do our best.
 - ✓ **Avoid unclear commitments** - Since others will expect you to live up to what they think you have promised to do, be sure that, when you make a promise, the other person understands what you are committing to do.

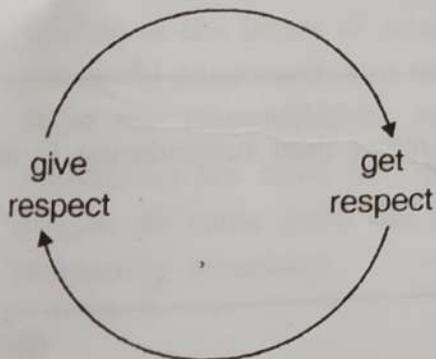


Loyalty

- Loyalty is about promoting and protecting the interests of certain people, organisations or affiliations.
- Some relationships - husband-wife, employer-employee, citizen-country — create an expectation of loyalty.
- **Prioritizing Loyalties.** Because so many individuals and groups make loyalty claims on us, it is often impossible to honor them all simultaneously. Consequently, we must rank our loyalty to obligations in some rational fashion. In our personal lives, for example, it is perfectly reasonable and ethical to look out for the interests of our children, parents and spouses even if we have to subordinate our obligations to other children, neighbors, or co-workers in doing so.
- **Safeguarding Confidential Information.** Loyalty requires us to keep secrets or information learned in confidence.
- **Avoiding Conflicting Interests.** Employees and public servants have an additional responsibility to make all professional decisions on merit not personal interests. Their goal is to maintain the trust of the public.



Respect



- ◆ Respect is about honouring the essential worth and dignity of all people, including oneself.
- ◆ We are morally obligated to treat everyone with respect, regardless of who they are and what they have done.
- ◆ We have a responsibility to be the best we can be in all situations, even when dealing with unpleasant people. Respect focuses on: Civility, Courtesy and Decency - A respectful person is a good listener.

▶ The respectful person treats others with consideration, conforming to accepted notions of taste and propriety, and does not resort to intimidation, coercion or violence except in extraordinary and limited situations to teach discipline, maintain order or achieve social justice.

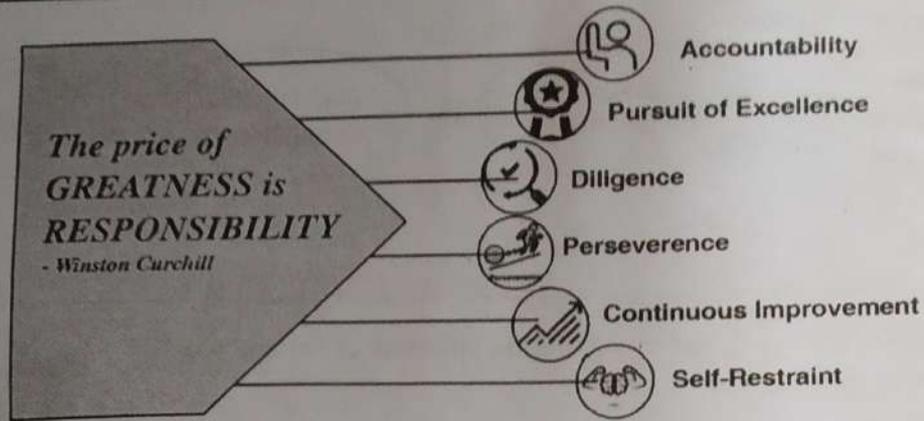
• Tolerance - An ethical person accepts individual differences and beliefs and judges others only on their character.

Responsibility

Life is full of choices.

Being responsible means being in charge of our choices and therefore our lives.

It means being accountable for what we do and who we are. It also means recognising that what we do, and what we don't do, matters.



Accountability



- An accountable person is not a victim and does not shift blame or claim credit for the work of others.

Pursuit of Excellence



- The pursuit of excellence has an ethical dimension when others rely upon our knowledge, ability or willingness to perform tasks safely and effectively.

Diligence



- Responsible people are reliable, careful, prepared and informed.

Perseverance



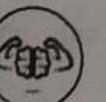
- Responsible people finish what they start, overcoming rather than surrendering to obstacles and excuses.

Continuous Improvement



- Responsible people look for ways to do their work better.

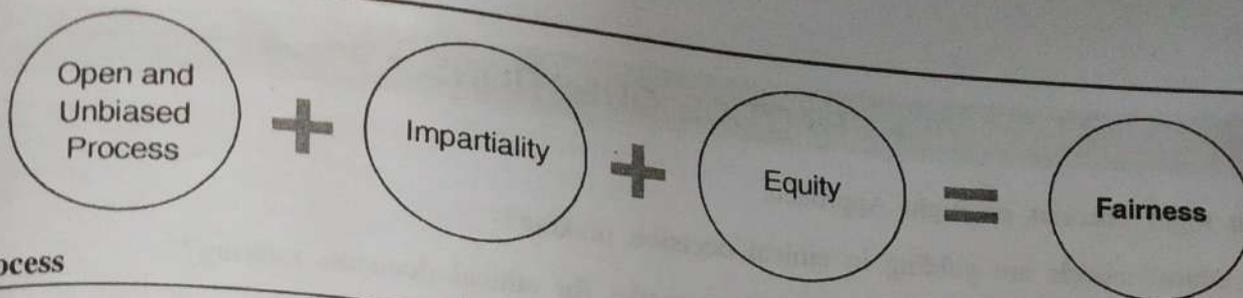
Self-Restraint



- Responsible people exercise self-control, restraining passions and appetites (such as lust, hatred, gluttony, greed and fear).
- They delay gratification if necessary and never feel it's necessary to "win at any cost."

Fairness

- ◆ Fairness is a tricky concept.
- ◆ Disagreeing parties tend to maintain that there is only one fair position - their own. But while some situations and decisions are clearly unfair, fairness usually refers to a range of morally justifiable outcomes rather than discovery of one fair answer.



Process

- A fair person uses open and unbiased processes for gathering and evaluating information necessary to make decisions.
- Fair people do not wait for the truth to come to them; they seek out relevant information and conflicting perspectives before making important decisions.

Impartiality

- Decisions should be unbiased without favouritism or prejudice.

Equity

- It is important not to take advantage of the weakness, disadvantage or ignorance of others.
- Fairness requires that an individual, company, or society correct mistakes, promptly and voluntarily.

"It takes a lot of experience to learn to how to care about people."

- Barry Schwartz

Caring

- **Caring is the heart of ethics.** It is scarcely possible to be truly ethical and not genuinely concerned with the welfare others. That is because ethics is ultimately about our responsibilities toward other people.
- Sometimes we must hurt those we care for and some decisions, while quite ethical, do cause pain. But one should consciously cause no more harm than is reasonably necessary.

"It takes a lot of experience to learn to how to care about people."
- Barry Schwartz

Citizenship



- The concept of citizenship includes how we ought to behave as part of a community.
- **The good citizen knows the laws and obeys them** - but they also volunteer and stay informed on the issues of the day.
- Citizens do more than their "fair" share to make society work, now and for future generations.

Citizenship can have many expressions, such as conserving resources, recycling, using public transportation and cleaning up litter.

• PRACTICE QUESTIONS •

1. Explain Right Theories or Right Approach.
2. Which ethical models are guiding in ethical decision making?
3. Which ethical model can be considered as best model for ethical decision making?
4. What kinds of rights are described under Right Theories?
5. What consideration shall be given at the time of ethical decision making involving cross holder conflict?
6. Write short note: Kohlberg's Model on Cognitive Moral Development.
7. Explain Heinz dilemma. Who developed it?
8. Write short note: Pre-conventional morality.
9. Write short note: Conventional morality.
10. Write short note: Post conventional morality.
11. Explain the limitation of Kohlberg's Model on Cognitive Moral Development.
12. Which factors influences ethical decision making?
13. Write short note: Issue intensity.
14. How personal value affect ethical decision making?
15. Mr. Patel came to know about serious malpractice done by his Department Manager. He is willing to report this unethical wrongdoing by a boss who is engaged in some form of corporate fraud to the Managing Director of company. But he has apprehension that if he reports it to the Managing Director, he may be kicked out from job by his Department Manager and lose his job. Jobless position makes it difficult for him to meet obligations to maintain his family. However, by not reporting the wrongdoing, he put other stakeholders in jeopardy. What Mr. Patel should do?



5

CHAPTER

INDIVIDUAL FACTORS: MORAL PHILOSOPHIES & VALUES

POINTS DISCUSSED IN THIS CHAPTER

- 5.1. Moral Philosophy Defined
- 5.2. Moral Philosophies
- 5.3. Applying Moral Philosophy to Ethical Decision
- 5.4. Cognitive Development
- 5.5. White-Collar Crime
- 5.6. Role of Individual factors in Business Ethics

5.1. MORAL PHILOSOPHY DEFINED

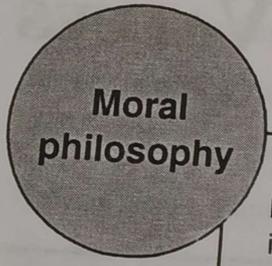
What is Moral Philosophy?

- ◆ Moral philosophy is the **branch of philosophy that contemplates what is right and wrong.**
- ◆ It explores the nature of morality and examines how people should live their lives in relation to others.
- ◆ It refers in particular to the specific principles or rules that people use to decide what is right or wrong.
- ◆ A moral philosophy is a person's principles and values that define what is moral or immoral.
- ◆ Making decisions requires a person to evaluate the "rightness", or morality, of choices in terms of his own principles and values.
- ◆ While taking decision related to business ethics and resolving ethical dilemma, person is **guided by his moral philosophy.**

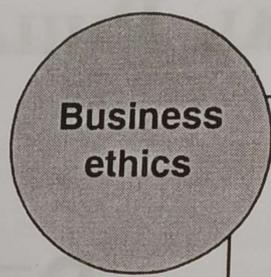
Philosophy

Philosophy is the study of general and fundamental questions about existence, knowledge, values, reason, mind, and language. Such questions are often posed as problems to be studied or resolved.

It is general system of values by which people live.



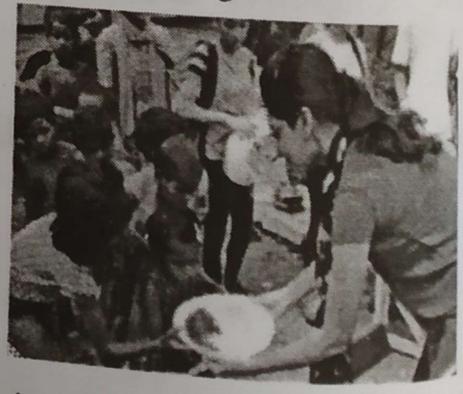
It pertains to the overall guiding belief system behind the individual's perception of right or wrong.



It demand that a company examines its behavior towards the outside world. It takes into consideration morality, ethical reasoning and ethics application.

Moral Philosophy - Business Ethics

- ◆ There is no single moral philosophy that everyone accepts.
- ◆ Moral philosophies bring people together in a cooperative, efficient, and productive marketplace.
- ◆ Individual moral philosophies are often used to **justify decisions or explain actions.** People who face ethical issues often base their decisions on their own values and principles of right and wrong.
- ◆ Moral philosophies are ideal moral perspectives that provide individuals with abstract principles for guiding their social existence. **For example,** individuals' decisions to donate waste and surplus foods after party to poor people living on road side are influenced by his moral philosophies, his attitudes toward poor people and food. But it is not possible to apply individual moral philosophies in complex corporate culture.
- ◆ At the same time, while working in company or in team, all persons are not considering your moral philosophy. While dealing with ethical issue, he is not considering his individual moral philosophies on several occasion.
- ◆ Individuals learn decision making approaches/philosophies through their **cultural and social development.**
- ◆ Theories associated with moral philosophies are as under:
 - Economic value orientation
 - Idealism, and
 - Realism



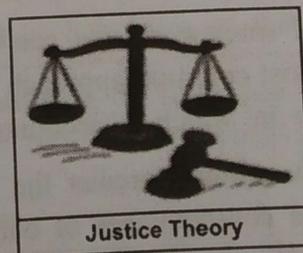
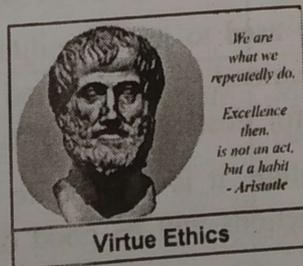
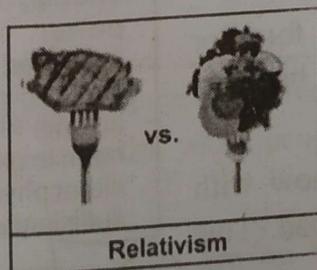
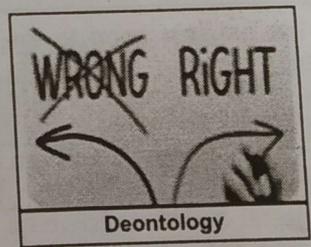
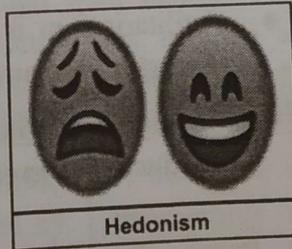
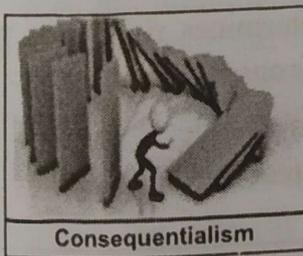
- Economic value orientation**
 - is associated with values that can be quantified in monetary terms.
 - According to this theory, people may justify their action as ethical if an act produces more monetary value than its effort.
- Idealism**
 - is moral philosophy that places value on ideals as products of the mind.
 - It refers to the efforts required to account for all objects in nature and experience and to assign to them to a higher order of existence.
 - Research shows positive correlation between idealistic thinking and ethical decision making.
- Realism**
 - is the view that an external world exists independent of our perception of it. Realists work under the assumption that human is not inherently benevolent and kind.
 - Human is inherently self-centered and competitive.
 - According to realists, each person is always ultimately guided by his own self-interest.
 - Research shows a negative correlation between realistic thinking and ethical decision making.

Following table indicate theme of above theories in brief:

Theory	Main idea of theory
Economic Value Orientation	"Monetary value"
Idealism	"What could be"
Realism	"What actually is"

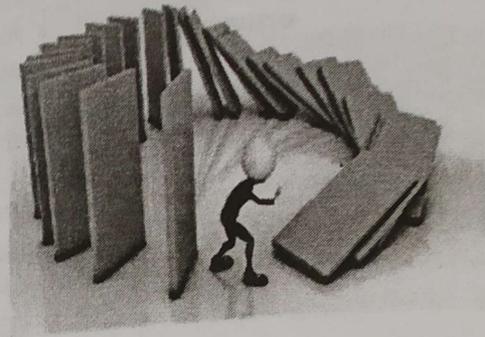
5.2. MORAL PHILOSOPHIES

For individuals, the ethical theory they employ for decision making guidance emphasizes aspects of an ethical dilemma important to them and leads them to the most ethically correct resolution according to the guidelines within the ethical theory itself. Several categories of moral philosophies (ethical theories and concept) are discussed hereunder :



Consequentialism

- ◆ Consequentialism is an ethical theory that judges whether or not something is right by **what its consequences are**.
- ◆ **For instance**, most people would agree that lying is wrong. But if telling a lie would help save a person's life, consequentialism says it is the right thing to do.
- ◆ Two examples of consequentialism are:
 - Utilitarianism, and
 - Hedonism



Utilitarianism

- judges consequences by a "greatest good for the greatest number" standard.

Hedonism

- says something is "good" if the consequence produces pleasure or avoids pain.

- ◆ Consequentialism is sometimes criticised because it can be difficult or even impossible, to know what the result of an action will be ahead of time. Indeed, no one can know the future with certainty.
- ◆ In certain situations, consequentialism can lead to decisions that are objectionable even though the consequences are arguably good.

Example Box 5.1 :



Let us suppose economists could prove that the world economy would be stronger and that most people would be happier, healthier and wealthier, if we just enslaved 2% of the population. Although the majority of people would benefit from this idea, most would never agree to it. However, when judging the idea solely on its results, as classic consequentialism does, then "the end justifies the means."

Utilitarianism

It is the greatest good to the greatest number of people which is the measure of right and wrong.

- Jeremy Bentham

- ◆ Utilitarianism is an ethical theory that determines right from wrong by **focusing on outcomes**. It is a form of consequentialism.
- ◆ Utilitarianism holds that the most ethical choice is the one that will produce the **greatest good for the greatest number**.

- ◆ **This is end oriented approach. It was developed by John Stuart Mill.**
- ◆ It is the only moral framework that can be used to justify military force or war. It is also the most common approach to moral reasoning used in business because of the way in which it accounts for costs and benefits.
- ◆ However, because we cannot predict the future, it is difficult to know with certainty whether the consequences of our actions will be good or bad. This is one of the limitations of utilitarianism.
- ◆ Utilitarianism also has trouble accounting for values such as justice and individual rights.

The only one person for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not sufficient warrant

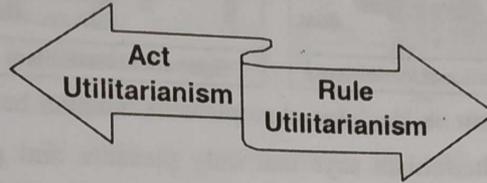
- John Stuart Mill

Example Box 5.2 :



Assume a hospital has four people whose lives depend upon receiving organ transplants: a heart, lungs, a kidney, and a liver. If a healthy person wanders into the hospital, his organs could be transplanted to save four lives at the expense of one life. This would arguably produce the greatest good for the greatest number. But few would consider it an acceptable course of action.

- ◆ So, although utilitarianism is arguably the most reason-based approach to determining right and wrong, it has obvious limitations.
- ◆ There are two types of utilitarianism:

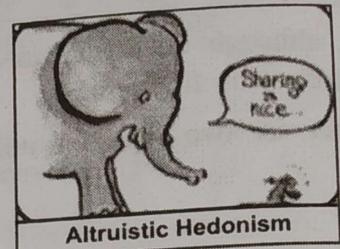
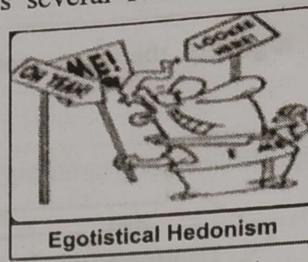
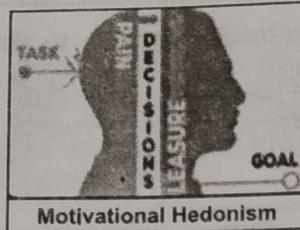
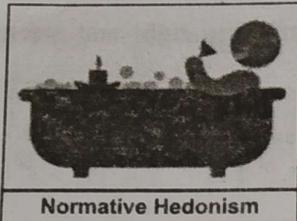
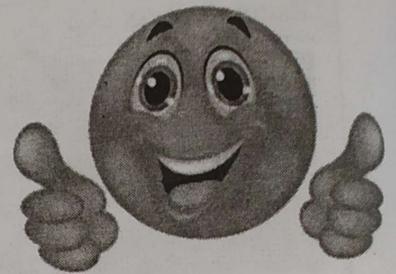


- ◆ **Act utilitarianism** subscribes precisely to the definition of utilitarianism—a person performs the acts that benefit the most people, regardless of personal feelings or the societal constraints such as laws.
- ◆ **Rule utilitarianism** takes into account the law and is **concerned with fairness**.
- ◆ A rule utilitarian seeks to benefit the most people but through the fairest and most just means available. Therefore, added benefits of rule utilitarianism are that it values **justice and includes beneficence at the same time**.
- ◆ Both act and rule utilitarianism have disadvantages.
- ◆ Although people can use their life experiences to attempt to predict outcomes, no one can be certain that his predictions will be accurate.
- ◆ Uncertainty can lead to unexpected results making the utilitarian decision maker appear unethical as time passes, as the choice made did not benefit the most people as predicted.
- ◆ An act utilitarian decision maker is concerned with **achieving the maximum good**. Thus, one individual's rights may be infringed upon in order to benefit a greater number of people.
- ◆ In other words, act utilitarianism is **not always concerned with justice, beneficence or autonomy for an individual** if oppressing the individual leads to the solution that benefits a majority of people.

	Act Utilitarianism	Rule Utilitarianism
What it is	Utilitarian theory of ethics that highlights the morality of an action is determined by its usefulness to the people.	A utilitarian theory of ethics that highlights the morality of an action is when it conforms to a certain rule that leads to the greatest good or happiness of the people.
Morality	Morality is on the effect of a good action that benefits most people.	Morality is on following a certain rule or code of conduct (when doing an action) that has benefits to most people.
Consequences	Consequences are on the action.	Consequences are on the rule(s) followed.

Hedonism

- ◆ Hedonism is the belief that pleasure, or the absence of pain, is the most important principle in determining the morality of a potential course of action.
- ◆ Pleasure can be things like “Drugs and rock ‘n’ roll,” but it can also include any intrinsically valuable experience like reading a good book.
- ◆ Hedonism is a type of consequentialism, and it has several forms.



- ◆ For example, Normative hedonism is the idea that pleasure should be people's primary motivation.
- ◆ On the other hand, Motivational hedonism says that only pleasure and pain cause people to do what they do.
- ◆ Egotistical hedonism requires a person to consider only his or her own pleasure in making choices.
- ◆ Conversely, Altruistic hedonism says that the creation of pleasure for all people is the best way to measure if an action is ethical.

“Nature has placed mankind under the governance of two sovereign masters, pain, and pleasure. It is for them alone to point out what we ought to do, as well as to determine what we shall do” (Bentham 1789)

- ◆ Regardless of the type of hedonism, critics fault it as a guide for morality because hedonism ignores all other values, such as freedom or fairness, when evaluating right and wrong.

The Greatest Happiness Principle is...



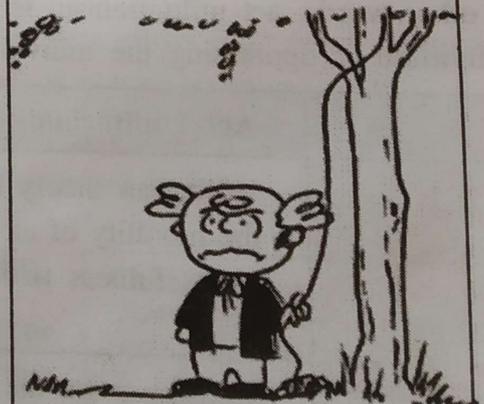
...“actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness.”

Happiness is...



...“intended pleasure, and the absence of pain.”

Unhappiness is...



...“pain, and the privation of pleasure.”

Deontology

- ◆ Deontology approach is also known as **duty oriented approach**.
- ◆ Deontology is an ethical theory that uses rules to distinguish right from wrong.
- ◆ Deontology is often associated with philosopher **Immanuel Kant, German Philosopher**.
- ◆ Kant believed that **ethical actions follow universal moral laws**, such as "Donot lie. Donot steal. Donot cheat."
- ◆ Deontology is **simple to apply**.

"But a lie is a lie, and it in itself intrinsically evil, whether it be told with good or bad intent."
- Immanuel Kant

"In law a man is guilty when he violates the rights of others. In ethics he is guilty if he only thinks of doing so."
- Immanuel Kant

- ◆ It states that people should follow their obligations and duties when engaged in decision making. This means that a person will follow his obligations to another individual or society because upholding one's duty is what is considered ethically correct.
- ◆ Rightness or wrongness of action depends on formal moral criteria and not on basis of consequences **i.e. end result**.

- ◆ This approach tends to fit well with our natural intuition about what is or is not ethical.
- ◆ Unlike consequentialism, which judges actions by their results, deontology does not require weighing the costs and benefits of a situation. This avoids subjectivity and uncertainty because you only have to follow set rules.
- ◆ Despite its strengths, rigidly following deontology can produce results that many people find unacceptable.

Example Box 5.3 :



You are a software engineer and learn that a nuclear missile is about to launch that might start a war. You can hack the network and cancel the launch but it is against your professional code of ethics to break into any software system without permission. It is a form of lying and cheating. Deontology advises not to violate this rule. However, in letting the missile launch, thousands of people will die.

- ◆ So, following the rules makes deontology easy to apply. But it also means disregarding the possible consequences of our actions when determining what is right and what is wrong.
- ◆ Deontology contains many positive attributes. But it has many flaws. One of flaw is that there is **no rationale or logical basis for deciding an individual's duties**.

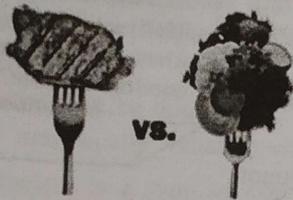
Relativism

- ◆ Moral relativism is the idea that there is **no universal or absolute set of moral principles**.
- ◆ It is a version of morality that advocates "to each her own," and those who follow it say, "Who am I to judge?"
- ◆ **Relativism is the belief that something might be right for you but wrong for me**. Basically it means that each person becomes his or her own god, deciding what is right and good.
- ◆ Moral relativism can be understood in several ways.



- ◆ **Descriptive moral relativism**, also known as **cultural relativism**, says that moral standards are culturally defined, which is generally true.

Example Box 5.4 : Cultural Relativism



We cannot criticise the Chinese for eating dogs. It is part of their culture. If you are a vegetarian, you should not criticise another person's diet. It is wrong to tell someone how to live their lives.

Example Box 5.5 :



Hitting children in some cultures is considered moral as a legitimate method of education, while in others it is considered to be child abuse, hence immoral.

Example Box 5.6 :



Polygamy (i.e. having more than one wife) is considered unethical in some cultures while it is normal in some culture.

- ◆ Indeed, there may be a few values that seem nearly universal, such as honesty and respect, but many differences appear across cultures when people evaluate moral standards around the world.
- ◆ **Meta-ethical moral relativism** states that there are no objective grounds for preferring the moral values of one culture over another.
- ◆ Societies make their moral choices based on their unique beliefs, customs, and practices. And, in fact, people tend to believe that the "right" moral values are the values that exist in their own culture.
- ◆ **Normative moral relativism** is the idea that all societies should accept each other's differing moral values, given that there are no universal moral principles. Most philosophers disagree however.

Example Box 5.7 :



Bribery is okay in some cultures. It doesnot mean that other cultures cannot rightfully condemn it.

- ◆ Moral relativism is on the opposite end of the continuum from moral absolutism, which says that there is always one right answer to any ethical question. Indeed, those who adhere to moral relativism would say, "When in Rome, do as the Romans do."

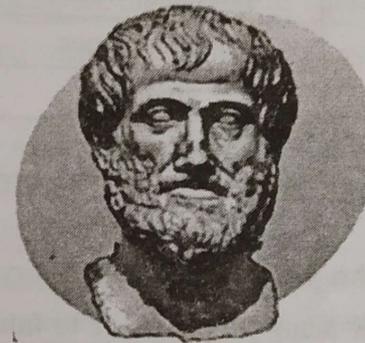
Virtue Ethics

- ◆ Virtue ethics is a philosophy developed by **Aristotle and other ancient Greeks**. It is the quest to understand and live a life of moral character.

"Wisdom is known what to do next, Virtue is doing it."

- **David Starr Jordan**

- ◆ How does a person develop virtues? Virtues are developed through learning and through practice.
- ◆ As the ancient philosopher **Aristotle suggested, a person can improve his character by practicing self-discipline, while a good character can be corrupted by repeated self-indulgence.**
- ◆ Just as the ability to run a marathon develops through much training and practice, so too does our capacity to be fair, to be courageous, or to be compassionate.
- ◆ By practicing being honest, brave, just, generous, and so on, a person develops an honorable and moral character.
- ◆ **Virtues are habits.** That is, once they are acquired, they become characteristic of a person.
- ◆ **For example,** a person who has developed the virtue of generosity is often referred to as a generous person because he or she tends to be generous in all circumstances.
- ◆ Moreover, a person who has developed virtues will be naturally disposed to act in ways that are consistent with moral principles. The virtuous person is the ethical person.
- ◆ **According to Aristotle,** by improving virtuous habits, people will likely make the right choice when faced with ethical challenges.
- ◆ So, virtue ethics helps us understand what it means to be a virtuous human being. And, it gives us a guide for living life without giving us specific rules for resolving ethical dilemmas.
- ◆ One weakness of virtue ethical theory is that it does not take into consideration a person's change in moral character.
- ◆ Different cultures may value certain virtues more than others but generally virtues refer to such traits as honesty, kindness, patience, civility, compassion, diligence, self-reliance, loyalty, fairness, courage, tolerance, conscientiousness, generosity, temperance, self-control, prudence, etc.
- ◆ A problem with virtue ethics approach is that it does not provide much of a guide for action. The definition of virtue cannot be worked out objectively; it depends on the circumstances – you work it out as you go.



We are what we repeatedly do.

Excellence then, is not an act, but a habit
- **Aristotle**

Example Box 5.8 :

1. An individual who alerts you to someone in their department engaging in illegal behavior.
2. An individual who is unwilling to sacrifice their moral beliefs for personal advancement.
3. Purchase Manager enter into deal to purchase raw material for company honestly. He does not cheat his organisation and he has not obtained any direct or indirect commission for deal.

- ◆ According to Aristotle, the best virtues lie in the balance. Excess or deficiency in the main character are considered as vices.

Aristotle's Concept of the Golden Mean		
Deficiency (-)	Balance	Excess (+)
cowardice	COURAGE	rashness
stinginess/miserliness	GENEROSITY	extravagance
sloth	AMBITION	greed
humility	MODESTY	pride
secrecy	HONESTY	loquacity
moroseness	GOOD HUMOR	absurdity
quarrelsomeness	FRIENDSHIP	flattery
self-indulgence	TEMPERANCE	insensibility
apathy	COMPOSURE	irritability
indecisiveness	SELF CONTROL	impulsiveness

Justice

- ◆ Prof. John Rawl developed theory of distributive justice.
- ◆ Justice for many people refers to **fairness**. But while justice is important to almost everyone, it means different things to different groups.
- ◆ This theory demands that decision makers should be guided by fairness, equity as well as impartiality. Each person is to have equal liberty. Social and economic inequalities are to be so arranged that these are to everyone's advantage and are attached to position and offices that are open to all.
- ◆ For instance, **social justice** is the notion that everyone deserves equal economic, political, and social opportunities irrespective of race, gender, or religion.

Example Box 5.9 :

If Jiten and Jigna both do the same work, and there are no relevant differences between them or the work they are doing, then in justice they should be paid the same wages. And if Jiten is paid more than Jigna simply because he is a man, or because he is white, then we have an injustice—a form of discrimination—because race and sex are not relevant to normal work situations.

- ◆ Let us discuss different types of justice :

Distributive justice	It refers to the equitable allocation of assets in society.
Environmental justice	It is the fair treatment of all people with regard to environmental burdens and benefits.
Restorative or Corrective justice	It seeks to make whole those who have suffered unfairly.
Retributive justice	It seeks to punish wrongdoers objectively and proportionately.
Procedural justice	It refers to implementing legal decisions in accordance with fair and unbiased processes.

- ◆ All above types of justice could be used to evaluate specific business situation and the fairness of the organisation involved.

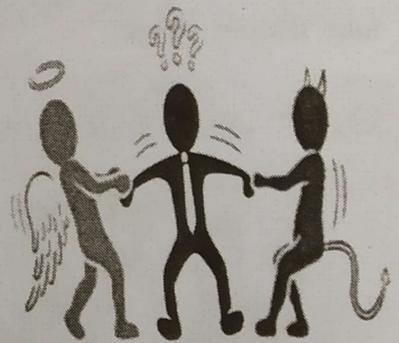
Comparison of Various Moral Philosophies

- ◆ Following table contains summary of various moral philosophies which are applied in decision making:

Moral Philosophies (Theories)	Theme
Consequentialism	Consequentialism is an ethical theory that judges whether or not something is right by what its consequences are.
Utilitarianism	Concerned with consequences - seeks the greatest good for the greatest number of people.
Deontology	Refers to moral philosophies that focus on the rights of individuals and on the intentions associated with a particular behavior rather than its consequences.
Relativism	Definitions of ethical behavior are derived subjectively from the experiences of individuals and groups.
Virtue Ethics	Argues that ethical behavior involves not only adhering to conventional moral standards but also considering what a mature person with a "good" moral character would deem appropriate in a given situation.
Justice	Fair treatment and due reward in accordance with ethical or legal standards, including the disposition to deal with perceived injustices of others

5.3. APPLYING MORAL PHILOSOPHY (THEORIES) TO ETHICAL DECISION

- ◆ With so many ethical theories about what is right and wrong, how do you decide which theory is best for your business or suitable in business decision making?
- ◆ It is not necessary that you are required to choose just one. Most ethics experts agree that one theory cannot be applied in every business, or even in every area of the same business.
- ◆ Each ethical theory has its own strengths and weaknesses. However, some theories are obvious fits in certain situations. For example, **Kantian theory**, which demands that you respect people as independent agents, works well when you are dealing with human resource issues.
- ◆ **Utilitarianism**, which promotes the greatest good for everyone involved, works well in determining how to treat the environment.
- ◆ **Virtue ethical theories**, on the other hand, are ideal for discussing the character of an ethical leader or ethical employee.
- ◆ No theory can substitute for a commitment to ethical values and the use of moral imagination.
- ◆ Moreover, for many ethical issues in business, every ethical theory (when applied correctly) yields the same answer.



5.4. COGNITIVE DEVELOPMENT

Jean Piaget's theory of cognitive development suggests that **children move through four different stages of mental development**. His theory focuses not only on understanding how children acquire knowledge, but also on understanding the nature of intelligence. **Four stages described in Piaget's theory :**

Stage	Age	Characteristics
Stage 1-Sensorimotor behaviour.	Birth to 2 years	Discovery of relationship between sensory and motor
Stage 2-Preoperational stage	2 to 7 years	Use of symbols through objects and beginning of the use of language.
Stage 3-Concrete operational stage	7 to 11 years	Development of rational thinking, logical use of language and communication.
Stage 4-Formal operational stage	11 years onwards	Development of abstract reasoning.

Piaget believed that children take an active role in the learning process, acting much **like little scientists as they perform experiments, make observations, and learn about the world**. As kids interact with the world around them, they continually add new knowledge, build upon existing knowledge, and adapt previously held ideas to accommodate new information.

Piaget's stage theory describes the cognitive development of children. **Cognitive development involves changes in cognitive process and abilities.** In Piaget's view, early cognitive development involves processes based upon actions and later progresses to changes in mental operations.

Through his observations of his children, Piaget developed a stage theory of intellectual development that included **four distinct stages**:

Stage 1 –Sensorimotor (Age: Birth to 2 Years)



- ◆ It is during the sensory motor stage that children go through a period of dramatic growth and learning.
- ◆ As kids interact with **their environment**, they are continually making new discoveries about how the world works.
- ◆ The cognitive development that occurs during this period takes place over a relatively short **period of time and involves a great deal of growth**.

- ◆ Children not only learn how to perform **physical actions such as crawling and walking**; they also learn a great deal about language from the people with whom they interact.
- ◆ Piaget also broke this stage down into a number of different sub-stages. It is during the final part of the sensory motor stage that early representational thought emerges.
- ◆ By learning that objects are separate and distinct entities and that they have an existence of their own outside of individual perception, children are then able to begin to attach names and words to objects.

Major elements here:

- The infant knows the world through their **movements and sensations**.
- Children learn about the world through basic actions such as sucking, grasping, looking, and listening.
- Infants learn that things continue to exist even though they cannot be seen (object permanence).
- They are separate beings from the people and objects around them.
- They realise that their actions can cause things to happen in the world around them.
- During this earliest stage of cognitive development, infants and toddlers acquire knowledge **through sensory experiences and manipulating objects**. A child's entire experience at the earliest period of this stage occurs through basic reflexes, senses, and motor responses.

Stage 2 - The Preoperational Stage (Age: 2 to 7 Years)

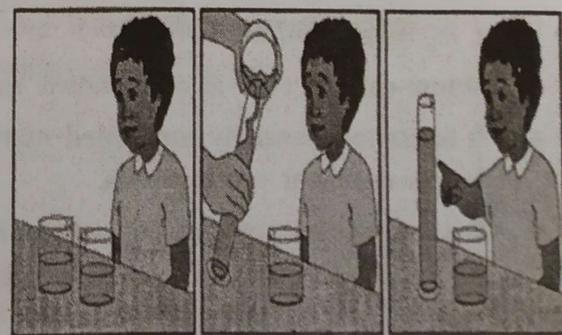
- ◆ The foundations of language development may have been laid during the previous stage, but it is the **emergence of language** that is one of the major hallmarks of the preoperational stage of development.
- ◆ At this stage, kids **learn through pretend play** but still struggle with logic and taking the point of view of other people.
- ◆ They also often struggle with understanding the idea of constancy.
- ◆ **For example**, a researcher might take a lump of clay, divide it into two equal pieces, and then give a child the choice between two pieces of clay to play with.
- ◆ One piece of clay is rolled into a compact ball while the other is smashed into a flat pancake shape. Since the flat shape *looks* larger, the preoperational child will likely choose that piece even though the two pieces are exactly the same size.

**Major elements here:**

- ◆ Children begin to think symbolically and learn to use words and pictures to represent objects.
- ◆ Children at this stage tend to be egocentric and struggle to see things from the perspective of others.
- ◆ While they are getting better with language and thinking, they still tend to think about things in very concrete terms.

Stage 3- The Concrete Operational Stage (Age: 7 to 11 Years)

- ◆ While children are still very concrete and literal in their thinking at this point in development, they become much **more skillful at using logic**.
- ◆ The egocentrism of the previous stage begins to disappear as kids become better at thinking about how other people might view a situation.
- ◆ During this stage, children also **become less egocentric** and begin to think about how other people might think and feel.
- ◆ Kids in the concrete operational stage also begin to understand that their thoughts are unique to them and that not everyone else necessarily shares their thoughts, feelings, and opinions.



"This is the same quantity."

Major elements here:

- ◆ During this stage, children begin to think logically about concrete events.
- ◆ They begin to understand the concept of conservation; that the amount of liquid in a short, wide cup is equal to that in a tall, skinny glass, for example their thinking becomes more logical and organized, but still very concrete
- ◆ Children begin using inductive logic, or reasoning from specific information to a general principle.

Stage 4 - The Formal Operational Stage (Age: 11 Years and onward)

- ◆ The final stage of Piaget's theory involves an **increase in logic, the ability to use deductive reasoning, and an understanding of abstract ideas.**
- ◆ At this point, people become capable of seeing multiple potential solutions to problems and think more scientifically about the world around them.



- ◆ It is important to note that Piaget did not view children's intellectual development as a quantitative process; that is, kids do not just add more information and knowledge to their existing knowledge as they get older. Instead, Piaget suggested that there is a *qualitative* change in how children think as they gradually process through these four stages.
- ◆ A child at age 7 years does not just have more information about the world than he did at age 2; there is a fundamental change in *how* he thinks about the world.

Major elements:

- ◆ At this stage, the adolescent or young adult begins to think abstractly and reason about hypothetical problems.
- ◆ Abstract thought emerges.
- ◆ Teens begin to think more about moral, philosophical, ethical, social, and political issues that require theoretical and abstract reasoning.
- ◆ Begin to use deductive logic, or reasoning from a general principle to specific information.

5.5. WHITE COLLAR CRIME

What is White Collar Crime?

- ◆ **White-collar crime** is also known as **corporate crime**.
- ◆ It refers to financially **motivated nonviolent crime** committed by business and government professionals.
- ◆ It is committed by persons who, often by virtue of their occupations, exploit social, economic, or technological power for personal or corporate gain.
- ◆ White collar crime was **first defined in 1939 by the sociologist Edwin Sutherland** as "a crime committed by a professional in his or her capacity in the professional world against a large corporation, agency, or other professional entity."



- ◆ The motivation for these crimes is to obtain or avoid losing money, property, or services, or to secure a personal or business advantage.



- ◆ Those who commit white-collar crimes are investigated and prosecuted by various central government agencies in most countries, such as the **Enforcement Directorate (ED) and Securities and Exchange Board of India (SEBI)** in India.

◆ The most common white collar crimes are various types of fraud, embezzlement, tax evasion and money laundering. Many types of scams and frauds fall into the bucket of white collar crime, including Ponzi schemes and securities fraud such as insider trading. More common crimes, like insurance fraud and tax evasion, also constitute white collar crimes.

Example Box 5.10 :



Misrepresentation of a corporation's finances in order to deceive regulators and others.

Example Box 5.11 :



Induce investor into fraudulent investment opportunities in which potential returns are exaggerated and risks are portrayed as minimal or non-existent by exhibiting that pretty good return will be available even if risk associated is high.

Common Characteristics of White Collar Crime

- ◆ Most of white-collar crimes have several characteristics in common.
- ◆ White collar crimes (WCC) involve the **use of deceit and concealment, rather than the application of force or violence**, for the illegitimate gain of money, property, or services.

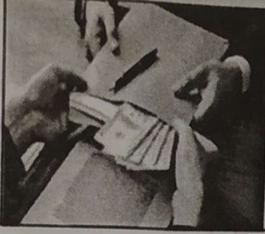
Example Box 5.12 :



A person who is convicted of making false statements in order to obtain a government contract is considered a white-collar criminal.

- ◆ White collar crimes typically involve **abuse of positions of trust and power.**

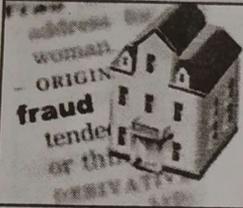
Example Box 5.13 :



- ✓ Public officials who solicit and accept bribes.
- ✓ Company's manager who fix prices to drive competitors out of business has abused his position.

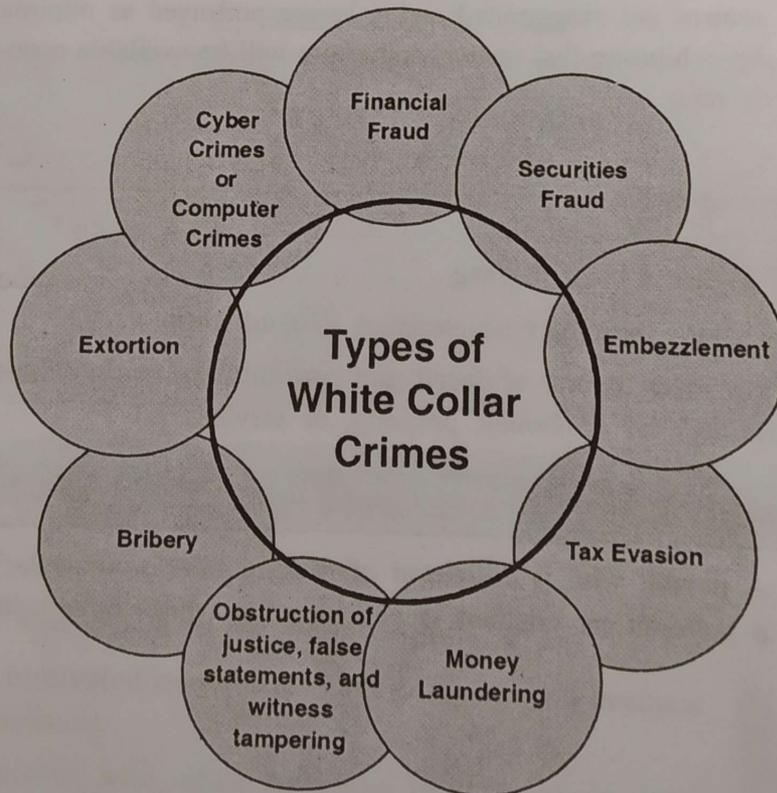
- ◆ White-collar crime is also often more **difficult to detect** than other types of crime because losses may not be immediately apparent to victims but also because the crimes can involve sophisticated schemes and cover-ups.
- ◆ Many white-collar crimes require concerted criminal activity by co-conspirators.

Example Box 5.14 :



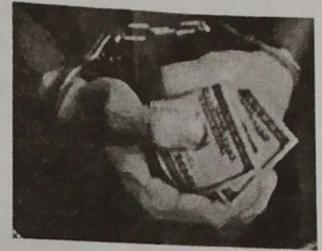
Generally, in case of real-estate fraud, it requires involvement and knowing participation of bank officer, a buyer, valuer, and a government officer. All of them were willing to sign false documents to commit a fraud for personal gain.

Types of White-Collar Crime



Financial Fraud

- Fraud makes up the vast majority of the white collar crimes.
- It is the act of deceiving an individual for monetary advantage.



Example Box 5.15 :

Manipulation of the negotiable instruments like cheque bouncing, securities, bank deposits etc. by fraud committed with bank.

Securities Fraud



- Securities fraud is carried out in many different forms but one common type is “insider trading”.
- In case of insider trading, someone with inside information about a company or investment trades on that information in violation of a duty or obligation.
- In USA, insider trading is also known as “self-dealing”.

Example Box 5.16 :

A top executive knows confidential information about proposed declaration of high amount of dividend by company. Having this unpublished price sensitive information, he buys equity shares of company in name of his wife. It is insider trading.

- Another type of securities fraud takes place when someone seeks investment in a company by knowingly misstating the company’s prospects, health, or finances. By luring an investor to put up money based on false or misleading information, the company and individuals within it commit securities fraud. False or misleading statements in public reports from publicly traded companies also can constitute securities fraud.
- To commit securities fraud, those speaking on behalf of the business must make these false statements with knowledge that they are false, or at least reasonably should have known them to be false.

Embezzlement

- Embezzlement is the act of inappropriately taking money from an individual to whom you owe something.



Example Box 5.17 :

A company's employee that embezzles money from their employer by siphoning money into a personal account. Investment advisers who improperly use client funds is also said to have embezzles money because they have been entrusted to protect money.

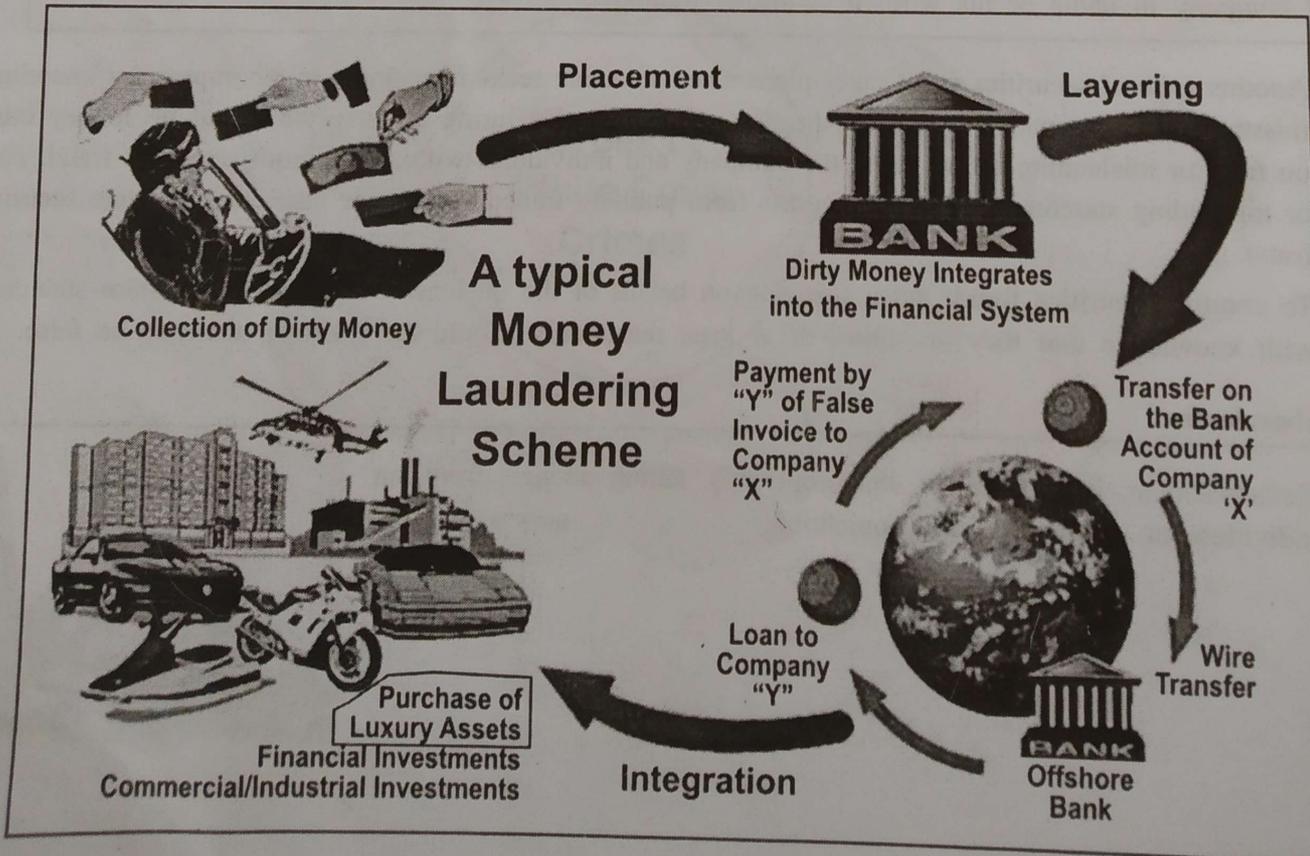
Tax Evasion



- Tax evasion is when an individual attempts to bypass paying taxes that they are normally obligated to pay.
- Tax evasion can range from simply filing tax forms with false information (hide or conceal income) to illegally transferring property so as to avoid tax obligations.
- Individuals as well as businesses can commit criminal tax evasion.

Money Laundering

- Money laundering is the criminal act of filtering illegally obtained (“dirty”) money through a series of transactions designed to make the money appear legitimate (“clean”). It is process of converting black money into white money.
- In India, “money laundering” is popularly known as **Hawala transactions**.
- Money laundering often involves **three steps** :
 - ✓ **First**, the money is deposited into a financial institution such as a bank or brokerage.
 - ✓ **Second**, the money is separated from its illegal origin by layers of often complex transactions, making it more difficult to trace the “dirty” money.
 - ✓ The **third** step is integration. This is where the freshly “cleaned” money is mixed with legally obtained money, often through the purchase or sale of assets.



Example Box 5.18 :

Shell companies: These are fake companies that exist for no other reason than to launder money. They take in dirty money as "payment" for supposed goods or services but actually provide no goods or services; they simply create the appearance of legitimate transactions through fake invoices and balance sheets.

Structuring Deposits: This is also known as smurfing, this is a method of placement whereby cash is broken into smaller deposits of money, used to defeat suspicion of money laundering and avoid anti-money laundering reporting requirements

Other White Collar Crimes

- Obstruction of justice, false statements, and witness tampering are also considered white-collar crimes.
- Bribery and extortion are more general. Both of them constitute illegal means of influencing persons in power in public or private institutions.
- Bribery involves the giving of something of value in exchange for an official's exercise of power.
- Extortion is a threat made to obtain a benefit from either a public official or a private individual.



- **Computer crimes** represent one means by which white-collar criminals exploit technology. Common examples cover a wide variety of criminal activity, including using a computer as a mechanism for committing securities fraud, credit-card fraud, and identity theft. Computer crimes also may involve illegally accessing and tampering with other users' computer files.

Impact of White Collar Crime

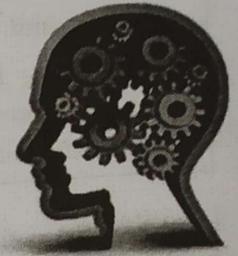
- ◆ Although white-collar crime has traditionally been viewed as less serious than other types of crime (largely because it does not involve physical violence), by the late 20th century there was a growing recognition of the significant harm it causes.
- ◆ In a single year, for example, nearly \$500 million in restitution was awarded to victims of white-collar crimes in USA.
- ◆ The cost of corporate crime to society is many times that of organised crime or the more common street crime.
- ◆ Moreover, it cannot be measured in monetary damages alone because corporate crimes can also pose health risks, compromise safety, cause injuries or fatalities, bring harm to wildlife and the environment, and lead to organisational failures and associated job losses.

5.6. ROLE OF INDIVIDUAL FACTORS IN BUSINESS ETHICS

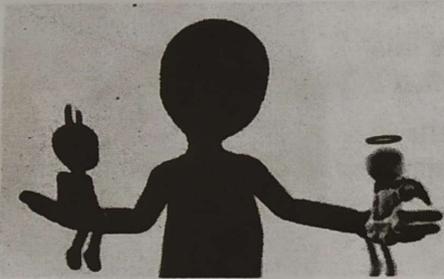
Individual factors relate to the individual and his value system.

Individual Knowledge of an Issue

- ◆ How much an individual knows about an issue is one factor.
- ◆ A decision maker with a greater amount of knowledge regarding a situation may take steps to avoid ethical problems, whereas a less informed person may take action unknowingly that leads to an ethical complex situation.



Individual Moral Values



- ◆ An individual's moral values and related attitudes also clearly influence his business behavior.
- ◆ Value system is shaped by various institutions like, family, religion, school etc. These institutions prescribe what is good or bad. Right behaviour is rewarded while wrong behaviour is punished.

- ◆ It continues throughout life of an individual as he acquires certain values through his daily experience.
- ◆ These moral values learned are key factors which influence decision making.

Personal Goal in Conflict

- ◆ Most people join organisation to accomplish personal goals.
- ◆ The types of personal goals an individual aspires to and the manner in which these goals are pursued have a significant impact on that individual's behavior in an organisation.
- ◆ The actions of specific individuals in scandal plagued companies, such as Enron and WorldCom, often raise questions about individuals' personal character and integrity.



• PRACTICE QUESTIONS •

1. What do you understand by philosophy and moral philosophy?
2. Moral philosophy and business ethics are same. Comment.
3. Explain the concept of Economic value orientation in context of moral philosophy.
4. Elaborate terms: Idealism and Realism.
5. Discuss consequentialism
6. Discuss utilitarianism
7. Briefly explain about deontology.
8. Explain relativism. And in what different ways moral relativism can be understood?
9. What is virtue ethics?
10. Discuss the concept of justice with reference to moral philosophy.
11. Explain the Jean Piaget's theory of cognitive development.
12. What is white collar crime?
13. State common characteristics of white collar crime.
14. What are the different types of white collar crime?
15. What are the impact of white collar crime?



6
CHAPTER

HUMAN VALUES FOR INDIAN MANAGERS

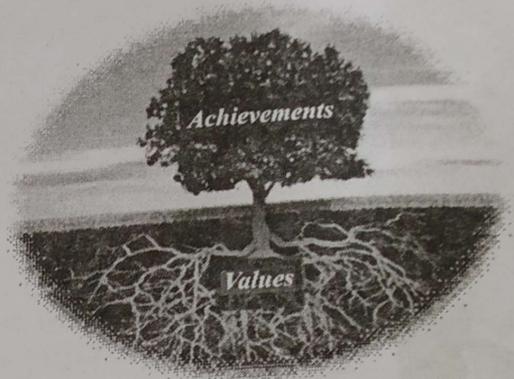
POINTS DISCUSSED IN THIS CHAPTER

- 6.1. Human Values for Indian Managers
- 6.2. The Law of Karma
- 6.3. Quality of Working Life (QWL)
- 6.4. Ethics of Vivekananda
- 6.5. Ethics of Gandhiji
- 6.6. Ethics of Sri Aurobindo
- 6.7. Philosophy and Ethics of Rabindranath Tagore

6.1. HUMAN VALUES FOR INDIAN MANAGERS

What is Human Values?

- ◆ Human values refer to those values which are at the core of being human.
- ◆ The values which are considered basic inherent values in humans include truth, honesty, loyalty, love, peace, etc. because they bring out the fundamental goodness of human beings and society at large.
- ◆ They are also considered universal, timeless and eternal applying to all human beings.
- ◆ We can say that strong values are the roots of achievements for the human beings as well as organisations.



Necessity of Human Values

- ◆ Human values are necessity in today's society and business world.
- ◆ Human values are the features that guide managers to take into account the human element when one interacts with other human.
- ◆ They have many positive characters that create bonds of humanity between people and thus have value for all human beings. They are strong positive feelings for the human essence of the other. These human values have the effect of bonding, comforting, reassuring and procuring serenity.
- ◆ Human values are the **basis for any practical life within society.**
- ◆ They build space for a drive, a movement towards one another, which leads to peace.
- ◆ In simple term, human values are described as universal and are shared by all human beings, whatever their religion, their nationality, their culture, and their personal history. By nature, they persuade consideration for others.

*"Try not to become a man of success. Rather become a man of value."
- Albert Einstein*

Types of Human Values

Truth

- Truth is eternal and unchanging.
- **Being truthful means being completely honest in what we say, feel and do with others and ourselves.**
- An honest life is happier, simpler and easier, whereas being untruthful erodes their integrity and leads to conflict.
- Dishonesty is often caused by a fear of the consequences of openly acknowledging the truth.
- If employees do something wrong, they know that by being truthful, they will have to face a telling off, anger and disapproval, so the immediate temptation is to evade the truth.
- In this dilemma, manager needs to help them to be honest, by extending patience and understanding to them. Manager can show them that misdeeds can be forgiven but dishonesty is far more damaging.
- Honest and openness creates atmosphere of healthy communication and trust. In turn, these attributes are the foundations of good relationships, which make a healthy and ethical organisation.

*"The greatest advantage of speaking truth is that you don't have to remember what you said."
- Anonymous*

Love

*"Kindness in words
creates Confidence.
Kindness in thinking
creates Profoundness.
Kindness in giving
creates Love" – Lao Tzu*

- Love, the supreme value, is more than attraction and fondness or romantic attachment. It is pure, unselfish giving that is unconditional.
- Loving relationships in an organisation create an atmosphere in which employees feel cared for, secure and valued.
- Love can be expressed as kindness, friendship, understanding, acceptance and sincerity.
- It gives confidence to employee and they feel as family member of the organisation.

Peace

- Peace is a state of being quiet, calm and free from emotional disturbance.
- It is very different from the frustrated state of boredom or restlessness.
- Negative emotions, such as anger and frustration, which manager sometimes hold inside create conflict in the organisation and employees.
- Peace cultivates the virtues of patience, gentleness, self-control and thoughtfulness.
- To create peaceful atmosphere, manager must appreciate positive elements of employees.

*"Peace does not mean to be in
a place where there is no noise,
trouble, or had work.
Peace means to be in the
midst of all those things and
still be calm in your heart.*

Right Conduct

*"Every person, as every institution,
and above all, every religion is
to be judged not by the amount
of atrocities or the wrong
committed but the right
conduct"
– Mahatma Gandhi*

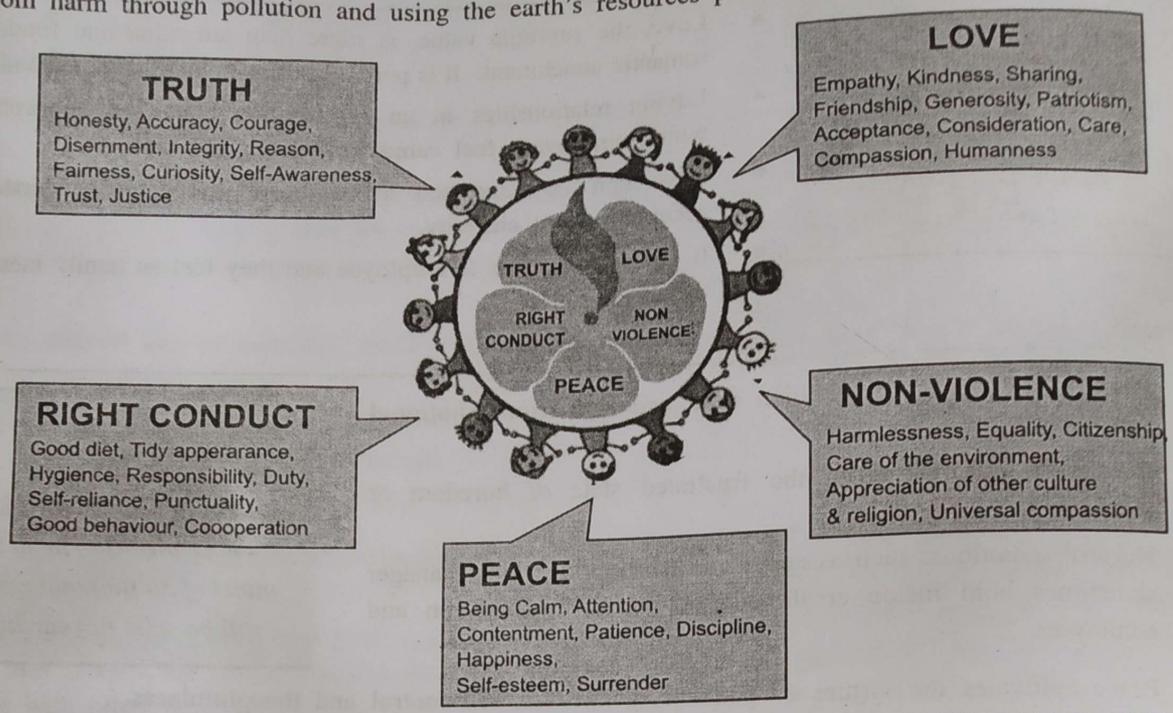
- Good behaviour is essential for a harmonious life, whether at home or at organisation.
- Managers are the first example from whom employees learn and they are very quick in learning from behaviour of his superior. Right conducts help managers to work constructively with those around us.
- Each act of kindness and consideration, which employees and managers perform, builds their sense of self-esteem and self-confidence.

Non-Violence

- If managers are sensitive to life in all its forms, then they will learn to take care of everything around them.
- The absence of this appreciation leads to many of the most difficult problems faced in organisation. Violence, whether in the form of bullying, racism or in gangs, is rooted in prejudice, ignorance and fear.
- Manager must develop feelings of brotherhood or sisterhood towards all people, breaks down barriers and allows him to see all those around us as human beings, deserving of love, appreciation and respect.

*"Non-violence means avoiding
not only external physical
violence but also internal
violence of spirit.
You not only refuse to
shoot a man, but you refuse to
hate him."
Martin Luther King, Jr.*

- Non-violence as a concept extends to all life around us, including a commitment to protecting our environment from harm through pollution and using the earth's resources prudently.



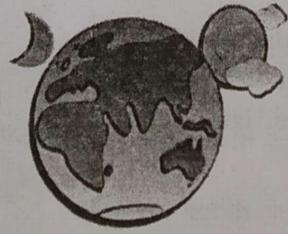
6.2. THE LAW OF KARMA

- ◆ Karma is the Sanskrit word for action.
- ◆ It is equivalent to Newton's law of 'every action must have a reaction'.
- ◆ When we think, speak or act, we initiate a force that will react accordingly. This returning force maybe modified, changed or suspended, but most people will not be able eradicate it.
- ◆ This law of cause and effect is not punishment, but is wholly for the sake of education or learning.
- ◆ A person may not escape the consequences of his actions, but he will suffer only if he himself has made the conditions ripe for his suffering. Ignorance of the law is no excuse whether the laws are man-made or universal.
- ◆ To stop being afraid and to start being empowered in the worlds of karma and reincarnation, here is what you need to know about karmic laws.

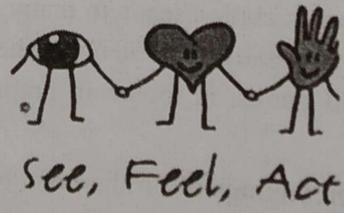
Karma
think good thoughts,
say nice things, do good
for others. Everything
comes back.



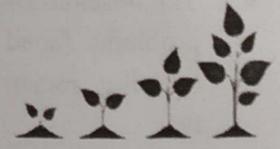
Law of Cause and Effect



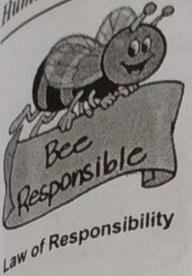
Law of Creation



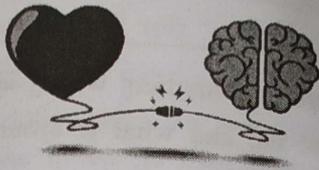
Law of Humanity



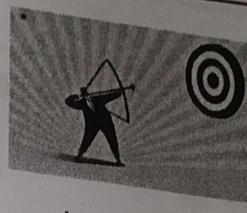
Law of Growth



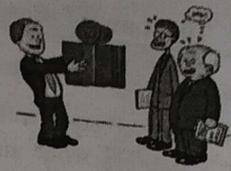
Law of Responsibility



Law of Connection



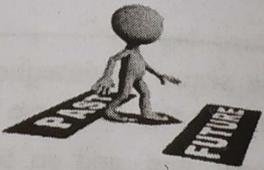
Law of Focus



Law of Giving and Hospitality



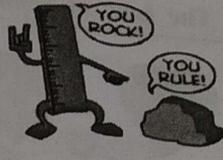
Law of here and now



Law of Change



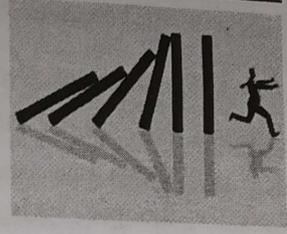
Law of patience and reward



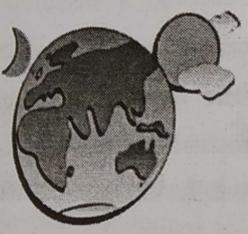
Law of significance and inspiration

The Great Law

- "As you sow, so shall you reap." This is also known as the "Law of Cause and Effect".
- Whatever we put out in the universe is what comes back to us.
- If what we want is happiness, peace, love, friendship - Then we should be happy, peaceful, loving and a true friend.



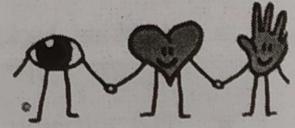
The Law of Creation



- Life doesn't just **HAPPEN**, it requires our participation. You must be an active participant in life; you cannot simply glide by and expect things to fall into place.
- We are one with the universe, both inside and out.
- Whatever surrounds us, gives us clues to our inner state.
- Be yourself, and surround yourself with what you want to have present in your Life.

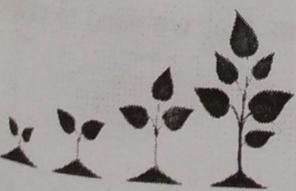
The Law of Humanity

- What you refuse to accept, will continue for you.
- If what we see is an enemy, or someone with a character trait that we find to be negative, then we ourselves are not focused on a higher level of existence.



see, Feel, Act

The Law of Growth



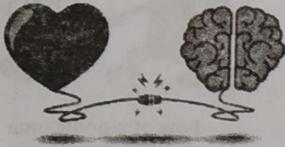
- "Wherever you go, there you are".
- For us to **GROW in spirit**, it is we who must change – and not the people, places or things around us.
- The only given we have in our lives is **OURSELVES** and that is the only factor we have control over.
- When we change who and what we are within our heart our life follows suit and changes too.

The Law of Responsibility

- Whenever there is something wrong in my life, there is something wrong in me.
- A universal truth is that we mirror what is around us, and what is around us mirrors what and who we are.
- We must take responsibility what is in our life.



The Law of Connection



- Even if something we do seems inconsequential, it is very important that it gets done as everything in the Universe is connected.
- Each step leads to the next step, and so forth and so on.
- Someone must do the initial work to get a job done.
- Neither the first step nor the last are of greater significance, as they were both needed to accomplish the task.
- Past-Present-Future they are all connected.

The Law of Focus

- You cannot think of two things at the same time.
- When our focus is on spiritual values, it is impossible for us to have lower thoughts such as greed or anger.



The Law of Giving and Hospitality



- If you believe something to be true, then sometime in your life you will be called upon to demonstrate that particular truth.
- Here is where we put what we **CLAIM** that we have learned, into actual **PRACTICE**.

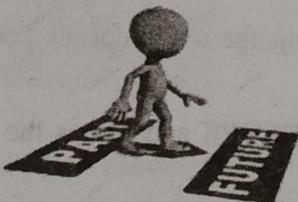
The Law of Here and Now

- Looking backward to examine what was, prevents us from being totally in the **HERE AND NOW**.
- Old thoughts, old patterns of behavior, old dreams...
- It prevents us from having new ones.



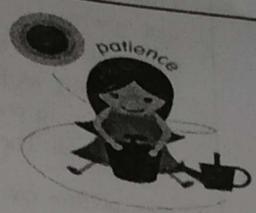
The Law of Change

- History repeats itself until we learn the lessons that we need to change our path.

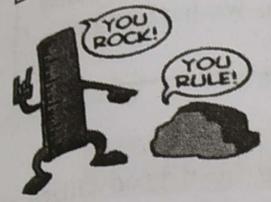


The Law of Patience and Reward

- All Rewards require initial toil.
- Rewards of lasting value require patient and persistent toil.
- True joy follows doing what we are supposed to be doing, and waiting for the reward to come in on its own time.



The Law of Significance and Inspiration



- You get back from something whatever YOU have put into it.
- The true value of something is a direct result of the energy and intent that is put into it.
- Every personal contribution is also a contribution to the whole.
- Lack luster contributions have no impact on the whole, nor do they work to diminish it.
- Loving contributions bring life to, and inspire, the whole.

6.3. ETHICS OF VIVEKANAND

- ◆ Swami Vivekananda was born in 1863 in Calcutta in an affluent family.
- ◆ He was a monk and chief disciple of Ramakrishna Paramhansa.
- ◆ While studying in Calcutta University, he acquired deep interest and mastery in Western Philosophy and History.
- ◆ Swamiji offers multiple new dimensions to the scope of ethics, and to make us become a better human being.
- ◆ He introduced Indian philosophies of Vedanta and Yoga to the Western world and is credited with raising interfaith awareness, bringing Hinduism to the world stage during the late 19th century.
- ◆ He also represented India in the first Parliament of Religion held in Chicago (U.S.) in 1893.

Vedanta

Vedanta is based on Upanishads and their interpretation. Its aim was to enquire about 'Brahman' (ultimate reality) which was the central concept of Upanishads.

It saw Veda as the ultimate source of information and whose authority could not be questioned. It emphasized on path of knowledge (jnana) as opposed to that of sacrifice (karma). Ultimate aim of knowledge was 'Moksha' i.e. liberation from 'sansara'.

Extract of Swami Vivekanand Thought



The world needs good citizens for the betterment of the people. Without good citizens, no system, social or practical can function in right ways. All the systems are developed to offer better conditions for people who want to manifest their inner qualities to get the chance to realize their real nature. No nation is great or good because parliament enacts this or that, but because its men are great and good people often work for the same ends but fail to recognize the fact.

One must admit that law, government, politics are phases not final in any way. There is a goal beyond them where law is not needed. All great Masters teach the same thing. Christ saw that the basis is not law, that morality and purity are the only strength.

The Principle of Security

- Quality of work life cannot be improved until employees are relieved of the anxiety, fear and loss of future employment.
- The working conditions must be safe and fear of economic want should be eliminated.
- Job security and safety against occupational hazards is an essential precondition of humanisation of work.

The Principle of Equity

- There should be a **direct and positive relation between effort and reward**.
- All types of discrimination between people doing similar work and with same level of performance must be eliminated.
- Equity also requires sharing the profits of the organisation.

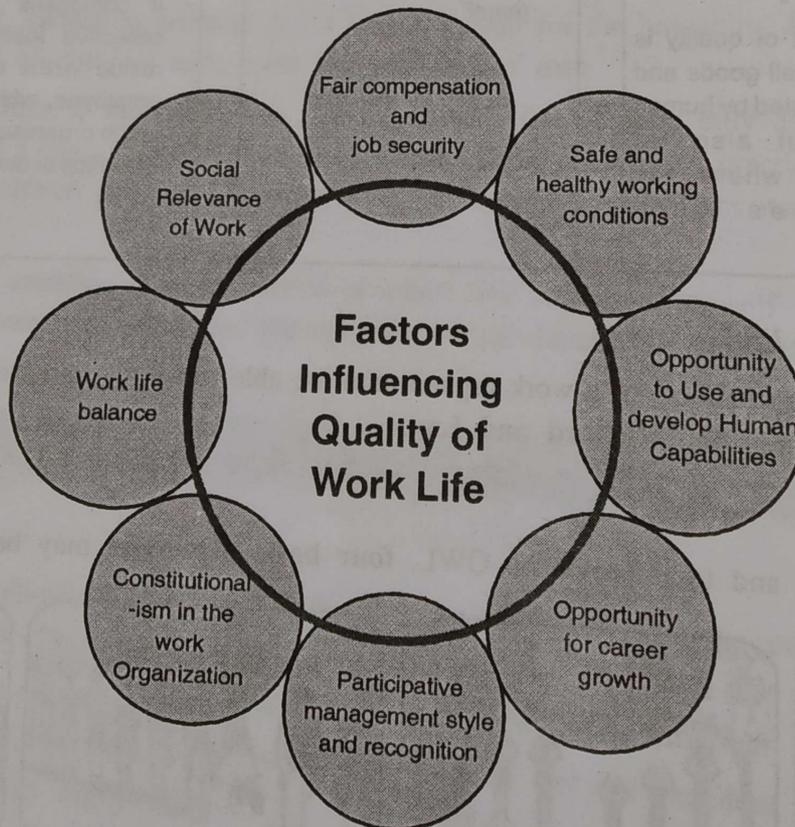
The Principle of Individualism

- Employees differ in terms of their attitudes, skill, potential, etc. Therefore, every individual should be provided the opportunity for development of his personality and potential.
- Humanisation of work requires that employees are allowed to decide their own pace of activity and design of work operations.

The Principle of Democracy

- This means greater authority and responsibility to employees.
- Meaningful participation in the decision-making process improves the quality of work life.

Factors Influencing Quality of Work Life



Fair Compensation and Job Security

- The economic interest of the people derive them to work at a job and employee satisfaction depends at least partially on the compensation offered.
- Pay should be fixed on the basis of work done, responsibility undertaken, individual skills, performance and accomplishments.
- Job security is another factor which is in concern to the employees.
- Permanent employment provides security to the employees and improves their QWL.

Safe and Healthy Working Conditions

- Organisations should realize that their true wealth lies in their employees and so providing a healthy work environment for employees should be their primary objective.
- Most of the organisations provide safe and healthy working conditions due to humanitarian requirements and/or legal requirements. In fact these conditions are a matter of enlightens self-interest.

Opportunity to Use and Develop Human Capabilities

- Contrary to the traditional assumptions, quality of work life is improved the extent that the worker can exercise more control over his work, and the degree to which the job embraces an entire meaningful task but not a part of it.
- Further, QWL provides for opportunities like autonomy in work and participation in planning in order to use human capabilities.

Opportunity for Career Growth

- Opportunities for promotions are limited in case of all categories of employees either due to educational barriers or due to limited openings at the higher level.
- QWL provides future opportunity for continued growth and security by expanding one's capabilities, knowledge and qualifications and prepare them to accept responsibilities at higher levels.

Participative Management Style and Recognition

- Flat organisational structures help organisations facilitate employee participation.
- A participative management style **improves the quality of work life.**
- Workers feel that they have control over their work process and they also offer innovative ideas to improve them.
- Recognition also helps to **motivate employees to perform better.**
- Recognition can be in the form of rewarding employees for jobs well done.

Constitutionalism in the Work Organisation

- QWL provides constitutional protection to the employees only of desirability as it hampers workers.
- It happens because the management's action is challenged in every action and bureaucratic procedures need to be followed at the level.
- Constitutional protection is provided to employees on such matters as privacy, free speech, equity and due process.

Work Life Balance

- Organisations should provide relaxation time for the employees and offer tips to balance their personal and professional lives.

- They should not strain employee's personal and social life by forcing on them demanding working hours, overtime work, business travel, transfers etc.

Social Relevance of Work

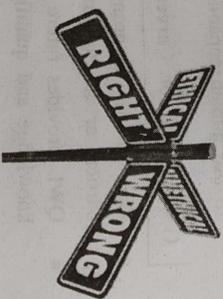
- QWL is concerned about the establishment of social relevance to work in a socially beneficial manner.
- The worker's self-esteem would be high if his work is useful to the society and the vice versa is also true.

6.5. ETHICS OF GANDHIJI

- ♦ Mahatma Gandhi was born in Porbandar, India.
- ♦ He was an Indian lawyer, politician, social activist, and writer who became the leader of the nationalist movement against the British rule of India.
- ♦ He is considered the father of nation. Gandhi is internationally esteemed for his doctrine of non-violent protest (*satyagraha*) to achieve political and social progress.
- ♦ Gandhiji revives Buddha's ethics of ahimsa, and applies it to social, economic and political problems. He evolves a new outlook on life based on the doctrine of ahimsa and sees to solve all social, political and economic problems in the light of this principle. He gives a new orientation to the problems that face humanity today and offers a new solution.

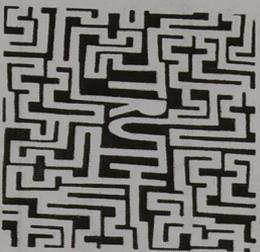
Ethical Conduct

- ♦ Gandhi believed that as human beings, **men can never reach the perfection of divine virtues.**
- ♦ Still, they should strive with all their strength to follow the virtues of truth, love, nonviolence, tolerance, fearlessness, charity and service to mankind.
- ♦ Men have to uphold the right, regardless of the personal consequences they may face.
- ♦ He urged Satyagrahis to adopt to these virtues.



Truth

- ♦ **Gandhi equated God with truth** and designated his religion as religion of truth.
- ♦ He used to say God is Truth, which he later changed to "Truth is God".
- ♦ However, his idea of truth was not taken from epistemology or theory of knowledge.
- ♦ Rather, he viewed truth in the form of an ideal of human conduct.
- ♦ He regarded that Indian struggle for freedom stands for truth and represents a just struggle for national and individual autonomy.



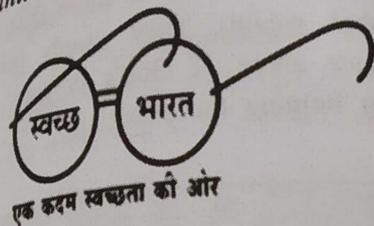
Service to Society

- ♦ Service to the society was another way in which Gandhi's concept underpins his practical actions.
- ♦ He believed that **"only way to see God is to see him through his creations and identify oneself with it"**.
- ♦ This is possible through service to humanity. He maintained that there is no escape from social service to those in search of God.



- ◆ He believed that as a part of God's creation, all men share the same life and there is no real difference between them.
- ◆ This principle of unity of life explains is concepts of secularism, religious toleration, human equality. It also underpins his long battle against untouchability and social backwardness.

Cleanliness



- ◆ Gandhi emphasised on **internal (mental) and external (physical) cleanliness.**
- ◆ There was no litter or dirt or filth in his Ashrams and surroundings.
- ◆ He said: **"Cleanliness is next to Godliness"**.
- ◆ He advocated moral self-purification.

Ends and Means

- ◆ Gandhi believed that men should adopt only good means to attain noble objectives.
- ◆ As per him: "No good can follow from bad deeds, even if they are well intentioned."
- ◆ He believed that the path to hell is paved with good intentions; thus leading to so called "ends and means" debate. It is contrary to the view that bad means can be used to achieve good ends, and what matters is the end.

"If one takes care of the means, the end will take care of itself."
— Mahatma Gandhi

Ahimsa



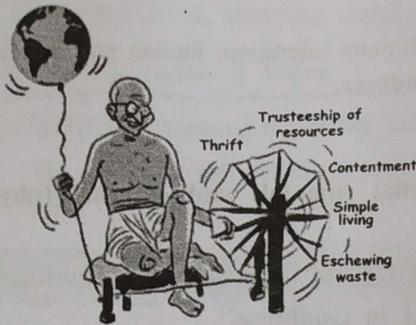
- ◆ Gandhi's Ahimsa was not only refraining from killing but also show love for the whole man-kind and all living beings.
- ◆ He believed that man can only realize God by pursuing Ahimsa.
- ◆ He also maintained that truth and non-violence are inseparable and truthfulness and fearlessness is prerequisite for a pursuit of Ahimsa.

Satyagraha

- ◆ Gandhi's later work rested largely on a spiritual principle of satyagraha that he developed while working in South Africa.
- ◆ For Gandhi, Satyagrahi was the **foot soldier of Passive Resistance Movement.**
- ◆ One has to adopt the virtues of truth and violence to be a Satyagrahi. He should be honest and eschew material possessions and sexual desires.
- ◆ Gandhi prescribed a severe code for the, Satyagrahi which includes harsh moral discipline, control of Senses and ascetic self-denial.

सत्याग्रह

Doctrine of Trusteeship



- ◆ Gandhi regarded rich as trustees of wealth. He said that ultimately all property belongs to God, the excess or superfluous wealth which the rich possess belongs to society and should be used for supporting the poor.
- ◆ Wealthy people have no moral right to what is more than their proportionate share in national wealth. They simply become trustees for the disproportionate share of God's property they hold. They have to use it for helping the poor.

Seven Sins

Mahatma Gandhi said that seven things will destroy us.

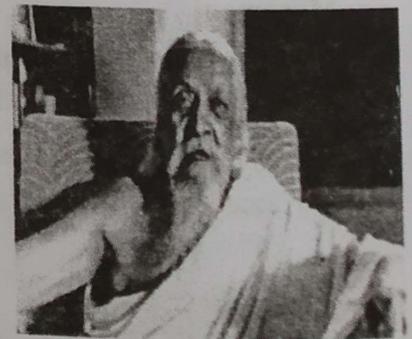
- (1) { • Wealth without work
- (2) { • Pleasure without conscience
- (3) { • Knowledge without character
- (4) { • Commerce (Business) without morality (Ethics)
- (5) { • Science without humanity
- (6) { • Religion without sacrifice
- (7) { • Politics without principle.

6.6. ETHICS OF SRI AUROBINDO

Sri Aurobindo (Aurobindo Ghose) was an Indian philosopher, yogi, guru, poet, and nationalist. He joined the Indian movement for independence from British rule. For a while, he was one of the influential leaders and then became a spiritual reformer. Later on, he worked on human progress and spiritual evolution.

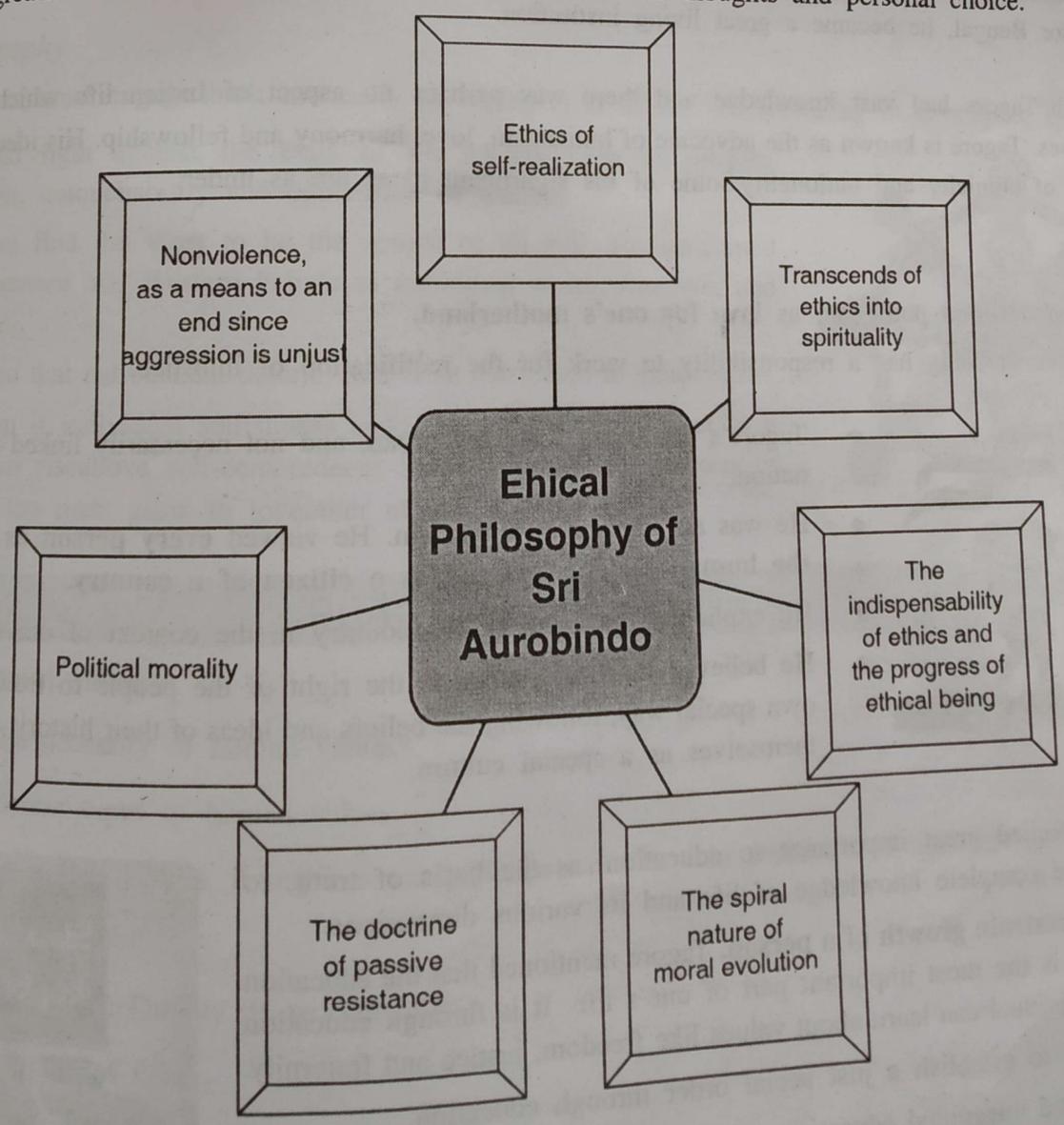
Ethical Philosophy of Aurobindo

- ◆ Theory of ethics, psychology and metaphysics (interior ethics) are built on the fundamental aspect (i.e. truth).
- ◆ According to Sri Aurobindo, the ethical being escapes from all worldly formulas and finds its principles in its own eternal nature which is an essential character of the growth of evolving mind even though it may seem to be that in its earthly history, but there is a reflection in man of the divine.'
- ◆ Morality signs religion; all seeks the development of the whole man through society. **Law is formant's development and morality is a means to an end.** Immanuel Kant has stated 'moral law is a categorical imperative', which means that imposition of moral law on man does not take into account the fact that man is a dynamic being whose laws of practical life should also change according to its growth.
- ◆ The ultimate end according to moral philosophy of Sri Aurobindo is realisation of God. Automatically the criteria of good and right can thus be established. It is essential and indispensable if we grow conscious



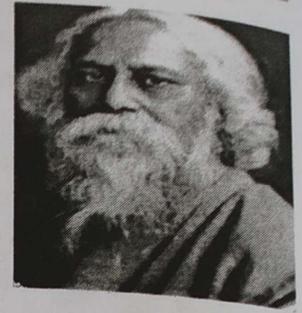
of the divine reality and live life accordingly. This principle has also been agreed upon by Indian sages. It is the inner meaning of ethics of self-realisation as Sri Aurobindo points out that man, world and God are all forms of the same Reality. Good is all that helps the individual and evil is that which breaks up increasing perfection. The concepts of good and evil of Sri Aurobindo's ethics are dynamic since their aim is progressive and evolve with time. The temporality of all forms of moral conduct is compatible with the eternity of moral ideas.

- ◆ Sri Aurobindo considers duty to be performed for the sake of God. The Bhagavad Gita does not teach disinterested performance, but the following of divine life and to take refuge in the supreme being. Hence, the preaching of Vivekananda, Ramakrishna is imperfect consonants with this teaching.
- ◆ Like the Gita, Sri Aurobindo strongly emphasizes the value of Karma and considers work to be performed not for society; nor even for duty but for God.
- ◆ According to Sri Aurobindo's ethics, there is no regression but spontaneous growth. The real benefits lie in positive growth towards the realisation of the divine self since as man advances in this path the hurdles automatically disappear in due course of time.
- ◆ Rebirth is a moral necessity; is not advocated by Sri Aurobindo, rather he emphasizes on faith or free will, makes great differences to man's action. The freedom of the will is the foundation of ethics. This idea is in like that of the Gita. Moreover, this idea bridges the gulf between man and nature, between freedom of the will and faith. There is a will or force in this world which determines the result of all action as part of the greater whole and there is a will that determines the thoughts and personal choice.



6.7. PHILOSOPHY AND ETHICS OF RABINDRANATH TAGORE

Rabindranath Tagore (1861-1941) was the youngest son of Debendranath Tagore, a leader of the Brahma Samaj, which was a new religious sect in nineteenth-century Bengal and which attempted a revival of the ultimate monistic basis of Hinduism as laid down in the Upanishads. He was educated at home; and although at seventeen he was sent to England for formal schooling, he did not finish his studies there. In his mature years, in addition to his many-sided literary activities, he managed the family estates, a project which brought him into close touch with common humanity and increased his interest in social reforms. He also started an experimental school at Shantiniketan where he tried his Upanishadic ideals of education. From time to time he participated in the Indian nationalist movement, though in his own non-sentimental and visionary way; and Gandhi, the political father of modern India, was his devoted friend. Tagore was knighted by the ruling British Government in 1915, but within a few years he resigned the honour as a protest against British policies in India.



Tagore had early success as a writer in his native Bengal. With his translations of some of his poems he became rapidly known in the West. In fact his fame attained a luminous height, taking him across continents on lecture tours and tours of friendship. For the world he became the voice of India's spiritual heritage; and for India, especially for Bengal, he became a great living institution.

Rabindranath Tagore had vast knowledge and there was perhaps no aspect of Indian life which escaped his searching eyes. Tagore is known as the advocate of humanism, love, harmony and fellowship. His ideas transcended the barriers of ethnicity and nationality. Some of his significant ideas are as under:

Patriotism

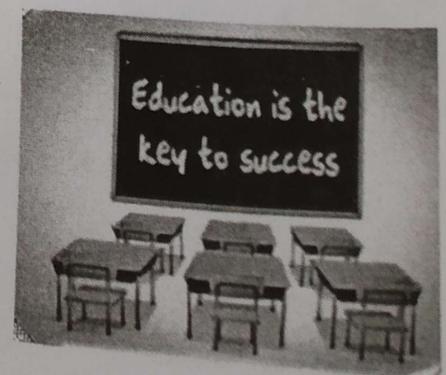
- ◆ Tagore understood patriotism as **love for one's motherland**.
- ◆ Every human being has a responsibility to work for the rectification of injustice.



- ◆ Tagore's patriotism was very broad, and not necessarily linked to a particular nation.
- ◆ He was an admirer of humanism. He viewed **every person as a member of the human society, and not as a citizen of a country**.
- ◆ He explained the cause of his country in the context of universal freedom.
- ◆ He believed that nationalism is the right of the people to freely live in their own special way, following the beliefs and ideas of their history, and developing themselves as a special culture.

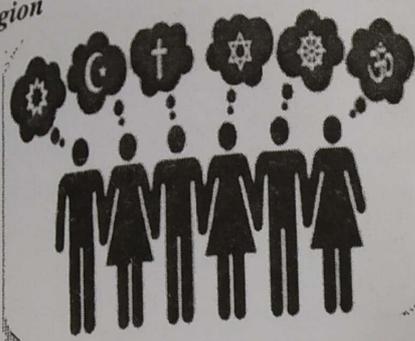
Education

- ◆ Tagore attached great importance to education, as the basis of truth, to acquire the complete knowledge of life and its various dimensions.
- ◆ **Illiteracy restrain growth of a person**. Tagore mentioned that the education of a child is the most important part of one's life. It is through education that an individual can learn about values like freedom, justice and fraternity.
- ◆ He wanted to establish a just social order through education.
- ◆ A wrong and misguided education can never help in reconstruction of our character.



- ◆ Only the true education is the basis of a just constructive work.
- ◆ **Aim of education should be individual development. He favored open-air classes.** He believed that a moving mind has a better capability to assimilate facts and to gather knowledge from the outside world.
- ◆ Education can mould the emotions, intellect, feels and attitude of an individual.
- ◆ He believed that an educational institution should not exist in isolation, but should have a close contact with the socio-economic conditions prevalent in the society.

Religion

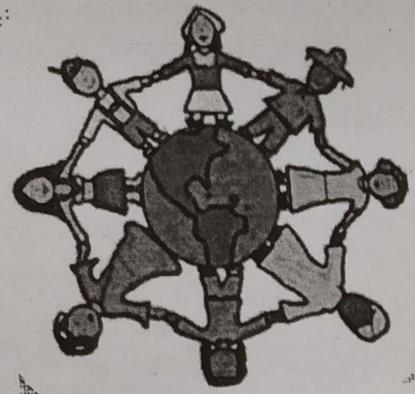


- ◆ Tagore advocated the religion of humanity.
- ◆ A person must live by one's dharma. One must respond to the love-call of God with love.
- ◆ Love for God includes love for humanity and all of nature.
- ◆ True religion is love, harmony, simplicity. "While God waits for his temple to be built of love, men bring stones."

- ◆ He also wrote against idolatry, superstition, and religious fanaticism. "We must go beyond all narrow bounds and look towards the day when Buddha, Christ and Mohammad will become one."

Social Philosophy

- ◆ The human must engage both externally in coping with nature and internally in developing spiritually.
- ◆ Tagore did fight against the evils of his society such as poverty, superstition, untouchability and oppression of women.
- ◆ He did not find the West to be the source of all evil. He welcomed Western science and Western beliefs in individual worth, freedom, and democracy.
- ◆ He believed that nationalism deteriorated from patriotism to chauvinism.
- ◆ Nationalism is individual selfishness raised to a higher level. Just as a human must rise above self-centeredness to love for all, the nations of the world too must grow to love other nations.



• PRACTICE QUESTIONS •

1. What is human values?
2. What are the necessity of human values?
3. Explain different types of human values.
4. "Life does not just happen, it requires our participation". Explain statement in light of Law of Karma.
5. Explain the term "Vedanta".
6. Write short note on: Quality of working life.
7. Discuss principles of QWL.
8. Which factors influences quality of work life?
9. Discuss Vivekananda's idea of ethics.