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**Confronting the challenge of ethics:  
Experimental dilemmas and the  
perspectives of the managers**

by  
**Ananta K. Giri**

**Madras Institute of Development Studies**

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

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**Ananta Kumar Giri**

## **Abstract**

**What is the ethical challenge of the practice of management in different domains — business, government and the voluntary sector? How do managers confront this challenge? What is the experience of the managers in dealing with the challenge of ethics in their lives? Do they go through any dilemma while taking a decision and reflecting upon its ethical implications? The present article discusses some of these issues. It presents the dilemmas and reflection of some managers as they confront the challenge of ethics in their discourse and practice.**

# **CONFRONTING THE CHALLENGE OF ETHICS: EXPERIENTIAL DILEMMAS AND THE PERSPECTIVES OF THE MANAGERS**

**Ananta Kumar Giri**  
Madras Institute of Development Studies

Above all, the ethics or aesthetics of self-development would seem to be tailor-made for the specific dilemma of the executive in modern organization. By himself he is nobody and is indeed anonymous.. Yet collectively these anonymous executives are the leaders in a modern society. *Their function demands the self-discipline and the self-respect of the superior man.*

Peter. F. Drucker (1993),  
*The Ecotlogical Vision*, p. 206.

--integrity, in the face of conflict of the virtues, is the challenge rather than the answer. The answer, in two words, is *moral courage*... Moral courage is not self-sacrifice... Moral courage is not self-righteous obstinacy and it is not at all opposed to compromise... Moral courage includes an understanding of the big picture, the purpose(s) of the organization, and the way in which the organization or some part of it thwarts its own best intentions.

Robert C. Solomon,  
*Ethics and Excellence*, 1992, p.264.

## **The Problem**

Social and cultural change in the present-day world, caused by revolutionary changes in science and technology, have made our everyday life part of "complex systems," whose logic ordinary individuals do not fully comprehend. 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--its logic and interest--but also care about the silent majority who do not belong to it but whose lot is determined by it (see Matthal 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 do not turn out to be new colonial masters, subjecting our "life-world" 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, 1990; also, Etzioni 1988).

In this context, it is important to know the way the managers of various systems of society look at the issue of professional ethics and management values. An inquiry with questions such as the following--What is the experience of the managers in dealing with the challenge of ethics in their lives? Do they go through any dilemma while taking a decision and reflecting upon its ethical implications?--can suggest ways out of the contemporary despair vis-a-vis these issues. The present paper is a product of such an inquiry. The paper presents the dilemmas and reflection of some managers as they confront the challenge of ethics in their discourse and practice. The following narrations are of the managers whom I had interviewed as part of my study, "Values, Ethics, and Business: Challenges for Education and Management," carried out under the auspices of Ravi Matthal Center for Educational Innovations, Indian Institute of Management, Ahmedabad in 1993-1994.



## The Narratives

### N.K. Dhand

Let us begin this journey with Mr. N.K. Dhand, the Managing Director of Parisudh Sadhan Yantra Pvt. Ltd. Ghaziabad. Dhand takes ethics seriously and argues that it is possible to succeed in the business world without compromising one's ethical standards. Dhand and his partner V.S. Goindl had started this company as a partnership firm in 1973 and produced their first cylindrical grinding machine in 1977. Dhand, as he says, has dealt with the outside world ethically; he has not succumbed to the pressure of any outside agency to give them some bribe or engage in any unethical practice. He certainly had not always had it easy; many times the external environment has tested his courage and patience. The local electricity department had cut off supply to his firm on the pretext of some violations of rule and the customs department has sat on a machine he received from Sweden, replacing an earlier one he had sent for repair, but Dhand has not paid bribe to the concerned officials to smoothen the process. The external environment is beyond his control, he recognizes, but he asserts that there are ways to face it. Dhand believes boldness is absolutely essential to deal with the external environment. If some people in the lower hierarchy are asking for bribe one can make a representation to the next higher boss and if still the job is not done one can make a representation to still higher authorities.

Dhand argues: "If we do not have right ethical policies established inside the organization, ethical behaviour outside will not follow" (Dhand 1994). For Dhand, the basic elements of ethics are "Fairness, Equity, Justice, Integrity, Honesty and Trust." Dhand states that "Honesty" in financial working of company is the most important aspect." His company "neither generates, nor distributes, any money through wrong and unethical manner" (ibid: 3). Such honest operations in financial matters help him "win' the trust of the employees" (ibid). Alongside honesty in operation, a company must have what Dhand calls "integrity" of communication." He writes about his own firm:

We have always maintained a policy of 'free communication' from top-down with the employees. Whenever there was an important point to be conveyed; whether it was a good or bad news, we would informally gather everyone on the shop floor and put it across.

These two are accompanied by "equity" through "respect" for everyone: "The person at the lowest level, if not satisfied with his in charge, can go to the highest level and has the right to be heard." The next dimension of ethics that Dhand emphasizes from his experience is fairness. Fairness has to be manifested in "sharing success" with the employees, in creating a "clean and balanced" working environment for the workers, and ensuring professionalism in the organization, rather than entrenching "family hierarchy". Dhand laments that entrepreneurs often forget their own previous condition when they themselves were employees and their expectations from their employees then. Dhand considers it a pity that entrepreneurs are so concerned about paying dividend to the shareholders and so cautious about sharing profits with the employees. But he says that his company has "maintained an average level of 25% of net profits to be distributed to the employees as incentives and other benefits, besides the regular 20% bonus" (ibid). About the working environment in his factory Dhand says that it is the same for his workers as it is for the officers. In Dhand's words: "Soon after we established in 1973, we installed air-coolers inside the factory shed first, before we put them in our offices. Similarly we have only one common lunch room, where everyone including myself sit on exactly similar benches and tables." Dhand says that he will not be replaced by his son as the managing director of his company. He believes that perpetuating family hierarchy in a company makes the "professionals who have helped build and grown with the enterprise feel dejected."

Dhand stresses the need for combining fairness with social justice. He believes that enterprises have a moral responsibility towards uplifting the standard of living of people who work with them. The same doctor that sees him also sees his workers and his company offers interest-free housing loans to all employees. Dhand believes that welfare schemes must precede demands by the employees, and that is probably the reason why in a place like Ghaziabad there is no union in his factory.

Dhand stresses that following an ethical approach has not deterred his company from being on the continuous road to success. He says: "In the ultimate analysis, all that we have practised cannot be appreciated unless our enterprise is successful and profitable..We have consistently maintained better than average, industry-specific profitability and growth year after year."

Doing business ethically, Dhand stresses, should not be mistaken as shirking one's responsibility as a creative businessman and as a manager. He also stresses that ethics is a conviction; it is no guarantee for success. Dhand also cautions that one should not attribute the failure of an organization to its ethical practice: "Even giants like IBM or General



Motors fail. So having followed all these practices if something goes wrong in my enterprise should I blame ethics for it?" He helps us understand this: "Do not make any correlation between ethics and success or failure. I am saying you can do this way also, you can succeed this way also."

Dhand realizes that the challenge one faces in working in firms which are not one's own are different in terms of ethics. In such situations one is not the ultimate decision-maker, one is not the doer. But here one can, at least, try to keep one's conscience intact. If one takes ethics seriously, Dhand believes that an employee has a duty to tell his boss that what he is doing is not correct. "You approach him in the right manner and he will surely listen. But even despite this if he does not listen, then it is O.K." Then it is "O.K." for an employee to engage in practices which he considers unethical as long as he keeps his conscience intact i.e. he does not reap benefits for himself.

Regarding sources of inspiration in his ethics-oriented managerial practice, Dhand points to his righteous upbringing, interaction with honest friends, and his current association with a spiritual guru. Since he is now the top man in his company Dhand realizes that he himself does not have to face the day-to-day ethical challenges of business life. Now his employees face it. But there is no compulsion for them to furnish a job if it involves unethical practice. He also provides them moral support on the challenges they face.

For the young entrepreneurs Dhand suggests that starting with at least one partner who shares one's ethical concerns is a must. Also it is a help to be in touch with like-minded practitioners and to have inspiration from spiritual seekers. One has to establish a partnership with God and put him in the chariot, in place of one's ego. The challenge is to realize that one's ego is a destroyer of not only ethics, but also anything valuable in life.

### Sunil Handa

From Mr. N.K. Dhand, let us move to Mr. Sunil Handa, the head of a growing company in Ahmedabad called CORE. Core produces life-saving fluids, the IV fluid, for which it is famous. Handa begins by saying that one fundamental aspect of ethics is where one can draw the line. In his words: "I don't think it's a black and white situation where I can become a Gandhi--where I can refuse each and everything. Nor can I become a crook."

Handa believes that to confine the discussion of managerial ethics to only the so-called "un-ethical" practices that managers are engaged in such as paying a bribe or getting a license using influence is limiting the field. For him, "the most fundamental ethics of a manager or a company is to produce a good quality product, sell it at a reasonable price and make money out of it without exploiting the customers." Handa says that it is the *dharma* of a manager to utilize his capacity as well as that of his company and the people who work with him. Being a honest and "ruthless professional" -- he himself taking pride in being one--is the most important criterion of being ethical. Ethics has many dimensions and Handa strives in the conversation we had together to open ourselves to these.

The first challenge of ethics for a manager, for Handa, is to be a professional and as a professional he should "have a very deep commitment" to the organization he is working for. Handa gave me the example of a personnel manager from Glaxo who had applied for a position in his company. On being asked why he wanted to leave a reputed company like Glaxo, he told Handa that because the company has a lock out--he does not see much of a future there. Handa says:

Now a personnel manager leaving during a lock-out! It is for this day that he was taken in and when his day of reckoning comes--his *Agni Pareeksha Din*--he fails. He does not help the company go through this bad day...I would call this man very unethical...I would call those who behave in a mercenary manner as the worst creature on earth--however talented, successful, result-oriented they may be.

Along with the loyalty to the company, it is an ethical challenge for a manager to make the best of resources, to be uncompromising on quality, and "to make excellent performance." He says that he would rather die than compromise on the quality of this life-saving product. He himself says that it is partly because of the nature of product: "Frankly speaking I don't know if I would be so rigid if we were making ball pens." In ensuring quality he does not follow only the prescribed pharmacopeia but what he and his colleagues call *emotional pharmacopeia*. Handa explains this: "If we ( he and his colleagues) cannot give a particular product to our mother or sister, we being knowledgeable people, we have no bloody business to sell it."



Handa says that he emphasizes hard core merit in his company. He says: "It is very vital to maintaining the virginity and purity of the company.. Like Hitler used to say-- pure Aryan people. As soon as you put your *mama ka ladka*, your *bhanja* you are playing around with the concept of pure Aryan race. These people are joining you out of other considerations and then they will misbehave or, at least, they would have propensity to misbehave. So, it is our company policy that no relative of an employee would be recruited nor would it have stocking arrangement with any of his relatives or the employees."

In this regard, Handa tells us about his company: "We run a very tight company...If a company employee is getting married he cannot invite anybody. I would nominate two people to represent the company. If some violate this I call them and explain them that what they have done is wrong. They are not supposed to go even if he is his best friend." Handa says that such an approach saves the employees from a lot of embarrassment--the embarrassment of inviting everybody from the company.

How do his colleagues construct the world of ethics? I had the opportunity to discuss this issue with three managers of CORE. They share Handa's professional approach and for them their chief concern is committing themselves totally to the company. They say that they work 365 days a year and 14 hours a day--without any holiday. They say that nobody has compelled them to do so. They draw their inspiration from the Handa brothers who have such a work habit. One of the managers says:

Between family and organization, we take all our decisions in favour of the organization. We have never taken decision in favour of the family. We are excusing from our families. Sundays, holidays, evenings mornings. If we take any decision in favour of family, our consciousness bites. Sometimes on Sundays if we stay in the house we feel like a *chor*--we feel why are we wasting our times! That is the secret of this company's success, and our family is paying a great price for this. My wife and everybody misses us on holidays and other occasions.

But their spouses "have the pleasure of having their husbands working for a growing company, one which aspires to be world-class." For them, the first important thing about this is excellence. But the managers did not pursue the suggestions they themselves had made about the great price their families pay for it or the ethics of such a work-arrangement itself.

But how does belonging to a world-class company help them or help society? One of them says:

For the society what we have done is giving them world class IV fluid at low price. We don't have surplus funds which we can utilize for the welfare of society. We are ploughing back each and every paisa for new products, and new expansions. A stage will come when we would saturate and would have surplus funds like ITC and the TATAs.

### Ravi H. Arora

From Sunil Handa, let us now move to Ravi H. Arora, the Vice-President of the advertising company on the uprising in Ahmedabad, Mudra. Arora says that the primary objective of being in business is to stay in it, grow, and make profit and one should not waste time in making sure that one does business ethically. He makes a distinction between personal ethics and business ethics. In his personal life Arora says that he is "self-punishingly" honest and if there is any violation of trust or organizational norms by his subordinates his blood boils. But in business life he will not hesitate to pay a bribe to overcome bureaucratic bottlenecks and speed up the process. He says that corruption exists because business is overregulated.

Arora says that generation of wealth is as much important as redistribution. Governmental preoccupation with ensuring equality in fact leads to distortion. Let ethical issues or issues of fairness be decided by the market, he says. In this context, he gives the example of the regulations like the Rent Control Act. Because of the rent control act people would rather put their money in the Swiss Bank than invest in the production of houses, ultimately leading to the misery of tenants.

In Arora's vision such an approach to ethics and business does not conflict with the social role of the firm in the upliftment of society. Speaking of his own firm, he says that his is a 150 crore growing company, which has created 700



jobs in the town. His firm has invested Rs. 1 crore in the setting up an institute--Mudra Institute of Communication, Ahmedabad--for training in the field of communication. Mudra also donated Rs. 1 lakh to the earthquake victims of Maharashtra.

Arora is unambiguous in stating that businessmen are ethical as long as being so pays them. Once there is a tension between profitability and ethical standing they invariably prefer the former. He discussed at great length the plight of small enterprises which have to cut corners invariably in all fields--from labour laws to paying tax--to survive. When there is a dilemma between survival and ethics, Arora says, it is always the former that wins. On the other hand, when one grows up in one's business then it is too costly to be unethical, Arora challenges us to think how costly it is for established companies to behave unethically since it would cut at their image. Elucidating what he calls economic theory of ethics Arora says that *when one starts one's business it is profitable and even necessary to be unethical; when one goes up in the ladder of success, it is profitable to be ethical and too costly to continue one's unethical practice.*

### Satish Nadkar

From Arora, let us meet with a manager who begins his conversation with the following:

We have made it clear: "No illegality." Even if I know I'm going to make a crore of rupees as profit in three days I'll veto that. The philosophy of the organization percolates from top management. We're clear that we do not want short-term gains. We would rather grow over a period--growth has to be solid, based on solid foundations.

If your transactions are value-based, there is nothing which will stop you. Our mission statement is that all our transactions will be ethical, value-based, and transparent.

This manager is Satish Nadkar, the Vice-Chairman and the managing director of Anagram Financial Services Ltd., Ahmedabad. Nadkar believes that, as a manager, one's real test lies in being a change agent and, in the Indian context, this test is nowhere more arduous than in the public sector. At the same time, Nadkar does not believe in the black and white contrast between the private and the public sector even around themes such as efficiency since he believes that these contrasts are as much amenable to change given the innovative measures of managers as they are perceived as solidly different as rocks.

Nadkar believes that it is possible to be honest and ethical and carry oneself as a manager in a system. He holds a similar belief in success or striving in the world of business. "If you have no axe to grind against any body in the decision you take, you would certainly have the courage to back up your decision." In his early career as a manager he was once entrusted with the task of project appraisal. His client had submitted a project for the construction of a hotel in Ahmedabad. He himself had appraised the proposal positively and had made up his mind to recommend it for a loan. But, in the meantime, the client offered Nadkar's assistant some bribe to be handed to him. The next morning he went to his boss and said: "I am now closing this file. You must fire the man when he meets you. I had told the promoter that I backed his plan and I would make the loan available in three months. But now we must close it." His boss also supported his decision. Nadkar says that people have offered him bribe only once or twice in the first six months of his career. Thereafter, nobody had dared to offer him bribe.

When Nadkar was working with Gujarat Lease Finance, he faced the daunting task of mobilizing resources for this nascent enterprise. He had started with a mere 30 lakhs of capital. He had appointed a leading finance company for mobilizing resources and once one of their local representatives came with a broker and said to him that the broker could get him a crore of rupees from a trust on the condition that he met the chairman of the trust and promoted him (the broker). He said to him: "Not possible! I am going there in my capacity as the managing director of this company. I can give them certain clarifications but I am not here to promote any broker." The broker said: "I have to pass on certain things to the chairman of the trust." Nadkar said: "That is between you and him. I will give you 1 per cent brokerage if your name appears in the form. If someone else's name appears he'll get it." The broker said: "You don't want a crore!" Nadkar said: "No."

Once an income tax officer approached him and said that if he could give him Rs. 25, 000 he could help him not pay his income tax. Nadkar said a firm no.



In his present job Nadkar has made it clear that he will not generate cash in the organization. In his words: "We have not even generated a single rupee in the form of a cash. We don't pay our employees in cash. At the same time, we do tax planning and give them what we can legally give such as a vehicle and a house." Nadkar further says: "We are doing a lot of transactions in the stock market. We refrain from doing anything illegal. I have instructed my subordinates very clearly."

Nadkar makes it clear to his colleagues that they will not cut corners with competitors and engage in unhealthy competition. He says that if another finance company opens a branch in the city then he would not like to pry into its programme. Whatever information he would not like to gather he would rather have it from the manager of the firm than through market intelligence. He says that in the current phase of opening up of the economy and globalization, healthy competition is imperative.

Nadkar further says: "I headed a government company--a successful one--for eight years but I never visited the three Chief Ministers who were in office. No courtesy call! In my value system, politicians don't figure at all."

Nadkar says that he has never faced any dilemma in his career. Because he cannot think of doing things which are not legal and which his conscience forbids, he has not gone through any ethical dilemma. He says:

I'm clear that certain things I'll do; certain things I won't do. My integrity is my greatest strength. I'd never compromise on this. I'm not boasting, but I'm in a position to differentiate between personal and official relationships--to the same person I can be a good friend but a hard taskmaster in office. I'll sack you here and at the same time I would help you get another job.

Nadkar, further, says: "I cannot choose my boss. If I cannot get along with him I should get out of the organization. I cannot ask him to leave but nobody is preventing me from going out." But, for Nadkar, to be able to do this one has to keep one's needs to the minimum. "If you're happy with a set of clothes, shoes--whatever you can manage with your earnings--it's not difficult. If I see my son starving for three days, perhaps I might change my mind; that's the level of my conviction."

### J.S. Kochar

Jagdish Singh Kochar is a young entrepreneur. After working with several companies, he started his own business. He currently has a software business--he sells computers to people in the city of Ahmedabad. His ethical stance was one of the reasons behind starting his own business. His first job, just after his graduation from IIMA, exposed him to not only the harsh realities of business but also to life itself. In his first job, there was an accident in the factory in which a worker died. It was not clear whether it was his fault or some machine failure. But it was a shock to him that the management's emphasis was on saving its skin and giving the family of the deceased worker as little compensation as possible. In the same place when a factory was under construction he met the workers who were working for a contractor. They were living in pathetic conditions. He asked the contractor how much these workers were being paid. He was shocked to hear: "They are paid more than what they need Sahib, what do they need? *Dal, roti, chawal...*" His reply, says Kochar, made him "reflect why should their needs be different from mine. We are both human beings."

After two and one-half year of working for other companies, Kochar resigned and started his own computer-trading business. What kind of ethical dilemmas does he face in his own business? Governmental regulations and unfair competition constitute the core of ethical challenges for him. Kochar discusses at great length the harassment he faces at the octroi check point. "If you don't pay octroi but give the guard a bribe you get through in an hour. Otherwise it will take two hours. The people there dissuade you from paying octroi. If you insist on paying then the harassment starts after which he will give you only a provisional (fake?) receipt. For getting a *pukka* receipt one has to be prepared for another cycle of harassment."

While his encounter with the octroi department raises dilemmas, they are not there in his encounter with excise inspectors. Not to compromise his own values Kochar shifted his shop to the outskirts of the city so that he does not have to face the moral dilemmas emerging from the octroi checking point. The customers come and pick up their computers from the outskirts of the city. Now it is their turn to deal with the octroi the way they like it.



In his business when the products are fast changing and when the customers do not have sufficient information Kochar says that it is easy to fool the customers. Take for instance, the whole business of warranty. "When we sell computers to large houses and when so many large national level companies do not care much about service and warranty, should I be ethical or play by the rules of the game?" Kochar reasons with himself to be fair to the customers. He used to explain to them in detail the computers he is selling. But soon he realized that his strategy was backfiring because the customers did not patiently sit through so long a briefing.

Kochar says that ethical dilemmas in business are as constant as dilemmas in life are. There is no magic formula to solve these. But what has certainly helped in his case is discussion with like-minded managers and management educators. He says: "There are people more ethical than us. I would discuss with them how to come to terms with such situations. We have come out of these discussions with costly alternatives sometimes."

Kochar is on the verge of changing his business to a new one which he thinks would not pose that many moral and ethical challenges. From trading on computers he now wants to establish a computer training center. But he does not think that ethical challenges would leave him alone even in this seemingly innocent business. Kochar says: "If I am charging Rs. 5,000 a student for training in the computer system then the question is am I providing him / her quality training? I'd rather look at what I am doing rather than bothering about what others are doing. And it's not that I am willing to compromise. I might have become more flexible but there is a borderline that I have defined for myself and I'm not willing to cross." Kochar makes clear that he has changed the line of his business not because of considerations of ethical dilemmas alone. Competitive advantage and business opportunities also have been other important considerations.

### **Ajit B. Mantagani**

Ajit B. Mantagani works as President (corporate planning) at Arvind Mills, Ahmedabad and has twenty-two years of managerial experience. Mantagani says that in his long career as a manager he has faced few dilemmas since, as he says, he has been fortunate to work with companies which not only have been very ethical in their approach but have represented a higher state of mind in terms of a continued urge to do something good for the community.

In terms of his own stance towards ethical issues in business--their contours and challenges-- Mantagani began with the question of ethics and the internal organization. For Mantagani, one important criterion of ethics while managing an organization and looking at its mode of management is whether you have structures which control people or develop people. The key question is "what kind of climate you create? The more controlled climate you create, the more it encourages people to find loopholes in the rule and beat the system. A system which is based upon fear--fear of failure, fear of repression, fear of loss of job, fear of security--cannot be ethical. If that fear is removed I think in any context--Indian or American--it would create a more ethical environment."

Mantangani says that in his work as a manager he has emphasized upon creating a fearless environment. He further says that he takes responsibility for the people who work with him. For him, the central issue in ethics is "the development of people--to treat human beings with dignity and respect." The challenge is to create a "system where people are wanted and cared for." For instance, managers should look at employees not simply as functionaries but as family members.

In this pursuit of development, a company, says Mantagani, must create opportunities for self-awareness for employees within the organization. People need to be sensitized to know themselves better through formal and informal programmes.

Mantangani emphasizes that one's dealing in money matters is not the only criterion of ethics. While he does not like to corrupt any system but if it requires to grease somebody's palm in the governmental organization to keep his own deadline then he wouldn't even waste a second to do it. Mantagani emphasizes the need for becoming pragmatic in matters of ethics. The crucial deciding factor for him is the clarity of objectives. Mantagani presented a similar pragmatic approach when I discussed with him the issue of the collusion between business and the underworld. He says: "In self-defense if an offense is required then do it... I think it is the question of what is the end point that you are looking at."

Mantangani's pragmatism, it seems, is not merely a rationalization of his seemingly unethical practice but the embodiment of an urge to create a broad non-conventional space in ethical reflection and practice. He says:



The difference between a ritualistic or moralistic approach and an ethical approach would be that in my scheme of things I would like to have some spiritual space or higher thinking space within myself. I am not bothered about the procedure or the image--that people see me as highly religious or ethical...If I am convinced that within me there is such a space where I go beyond the obvious and the normal routine and spend time for something good in my family, company, and community... there is no need to take up separate scheme or programme...

An ethical orientation, for Mantagani, embodies the following three things: a) "an other-person orientation"; b) "a common good approach"; and c) a "long-term vision and mission." An other-person orientation refers to the effect of one's action on another person and the environment. The second refers to the ideal that whatever one is doing one must think of contributing to the "common good." In his words: "I must do well whatever I am doing... whether a small businessman or a trader I should look after myself but in doing this I should not lose track of what I can do for the common good." Regarding the correlation between ethics and a long-term approach, Mantagani says: "I would simplify and say that the moment you are long-term oriented you are being ethical... There is nothing which is good in the long-run and simultaneously can be supported by unethical means." Mantagani emphasizes that ethics is not simply moral analysis but long-term business analysis. For him, "eventually the so-called ethical issues are business-related issues."

We had a discussion on how ethical challenges manifest before the managers in different ways. Mantagani specifically discussed the challenges in the field of advertising and communication. For him, it is both the manager's and the promoter's primary responsibility to see that they don't give misleading information. "While advertising a product I would not like a company overplay its significance and underplay its negative aspect." Mantagani says that if companies are failing in this regard then the regulatory mechanism should take care of such violations.

Another challenge that Mantagani articulates is that managers have a lot of responsibility for developing professional management outside their respective organizations. In his words: "Each one of us can get associated with institutions of health, education, etc. I think a conscious approach to get associated with activities, and contribute from your strength is something that we all need to do." He says that a related task is to raise public awareness on issues that affect people in society. He says: "Even if we have strong opinion on public issues we usually lack initiative to express it... How many times you open your newspaper and see IIM faculty express a stance on a public issue?"

In putting into practice his developmental goals, has he faced any difficulty? Mantagani says that really not. Once his views on a pro-consumer product line were not endorsed by his company. He says that in the organization if somebody takes a decision contrary to his own stance he would not like to protest and resign from the job. He would implement the decision with equal vigour. What he implied was that even in carrying out one's ethically-sensitive action programme within an organization one should also work as a member of the team and should not resign at the drop of a hat.

### Arvind Nair

The more competitive the environment is, the more demanding the customers are, the more success is related to performance--genuine performance--then less are the ethical dilemmas. If the natural flow is towards capability and performance then it coalesces with what is ethical... Anything which is not ethical is difficult to manage. This is my belief. I am a person who believes that 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.

Arvind Nair is managing director of Amtrax Appliances Limited, Ahmedabad. For Nair, ethical issues in managing organization revolve around handling of people: "the way you deal with the customers, competitors, environment, and employees." Nair began our discussion with the issue of new recruitment. When a manager recruits a new person for his talent and capability, usually he is offered a higher salary compared to many who work within the organization with similar capabilities and at the same level. But for Nair, this raises an ethical dilemma: Is such a recruitment practice fair to the employees within the organization? Nair says about his own practice and policy: "When I recruit a good person I see that it does not undermine the spirit of the people working within the organization. Either I don't recruit that person or everybody of the same calibre gets the same amount of money. That is our policy. We are not concerned with whether it is a right or a wrong decision. In the short run, it is a wrong decision because you are losing good people and it is not easy to get good people. But you decide to lose rather than compromise."



Nair strives to adopt a similar fair approach vis-a-vis his dealing with workers though for him in case of the workers there is no such parallel dilemma of recruitment. He does not believe in squeezing the workers and treating trade unions as a nuisance. His approach to the workers' demands is that he would pay the same amount to workers had there not been a union as he would pay when there is one. He speaks about one of his annual negotiations with the workers and the union:

Three months before we started the negotiation we started educating the workers. We explained to them the concept of remuneration and how it is related to inflation and standard of living in a locality. We presented them comparative data about remuneration and standard of living in different cities and offered by different companies. We told them that we wanted to pay them a decent wage. But we also told them that a remuneration is not meant to take care of their performance increase since it is taken care of by bonus... When we started the actual negotiation this process of educating the workers helped.

For Nair, both being fair and being seen as fair are important. But having a fair policy within an organization does not mean that it would automatically resolve all conflicts because there would be people who would come and say to a manager that he is not fair because he did not promote him (the employee). But in such situations, Nair says, "I would explain to him why he was not promoted. I would not shut my doors against him because he raises fingers at me. If you have nothing to hide and if you have an open policy then you can carry out your own decision."

For Nair, it is important to realize that "sound ethics is good business." The challenge thus is to nurture the right kind of values within an organization and to realize that cutting corners and having short-term gains are not good business at all because the prosperity this step promises is ephemeral. To illustrate this, Nair gave many examples. He began with the issue of bribing government officials to sell one's product to government departments and offices. For him, if he bribes the chief engineer in a government firm to sell his air conditioners it would cause more damage to his company than good. He explains:

If we install an air-conditioner properly in a person's house who has asked for our help and do a good professional job then he not only would call us again if he needs our services but also would tell others about us. But if you bribe a government official to sell your product you are not sure whether the department would purchase it from you the next time because the official concerned might be transferred. Moreover, when you are sending your salesman to do such jobs like bribing government officials then you are killing the professional talent available within that person. A person who is indulging in such corrupt practices for the company would himself become corrupt as well. It would damage the value system of the company in the long run.

In our conversation Nair all along stressed that good ethics is good business and being engaged in unethical practice does not pay in the long run. I requested Nair to offer us his views on two ethical practices business firms are thought of being engaged: connections with the underworld and payment of cash to employees as well as to outside parties. On the first question, Nair said: "In terms of the linkage with the underworld to compel the employees to take up voluntary retirement scheme I don't think it happens. The reason is that most of the organizations are managed by professional managers and professional managers themselves are also employees. For an organization it is easier to pay money to an employee and settle the issue rather than pay money to a hoodlum and create a bigger issue. After all, hoodlums have also to be managed." Regarding the issue of people getting pocketful of cash, Nair says that most of the organizations now negotiate the take home salary of the professionals and tell them that income tax is the company's headache. Nair says this is what he does in his company. He does a good tax planning of the entire company and the company takes care of the income tax of all those who come within taxable range. When he has to give a performance bonus he does not give in cash but gives a gift to a deserving employee or gives him and his family a paid vacation to Kathmandu or Singapore. Nair stresses that giving cash does not make good business sense. He says:

I would tell you what are the problems in working with cash. Cash cannot be accounted. You would have to create within an organization a structure of trusted people to manage cash. In fact, you are instituting a kind of corruption in your company which you cannot manage. When you are a small organization you might succeed in this but not so when you are a big organization. In such organizations the farther and farther you are in the hierarchy the farther and farther you are removed from the actions on the ground, making it impossible to manage things like cash transaction.



Reflecting upon his own experience as a manager, Nair says that few organizations that he has worked for have been unfair to him nor have they insisted "that I do something which I didn't want to do." He has worked in professionally managed companies all throughout his life. But these companies, he does not think, by and large made any statement on ethics. Nair says that this lack of clear presentation of the ethical values of a company to the new entrant is by and large the rule rather than the exception. In his words, "Very few organizations present you a statement of ethics when you join. But as you walk your way through the company you know about it from the way your boss behaves and your subordinate behaves." At the same time Nair says that ethical dilemmas are not that frequent in the life of the professional manager because for him professionalism and ethics go together. While for the small traders and business actors like the *panwallas* ethical dilemmas are quite frequent for the professional manager they are infrequent in terms of frequency but are intense - "if ethical dilemmas occur then they occur with a high intensity."

One 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 the business organizations themselves. About his own company Nair says that since it is a small one it has been engaged in charitable activities only in a limited manner. But he says: "The biggest social responsibility that we are performing lies in the fact that we take care of our employees and ensure their happiness."

### Pankaj Dave

Pankaj Dave currently works as Financial Controller and Chief Manager (Stores Purchase) at Gujarat State Textile Corporation Ltd., Ahmedabad. Dave draws our attention to some of the ethical dilemmas specific to public sector undertakings. The greatest ethical challenge for Dave revolves around the problem of work. "Employees want all rights but no duties--this is bad." He says: "In the public sector if you have a desire to work then there is enough work for you... I tell my employees: 'God has given you opportunity to work. Why don't you work calmly, quietly, and sincerely?'" He says that the same employee in private companies work hard under exploitative circumstances but they don't work in the public sector despite job security and a relaxed work atmosphere. Stating his own position he says: "See, I am not after money. I am after job satisfaction... I am not going to the private sector because I think that the private sector is exploitative."

Dave says that while managing a public enterprise the most important ethics is to keep the business going--to make the enterprise viable and commercially successful. As a management graduate, he makes use of his expertise to turn around things in his enterprise. If the suppliers provide him materials of inferior quality, he does not accept them even if the supplier might be the son-in-law of a finance minister in the state cabinet. Dave tells of another supplier who was trying to outsmart him, using the privilege of his acquaintance with the managing director. Dave says: "I told to the MD: The supplier is treating us in such a way because of his connections with you. We shouldn't register him for another six months. The MD agreed to my suggestion. He knew that I had no axe to grind."

Dave says that the bottom line for him in ethical matters is fairness which helps him to draw a line beyond which he cannot go.

### P.G. George

P.G. George is a HRD manager with Ballarpur Industries, New Delhi. He helps us understand some of the dilemmas that managers face in the field of human resource development and performance appraisal:

One ethical issue revolves around the difference between saying one thing and doing another thing to the employee. The major problem that HRD professionals face is that when a policy is actually implemented it is very different from what it was talked about. People are sharp and even though they are uneducated they see the gap. Then the HRD man becomes the evil because he is the interface... Though somebody else may be talking, he ends up suffering from the dilemma caused by the gap between action and talking. You talk about caring for individuals and the individuals giving up everything for the organization but when it actually comes to caring for the individual, the rule book becomes the criterion.



George says: "In performance appraisal, we talk about objectivity in approach but when it comes to appraising our own people we find that we are not only not objective but are also totally biased. You say that it is merit which counts but when it comes to practice you see that merit doesn't count all the time."

Speaking of professional ethics, George says that he finds it difficult to deal with games that top managers play with people. In such circumstances he says he feels like either exploding or withdrawing. He realizes that withdrawal many times is interpreted as oneself lacking fighting qualities. In his words: "May be at the organizational level I should get involved and see that it doesn't happen again. But the normal stance I have taken is that I don't get involved because I don't know how to handle it."

For George, ethical choices present themselves in terms of black and white contrast--in terms of right and wrong--and there are no grey areas here. He says: "Talking of ethics I am not very comfortable with the idea of grey area. It is like a lady--either she is pregnant or not pregnant. You can't say that she is half pregnant. Similar is the case with ethics. It is ethically wrong, not right, whether you steal one rupee or one thousand."

George says that ethics is also dependent upon the macro environment. For instance, George believes that in the context of liberalization ethical issues would be thought of anew in the new context. Take, for instance, the issue of hiring and firing and the ethical issue of fairness surrounding it. George says that the ethical implication of hiring and firing would be understood differently when firing means leaving a person without a succor in the street and when firing doesn't make a difference in a person's career because he can find another job--probably a better one--the next day. In George's view, "The opportunity is there. I see a different scenario taking shape in the future. It is already happening today in terms of mobility of people and availability of opportunities. Earlier there was a situation when a person joined an organization and he retired from the same organization. The organization too felt a kind of obligation to assure security to the employee. But now it is changing. Now you change five jobs in three years... Perhaps organizations too would respond to this change in their own ways." George believes that in the liberalized context organizations would be forced to deliver what is promised.

### **D.V.R. Seshadri**

Dr. D.V.R. Seshadri, a fellow of the Indian Institute Of Management, Ahmedabad, is the president of R.C. Laser Tech (India) Limited a joint venture of CDEC Corporation, U.S.A. and Malladi Group, Madras. The plant in India is located in Gandhinagar. He went through the Fellow Programme at IIMA and after its successful completion joined the public sector company of Madras Refinery Limited as a Deputy Manager. He wanted to work only in the public sector companies, considering it as a challenge for the young patriotic managers to take up.

Seshadri discusses some of the ethical issues in the running of a public sector company and his work in it. The first issue revolved around the discovery of cockroaches and lizards in the food served in the company canteen. "But nobody could say anything, if you find lizard in the pickle just put it aside or don't eat it." The management never crossed sword with the contractor because he took care of "them" through money. Employees in the union were taken care of by the liquor provided by the contractor. Thus the overall climate of fear raised the first ethical dilemma in the employees leading to a feeling of incapacity--"what can one do really?"

Seshadri had joined MRL with this idea that he would resign from it at the end of five years. After completing five years, Seshadri did resign and joined the Malladi group of Industries, Madras. In one of his meetings with Dr. Rao, Chairman of CDEC Corporation, U.S.A., the idea of a joint venture between CDEC and Malladi came up and that is how the present project was born. While the owner of Malladi wanted this project to be located in Madras, Seshadri travelled to different places and finally chose Gandhinagar for professional reasons. While this decision pleased Dr. Rao it made the people at Malladi angry. But he stuck to his decision. He says that in choosing the project site, his family was the worst sufferer since his children could not have the same opportunities for studies and extra-curricular activities as they had in Madras. But he stuck to his decision for professional reason--he was convinced that Gandhinagar provided him an ideal location from the point of view of a favourable industrial climate. Now he is devoting full time to his work and sees that the least amount is spent on his expenses. He sits in an ordinary office without an air-conditioner, he believes that it is his duty to make the best use of the money of the shareholders. In his words, "I can throw my money in Sabarmati but company's money should be taken care of with utmost care."



Seshadri says that he is quite slow on recruitment. He rewards honest and sincere workers but has no sympathy for those who, on the first day of their joining, start agitating for their "entitlement." Seshadri calls this entitlement syndrome. At the same time, Seshadri told me about the people who work as watchmen in the gate of his factory. He himself says that they get only six hundred rupees a month working under work contractors. In the same company he would be soon recruiting people whom he has to offer forty thousand rupees per month. Therefore, Seshadri has to take utmost precaution in recruiting people. Does such an inequality in the same space raise any ethical dilemma in the mind and heart of those who now manage such transnational ventures? Though Seshadri says that he feels emotional integration with poor people, he did not say anything in this regard.

But he discussed another ethical issue. He took time to accept the sales agreement that Dr. Rao wanted--"they would buy from our company at the rate of \$1 a disc and sell it there in the United States at the rate of \$5 a disc." "Their argument was that the cost of making this disc was 40 cents, so we were getting good margins. First, I used to get upset with this...then I took a pragmatic approach..."

It is this pragmatic approach which characterizes his approach to ethics. If it requires to pay money to some government departments in getting a license for his business he won't mind giving it, since he cannot waste time in running around. He says: "I have actually not faced much dilemma--my career has been straightforward. Actually being ethical is a tricky issue. It is the attitude that I am holier than you. It is a very dangerous attitude." He says: "Teaching ethics is very difficult because it is not something for talking but it is something related to upbringing. You cannot teach ethics in the class because after passing the exam the student is going to get back to his normal mode." In his view, "the IIM curriculum does not emphasize professional ethics in any great manner, and sensitize people with real life situation."

### **Bhusan Punani**

Bhusan Punani is the executive director of the Adult Training Center Trust for the Blind run by the Blind Men's Association (BMA), Ahmedabad. Punani passed out from IIMA in 1979. On his joining a voluntary organization, Punani says that the credit for it goes to his family background. He also says that when he was working on dairy development in Haryana he realized that just working in a premier organization and having excellent academic credential are not enough. Developmental action also requires systematic and professional intervention which made him interested in management training. He says "The day I joined IIMA I decided that I would go for an unconventional job. During my student days all the projects that I did revolved around the theme of social development. From the beginning I was inspired by the idea that it is possible for a professional to be honest and to contribute meaningfully to society." So, after graduation, he joined the Blind Men's Association, Ahmedabad.

When Punani joined BMA he had no knowledge of the problems of the blind and about their rehabilitation. But he worked hard and soon he was able to acquaint himself with the problems that he was to confront. Punani says that he is now satisfied and content. "I have no regrets at all. I am definitely very happy and well established in my field." He says: "Money has never interested me. I am also not that bad in terms of money. Anything we require for genuine comforts we have it."

We had a detailed conversation on the ethical issues in the management of voluntary organizations. For Punani, the first challenge is to be accountable to the people who are beneficiaries of the voluntary organization and the trustees who have created it. The question is, says Punani, "to what extent we are honest in managing the show on their behalf." He says:

We accept donation for a particular purpose and money received is spent in that activity only. If some amount remains unspent from a grant then we return it to the donor agency.. For every rupee that we raise our policy is that we spend one rupee and forty paise; the extra 40 paise coming from our development funds. This is unlike the general management style in this field where for every rupee you raise you spend 50 paise on administration and 50 paise on the beneficiaries. While paying 'kick-backs' to the official in the donor agencies is becoming more and more widespread in NGO sector today, in our case kickback cannot be even a rupee. Of course the only kickback we give is a cup of tea

BMA manufactures wooden furniture. Punani says that though it is easy to cheat buyers in this business his furnitures are made of 100 percent teak wood, which has created a tremendous goodwill for the organization. At the same time,



Punani says:

We are not as honest as a through gentleman should be. We try to save on octroi ..If somebody offers us to take the purchase bill in a particular way that saves our tax we accept it. We do allow the use of vehicles for personal purposes to the members of our trust. But there is nothing that we get into in the organization which is meant to reap individual gain. Our motto is to make the organization gain.

During our conversation, I told Punani that if the trustees of a charity organization are not well intentioned then pursuing its stated goal of helping and enabling the beneficiaries on the part of an executive manager might be at cross with their actual motives for fame and power. A manager here might face a dilemma. Says Punani: "Yes, that dilemma is there in many organizations. But we are fortunate in that respect."

### Jagdish Nazareth

After graduating from IIMA in 1974 Nazareth worked in the corporate sector till 1981 and then switched over to the voluntary sector. From 1981 till 1986 he worked with the Ahmedabad Study Action Group and since 1986 he has been working with another Ahmedabad-based voluntary organization, *Institute for Studies and Transformation*. He also worked as a consultant in rural development for the Indian Petrochemicals Corporation Limited. Nazareth says that he wanted to do rural development even before joining IIMA. He says about this: "I ruined my placement chance by saying that I want to do rural development. Then I joined a British Company, then a public sector company. Then I realized that if I want to do rural development then I must do it when I am young and vigorous rather than when I am old and of no use to anybody."

With his long experience of working in the voluntary sector and his enviable keen insight, Nazareth helps us understand several ethical dilemmas that permeate the field of professional voluntary action in contemporary India. One of the principal ethical issues, for Nazareth, is the structure of the organization. When an organization is started it is started as a trust--some are trustees and others work as employees of the trust to realize its objectives. This then tends to create an employer-employee relationship within the organization. This creates ethical dilemma for managing such an initiative especially given its stated objective of working towards creative social transformation. When employees of such an organization discover contradiction in the social system and try to overcome it by social action they find that the trustees feel threatened by their transformative action. They find that trustees are much more connected with the system as it exists though this connection enables the organization to draw resources from the system in the first place. Thus the challenge is how does one strive towards realizing one's goal of transformation in such a situation.

The second ethical issue, related to the first one, revolves around the issue of making one's organization known. "When you start an organization, even if it is a trustee based organization, its identity is indistinct. It is an innocuous organization." Thus there is a need to make it known and propagate its activities. Then there is a tendency to personalize the organization--"to embody the organization in the personality of somebody." If the trust does anything good then people also recognize a NGO by its dominant personality. This creates the process of separation and co-optation. The dominant personality simultaneously gets alienated from other people in his organization and gets co-opted to the system. In Nazareth's view, "It imposes a stratification and hierarchic formation within the organization."

So the process which creates hierarchy and stratification in society takes places within the organization and this itself raises ethical issues. A process of distancing occurs by which key people are distanced from the rest of the people who are very much part of the movement. This is a dilemma because in one sense people realize that if the organization is to be known "it shouldn't be known as a hydra-headed monster--ten people saying ten different things, it is better to have a clear line." But this becomes a problem when this leads to personality cult, suppression of other people, suppression of individuality, etc. within the organization. Thus ultimately in "NGOs which are outside the pale of law people end up slaughtering each other."

The third ethical challenge in managing such a venture, for Nazareth, relates to what he calls the "problem of the club and the barriers for integration and expansion it creates within an organization." Old people within the organization whose commitment to its growth and functioning is time-tested have certain unity in the organization which new people do not have and they would like to present themselves in the organization as members of an exclusive club. For Nazareth, "Nobody can fulfil the expectations of such a club, therefore the club itself creates its own barrier of integration." New people may not only feel alienated from the organization but also discover that they find it difficult to express their originality



and creativity. This poses an ethical dilemma because is it fair to do so? "When you start an organization you value your own originality but when you establish it you don't provide the same opportunity to the newcomers." "When you give resource which has been with somebody else and give it to somebody new then you are told that you are pampering the new people." For Nazareth, this leads to stagnation within the organization making it revel in its past glory. For a manager it is a dilemma whether he had joined an organization only to manage the problems of coordination in the present or manage the leap towards the future.

The fourth ethical issue revolves around dreams--its realization and the nature of their funding. Nazareth explains this dilemma thus: "Resources come to you according to the dreams that you express. The thing about dreams is that if your dream has been translated into reality then it is no longer a dream. An NGO which has transformed a dream into reality would have a problem of raising resources for the same dream--once you realize your dream then the funding organization would think that now that this has been done funding for its follow-up action must come from other sources." Nazareth here gave an example from his experience of working on the bio-fertilizers in the Institute for Studies and Transformations. He got funding to work on a bio-fertilizer which would be an alternative to chemical fertilizers. Nazareth has succeeded in developing a viable fertilizer but he cannot apply to the same funding agency to take follow-up action. For this he has not only to go to another source of funding but has to convince the people in his organization that the new focus is worthwhile. Thus for Nazareth the shift from dream funding to "reality funding" creates its own problems. In Nazareth's words: "When the organizers of the NGO have to shift from dream funding to reality funding the whole organization has to shift towards this. If the whole organization is ready to do this then this is fine. [But if not, then it creates a lot of problems]. There are also other ethical issues. In sticking to reality funding, aren't you sacrificing your unborn future for realizing your present?"

Nazareth illustrates his insightful observations with his experience from the field. He was working on an anti-poverty programme. The target group consisted mostly of landless labourers and he tried to create some off-farm employment for them. He and his co-workers began working on horticulture. Soon they had to encounter an entrenched caste system in the organization which was opposed to their effort of alleviating the lot of landless labourers. While NABARD had financed for the orchard the saplings for it were to be provided by the horticulture department. But caste officials in the administration played the trick--they collected the saplings on Friday and gave them to the beneficiaries on Monday. By then the saplings--naked as they were--were dead. Says Nazareth: "We took a funeral procession of the saplings to the district headquarters. The trustees did not like this. If you are not really involved in the work you cannot appreciate the loss of the saplings. In the city if 20,000 saplings die this is not a big thing. People do not realize that a whole year is lost. Also they don't sympathize with you if you raise your voice. They would say that you are trying to make a show."

Nazareth says that when one begins one's work on transformation "the state is internalized but when you go along you realize that the state is externalized." Developmental action, thus beginning with state support, has at some point to be a critic of the state. How does one manage this? Nazareth says: "We worked on the Adivasi problem at the invitation of the government but when we went there we found that the land that was given to them was saline and waterlogged. We discovered that this land was purchased not to help the Adivasis but to relieve a rich landlord of land which he did not want to own. You suddenly ask yourself should you be part of this?"

Reflecting on the ethical dilemmas in the context of NGOs Nazareth shares with us his views of coming to terms with these. Nazareth says that in the case of the present organization he and his co-workers made this a society rather than a mere trust. (In Gujarat, says Nazareth, one has the option of creating a trust or a society. While the society is also a trust it can have members which in turn can run it through an elected body.) Says Nazareth: "To that extent some organizational design has taken place. We have a volunteer's council for different activities. But the second most critical thing is creating an attitude that the organization is there for the members of society and the volunteers rather than to fulfil the desires of the trustee. We have got used to working through committees. These committees have become cultural practices for us."

Nazareth tells us that in his organization it is up to the members and the volunteers to select the client group whose problems they would like to work on. Regarding the sensitive issue of use and misuse of funding, Nazareth says that there is no anxiety about funding in their organization. "Earlier we had a policy that funding may come from any source but it has to be shared among all--either we get paid together or starve together. Now we first take care of those who are with us in contract even if the permanent workers are not getting anything." Nazareth says that in the case of technically and professionally well-qualified new recruits the organization pays them more and in this he has been struck by the



generosity of the senior people in his organization and their understanding of the need for capable but highly paid people in its work. Nazareth says: "Some of these young people draw more than me or several of us put together."

### **P.G. Vijaya Sherry Chand**

P.G. Vijaya Sherry Chand currently working as a fellow at Ravi Matthai Center for Educational Innovations, IIM, Ahmedabad has ten years of experience of managing an Ahmedabad-based non-governmental organization named Behavioral Science Center. At the end of his MBA training at IIMA in 1981 Sherry Chand was inspired by his meeting with some leaders of voluntary organizations and decided to adopt that stream of career for himself. But dilemma was there from day one. Says Sherry Chand: "To work with people whose annual income is Rs. 500 to Rs. 600 per month! There were many pressures from family and peer groups not to do this." But Sherry Chand stuck to his decision. His first assignment in Behavioural Science Center was helping a tribal co-operative in Baruch, Gujarat. The leaders of the co-operative had strong suspicion that they were being cheated by the district milk union. They were in need of some concrete evidence. Sherry Chand carried out a fairly rigorous study and found out that because of malpractice the co-operative had lost 7 lakh of rupees to the district union. Sherry Chand tells us about this: "At that time I could see what kind of contribution a trained management person can make. In the mean while, I started a program for training tribal youth--training them in animal husbandry and in different areas of cooperative management. After two years I could see that here is something which has a concrete tangible result. That is why I decided to continue."

In our conversation Sherry Chand strives hard to draw our attention to the ethical issues revolving around the position of women in societies-- "When you decide to work with a group how do you deal with the question of gender discrimination?" Sherry Chand describes us two incidents which confronted his ethical being squarely and he could not but take a stance which involved great risk to his life. The first incident involves a tribal woman being suspected of witchcraft in the area where he was working. In 1983 there was an epidemic of disease in that area in which many cattle died. The young woman accused of being a witch was considered the prime cause of this calamity: The people in the community decided that her hands should be chopped off. In the words of Sherry Chand: "I was living in that village then which was 16-17 km away from the nearest road. I had just one day's time. I tried to argue. I told them that law is very different now. It was a whole night affair. Anything could have happened. I told them that they could excommunicate her so that there is no physical harm. Early morning they sent her to her parents' house."

The other incident involves another woman suspected of adultery. This woman who had undergone vasectomy but one day she was found to be pregnant. Her husband's argument was: "I had undergone vasectomy, how can she become pregnant?" Her husband and members of his family wanted to kill her. Sherry Chand tells about his intervention: "I told them that vasectomy is an operation where failures are known. It could be a failure. After all, the woman claims that she has not gone around with anyone else. Give it a chance. See, whether the operation has succeeded or not." But they were in no mood to listen and were advancing towards the woman. Sherry Chand put a knife on the table around which they were all sitting and said: "anybody who crosses beyond this point would be bashed."

Reflecting upon these incidents Sherry Chand says that in such situations it is very easy to sit back and say: "It is none of my business." "But once something happens you have no control over the turn of events. This is important--you have to intervene then and there." But in whether to intervene or not is still not without its dilemmas. These dilemmas revolve around whether one should "stand up for certain principles which runs contrary to traditional system of justice." Sherry Chand also says that his stress on gender sensitivity in the discourse of ethics flows from his fundamental conviction that one cannot separate between personal and professional ethics. His intervention in favour of women is linked to the way he relates to his wife and mother-in-law, says Sherry Chand.

### **Usha Jumanl**

Let us conclude our journey with Usha Jumanl, a management consultant, based in Ahmedabad. She works on policy issues of self-employed workers and has a special interest in strengthening people's organizations. Jumanl draws our attention to the multidimensional aspects of managerial ethics. Craving for fame and power as ends in themselves raises as much ethical issues for her as honesty or dishonesty in financial transactions. Her ten years of experience as a management consultant and adviser to an NGO in Ahmedabad has enabled her to have such an widened approach to



the challenge of ethics. In her work with this organization she soon realized that its "leaders were after fame and power and there was no organizational structure worth a name to make them accountable to the members of the organization." As a keen student of organizational development she found it odd-- "how a member-based organization can be run by the leader and her family members." Referring to the leader of this organization she says: "There are eight honorary members in the organization and she and her husband decide who they are. The office bearers are not honorary members of the board. They say that they don't take money but they channelize this into a family-run trust."

Jumani says that in case of this organization, everyone was "prepared to swallow lies. The government is prepared to swallow lies, funding organizations are prepared to swallow lies. Clients are prepared to swallow lies. Minutes can be written in any manner. I did not want to cover up this." She states that voluntary organizations do not have a code of ethics, which is indeed deplorable. Arguing for a strong link between ethics and empowerment, Jumani says that we must ask the following questions:

- 1) What kinds of decision-making process do we create?
- 2) What kinds of structures do we create?
- 3) What kind of accountability do we create?
- 4) What is the significance of elected representatives?
- 5) Who has the control over resources?

Jumani makes it clear that in her career she did not have any ethical dilemma but a lot of disillusionment. She was raised in a strong tradition of values and therefore making the distinction between right and wrong never raised any dilemma for her. What she realized, however, is how difficult it is to live with one's values in the real world.

Jumani says that ethics has two sides: "one is your own personal values and the other is the institutions which have been set up to uphold stated values. No public norm has a strong hold than your own definition of values. If ethics boils down to values, then the key question is how do you nurture these values?"

### **Confronting the Challenge of Ethics: Making Sense of the Narratives**

In the preceding pages we have listened to many managers who have shared with us their viewpoints on the nature of business ethics and management values. Their narratives help us get a glimpse of this complex field of discourse and practice. They also help us have a differentiated view of the field of business and the scope for ethical revitalization in this important field of human practice. Usually we have a monolithic view of business being an essentially unethical practice. But these stories in their own ways help us have a second look. In our encounter with managers we have also met some actors who believe in owning up responsibility for their actions and towards the people who work with them and towards the stakeholders. Whether it is in a N.K. Dhand or an Ajit Mantagani, we have seen such an "ethics of responsibility" approach at work. It is of course true that such an approach does not exhaust all the actors who make up the field of discourse in this study and is accompanied by other competitive voices such as an economic theory of ethics or market-approach to ethics. Ravi Arora probably is the most articulated narrator of such a view whom we have listened in the preceding pages telling us: "When one starts one's business it is profitable and even necessary to be unethical; when one goes up on the ladder of success, it is profitable to be ethical and too costly to continue one's unethical practice." But the significance of our dialogue lies in showing that for the new entrepreneurs to be engaged in business life this may not be always inevitable as we have seen in the case of entrepreneur-cum-managers such as N.K. Dhand.

Each manager we have listened to has constructed the field of business ethics in his own way keeping in background his specific domain of managerial practice. Thus if a manager belongs to a public sector undertaking then ethical issues foremost in his mind revolve around making the enterprise commercially viable and ensuring work ethics. For managers in private companies ethical issues are constructed around themes such as well-being of employees and their "opportunities for self-awareness." Managers of non-governmental organizations draw our attention to specific ethical issues in that domain of managerial practice--the question of accountability to the funding agencies, the problem of "hierarchy formation within the organization," the problem of "dream funding" vs. "reality funding," the gender question, barriers to social integration, etc. Though individual construction of the problem varies, there is probably a certain pattern in the way



managers of a particular sector think about ethical issues. This suggests that there is the need for a differentiated approach to the question of business ethics. The task is to document the specific ethical issues managers in each sector are confronted with and construct the discourse of professional ethics from the vantage point of managers. This suggests a way out of the relativistic approach which dismisses the task of undertaking research and teaching in this field. Of course in contemporary reflections on business ethics there are many critics of such a differentiated approach who believe that by differentiating ethics in terms of its functional-adjectival characteristics, one compromises the very idea of ethics. Peter Drucker (1993), for instance, believes that by such differentiation business ethics might lead to a new "casulstry," a new kind of sophistry where the logic of business would govern the logic of ethics. In India, the noted management educator S.K. Chakraborty also makes a critique of the differentiated approach to business ethics (see, Giri 1995). But still the perspectives of the managers whom we have listened to urge us to take their own specific conditions seriously and begin the project of ethics from their own specific practice. If this is the reality then we have to do more research on ethical predicaments specific to each sectors of management and present it before our students. Complexity of organizational life is a reality and this complexity manifests itself differently in different sectors of managerial practice. Management education has to be sensitive to this differentiated complexity. The ideal is to follow a dialectical approach where research and teaching in ethical issues in business and management makes an effort to understand the dialectic between differentiated ethics and universal human values.

Many managers have told us that sound "ethics is good business." One of the reasons they tell us in this regard is that it ensures success in the long-term which is an incentive enough not to succumb to the temptations for unethical behaviour in the short-run. For some of them it is possible to plan one's business and managerial strategy in such a way that one need not be engaged in unethical practices. Take for instance the familiar problem of tax evasion. While it is widely believed that if one is to stay in business one has to inevitably circumvent tax laws, managers like Arvind Nair and Satish Nadkar tell us that it is possible to be within the domain of law and still do a lot of tax planning. In other words, they suggest that it is possible to make a difference in a situation perceived as an unalterable mass. In another context, sociologist Anthony Giddens (1984) has argued that the nature of actors is determined by their "transformative capacity"--their urge to make a difference in the situation where they are. Though brief some of the narratives above have provided us a glimpse of this "transformative capacity" of the managers.

Managers themselves have told us that this transformative capacity is dependent upon values--values of the managers as well as the values of the organization in which they work. They point to the crucial significance of leaders of organization in this regard. In their narratives, they go back and forth between ethics and values--between following certain specific code of conduct and pursuing some universal human values. Such a movement and flow corroborates the framework of this study that one cannot put ethics into a well-defined box and ethics, values, and morality belong to an overflowing field of interrelated concerns (cf. Giri 1994). So, teaching of ethics ought to reflect this overflow of concerns in practice and in its engagement can simultaneously be concerned with values and morality.

The challenge of ethics in practice always brings us face to face with dilemmas--What decision to take? What is right? What is the most appropriate decision keeping in view the interest of the powerful shareholders and one's personal interest, etc? These dilemmas reflect the fact that in human pilgrimage the pathways towards wisdom "may not be evident without a lot of entry into blind alleys and exploration of strange trails" (Kuhn 1991: 298). These dilemmas, it must not be lost sight of, also reflect the dilemmas of the being--one's inherent urge to be essentially good and do good but the compulsion of the environment and society which puts stumbling blocks in this pursuit. N.K. Dhand, for instance, refers to this dilemma of the Being when he tells us that when people start their business they invariably want to do it ethically but not all of them are able to keep up to the lofty imaginations of their Being in the face of business compulsions. Some of the managers we have spoken to also have told us that they do not have any dilemma vis-a-vis ethical challenges in practice. They have a clarity of vision as to what they should do. While some managers say that they do not have dilemma (meant as indecisiveness and lack of clarity as to the course to be taken) other managers tell us: "At the personal level we don't have a dilemma but at the business level we have."

The narrations of the managers have brought to the fore many issues and an analytic interpretation of all these is not my objective here. My primary objective in this engagement has been to invite all the readers to derive their own inferences from the stories presented here, thus widening the universe of discourse where all of us are our own interpreters. But to facilitate such creative explorations, I briefly touch upon only a few more issues, in addition to the ones discussed above. The first relates to the issue of unethical practice in the business world like the issue of corruption. In our narratives, we have come across various responses to this problem--a few of the managers absolutely against it and many endorsing



it within a limit. Another issue involves the tension between organizational loyalty and obligation for self-development and taking care of one's family. Some of the managers we have met in the preceding pages totally identify themselves with organizational goals with little time and almost no concern for the emotional need of their spouses and children for their company and fellowship. Some managers such as the ones of the Ahmedabad-based company CORE spend almost all the days of the year at work and work much beyond the office hours. Reflection on ethics requires of us to ponder whether such modes of engagement are pathological or not and think of design of organizational development which is attentive to the well-being of individuals and families besides its preoccupation with organizational growth. Of course, such questions immediately take us beyond the systemic logic of the organizers and their managers. The stories that we have listened to have in-built limitations in coming to terms with such systemic questions. It is no wonder then that none of the managers we have heard have drawn our attention to phenomenon such as exploitation of workers and its systematic causes.

Professionalism is another common concern in the narration of many practicing managers we have listened to. For some to be professional means to be ethical. It is perhaps for this reason that Arvind Nair says that ethical dilemmas are not that frequent in the life of professional managers. N.K. Dhand believes that professional involvement in the upliftment of a firm is jeopardized if the entrepreneur promotes his son as the top man. But when managers believe that professionalism in itself ensures ethics they are probably proceeding with a normative view of ethics without looking at their own professional practice critically. These enthusiastic managers can reflect upon the widely perceived perception that in the present-day world what goes on in the name of professionalism is not necessarily ethics or commitment to any "common good" but the use of specialized knowledge and expertise for enhancing their own interests and power (Cf. Dahl 1989; Giri 1996).

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