

VIEWPOINT

Ethical Business: An Oxymoron?¹**M V Subbiah**

A progressive and evolving India continues to grow at a rate close to 8% of its GDP in spite of global financial crisis. The exploding entrepreneurship, growing consumption and high savings rate continues to break the shackles of our dependency on the west. While our democracy is seen as a source of stability, the improvised agricultural sector is slowly moving towards self-sufficiency. As the world watches, our private sector continues to thrive. The surge in the visiting of economic and political leaders to India last year reinstates the important role India will play in defining the new world order and being accepted as part of the globalization process.

While we are tempted to think of a prosperous future, the seeds of greatness and failure seem to co-exist. Though I am optimistic about India's future, I constantly worry about the danger to its continuing success. The political fragmentation and caste based politics has led to 'important' being replaced by 'urgent'. While we boast about our surplus and let food grains rot in government warehouses, millions below the poverty line continue to starve every day. Insurgency problem has further exposed the corrosive influence of apathy and denial of basic social justice in our country. The growing corruption continues to burden the poor with an implicit tax, as its acceptance as a status quo has become the way of life. These are systematic problems, with vested interest ignoring their existence.

In such a socio-economic and political scenario the word 'Ethical Businesses' seems to be an

oxymoron. Nowadays, we hear more about unethical practices, frauds and ponzi schemes than ever before. The Satyam scandal, financial crisis and the 2G scam have made it seem that business is fundamentally an unethical enterprise. It reveals that there are major tensions between business and moral life - tensions that are disturbing as they are important. Business ethics is all about finding the right balance between performance and integrity. Success in business is seen as making profits and advancing private interest and having an unlimited ambition for money, position and power, whereas the moral life, by contrast, focuses on duties to others and places others' interest over self-interest.

Many organizations have a poor environment because they concentrate on maximizing the profits without thinking about the people and processes that they adopt. Sooner than later these businesses run into problems. When the ethical environment is poor, organizational performance suffers because of poor group dynamics, suppressing openness and communication. These are hard to measure but easily felt. The easier and measurable drop is on the yield or productivity. Overall the morale gets badly affected, leaving the organization vulnerable to setbacks.

On the other hand, businesses that are ethical have a lot to benefit - a more accurate perception of the world around, a stronger business, a sustainable enterprise and above all peace and mental tranquility for people working in the business.

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Failure in business occurs because people are not provided with an environment to think, plan, adapt and execute effectively as a team. Evidence suggests that this kind of capability is not talent driven, but is culturally driven and can be advanced or regressed through cultural practices. This culture not only prevents unhealthy behavior but inspires superior reasoning and performance, greater levels of innovation and better group dynamics. Ethical enterprises become preferred employers and also tend to have more committed and mutually beneficial relationships. All these are real strategic advantages to any organization.

So how can an organization become ethical and maintain it across time?

The level of ethics in the organization is determined by its culture and values - these trickle down from the top. The bottleneck is at the top - so unless the senior management 'walks the talk' the ethical culture cannot be created. Senior managers have to build the culture on the basis of trust and effective solution.

As young manager, when one walks into one of these organizations, one will be confronted with number of choices, challenging their ethical and moral quotient in every possible way. Let me give some examples of the choices I am referring to:

- Status quo V/s Change
- Control V/s Empowerment
- Values V/s Corruption
- Science V/s Religion
- Inclusive Growth V/s Profit
- Greed V/s Welfare
- Environment V/s Sustainability

These are recurring choices which will not only

determine the future of this country, but also individuals success as business leaders and entrepreneurs. As I speak, I admit that our generation has made a lot of wrong choices. We resisted change and allowed greed and corruption to erode our roots. Two hundred years of colonial rule had a lasting impact on our generation. British believed that they could not rule in India without creating a class of people, Indian in blood and colour, but British in taste, in opinions, in morals, and in intellect. It was this belief which led to the creation of various elite services such as ICS followed by IAS, IPS, IAAS and other bureaucracies. As a result the Indian society got degenerated not only into groups but also into a pseudo culture and value system.

Father of our Nation Mahatma Gandhi warned us as follows:

"In casting off western tyranny, it is quite possible for such a nation to become enslaved to western thoughts and methods. This second slavery is worse than the first."

In spite of the warning no political or business leader took note of it or with the seriousness that one should have taken it.

Some 60 odd years after independence, as we march ahead into the 21st century, it becomes more important for us to understand our roots, in order to avoid the dilemma while making such a choice.

The foreign invasion for years has destroyed much of our documented history. Added to whatever was left was misinterpreted by those who governed us. For example, most of us are led to believe that Lakshmi is the goddess of wealth. Whereas, if you look back and study the roots, she is not the goddess of wealth alone, but of welfare. Welfare talks about the collective growth, whereas wealth alone reflects greed and individualism.

So it is in this context that I feel blessed and honoured to have been born in the Murugappa family. Most of my knowledge acquisition came from my family and my observation of the nature around. One of the first things I learned was that a tree is as healthy as its roots. It is here that I found my grandfather, though not educated in modern sense of the term, laid the foundation of doing sustainable business over 100 years ago.

As young children, we grew up in a joint family and were constantly reminded of three things:

1. "No man you transact with will lose then you shall not". I understood this was from Arthasastra.
2. "Knowledge and Wealth, if not shared is useless". This is from Thirukkural, and
3. The principle of fairness and firmness.

After 40 odd years in business, I retired from the family business at the age of 65, following the principle given to us by our elders, which follows the four stages of human life as given in our scriptures - Brahmachari (bachelor), Grihastha (family), Vanaprastham (moving away) and Sanyasam (renunciation). These are well thought out stages arrived at by our ancestors. The concept of Vanaprastham is probably the most critical to business. What happens in most businesses is that a successful leader or entrepreneur gets too attached with the business and finds it difficult to let it go. In the process of making this tough choice, they do not train any appropriate successor, putting the sustainability of an organization at risk. Our scriptures teach us to live like the melon fruit which grows on the ground. When ripe, it automatically detaches itself from the stem. Other fruits which grow on trees, drop when fully ripe or get bitten by birds thus getting damaged. The important lesson to learn here is not to remain self-centered, but to think of greater cause of the organization. Plan

your succession while your feet are still on the ground.

Such philosophies have been followed in our family for generations. I believe it is such a discipline and belief which has held the family in good stead, ensuring collectively growth and equal opportunity for all.

With that background, the thought I would like to leave you with is how can we overcome the social and economic disparity in our country? How can we increase shareholders value with an inclusive growth at the same time? Can we get rid of corruption and ensure high moral and ethical business practices? The answer to these lie in us being able to understand our roots, instead of blindly following the west in aping consumerism and building unnecessary aspirations. We need to get back to our roots, develop the courage to challenge the wrong, set high moral and ethical standards and lead by example for everyone to follow.

To conclude I would like to share an excerpt of Professor Pulin Garg, which is an interpretation of Bhishma from Shanti Parva:

- The nature of beauty is Order
- The nature of systems is Certainty
- The nature of structure is Security

Order, Certainty & Security define the oughts of man's existence.

It is a sad day when they break down and are replaced by should, for then there is chaos and oppression.

In such times, the only way to regenerate oughts is not to defy, not to deny but to define, not to resist, not to desist but to persist.

Author's Profile

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