Business Ethos and Values

Ethics, also known as moral philosophy, is a branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong behavior. It comes from the Greek word ethos, (Latin- ethicus) which means "character".

Paul and Elder define ethics as "a set of concepts and principles that guide us in determining what behavior helps or harms sentient creatures".

Areas of study in ethics

Major areas of study in ethics may be divided into 3 operational areas

Meta ethics deals with theoretical aspect of moral proposition. ie it is concerned with defining what are ethical and what are not.

Normative ethics deals with practical aspects of moral course of action. Ie it is concerned with the practical means of determining right or wrong behavior.

Applied ethics deals with situational aspects of moral outcomes. Ie it is concerned with how moral outcomes can be achieved in a specific situation

Values

Values can be defined as broad preferences concerning appropriate courses of action or outcomes. As such, values reflect a person’s sense of right and wrong or what “ought” to be. “Equal rights for all”, "Excellence deserves admiration", and “People should be treated with respect and dignity” are representative of values. Values tend to influence attitudes and behavior.

Values are personal and may vary from one to another. Values are partly inherited and partly learned.

Values are related to the norms of a culture, but they are more global and abstract than norms. Norms are rules for behavior in specific situations, while values identify what should be judged as good or evil. Flying the national flag on a holiday is a norm, but it reflects the value of patriotism.
Culture

We define a culture as a set of characteristics that sets one group of people apart from another.

Another way to think about this is that a culture defines how a set of abstract principles is translated into day-to-day behavior. That is, we all have a set of nearly instinctive "default behaviors," programmed into us from infancy, which represent accepted norms and modes within our local environment. Of course, we can consciously choose to behave outside these norms, which we may well do in unusual situations.

Culture is the collective programming of the mind which distinguishes the members of one human group from another. Culture is patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols. Culture is a learned behavior. People learn do’s & don’t as they grow up.

“A system of values and norms that are shared among a group of people and that when taken together constitute a design for living.” - Hofstede, Namenwirth and Weber

Elements of culture

a) Religion
b) Language
c) Education
d) Economic philosophy
e) Political philosophy

Strong and Weak Cultures

In a strong culture, the abstract principles (values) are translated very directly into people's day-to-day lives. The military, for example, has a definite set of values and a very strong culture.
Not all cultures are that strong, though. Some have a set of generally accepted abstract values, yet these do not really inform daily life. In Western culture, for example, the degree to which church-goers apply their religious values to daily life varies widely.

The strength of a culture depends, finally, on two factors. One is the degree to which the values of the culture are codified and effectively transmitted to all. The second is the degree of pain people suffer for straying outside the cultural norms. The strongest cultures, obviously, are those in which all members clearly know and understand the "code," and also recognize that the penalties for violation are harsh. Whereas strong cultures are successful at translating their abstract principles into daily actions, weak cultures do this much less predictably and effectively.

Organizational culture

Organizational culture is the collective behavior of humans who are part of an organization and the meanings that the people attach to their actions. Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

Ravasi and Schultz (2006) state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. At the same time although a company may have "own unique culture", in larger organizations, there is a diverse and sometimes conflicting cultures that co-exist due to different characteristics of the management team. The organizational culture may also have negative and positive aspects.

Organizational culture is shaped by multiple factors, including the following:

- External environment
- Industry
- Size and nature of the organization’s workforce
- Technologies the organization uses
- The organization’s history and ownership

Importance of Organisational Culture

Talent attractor
Talent –Retainer
Engages People
Creates energy and momentum
Changes the view of work
Creates greater Synergy
Makes everyone ore successful
Types of OC

Organisational culture can vary in a number of ways. It is these variances that differentiate one organisation from the others. Some of the bases of the differentiation are presented here:

Strong vs weak culture

- Soft vs hard culture:
- Formal vs informal culture

Western and Indian Culture

Every culture is an integration of social and religious practices. Cultures differ in physical setting, economic development, the state of science and technology, literacy rate and in many other ways. Western culture is based upon industrialization and large scale production. Indian culture is oriented towards the development of the self and harmonious group activities. The last couple of centuries were an era of influence of the western culture on Indian culture and society.

Some of the Key points of Western culture are:

a) Self-centered – motivated by principle of personal benefit
b) Exploitation of nature – to satisfy their desires
c) Capital intensive – industrialization and large scale production
d) Market oriented – creating fresh needs to expand market

Some of the Key points of Indian Culture are:

a) Development of self – spiritual pre-eminence
b) Harmony with nature – living with nature
c) Labour intensive – importance to individual skills of production
d) Society oriented – importance family and community as a unit

Comparison between and Western and Indian Culture

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**Universal Human Values**

Human values refer to orientation towards what is considered desirable or preferable by people living in a society. Every society has its own value systems, which guides the people living in it. Following is an exhaustive list of values, which are desired in a cultured person and are universal (Chinmayanda, 1992)

a) Fearlessness  
b) Purity of heart  
c) Charity  
d) Sacrifice  
e) Self study  
f) Consistency of purpose  
g) Uprightness  
h) Harmlessness  
i) Truth  
j) Even temper  
k) Quietude  
l) Unmalicious tongue  
m) Tenderness towards beings  
n) Gentleness  
o) Modesty  
p) Patience  
q) Absence of arrogance

**Value Based Management**

Value based management can be defined as ‘a series of ethical actions done by people, using technology and resources, to achieve a state of joy and happiness in the minds of both, producers and consumers’

**Indian ethos and value system.**

Indian ethos is one of the strongest and broad based value systems in the world. The origin of Indian ethos and values can be traced back to the religions and cultures of the past. India had rich religious culture with different religions and diverse thoughts. Indian ethos and value system are more or less related to the Hindu way of life or Hindu philosophy. The following are the important ethos and values from Indian traditional culture
Human as divine creature

Human being is considered as divine animal with potential abilities and skills. The Indian philosophy recognized the sacredness of human beings and their invisible powers. Indians believed in the spiritual power of human beings and its influence on his actions.

Living with nature

The Indian philosophy is to live with the rhythm of nature without disturbing its balance. Killing or harming animals or other instincts were considered as sin and avoided as much as possible.

Unity in diversity

The Indian philosophy strongly existed for promoting unity among its people along with recognizing the diverse thoughts and rituals of its people. The thinking of Indians was collective and united.

Purusharthas

Purusharthas describes the four fold goals of a human life such as artha, kama, dharma and moksha. Artha concerned with the material goals of money and other things, kama concerned with one’s sexual and other instinct goals, dharma concerned with one’s duties and obligations and moksha concerned with the heavenly rewards and punishments.

Panchakosas theory
Panchakosas theory describes the five aspects of one’s self development such as physiological, mentalogical, psychological, intellectual and spiritual.

Guna Theory

Guna theory describes three kind gunas that human beings may have such as rajasic, swatic and tamasic. Rajasic means balanced, swatic means passionate and tamasic means dull.

Non violence

Non violence is a widely held value in india taught by Mahatma Gandhi. As per this we should not harm any living beings in this world.

Models of management in the Indian socio political environment

Indian socio-political environment

India is one of the largest democratic countries in the world with a rich tradition and diverse cultures. For a long period of time till 1947 India was under the British rule. The economy of India was gifted with plenty of natural resources. The traditional Indian industries include agriculture, cotton textile, Gems and Jewelry, sea foods, spices, etc. The Indian industries were labor intensive for long period of time. The Indian business were highly scattered and separated in the form small scale units and cottage industries. These units were traditionally managed by the elder family member with other members beings the workers.

Even after independence our economic growth remained in the slow phase and only after 1991 the Indian economy has started growing faster. Today our economy is the third largest
economy in the world in terms of purchasing power. Over the last few years we are recording an impressive economic growth around 7-9%. The composition of the economy is also witnessing changes in the form increased share for service sector in our GDP.

The Indian people had a sense of patriotism and politics in their blood for fighting against evils. So the Indian consumers were very vigilant on the actions of government and business men. This public eye on business have played an important role in upholding the ethical values and cultures of our business community. Business is considered to be one of the noble and prestigious professions in India. There was high level integrity and honesty among the merchants during the past

**Models of Management in India**

The business in India was dominated by few families in the early period. Later the restriction on monopoly came in and industrial licensing was liberalized. This facilitated the entry of new entrepreneurs to Indian market and our economy widened. After economic reforms in 1991 many new investors including foreign investors committed capital on Indian projects. This capital flow fuelled our economic growth.

Later with the development of economy and its link with global economy lead to formation corporate form enterprise. The joint stock form of business has created new opportunities and challenges on Indian business culture. When the business changed its status from being an occupation to a profit generating center, the culture of business has also undergone deterioration in terms of moral values and principles.
Even now business is a family matter in many organizations and it is traditionally managed. Now there are number of management training and educational institutions to give professional touch to the management of enterprise in the challenging environment. This professionalization has helped the Indian industries to restore its ethos and values to some extent.

In a nutshell the models of management of Indian business have undergone dramatic changes from family managed small units with high degree of integrity and moral values to a professionally managed Multinational Corporation with a motive of capitalizing every profitable opportunity. This change in the management structure and attitude had brought about big changes in the business culture and values. Because of visible side effects on nature and the health of people there is growing pressure on the government to put strong surveillance on the business to ensure fare and justice in their dealing to ecology and to the living beings.

**Indian heritage in production and consumption**

The three fourth of india population lives in villages and close to 70% of Indians find their livelihood from agriculture. The people of india have a philosophy of careful use of natural resources. The Indians had a culture of producing essential commodities in order to meet their consumption demand. The commercial interest and profit motive were less apparent among Indian industries during the past. Rather they found business as a prestigious occupation of supplying necessities to the needy people at reasonable rate. The Indian heritage in consumption also a fare consumption policy for maintaining their life. They were not a persons of rich porch living. Rather they believed in simple living with necessities of life. This value approach had put a balance on our economy with control over prices. Truly with globalization the Indian business
culture has partially or totally damaged and moved to pure commercial culture without any concern over nature or its inhabitants.

**Relevance of ethos in management**

Business is a social organization which is made up of people and working for the satisfaction of people. So ethics or morality is very relevant in business management especially in the present business environment. Ethics is ultimately a function of individual values. Individual values are related to people’s beliefs, religion, tradition and culture. The removal of religious education from our primary and secondary level on the ground of secularism, have created a gap of moral education among our population. So there is a considerable deformation in human values across the world. This moral deterioration is strongly felt in the modern commercial world. The following points will throw a light upon the growing importance of ethos and values in management.

2. Growing size and form of business
3. Growing environmental concerns
4. Enhancing life of business
5. Informed customers and public
6. Increased women employment
7. Mental satisfaction
8. Brand loyalty
9. Employees morale
**Factors influencing Ethics**

An individual’s ethics are formulated through the operation of forces in the individual’s environment. These are discussed below.

→ Family influences The formation of ethics begins when the individual is a child. Thus the family environment has a significant influence in determining what the child learns about good and bad, right and wrong.

→ Peer influences As the child develops contacts outside the home through home, school, play and work, peers exert considerable influence on the individual’s ethical beliefs.

→ Experiences As a person matures and develops as a human being, he or she will be exposed to many critical experiences that will be affect his or her ethical standards.

→ Values and morals One’s ethical standards are also greatly influenced by values and morals. People who place high value on money and material possessions may not have strong ethical standard regarding behaviors that facilitate the accumulation of that wealth.

→ Situation Factors People often change their ethics in response to unknown situational factors. An employee, who is threatened with losing a job that has been held for years, may commit unethical acts in order to save the job.

→ Religion One of the oldest sources of ethical inspiration is religion. More than 1,00,000 different religious beliefs exist across the globe. Despite doctrinal differences, the major religions' coverage on the belief that ethics is an expression of divine
Contemporary Ethical Issues

Terrorism
Addictive Substances
Abortion:
Animal Rights
Heroic Medicine
Safety Standards
Environmentalism
Governmental Corruption
Population Control
Prostitution

Advantages of being ethical / Benefits of Business Ethics

a) Employee commitment and loyalty
b) Less likelihood of theft of fraud in the company
c) Better working atmosphere
d) Greater customer care
e) Customer loyalty
f) Repeat customers
g) Word of mouth publicity

Ethical Concerns/ Ethical issues

a) Widespread corruption
b) Financial scams
c) Misleading advertisements
d) Exploitation of child labour
e) Exploitation of women at workplace
f) Protection of the environment
g) Safety and health in the workplace

Ways to improve business ethics/ Structure of ethical management

a) At organization level
   1. Formulate ethical code of conduct
   2. Ethical training to employees
   3. Ethical committee
b) At government level
1. Enacting ethical laws
2. Frequent inspections
3. Strict actions
c) At social level
   1. Boycotting unethical products
   2. Forming consumer forums
   3. Sharing ethical values.

**Holistic approach for managers in decision-making**

Holistic means totalistic. Holistic approach refers to the broader approach of management towards business. In this approach before taking a decision the business man will analyse his decision’s impact not only on business but also on various other aspects like impact on its employees, impacts on the environment, impact on the local people, impact on the industry, etc and etc.

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