

Ethics in Business

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I do not think we have to argue the case for ensuring 'ethics in business'. It is like motherhood. Nobody will say a word against this 'Holy Grail'. But when it comes to 'ethics in practice', it is a different story. Managements of schools, colleges, professional institutions, hospitals, government offices, and a large number of businesses are woefully inadequate when we apply the acid test of respecting 'ethics' in their practices.

I have been a keen student of this issue and a vigorous advocate of ethical practices in business. Way back in 1991, when we came to the issue of admissions to XIME, the business school that we had founded in Bangalore just then, we settled it as a fundamental principle that we would not have a system of collecting capitation fees, donations, etc in any form nor would we provide for quotas such as management quota or NRI quota. All admissions to XIME would be decided purely on merit. 30 years down the line, even today in 2021, we follow the same principles.

Look at this issue of admissions to our professional colleges more closely and ask the question: What is the extent of abuse of this so-called 'management quota' and 'NRI quota'? When a student is forced to pay a large sum of money at his admission stage itself, look at the kind of deleterious effect it has on his professional practice later. Aspiring doctors, engineers, and managers get corrupted, almost from the very start of their education. Is it any different at the school level? Not to my knowledge!

Admissions at most private sector schools are based on (compulsory?) 'donations' and these are also negotiable. When it comes to government schools, it is an entirely different story. The teacher, who is supposed to be a role model, becomes almost the opposite in many cases! Absenteeism, tardiness, indifference to teaching, canvassing for tuitions, internecine conflicts within the system, etc. bedevil the entire culture and climate of the institutions!

And what is it that the poor little child gets from his K.G. upwards? Wrong lessons and wrong examples. The world that he sees around is a warped one, which is full of greed, selfishness, corruption, lies, and cheating, all galore! No wonder, as he grows up he also joins the caravan. So, it goes on!

I started this discussion with the role of schools, colleges, and professional colleges because of my conviction that sacrifice of ethics starts from these beginnings. Of course, you could add the family too. We often talk about corporate ethics or administrative ethics and condemn these people for demanding bribes or for other such pernicious practices based on the belief that they started it all. No, it started quite early. If you want to have better ethics in industry, army, education, politics, or government, we have to start from the school level. That is where attitudes, beliefs, and values are formed.

Let us look at this issue from another angle. Some of the key groups entering corporate life are lawyers, engineers, MBA graduates, and chartered accountants. They are the ones who normally decision-making positions in corporations. For them as well as for others, early schooling is an important factor in building their value systems. Assuming that they are not too badly damaged at the school level, is it possible for us to make these youngsters into ethical managers or ethical leaders? I would imagine it is possible, provided the management system and practices of those institutions are driven by higher-order values. If their managements are driven by quick fixes, short-term goals, and priority for making money at any cost, then it is a gone case!

There is a wrong impression in business school circles that a course in 'ethics' will do the magic. No, it will not. What will make the difference, if one is prepared for it, is 'Walk the Talk': Very many business schools in the country have introduced 'business ethics' as part of their curriculum. This movement started in the U.S. and slowly spread to India and other

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countries. However, it appears that this movement is more to keep up with the Joneses and not because of any true conviction. Unfortunately, even the teaching of a course in ethics is treated casually and superficially. This is a course best taught by a team of senior faculty and senior business practitioners of good standing. It is not just the moral aspects to be covered, but real work-a-day practices. The team must go into the entire aspect of corporate operations and performance and critically evaluate the culture and system that influence decision making in the corporation.

Start with hiring and corporate practices, go to product quality, product pricing, purchasing practices, advertising policy, profit-making or profiteering, and even human resources practices. Dissect them from the point of fairness, equity and morality. Let the MBA student from the very beginning be imbued with the fundamentals of ethical behaviour and action. Both through preaching and practice, let the students understand that 'man does not live by bread alone'.

Remember our country produces about 4 lakh of MBAs, 12.5 lakh of engineers, about 5000 CAs and about 50000 MCAs. Catch all these fellows young and infuse them with higher order values of responsible corporate behaviour. We will then have a brave new world emerging!

Unfortunately, this is only half of the work-a-day world. There is another powerful segment outside – the government. How does one handle the corruption that we still see in a number of government offices and municipality or panchayat offices? Would movements like that of Anna Hazare solve it? It is obvious that we need more such morally bold people. But I really don't think they have gone to the bottom of the problem. They seem to be grappling with the symptoms and not with the disease. And what is the disease? Excessive controls! Let us face it - we have not yet got out of the socialist era. While there is a half-hearted and a half-way liberalization in industry and trade, there are vast swathes of economic activities where 'license/control raj' prevails. Education is an excellent example! This is an area where liberalization went in the opposite direction. It is virtually a 'control raj'. No wonder our education system keeps going down. And I see no hope of a

change from this unhappy situation unless the spirit and the will that guided the policy makers to ease the controls on industry and trade muster courage to do the same in education. The Right to Education Act and the recent National Education Policy are great initiatives in this direction but a lot more needs to be done to sustain and enjoy the benefits of these initiatives.