

Working Paper No. 137

**Management education and the teaching of ethics:
Pedagogy, practice and the challenge of a new initiative**

by
Ananta Kumar Giri

Madras Institute of Development Studies

79, Second Main Road, Gandhi Nagar
Adyar, Chennai 600 020

September 1995

TITLE OF PAPER: MANAGEMENT EDUCATION AND THE TEACHING OF ETHICS : PEDAGOGY, PRACTICE AND THE CHALLENGE OF A NEW INITIATIVE

AUTHOR'S NAME AND INSTITUTIONAL AFFILIATION:

Ananta Kumar Giri
Madras Institute of Development Studies
79, Second Main Road
Gandhinagar, Adyar
Madras 600 020

ABSTRACT

The present paper discusses the question of teaching of ethics in management education with specific reference to the debate on this and pedagogic interventions in India and United States. It describes, among others, the initiative at Harvard Business School to teach ethics to its MBA students and the effort at Indian Institute of Management, Calcutta to teach ethics and human values. It argues that all these pedagogic initiatives can help us to be more reflective about the predicament of ethics in our practice of management in particular and life in general. The paper concludes with an argument to broaden the universe of discourse of ethics where ethical orientation does not refer to one's minimalist concern of being legally correct but pursuing actively the well-being of others, especially of those who don't matter much to the managers of systems today.

TITLE OF PAPER: MANAGEMENT EDUCATION AND THE TEACHING OF ETHICS : PEDAGOGY, PRACTICE AND THE CHALLENGE OF A NEW INITIATIVE

If we mean to improve our economic competitiveness.. and, more important, increase our rate of productivity growth..we must come to grips with other problems in society.. The revitalization of our corporations, our government agencies, our schools and our urban areas is ultimately dependent on values of individual citizens. Since values are so decisive, are our universities doing enough to build in our society especially among its most influential members.. a stronger sense of civic responsibility, ethical awareness, and concern for the interests of others?

Derek Bok (1990)

Universities and the Future of America p.30, p.7

It would appear that the citadel of rational, positivist management thinking has by now received a number of cracking knocks. Along with the concern for excellence, literature on shared culture and values has also been growing rapidly. One among the latest manifestations of this growth is the courage shown by a few practitioners and academics alike in speaking openly about ethics and allied issues in the context of business enterprises. However, this new enthusiasm for ethics in business management (rather than, as hitherto, brushing it aside as an idle moralizing posture), is as usual, an American phenomenon. In India there are no signs yet of such a movement... It is not realized that pursuit of HRD in a state of growing ethics-moral bankruptcy is chimerical.

S.K. Chakraborty (1991)

Management By Values:

Towards Cultural Congruence, p.28

The Problem

Social and cultural changes in the present-day world, caused by revolutionary changes in science and technology, have provided new definitions of development and underdevelopment obliterating not only the distinction between the developed and the underdeveloped world (thus making social development a global challenge) but also bringing to the fore the urgency for a moral revitalization of actors and institutions at the contemporary juncture (Habermas 1990b). The contemporary processes of development have made our everyday life part of a "complex system", whose logic ordinary individuals don't comprehend fully. This aspect of contemporary change has posed new challenges for adequately and appropriately managing these complex systems — a form of management, which would be preoccupied not only with the logic of the system but also care about the silent majority who don't belong to it but whose lot is determined by it (see Matthai 1989). This has led some observers of our contemporary condition such as Jurgen Habermas to argue that in order that the managers of the present-day complex systems don't turn out to be new colonial masters, subjecting the "Life-World" of people to the domination of the "System World", there is a need for taking seriously the moral dimension of both the actors and institutions (Habermas 1987, 1990a; also, Etzioni 1988). This is probably the context and reason for the search for morals in our contemporary order. This plea for recovery of morals has also manifested itself in the field of education, which articulates the need for and the agenda of taking seriously not only skill-based education but also value-added education in order to provide professionals a framework for moral reasoning. Some advocates of moral education believe that it would enable the actors to imagine appropriately the relationship between the self and the other and live in accordance with such imagination (Bok 1990; Giri 1993; 1993b).

The plea for moral education has taken concrete shape in efforts in institutions of higher education—more specifically in institutions of professional education such as schools of medicine, law, and management—to teach ethics to students as well as to sensitize the faculty and the concerned citizens to the ethical dimensions of contemporary living. Schools of professional education in many parts of the world have begun to teach professional ethics to the would-be professionals, realizing that "a profession's ends are constitutive of the profession", and not simply accidental to its definition and functioning (Emanuel 1991 : 14). This experiment with ethics and search for meaning also has been carried out in schools of management. The most notable among them is Harvard Business School. Teaching of ethics is also being carried out by Institutes of management and University departments of business administration in India.

The present paper presents some of the critical themes and issues in the teaching of ethics in schools of management in both India and United States. It describes the discourse of business ethics and

management values in these institutions of training and how this is being put into practice; and discusses, among others, the experience of teaching ethics in Harvard Business School as well as in Indian Institute of Management, Calcutta and T.A. Pai Management Institute, Manipal. The pedagogues of business ethics and management values in these institutions of training converge on some themes and methods while diverging on other. Though the paper does not systematically compare and contrast different approaches to the teaching of business ethics — for instance, it does not contrast the Harvard model of teaching of business ethics with the intensive self-examination model of S.K. Chakraborty of Indian Institute of Management, Calcutta — different approaches presented provide, however, mutual criticism of each other. These wide-ranging reflections can help us have a critical perspective on the emerging discourse of business ethics in management pedagogy and provide insights for those who are interested to teach ethics in management schools in India. Finally, the paper argues how the practice and pedagogy of business ethics embodies the challenge of a new initiative for us, embodying an urge for search for meaning and integrity in our private lives and public spheres and an urge to serve others while being true to ourselves.

Issues in Teaching Business Ethics : The American Experience

The question of teaching anything — be it ethics or electronics — involves two issues which are: what to teach and how to teach (the best way of teaching a particular subject in order to make the function of teaching realize its end). The American experiment in teaching business ethics yields important insights for us on both these pedagogic and curricular questions. Furman argues that there are two models of teaching business ethics: the principle-based model, and virtue-based model. The principle-based model of teaching business ethics emphasizes upon teaching principles of business ethics to the students and practitioners. It presents the main principles of business ethics to the students. The virtue-based model, on the other hand, teaches about individuals and corporations who have striven to live upto ethical and moral expectations of their work. In the virtue-based model emphasis is on teaching about exemplary cases and "morally laudable human beings who, though part of particular communities, reveal in their moral choices something universalizable" (Furman 1990: 34). In the virtue-based model of teaching about business ethics the emphasis is on looking at a company as a virtue seeking—Being, struggling to create an ethics for itself and gain a distinct character. In the words of Furman:

....we must show that the business corporation, like any other social environment, creates an ethos, a moral ecology shaping countless types of daily attitudes and decisions, mostly ordinary, some extraordinary. As teachers we must assist our students in analyzing, both descriptively and normatively, the institutional ethos of the business firm. This is one way of addressing the transferability of learning to the business context. Whether describing or prescribing, we must be able to identify ethical dimensions of corporate strategy, policy, and decision-making... in the language of virtue-ethics, we might say that a company, implicitly or explicitly, decides what kind of company it intends to be, it creates a form of character for itself and its employees and expects certain kinds of behaviour to flow from such a character (Furman 1990: 35)

Both the principle-based and virtue-based models take for granted the significance of teaching of ethics in the classroom. But some engaged commentators question this. They doubt whether the classroom teaching of ethics is an adequate practice to make students realize ethical imperatives and act in accordance with that. They urge us to understand the difference between cognitive acquisition and affective moral development, which is not guaranteed by taking a course on business ethics (Reeves 1990). N.R. Sheth, for instance, argues that nobody would disagree that "If we re-emphasize the basic social values such as love, kindness, honesty, integrity, uprightness, social responsibility, etc. we would be certainly on the right track" (Sheth 1995: M88-M89). But, for him, the question is: how do we realize these values in our consciousness and practice. Making ethics and values a part of the management education curriculum is, for him, a "simple solution", which is "full of dilemmas" because it does not address the crucial question of changing the "personal value-systems of individuals". However, Strong & Hoffman (1990), among others, feel that there is the need for taking a course in business ethics even though students do not care to put this into practice. In their view:

Students...need the philosophical perspective as a base to develop their thinking process and strategy for dealing with ethical issues. They also need a wide variety of cases, including executive level cases, in which to test out values and develop an understanding of the ethical dimensions of business decisions (Strong & Hoffman 1990: 606).

Ethical Issues To Be Taught

A concern with ethics can help us see that in each area of business management there is an ethical dimension which needs to be addressed. Camerisch argues that ethical concern in marketing means that marketing should "enhance the information and the freedom potential customers bring to the market transaction", and promote a "vision of advertising and business in service of society, not simply appealing to the basic instincts" (Camerisch 1991: 245). The same challenge lies in teaching corporate finance courses. As Hawley tells us, "The typical Introductory Corporate Finance Course begins with the instructor posing the following questions to the students: 'What is the primary objective of financial managers and corporations'. The answer of course is that corporate managers should seek to maximize the wealth of owners by maximizing the price of the common shares" (Hawley 1991: 711). But in corporate finance courses, an overemphasis on shareholder wealth maximization as the sole end of the managers without looking into its "consequences for consumers, employees, or the general population" can be disastrous (Hawley 1991:720).

Reimagining the Elementary Forms of Business Life : New Metaphors and the Teaching Of Ethics.

The Firm as a Moral Community

If transforming our practice requires new metaphors' of it, to begin with, then the metaphor of firm as a moral community is one such in the reflective space of business ethics. Those who plead for looking at the firm as a moral community urge us to realize that "organisations operate in a complex world of multiple stakeholders who sometimes possess justifiably competing interests *** In such a world it is easy for problems to be dilemmas—difficult dilemmas in which principles of justice and fairness should be taken into account. These moral dilemmas present a special type of problem for decision makers as there are no objectively 'correct' answers across stakeholders" (Dukerich 1988: 3). Looking at the firm as a moral community of different stakeholders eases this process of decision-making. Norman Bowie provides such a view thus:

Amitai Etzioni advocates a new paradigm for understanding the economic actor. Etzioni's paradigm is based on deontological moral theory, according to which people not only seek pleasure but they also do their duty: they are not only concerned about themselves, they are concerned about their impact on others... Hence, in human activity there is an "I" and a "We" dimension. Etzioni refers to this new paradigm as the I / We paradigm.

... I extend Etzion's analysis to the business firm, which has traditionally been viewed as an economic institution. I ask you to join me in a thought experiment. If we were to conceptualize the firm as a moral community, what would it look like? (Bowie 1991: 170).

For Bowie, "once a business consists of multiple persons, a nexus of moral relations is created that is internal to the business itself" (ibid: 170). He argues that as a moral community the firm consists of not only the shareholders but also the stakeholders and the stakeholders' interests are not only economic but also "individual autonomy and self-respect" (ibid: 171). But usually the role of the manager of the firm is conceptualized as maximizing the profit of the shareholders rather than serving all the relevant stakeholders. Milton Friedman best sums up the shareholder's view of management when he writes:

In a free-enterprise, private property system, a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers... The key point is that in his capacity as a corporate executive, the manager is the agent of the individuals who own the corporation... and his primary responsibility is to them (quoted in Clarkson 1991: 191).

Moral Development of Corporation

But looking at the firm as a moral community requires of us to look at corporations as moral beings with an urge for moral development, analogous to the moral development of an individual. In fact two scholars tell us about different stages in the moral development of a corporation. Reidenbach and Robin (1991) tell us about four such stages: a) the amoral organization ("The Amoral Organization has a culture that is earmarked by a "winning at any cost" attitude. Typical of organizations in this stage of moral development is a culture that is unmanaged with respect to ethical concerns"); b) legalistic corporation; c) the responsive corporation (Unlike their legalistic counterparts in stage 2, responsive corporations begin to evolve cultures that contain values other than productivity and a sense of legality. Responsive organizations begin to strike a balance between profits and doing right. However, doing right is still more of an expediency rather than an end unto itself"); and emergent ethical organization.

For these two scholars, "The emergent ethical organization is one in which management actively seeks a greater balance between profits and ethics. There is an overt effort to manage the organization's culture to produce the desired ethical climate. This change in culture involves the recognition of a social contract between business and society. Management approaches problem-solving with an awareness of the ethical consequence of an action as well as its potential profitability" (Reidenbach & Robin 1991: 279). The authors give us the example of Boeing as an example of an emergent ethical corporation, which has greater CEO (Chief Executive Officer) involvement in ethics training programs" (ibid). Closer at home we can look at the Alacrity Foundation of Madras as one such instance of emergent ethical organization. As Bhatnagar and Dixit present this case:

Alacrity is a Madras-based company active in housing construction for the middle and upper middle class clientele. It also has business interests in electronics, and research interests in health care and education.. The most significant aspect of Alacrity's managerial innovation lies in its promoters' firm commitment to set up and sustain an enterprise on the foundation of professional excellence and moral integrity. This makes the company an extraordinary venture in an industry which in India and comparable economies is notoriously rampant with greed, malpractice, corruption and exploitation of vulnerable sections of society" (Bhatnagar & Dixit 1993: 25).

In the moral development of organizations leaders play an important role. Some leaders are able to engage their stakeholders in a dialogue on ethical issues and make a turn around by initiating "discussion with others about what is ethical with at least something of a prior ethics truth intention and not singularly a value neutral, constrained optimization of organisational objective" (Nielson 1990: 765). They are able to overcome the "developmental constraints" on ethical behaviour in business (Harris and Brown 1990). While the Western discussion on ethical development emphasizes upon the "dialogic action" of the leaders the Indian perspective here is upon their "transformation of consciousness" (Chakraborty 1993: 14). S.K. Chakraborty, one of the most engaging interlocutors of an Indian point of view on business ethics, argues that practice of business ethics requires "managerial transformation by values" (ibid). This transformation requires "continuous practical process of internal discipline for the gradual attainment of the pure mind" (ibid: 121). For Chakraborty, "...the journey towards transformation of consciousness has to commence at the level of purifying values-as-means in our daily actions and choices. It has to be a normative process. And, since the normative and the sacred go together, transformation by values can well be characterized as a pilgrimage" (ibid: 14). For Chakraborty ethical management is not possible without a spiritual transformation of values (also, see Stone 1987). It is perhaps for this reason that Thomas Piper et al who articulate a rational and discursive approach to business ethics argue that until the rupture in Western culture between material and transcendent values is healed "the subject of business ethics is necessarily a problematic category" (Piper et al. 1993: 41).

Pyramid of Corporate Social Responsibility

Accompanying the idea of the moral development of the corporation is the thought about its social responsibility. In fact, the degree, intensity and quality of social responsibility of a corporation determines the stage of its moral development. Corporate social responsibility refers to responsibility of the corporation to shareholders, stakeholders, and to the wider society at large. A corporation is societally responsible when in

the analysis of its business decisions, there is a concern for the impact of decisions on different stakeholders; this concern is "as integral a part of decision-making process as cost-benefit analysis, risk assessment, Internal rate of return, and all the analytical tools available to the modern manager" (Clarkson 1991: 189). But in this regard it is important to visualize that different responsibilities of a corporation constitute a pyramid.

For Carroll (1991), this pyramid is constituted of economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. In the following lines of Carroll, we get a sense of what the ethical responsibility of a corporation means:

Although economic and legal responsibilities embody ethical norms about fairness and justice, ethical responsibilities embrace those activities and practices that are expected or prohibited by societal members even though they are not codified into law. Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regards as fair, just, or in keeping with the respect or protection of shareholder's moral rights (Carroll 1991: 41).

Teaching of Ethics: Insights from a Harvard Study

All these suggest that we need to have a clearer view of the very practice of teaching of business ethics, which challenges us to understand the experiential perspectives of teachers as well as students. Fortunately for us one such detailed study is available which provides us an intimate picture of the issues involved in teaching business ethics from the point of view of the actors. This is a study carried out at Harvard Business School by three of its faculty. One of the researchers tells us of the response of the students to the required ethics module at Harvard Business School. One student says that earlier he did not consider ethical issues as important but after taking a course on ethics he has become aware of the need to ask the question of what is going to be the impact of his decision on "the people that live in the area and the environment" (Piper et al. 1993: 29). Another student says that the difference such a course has made is in the "level of analysis, when you talk about who are all the people involved.." (ibid: 41). The same researcher argues that we cannot assume that such courses have no impact on students and nor can we assume that students are already formulated by the time they reach graduate school so that no intervention in their moral habits can be made. She argues that a belief that "ethical consciousness and commitment can continue to undergo transformation at least throughout formal education" has to be the foundation of any program of teaching ethics.

For the above researcher, "the challenging task is to develop a curriculum that fosters not only ethical reflection but also the formation of moral courage" (ibid: 49). But to help young adults in their search for values the role of not only individual mentors but also a mentoring community is essential. "A mentoring community is a group that welcomes and affirms the competence and promise of young adult lives, while offering a vision on behalf of a larger possibility and an experience of acting together in concert with that vision" (ibid : 51). The need for a mentoring community brings forth the perennial question of educating the educators and it is here that Mary Gentile's contribution to the Piper book entitled, "Engaging the Power and Competence of the Faculty" deserves our attention. Gentile tells us that when the faculty got involved in the program of ethics at Harvard Business School they soon realized that it is not enough to focus on a single course on ethics rather measures must be taken "to institutionalize this effort and weave its design deep into the fabric of the school's program" (ibid: 73). They also "quickly moved beyond questions of misconduct or 'thou shall not' to questions of obligation or 'thou shall'" as significant issues in their reflection and course materials on ethics. The first year required course audit addresses ethical issues in "each of the functional areas of the management curriculum .." (ibid:77). A study was carried out among the faculty describing their attitudes towards teaching business ethics and insights as to how to do the teaching which laid the foundation for integrating "ethics into the MBA program through new case and teaching plan development, faculty workshop". This study began with questions about teaching in general, "designed to elicit faculty conceptions of the model class discussions" and "knowing these models, it was easier to understand faculty members' concerns about the way discussions of business ethics might affect their ideals" (ibid 79) "The interview also included questions designed to elicit from the faculty what 'business ethics' meant to them. Finally, specific questions were asked about the role business ethics might or should play in faculty members' courses" (ibid).

At the same time, the study documented several barriers to teaching ethics that the faculty felt. The following are some of the more important barriers among the many that Gentile presents about her Harvard case:

- a) "Some faculty feared that they would be asked to teach ethics as a distinct subject..." (ibid: 82);
- b) Some faculty felt that teaching a course on ethics would bring very few professional rewards;
- c) Some felt that there is not enough material on business ethics and argued for "the need for new research — field research and theory building at the intersection of ethics and each of the functional areas — as a foundation for substantive teaching" (ibid: 83);
- d) Some felt that class rooms norms and its "highly competitive, interrogational forum that appeared, at least to the students, to pit one against the other ...inhibited the climate of trust and cooperation necessary for values-related discussion" (ibid: 85, 84);
- e) Many faculty felt that integration of ethics into the class room could threaten their self-confidence who "identified strongly with their role as experts" in their professional field, without having the same confidence on ethical issues (ibid: 91);
- f) some teachers as well as students felt that they "need to pay more attention to ethics" in their own lives before they can talk of it in the class room; and
- g) Some faculty raised a number of teaching questions:
 - i) How should a faculty respond to a student comment that appears blatantly unethical?
 - ii) Should a faculty member take a stand on ethical issue in the classroom?
 - iii) How can a faculty member lead a discussion of common but questionable business practices without seeming to condone them, without seeming naive, and without appearing to instruct students in how to perform them.

At Harvard Business School the following courses are taught as electives in its MBA program: a) The Business World: Moral and Social Inquiry Through Fictions; b) Moral Dilemmas of Management; c) Managing Information in a Competitive Context: Ethical and Legal Perspectives; and d) Profits, Markets, and Values. For instance, while the first course exposes students to literary observers of commercial enterprise as a way of considering the ethical and existential aspects of life and work the last course is "designed to provide an opportunity for students to formulate their own views about the purpose of business, the appropriate norms of business practice, and the strengths and weakness of markets in providing for the common good" (ibid: 146). The other ethics-related courses at this school are: a) The Coming of Managerial Capitalism; b) Comparative Business-Government Relations; c) Law and the Corporate Manager; d) Self-Assessment and Career Development; and e) Power and Influence.

Piper and his colleagues tell us that "doubts as to the sufficiency of management education" in the face of the challenges such as "excesses associated with deregulation, and fundamental questioning of American practice and competitiveness in the wider global context" was a reason behind the school's turn towards issues of ethics (ibid: 10). This meant not only "conversation about what we should teach, but about the attributes that future leaders should develop" to face these challenges (ibid: 11). At Harvard the program in teaching ethics is combined with opportunities for students to participate in "community outreach" programs (ibid: 147).

Students at Harvard Business School publish a journal called "Business Ethics Forum" which serves as a "a vehicle for encouraging thoughtful reflection on issues and matters of ethics through the publication of relevant interviews, essays, and case studies" (ibid: 148). Such experience with students makes our Harvard colleagues pose a challenge for management education, which deserves our attention:

...Our students are not the problem. Almost all of them are eager to talk about purpose and principle, to explore the systemic causes and consequences of unethical behaviour, to study outstanding leaders and organizations as they grapple with their ethical dilemmas, and to identify opportunities to contribute to the larger community. The problem rests with the failure of education to encourage and assist students in their search for purpose and worth (ibid: 149).

An Inquiry into the Indian Scene

What is the state of the teaching of ethics and human values in management schools in India? As Professor S.K. Chakraborty's remarks presented at the beginning suggests, it is yet to take up momentum in our country. However, the following are some engaging efforts in this field which deserve our consideration.

The first is the effort of Professor Chakraborty himself, who has been teaching a course on "Managerial Effectiveness and Human Values" at Indian Institute of Management, Calcutta since 1983. The course is offered as a second year optional course to post-graduate students. When he began teaching this course he had only five students and in 1993 he had 78. Says Professor Subir Choudhury, the director of Indian Institute of Management, Calcutta: "In spite of my support I have not been able to push this as a compulsory course. But when voluntarily more than 60% of students opt for it then there is no need to offer it as a compulsory course." Chakraborty emphasizes upon experiential learning in this course and he engages his students in "mind-stilling" exercises in his class.² He believes that such exercises are important to having *chittasudhi* (purification of consciousness) which is indispensable for ethical development. In these exercises Chakraborty does not use religious or anthropological symbol; he teaches his students to find luminosity in their heart center. In his teaching Chakraborty emphasizes upon both *sadhana* and *swadhyaya* — *swadhyaya* of scriptures being a necessary corollary of the mind-stilling exercise. Both however must be accompanied by creative exercises in self-reflection such as maintaining regular diaries.

Chakraborty believes that seeking of values is not a mere intellectual exercise; It has to be part of an art of living. For Chakraborty, "human values are a much more broader territory" in which he puts ethics as a subset. He maintains that "cognitive knowing of rights or wrong is different from going by right and wrong in real life situation." In his words:

Between intellectually conceding and behaving from the heart—there is a real distance on the physical structure of my body. There is clearly an immeasurable distance in psychological space. Have we come here to know intellectually some competing theories of ethics or become ethically more alive, sensitive and strong? Ethical orientation requires a kind of psycho-physical back-up mechanism which strengthens our cognitive knowing. Just speaking of different theories and then making an effective synthesis would lead us nowhere (interview with Chakraborty by the author)

In this regard, Chakraborty tells us of his discussion with a Harvard faculty who teaches ethics there. He had asked his Harvard colleague, "Do you think that after the end of the intellectual exposure people would turn to be more ethical?" Says Chakraborty, "Silence followed this question which made me remark: My approach is different. I don't want to confuse students' mind with competing theories of ethics. I want to give them one time-tested, well-organised method of psychological inner-preparation which is so comprehensive that if they follow this inner ethical moral sensitivity is automatically taken care of."

Chakraborty finds this psychological inner-preparation in the Indian tradition, namely Buddhism, Samkhya, and Vedanta. Chakraborty believes that other religious traditions—namely Christianity and Islam—and modern psychoanalysis including humanistic psychology with its stated emphasis upon self-actualization lack this discipline of inner preparation. Chakraborty says that his students coming from other religious backgrounds don't find any problem in this pedagogical style of him.

Chakraborty resists the temptation to use communication technologies such as videos in his class. He tells us in the interview I had with him: "It is not an intellectual course. Here it is a question of a lamp lighting another lamp. It is a different type of course. Unless we are constantly in touch with the person, technology cannot be a substitute. I don't emphasize upon showing any video or whatsoever. I am tempted many times to go for videos but then I hold myself off."

Chakraborty cautions that an uncritical enthusiasm for business ethics delinked from a concern for human values may just turn out to be another intellectual pastime. In his view, the "apparent circumference of the ethical problem ultimately looks down to the individual." In his words:

The whole subject of business ethics to me seems to be missing this crux. I cannot understand how a corporation is unethical. It is individuals who run a corporation who are unethical. Is the corporation an abstraction away from the people who are there? Therefore I am saying that ethics is with people, not with the corporate body.

Chakraborty holds a similar view vis-a-vis the question of individual values and institutional values. For him, "institutions don't generate values, people who set it give these the shape of values. As a person I am selfless; I am also a departmental colleague for you. Where is the antagonism? For instance, when a person is carrying out the performance appraisal of his subordinate the person is putting value into the system: the system as such has no life."

Chakraborty argues that the "responsibility of the individual is inescapable in any ethical dilemma and this does not seem to get emphasized when we describe our pedagogy and our courses as business ethics." He says: "What is business ethics? Is there a special variety of ethics for business? Business is one modality of society to function. The question thus to reflect upon is how does ethics as a general human phenomenon reflect itself in business? The moment we talk of business ethics, automatically it means that it is only one brand of ethics that we are talking about which we can easily manipulate."

A course on ethics, for Chakraborty, expects both the pupils and pedagogues to put their learning and pedagogy of ethics into practice. Unlike other functional courses a course on ethics touches the instructor as a person which makes him uncomfortable. While an instructor of a functional course like "Statistics for Managers" can look at himself just as a course instructor, in case of a course on ethics the life - practice of the instructor is more crucially at stake. The same widening of discourse and practice is expected of students as well. Students first have to learn to appreciate the significance of an initiative in teaching and learning ethics which does not guarantee the same utility and material benefit that other functional courses in their curriculum (for example, courses management) do. It is perhaps for this reason that Chakraborty told me in the interview that I had with him: students "groomed in a quantitative, rational and analytical thinking" are usually not able to appreciate the significance of a course on ethics which is a continuous challenge for the instructors of such a course.

Professor R.C. Sekhar, Emeritus Professor at T.A. Pai Management Institute, Manipal, Kamataka is another engaging teacher of ethics in our midst who has developed an innovative course at T.A. Pal entitled, "Ethical Dilemmas in Business." This course is indeed wide-ranging in its scope and approach incorporating theories of ethics from Sur Das to Amitai Etzioni and exposing students to the ethical dilemmas in several professions—from accounting to medicine—through cases, books, articles and lectures. Students' assignments in this course include field project, carrying out research on the ethical attitude of the neighbouring population, reviews of important books on ethics and library assignments on ethics and advertisements. Sekhar uses Bhagavad Gita and "The Ethics of Management" by Lee Rue of Tone Hosmer as basic text books.

Like Chakraborty, Sekhar believes that it is "incorrect to divorce business ethics from ethics". "By isolating it," Sekhar argues, "we seem to straight go in for a compartmentalization of thought." which "would result in a loss of perspective." At the same time, Sekhar believes that merely restating the perennial values of religion in a management ethics class won't serve the purpose. Sekhar argues: "When we see religious literature and the mind set of religious leaders they seem to be totally divorced from business management" (personal communication). Sekhar doesn't privilege religion nor does he privilege any particular tradition as it is the case with Chakraborty. This is perhaps the reason why Sekhar has assembled such a diverse range of texts, authors and cases in his course. In one of his letters to me on this subject, Sekhar makes his position clear:

I would be strongly opposed to any obsessive drive towards a single criterion... I will be very wary of "cults", "fashions" and "quick fix solutions". My whole pedagogic strategy is to make students comfortable with this ambiguity and understand the differences between the definitiveness of say physics and accounting and ambiguities of ethics in this regard.

Sekhar says that he has a great response from the students, "Eighty percent of them were extraordinarily eager to learn more about ethics from the world go". He writes: "The experience is exhilarating personally. Students responded most warmly and I am in a position to confirm the experience of the Harvard teachers of ethics that students are strongly appreciative of this type of courses provided we make them very rigorous and oriented towards the real issues of today and to applied ethics."

Fr. Mvd Bogaert of Xavier Institute of Management, Bhubaneswar has been teaching a course on social and ethical responsibility of management since its inception in 1988. Like Ravi Matthai whose work with the rural masses of Rajasthan is legendary, Bogaert firmly believes that management education should

prepare professionals who would strive to make a difference in the lot of the common man— poor and marginalized. Fr. Bogaert does not believe in absolute ethical relativism, thus believing in the ability of education to provide help in the ethical development of a person. For him, "Ethical standards, however, can also be objective, drawing the attention of the decision maker to criteria which lie outside himself, for instance: a very important reality, an ideal worth striving for, a major value, an overwhelming problem. While the subjective codes are like checks one runs through before coming to a decision, the objective codes are like a compass, indicating the major wind directions, which help the captain to find his bearings and to steer his ship". He argues that ethics is intimately tied to our approach to not just any other but to the weak, the poor and powerless and this ethical sensitivity cannot be divorced from concerns such as poverty alleviation and empowerment. He tries these ideas with students who, as part of their assignment, work with the poor in the surrounding areas of the Institute as well as with NGOs in Orissa. This course is a compulsory one which however is not liked by some students who would have preferred it to be an optional one.

Indian Institute of Management, Ahmedabad was to offer an elective on business ethics in December 1994 semester to the second year MBA students. Though so far (by September 1994 when I completed my study on this) it had not offered any course on human values or business ethics at the post graduate level it had courses such as "Indian Social and Political Environment", "Power and Politics in Strategy Implementation, "Leadership: Vision and Reality," and "Explorations in Roles and Identity" which address some of the ethical issues that managers face. The course such as "Indian Social and Political Environment" and "Explorations in Roles and Identity" use innovative pedagogical methods—bringing students to the field and engaging them to write reflective narrations about themselves. The course on "Power and Politics in Strategy Implementation" is taught by Professor K. Balakrishna, who has many engaging insights to share in so far as the question of teaching ethics is concerned. For Balakrishna the objective of teaching ethics is not to provide ready-made answers on ethical issues in business but to "provoke young minds to grapple with issues in the class room, and force them to come up with concrete solutions and action plans rather than shying away from them". He also tells us that there is a need to teach both a separate course on ethics as well as integrate ethical issues into the entire curriculum. Only the later would not do the job as he earlier believed since there is a need for the institution to make its stance on such issues clear, which is best communicated through the former initiative.

But at the same time just introducing a course on ethics or teaching it in the class room should not lead to euphoria since both the instructors and the students can use it as an occasion for game playing. Narrating his experience of teaching such a course Balakrishna tells us that for many students taking a pro-ethical stance in the class room reflects a desire within them to earn credits in the class and reap its consequential benefits. He finds out that some of them later behave unethically in their jobs. Another dilemma that he faces is that when he uses a case to discuss unethical business such as the case of a clever manager who rises to great heights by his unethical maneuvers students are more interested in knowing how this young manager amasses huge fortunes rather than analyse the ethical implications of a such case. Thus the unintended consequences of teaching a course on ethics is that it might make some students more interested in unethically achieved successful cases. In his words: "The whole course is meant to show how to avoid the minefield but in such cases I am teaching them how to lay the minefield."

Like Chakraborty, Balakrishna emphasizes that compared to other courses a course on ethics is an "instructor-dependent" course, rather than a concept-dependent course or a material-dependent course. The success of such a course depends upon the instructor's own understanding of issues in ethics in general and business ethics in particular; his own upbringing and values; his understanding of the real world of business; and his insight into the mind-set of students. A course on ethics cannot fulfill its desired objective if one of these is lacking in an instructor.

Xavier Labor Relations Institute, Jamshedpur has also been teaching a course on business ethics for long. It has also a center for business ethics named after JRD Tata.

In India teaching of ethics still has a long way to go. The barriers are far too many. Discussions with teachers in management schools suggest that the reason for not teaching ethics to MBA students can work as a vicious circle. When I reasoned with a teacher that the case he is teaching does not really

address the issue of ethics at the strategy formulation level but only describes the disaster that followed once the strategy was implemented I was told: "Where is such a case? Give me an appropriate case. I would certainly teach it". But who is to prepare an appropriate case for the MBA class rooms? If appropriate cases dealing with ethics in strategy formulation and ethical dilemmas are not available then is it not a task for us to take it up? As educators shouldn't we think twice before throwing the baby along with the bath water?

The above also points to the paucity of good research work in this field of study in India. Teaching of ethics has to be based upon detailed ethnographies of processes of ethical dilemma at work in self, culture and corporation, for instance as provided in Robert Jackall's (1988) *Moral Mazes: The World of Corporate Managers*. But what to speak of studies of ethical dilemmas within a firm we are yet to have an engaging study of the corporation at work. The reason for this lies in the entrenched framework of management studies that we have in this country with its uncritical adoration of quantitative methods and the dominance of its field of organisation behaviour by "corporate" psychologists and its systematic bias against sociological and anthropological imagination. Thus apart from Indianizing ethics teaching — a point well argued by Chakraborty and others—the biases of management as an area of study in our country have also to be addressed if teaching and research on ethics is ever going to be a serious enterprise here.

One reason that one hears repeatedly from teachers and leaders of management schools in India for not teaching ethics is that who is going to take such a product (i.e., those MBA students who are trained in ethics). For them, a manager who is trained in ethics and tries to put it into practice is a liability rather than an asset in today's corporate environment. Here again we probably take for granted the preference of our clients. My work with managers from different sectors—public, private, government and NGO—shows that there are many in the industry who believe that ethics is good business. In the research project on "Values, Ethics and Business: Challenges for Education and Management" that I had carried out at Indian Institute of Management, Ahmedabad I had interviewed many managers out of which some said that business ethics is not mere sweet talk but the foundation of prosperity and success in business (see also Kamard 1990). According to one such manager, good ethics is good business. Arvind Nair, the managing director of Amtrax Appliance Pvt Ltd, Ahmedabad, is one such manager. For him, "Anything which is not ethical is difficult to manage xx the more uncomplicated things are the faster you progress. If you want to simplify things it is better to keep everything up front. Then there are less conflicts; you can concentrate more on making actual progress than managing progress." Nair stresses that it is important to realize that "sound ethics is good business." The challenge thus is to nurture the right kind of values within an organisation and to realize that cutting corners and having short-term gains are not good business at all because the prosperity these steps promise is ephemeral. He illustrates his policy of "good ethics is good business" with regard to propensity towards unethical accounting that exist in modern business organizations. As Nair says, "You would have to create within an organisation a structure of trusted people to manage cash. In fact, you are instituting a kind of corruption in your company which you cannot manage."

Another important dimension of ethics in business, Nair believes, is to be engaged in socially responsible activities such as creating a good infrastructure in one's locality and building good schools. Apart from doing good to society such activities also do good to business organisations themselves.

For a programme of ethics teaching to be effective and successful, we need to explore more the work and thought of such people and share it with our students.

By the Way of Conclusion : **Ethics and the Challenge of a New Initiative**

Ethics does not simply refer to the laws of appropriate human conduct but embodies an urge to do good and be good to others which fulfills itself in love. This urge is neither a reflection of "legal minimalism" (Gaylin 1989) nor "ethical substantialism" (Habermas 1990a) but is manifestation of an urge for a "reflective self" (Giddens 1991) and a "good society" (Bellah et al. 1991) whose measures however are not solely money and power. But systems of our contemporary life are now managed by professionals who know

only the currencies of money and power. An engagement in ethics has to strike at this monolithic and hegemonic construction of the human condition. As these systems are becoming more and more determinant of our life chances today and as they are now increasingly being managed by professionals whose personal and professional integrity is often of dubious quality professional ethics is now an indispensable challenge for the democratization of society (Dahl 1989; Giri 1994a). An engagement in ethics cannot divorce itself from the wider question renewal of self and society.

A concern for renewal would perhaps suggest us a way out of the ethical dilemmas that managers of system often have at present. Managers of systems now supposedly live in a postmodern world where doubt is the only certainty and ambivalence is the only possible mode of existence. But these dilemmas emerge partly from their fixation in the hegemonic logic of money and power and their inability to understand what Wittgenstein had said in another context: "The meaning of the world lies outside the world" (quoted in Wuthnow 1988). Beyond the system-world lies the life world of not only the middle class who now aspire to be part of a global illusion of consumerism but also the world of the poor, the dalits and the tribals where sign and the referent still inhabit the same miserable space. Can the following talisman of Gandhi be of any help to the managers of the systems who have dilemmas regarding their ethical responsibility to the world?

I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and weakest man whom you may have seen, and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to control over his own life and destiny? In other words will it lead to swaraj for the hungry and the spiritually starving millions? Then you will find your doubts and your self melting away (Gandhi quoted in Chambers et al. 1989: 241).

[An earlier version of this paper was presented at the national seminar on "Education, Development, and Underdevelopment," organized by Developing Countries Research Center, University of Delhi, August 5-7, 1994. This paper builds upon the research proposal, "Teaching Ethics in Schools of Management: An Inquiry Into the Indian Scene" that had I submitted to Ravi Matthal Center for Educational Innovations, Indian Institute of Management, Ahmedabad and the research with managers and management educators that subsequently followed. I am grateful to the authorities of Indian Institute of Management, Ahmedabad for providing me the opportunity to work on this project. I am also grateful to Professors Manoranjan Mohanty, Sureshchandra Shukla and other participants in the above seminar for comments, criticism, and many incisive questions. I owe a special debt to Professors N.R. Sheth, K. Balakrishna, S.K. Chakraborty, R.C. Sakhar, Fr Mvd Bogaert, and other management educators in the country for their generosity in talking to me. In publishing this in its current form as a working paper from our Institute, I have been enriched by comments and criticisms of my two esteemed colleagues, Professors S. Neelakantan and P. Radhakrishnan. Professor Neelakantan has raised some fundamental questions about the project of business ethics. He firmly believes that it is in one's self-interest that one behaves ethically since only "on that condition one can hope for reciprocity from others" and it is not necessary to "bring in altruism unnecessarily" in a project on ethics. Professor Neelakantan's point of view calls for a comprehensive dialogue in thinking about ethics and I have not been able to do this in the space of this paper. The only thing I would like to state here is that what is called self-interest is not something given and it is an object of discovery, realization, and continuous redefinition. In one's work on self, an individual often realizes that the pursuit of one's egoistic interest and utilitarian needs does not exhaust one's self-interest and the very project of self-interest involves a project of attention to the other. In other words, I do not proceed with the dualism between egoism and altruism in thinking about self and ethics. I have developed this argument partly in two recent papers of mine on the subject — "Self, Other, and the Challenge of Culture" and "Moral Consciousness and Communicative Action: From Discourse Ethics to Spiritual Transformation" (forthcoming as working papers from our Institute). I am publishing parts of Professor Neelakantan's letter as an appendix for the sake of initiating a dialogue on this. My thanks are due to him for his comments and for his kind permission to reproduce parts of these. I am also indebted to Professor Radhakrishnan for his stress on clarity, tightness of arguments, and many valuable suggestions. I thank Kalai Selvi for her help in preparing this manuscript. Needless to mention, I alone am responsible for whatever incoherences still exist in this paper].

Notes

1. In their *Metaphors We Live By* George Lakoff and Mark Johnson (1981) tell us about such significance of metaphors in our lives. Emily Martin (1987) applies this insight to the analysis of reproduction in American culture.
2. The ideas of Professor Chakraborty presented here as well as that of other management educators in this paper come from my interviews with them. All these interviews are recorded in my monograph (Giri 1994b), *Values, Ethics and Business: Challenges for Education and Management*.

References :

Bok, Derek

1990 *Universities and the Future of America*. Durham: Duke University Press

Bellah, Robert et.al.

1991 *The Good Society*. NY: Alfred A. Knof

Bhatnagar, Deepti & MR Dixit

1993 "Innovations in Management: Case Studies Developed by the Indian Team".
Ahmedabad: Indian Institute of Management.

Bogaert, Michael Van Den

1989 "Management Education: Challenges and Response." Souvenir of First Annual
Management Education Convention: 9-14

"Managerial Decisions In the Context of a Developing Economy." MS.

"Leadership Development for Social Equity." MS.

Bowie, Norman

1991 "The Firm as a Moral Community." In Coughlin 1991: 169-183.

Camerisch, Paul. F.

1991 "Marketing Ethics: Some Dimensions of the Challenge". Journal of Business Ethics
10: 245-248.

Carroll, Archie B.

1991 "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of
Organizational Stakeholders." *Business Horizons* 34 (9).

Chakraborty, S.K.

1991 *Management By Values : Towards Cultural Congruence*. Delhi: Oxford University Press.

1993 *Managerial Transformation By Values: A Corporate Pilgrimage*. Delhi: Sage
Publications.

Chambers, Robert et. al.

1989 *To the Hands of the Poor*. London: Intermediate Technology Publications.

Clarkson, Max B.E.

1991 "The Moral Dimension of Corporate Social Responsibility." In Coughlin 1991: 185-195.

Coughlin, Richard M

1991 *Morality, Rationality, and Efficiency: New Perspectives on Socio-Economics*. Armonk, NY: M.E. Sharpe, INC.

Dahl, Robert

1989 *Democracy and Its Critics*. New Haven. Yale University Press.

Dukerich, Janet M. et al

1988 *Moral Reasoning in Groups: Leaders Make a Difference*. University of Minnesota: Strategic Management Center.

Durkheim Emile

1957 *Professional Ethics and Civic Morals*. London: Routledge and Kagan Paul.

Emanuel, E.J.

1991 *The Ends of Human Life: Medical Ethics in a Liberal Polity*. Cambridge, MA: Harvard University Press.

Etzioni, Amitai

1988 *The Moral Dimension: Toward a New Economics*. NY: Free Press.

Furman, Frida K.

1990 "Teaching Business Ethics: Questioning the Assumptions, Seeking New Directions." *Journal of Business Ethics* 9: 31-38.

Gaylin, Willard

1989 Interview with Willard Gaylin. In Bill Moyers, *A World of Ideas*. NY : Doubleday

Giddens, Anthony

1991 *Modernity and Self-Identity: Self and Society in the Late Modern Age*. Cambridge : Polity Press.

Giri, Ananta

1993a *Universities and the Horizons of the Future*. Indian Institute of Management, Ahmedabad: Working Paper.

- 1993b *The Quest for a Universal Morality: Jurgen Habermas and Sri Aurobindo*. Indian Institute of Management, Ahmedabad: Working Paper
- 1994a *Democratic Transition and the Challenge of Transformation*. Indian Institute of Management Ahmedabad: Working Paper.
- 1994b *Values, Ethics and Business: Challenges for Education and Management* MS.

Habermas Jurgen

- 1987 *A Theory of Communicative Action, Vol.2, Life World and System*. Cambridge, MA: The MIT Press.
- 1990a *Moral Consciousness and Communicative Action*. Cambridge, MA: The MIT Press.
- 1990b "What Does Socialism Mean Today?" *New Left Review*.

Harris, Claudia & William Brown

- 1990 "Developmental Constraints on Ethical Behaviour in Business". *Journal of Business Ethics* 9: 855-862.

Hawley, Delvin D.

- 1991 "Business Ethics and Social Responsibility in Finance Instruction: An Abdication of Responsibility." *Journal of Business Ethics* 10, 711-721.

Jackall, Robert

- 1988 *Moral Mazes: The World of Corporate Managers*. New York: Oxford University Press.

Kamad, Amol

- 1990 *Value-Based Management*. Madras: Alarcity Foundations.

Martin, Emily

- 1987 *Woman in the Body: A Cultural Analysis of Reproduction*. Boston: Beacon Press.

Matthai, Ravi

- 1989 *Occasional Speeches and Writings*. Indian Institute of Management, Ahmedabad

Lakoff, George and Mark Johnson

- 1981 *Metaphors We Live By*. Chicago: University of Chicago Press.

Nielson, Richard

- 1990 "Dialogic Leadership as Ethics Action (Praxis) Method". *Journal of Business Ethics* 9: 765-783.

Piper, Thomas et al.

- 1993 *Can Ethics Be Taught?* Boston: Harvard Business School.

Reeves, M. Francis

- 1990 "An Application of Bloom's Taxonomy to the Teaching of Business Ethics." *Journal of Business Ethics* 9: 609-616.

Reidenbach, R. Eric & Donald P. Robin

- 1991, "A Conceptual Model of Corporate Moral Development". *Journal of Business Ethics* 10: 273-284.

Rosansky, L.M.

- 1991 "Moral and Ethical Dimensions of Managing a Multinational Business." Stockholm: SASE Conference.

Sekhar, R.C.

- 1994 "Ethics and the Indian MBA" MS.

Sheth, N.R.

- 1993 "What about Ethics and Values in Management?" *Economic and Political Weekly* XXVIII (35): M87-M90.

Stone, Christopher D

- 1987 *Earth and Other Ethics: The Case for Moral Pluralism*. NY: Harper & Row.

Strong, V.K. & A.N. Hoffman

- 1990 "There is Relevance In the Classroom: Analysis of Present Methods of Teaching Business Ethics." *Journal of Business Ethics* 9: 603-607.

Tyson, Thomas

- 1990 "Believing that Everyone Else is Less Ethical: Implications for Work Behaviour and Ethics Instruction." *Journal of Business Ethics* 9: 715- 721.
-

Appendix

Self-Interest, Altruism and Ethics : Extracts from Professor S. Neelakantan's comments on the paper

"Management Education and the Teaching of Ethics: Pedagogy, Practice, and the Challenge of a New Initiative"

Ever since Adam Smith postulated that an 'invisible hand' would metamorphose the private decisions of individuals who have exclusive property rights to economic assets and engaging in voluntary exchange transactions, each seeking his or her own self-interest, into a system where everyone would be better off even though no one intended that result in the first instance, the market economy had become the focus of research by many disciplines. Adam Smith was also the author of 'Theory of Moral Sentiments'; and he had also specified the conditions where the markets might not work or work properly. His main point is that in the market arena, pursuit of self-interest by individuals would ultimately result in increase in public welfare. The case of the firm pursuing profits like the hawk pursuing its prey rests on that premise. Though you have quoted Milton Friedman, the archpriest of that point of view in this century you have not shown how that argument is flawed. Frankly, I consider Milton Friedman to be more persuasive and clear than the view set forth in the Furman quotation.

I have grave doubts about treating the firm as a moral community. I can accept it as a form of economic organisation in which there is asymmetry of information among the participating principals and agents. Honesty, sympathy and fairness would result in reduction of transaction costs in all such organisations at all levels. So I would certainly recommend teaching of ethics so that there could be more harmonious exchanges which could bring about more output and welfare for all. But I cannot visualize a firm having moral commitments. This would ultimately result in such confusion that Boeing could be identified as an emergent ethical corporation by Reidenbach and Robin. As a transnational corporation, it had used and still uses its political and economic muscle 'unethically' to destroy competition both within and outside the country.

Though I am myself an admirer of 'Alacrity Foundation', I am also aware that its role would be delimited by the ever present free-rider problem and the 'logic of collective action'. It could never grow to the size of a Boeing; and, when it grows to the size of Boeing, its managers will have to deal with workers who cheat, who commit frauds, who are inefficient and who have no commitment to their work (i.e., precisely the things which Alacrity aims to avoid). A manager who desires to show sympathy while performing his duty might ultimately end up failing in his duty and might find that his sympathy had been misplaced. I need much more persuasive arguments to convince me that firms should have ethical principles.

I am equally unconvinced about the usefulness of the 'pilgrimage' for the transformation of values. As I have stated already, I consider that ethical behaviour would make everybody better off without any one worse off. So it is in my self-interest that I should behave ethically since, only on that condition I can hope for reciprocity from others. I do not wish to bring in altruism unnecessarily. I believe that every human being has the traits of self-interest and altruism; the proportion of the mixture may differ among different individuals; but I believe that the trait of self-interest is the stronger of the two in almost all individuals. So, I would like the teaching of ethics to start on that basis. That is why I am skeptical about the pyramid of corporate social responsibility. The most important responsibility of the corporate manager is to earn the maximum possible profits using legal means. All other responsibilities fade into insignificance before that goal.

I am more at home with the pedagogic devices of Harvard Business School than with Prof. Chakraborty. The psychological inner preparation which he recommends is so much open to abuse because it is not open to discussion, criticism and refutation that I consider that to be anti-scientific. It is like the peace which religion brings: for the masses, religion has brought more animosity, bitterness, anger and misery. Excessive love, according to Thirukkural, could be the basis both for moral and immoral activities. The same could happen with business ethics also.