



## Round Table

# Teaching Ethics: The Underpinnings

Fr K Cyriac



*Fr K Cyriac is Professor, Organisational Behaviour, Indian Institute of Management, Kozhikode. He holds a doctorate in Philosophy and Ethics from the Lateran University, Rome and is a member of the International Psychoanalytic Association and the Indian Psychoanalytical Society. cyriac@iimk.ren.nic.in*

**T**he need for ethics in business by and large goes unchallenged today. What, however, is not self-evident or even easily questioned is its content and the methodology adopted in value education. Some pertinent questions are: Can ethics be taught? If so, whose ethics? Is there anything constant in it across nations, right through the centuries, among varying groups and societies? What benefit does being honest in a totally dishonest world yield? If there is a shortcut to the goal, which is comparatively more expedient and beneficial, why

should I take the regular route that is often arduous and less appealing?

The crucial issue raised by similar questions seems to centre around the hotspot of authority that decides on right vs wrong, good vs bad. Not many people today are willing to buy the sermonising that bad business opens the gates to eternal hell. In fact, examples are being quoted in plenty to show that returns from 'bad' business have created paradises on earth.

### Management Education Inflates Egos

A five year longitudinal study conducted by Venkat R Krishnan<sup>1</sup> on the impact of the residential full time management courses in India on students' value systems, made a startling revelation: *self-oriented values* like comfortable life and pleasure became more important in the life of trainees, and *other-oriented values* like being helpful and polite, less important over the two years of training. The research uses the Indian Weltanschauung of oneness with others as the yardstick to measure whether the changes in the value system of students are along desirable lines. The author concludes that the B-schools which profess to lift the students upwards by enhancing their perception of oneness with others, do the exact opposite and pave the way for them to enclose themselves in selfish isolation from the world.

It is a fact that serious and well-intentioned students at

B-Schools are receiving confusing signals. At the end of a brief discussion on matters related to marketing ethics in a premier institute, one of the students said; 'Sir, you talked about the need for applying social and ethical principles to various marketing functions. But the professor who taught us just before you told us how we should be targetting single-mindedly the maximisation of profit, without worrying about ethics and values. Success at any cost is the only objective and the primary motto in business!'

The question remains whether our reputed management education centres are instrumental in converting otherwise good people into egocentric and unethical managers or not.

### Why be Ethical?

Morality was relegated to one's private life by Niccolo Machiavelli in the 16th century, who asserted that a good businessman need not be a good man in business. The tenet of the end justifying the means has been enthusiastically incorporated into social life ever since. Herbert Spencer tried to combine the ideas of Charles Darwin and Adam Smith, and apply what is known today as Social Darwinism to business practices. Accordingly, survival and success determine right and wrong in management practices. Therefore, when the bottomline so requires one may bend, twist or even go against the approved social conduct.

Traditional answers to the question, why be ethical, can be summed up in two basic but substantially different approaches: the *teleological* and *deontological*. The former attributes an instrumental value while the latter, a terminal value to ethics. Teleological schools focus on utilities and say that ethics is just a means to an end. Ethics is good business, an ethical image of industry and business brings back a lot of money. The deontological schools, however, vow that being ethical is an end in itself, a virtue that deserves to be pursued for its own sake. Immanuel Kant formulated it as the *categorical imperative* — act in such a way that you treat others always as an end and never as a means. These two approaches to ethics in general and to business ethics in particular seem to contrast with each other, but they do not necessarily contradict. To a large extent they are complementary and help develop a Janus-faced model of ethics.

Managers certainly need an ethical framework, a reference point in order to diagnose moral situations in

organisational functioning, to sort out and prioritise the available alternatives and to weigh the social and ethical factors that bear upon responsible organisational decision making in line with professional accountability. Moral and managerial competences are interdependent, and need to be concurrently developed at the training centres.

The Nobel laureate Amartya Sen, quoting dozens of actual life examples, showed how ethics and economics are interdependent and mutually sustaining. Sen<sup>2</sup> goes in straight opposition to the view of another Nobel laureate,

Milton Friedman who suggested that the only social responsibility of business is to increase its profits.

Needed, a Solid Anchor-base

The crucial issue in business ethics revolves around the source of authority, the anchor base of values. Experts in the field often take pleasure in comparing the different theories and approaches available, contrasting the merits of one against the weak points in others. 'Western values vs Indian thought' is the favourite controversy. In fact it is an 'expert' pastime in India to gloat over the glorious past, with very little current accomplishment, a futile exercise amounting to 'intellectual arrogance'<sup>3</sup>. It is the breeding ground of contempt for other societies.

The West is often blamed for promoting conspicuous anthropocentric consumption, inflating the individual ego and encouraging killer competition in the name of survival. Indian traditional values are then presented on the opposite side of the scale, as a better option for managers. There are management experts in this country who think and teach that practically all management problems, especially the ones related to ethics, can be easily solved by resorting to the age-old Indian traditions.

There is no doubt that the popular B-Schools in India are harping on the extreme over-development of managerial role competencies. In the process, executives must use their rationality, often exclusively, to analyse demand, design products and promote practically every consumable object. The emotional and spiritual under-development that results leaves very little or no room for social value considerations and moral experience, which are in essence human prerogatives and the right of every executive. The prevailing situation in India can be compared to the one that was dominating the US in the 1970s. Michael Maccoby, a psychoanalyst deputed by Harvard Business School in order to study the American corporate scenario

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## A Case Not for Lawyers

In the early 90s, a student who was also a practising manager narrated the case of 'fly ash', a residue from powerhouses. Disposing of this waste was an expensive headache for the massive manufacturing firm which produced it. Then it so happened that customers started competing to remove it from the site and finally, the right to remove it was auctioned at very high premium. The top management was exhilarated at the jackpot it had suddenly hit upon, killing two birds with one stone. The manager-student who was in-charge of the waste disposal was thrilled at the new prospects and was looking forward to perks and promotion due in such cases.

The company management did not know at that time that fly ash was surreptitiously used for adulterating cement. In July 1992, a TV newscast showed to the world how a government school building in North India had collapsed, crushing to death more than 60 children and maiming for life, hundreds. After watching that horrible scene, the manager-student had some doubts and made a surprise visit to all the customers who bought fly ash from his company. He found out that these customers who were not licensed dealers, were all selling cement in the public market, obviously adulterated with fly ash. The matter was brought to the notice of the company management, which made several hundred crores of rupees net profit from its worldwide operations. Most of the managers, especially from marketing and finance departments were against stopping the sale of the fly ash as suggested by the manager in-charge and came down heavily on him. But this student had the courage to fight to the finish. A few months later, after moving out to another firm, he wrote: 'Had I not stopped the sale of fly ash, I could have continued as a hero there, and would have risen to great heights quite fast. But today at least I can sleep more peacefully, being aware of the fact that I did not try to reach enviable heights in my career by treading on the ashes of innocent people.'

*Based on confidential material given by the manager-student.*

at that time concluded, 'the corporate climber has to find his heart'<sup>4</sup>.

What is needed in management education and practice is an honest attempt to balance means and ends, processes and products, consumption and preservation, competition and cooperation, IQ and EQ, self and society. In this framework business is perceived as a relationship, a community, an extended family, which operates in a web of moral obligations and privileges. The balancing force that energises every step in this process is a contract at the grass-root level. Public administration monitors it, and its violation will be considered illegal. Ethics, however, goes further upwards and appeals to the humanising and socialising factors. It then touches the spiritual realms and discovers its anchor-base in Nature, God or some unknown but perceived power above the human reach.

The Indian traditional concept of the oneness of being, oneness of man with others and with Nature therefore becomes a yardstick to measure moral values in general and managerial ethics in particular.

### Character Ethic

Character is normally understood as the moral foundation of personality while personality is often described as the psychosocial image projected, the surface impressions created. Individual integrity is defined in this context as the alignment of strong character and a stable personality.

It is important that not only individuals but also organisations and corporations possess a strong, amiable and expressive character. As a result, management

training ultimately boils down to a progressive process of developing personal integrity. Its curriculum should aim at expanding the moral repertoire of students. Instead of dictating to them a unilinear thinking mode and a compartmentalised decision model which create too many ethical blind spots in their mind, they should be carefully guided to the discovery of a multi-source code of conduct, a morally complex reservoir of attitudes and values. The focus in such a model of value clarification should be system integrity rather than individual right.

The focus in character ethics is on the person, not on circumstances, and seeks the golden middle, not going into excesses on either side of the scale. Character is, therefore, more than just the sum of virtues and traits. It gives a qualitative 'gestalt' to all that a person is. It is realistic and relatively stable and permanent.

Corporate character is the inevitable result of understanding business as a community of relationships. The professional hallmark of any community lies in the fact that its members act with integrity, which implies two things, namely, strict adherence to a moral code, and completeness or wholeness. The other virtues of corporate character ethics include fairness, trust, respect and empathy.

Character ethics is the pivot around which personal, social and professional virtues are built. The following triptych model (Exhibit 1) could be considered for an application of character ethics to the functioning of business management today.

Personal character ethics involves primarily emotional virtues like volitional empowerment, meaningful purpose, self-discipline, reliability, authenticity, caring, sincerity,

understanding and empathy. Social character ethics entails virtues like honesty, loyalty, trustworthiness, tolerance, discretion and supportiveness. Professional character ethics includes altruism, collegiality, truthfulness, impartiality, and independence of judgment, public service, abundance mentality and the like.

The character ethic discussed here has a spiritual axis and is sustained primarily by non-mundane values. An eternal quest for something beyond material gain and a deep-rooted desire for finding purpose in life make our value systems an integrated whole. Spirituality grounds it and provides an overall gestalt to it, whether we acknowledge it or not.

Sigmund Freud suggested that religion and morality in their present forms had a single-source origin. His monumental work *Totem and Taboo*<sup>5</sup> was an attempt to prove that religious worship and moral prescriptions emerged at a particular point of history, from the tears of the primitive men who sat around the coffin of the despotic father of the primal horde whom they collectively butchered out of despair and jealousy. Accordingly, Freud believed that the sacred and the good, religion and morality, spirituality and ethics originated and developed together. Religion and morality, as the higher cultural institutions of present-day civilisation will always exist intertwined, not only one feeding on the other, but also mutually supporting and sustaining.

While one may dismiss this story as Freud's fantasy, ethics or moral prescriptions without a deeper anchor-base will be just like foam on the waves of an ocean, driven from one side to the other, according to the relative strength of the wind.

### Teaching Ethics

The ongoing debate on teaching ethics will carry on in B-schools unceasingly. Nevertheless, moral values are part of our learning experience and they are subject to a progressive process of internalisation and integration. Therefore, management education should aim at helping students think about the ethical implications of day-to-day happenings and practices of industry and business. Future managers should learn to appreciate the ethical side of almost all the decisions they take. They should be sensitised to the fundamental human values in analysing social and global issues. Their ethics need to be *inward looking* – honest to self; and *outward shining* – accountable to the world outside. Such an outlook leads to two fun-

damental beliefs: that every human being needs to be treated with dignity, and what you do not wish done to yourself, should not be done to others. These fundamental beliefs evolve into the following directives:

- Respect for life – culture of non-violence
- Just economic order – culture of solidarity, fair dealings
- Life of truthfulness — culture of transparency
- Tolerance and partnership – culture of sharing and caring

Business is thus defined as a relationship; and a community, as a socio-economic institution serving humanity.

Moreover, gentle persuasion rather than forcible imposition is by far the best communication strategy that can be adopted in value education. Scriptural traditions, mythological fables and case studies of role models throughout human history can help in this process. Negative examples too are very helpful. Students are asked to put themselves at the receiving end of a game and eventually reflect on their stakes.

Frank and open discussion in the classroom challenges the reasoning of the students and exposes them to differing viewpoints. Complicated situations, issues and dilemmas are presented from the sides of both advocates and attackers. In addition, class discussions should be supplemented with some kind of hands-on experience. Exposure to out-reach programmes may also be considered in this context. Ethics and moral values are thus discovered through individual introspection and personal

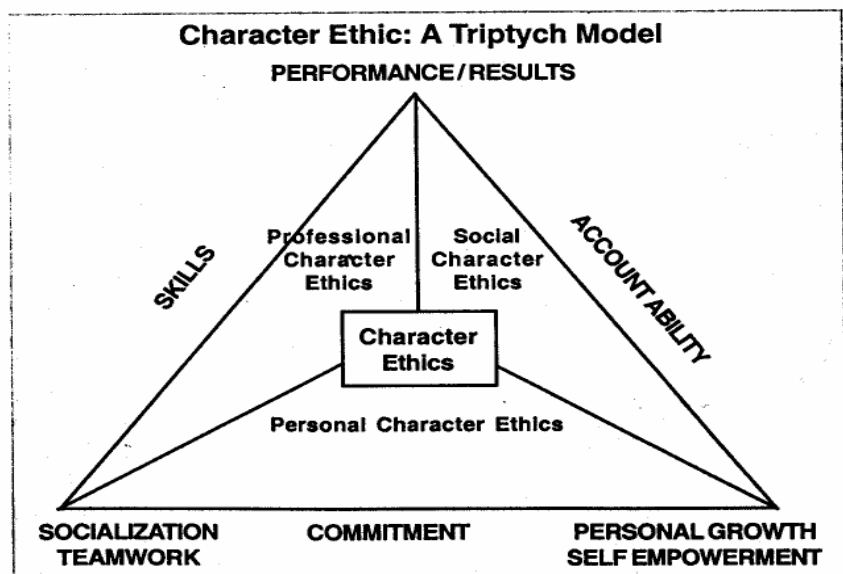


Exhibit 1

reflection. They are then tested and re-tested by employing different techniques, and finally integrated into one's character. Students who are privileged to go through such a training module will realise that a sense of community and a feeling for others will not only ensure economic success but also determine corporate character, which finally settles the much debated issues related to right and wrong, good and bad.

#### References and Notes

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