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TECHNOVISION
Educational Technology
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IIT DELHI
PRESENTS
A Video Course
On
Management Science
BY
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Social Sciences, IIT DELHI

Lecture # 37

Values, Ethics and Corporate Social Responsibilities

We are discussing values, ethics and corporate social responsibilities (cont.)
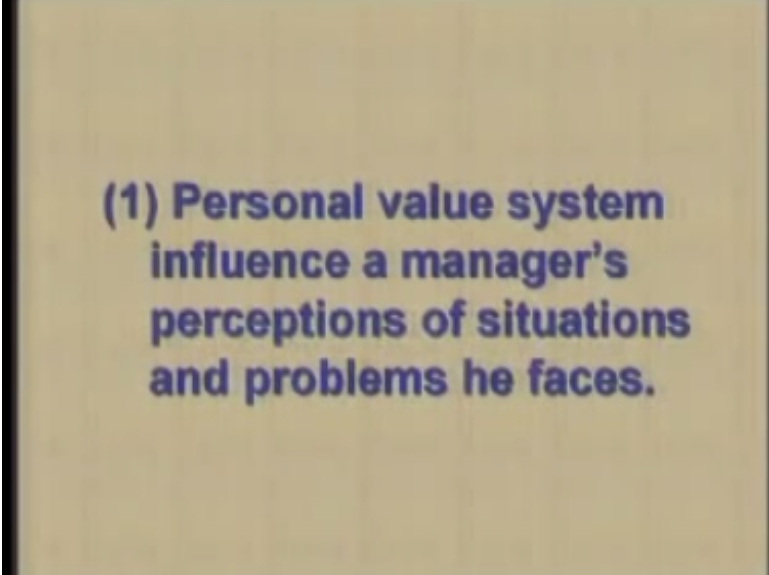
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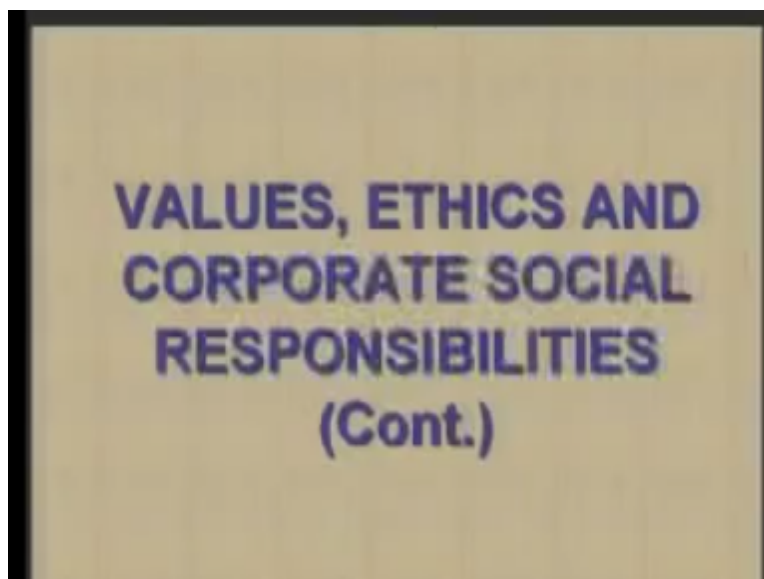
In our last lecture we were talking about values and various theorizing on values and various research studies related to those. Today we continue with England and Lee where we had closed last time, they have given various assertions and implications for studying the value systems of managers.

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England and Lee (1974) have given various assertions and the implications for studying the value system of managers. These are :
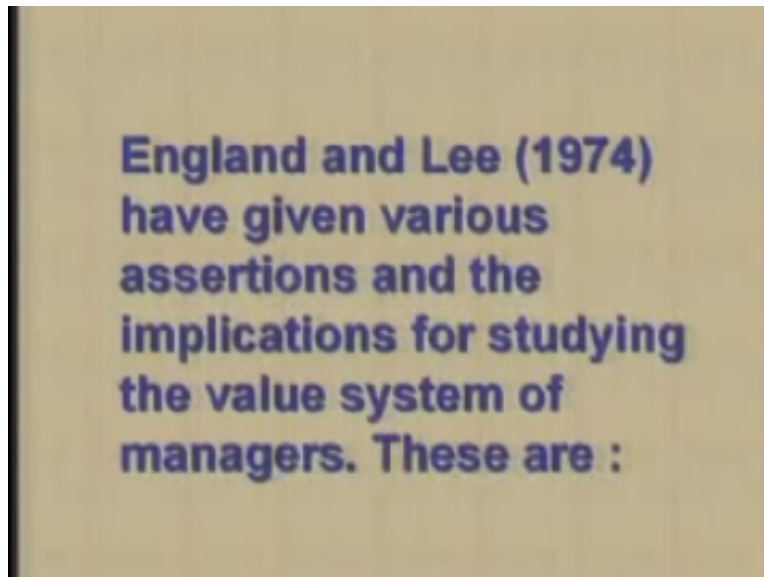
And as we can see what are these assertions that they have given, first is Personal value system influence a manager's perceptions of situations and problems he faces. We are talking about values in organizations and we are looking at values ethics and corporate social possibility over all understanding of these, so the first aspect is about the personal social personal values which are important.
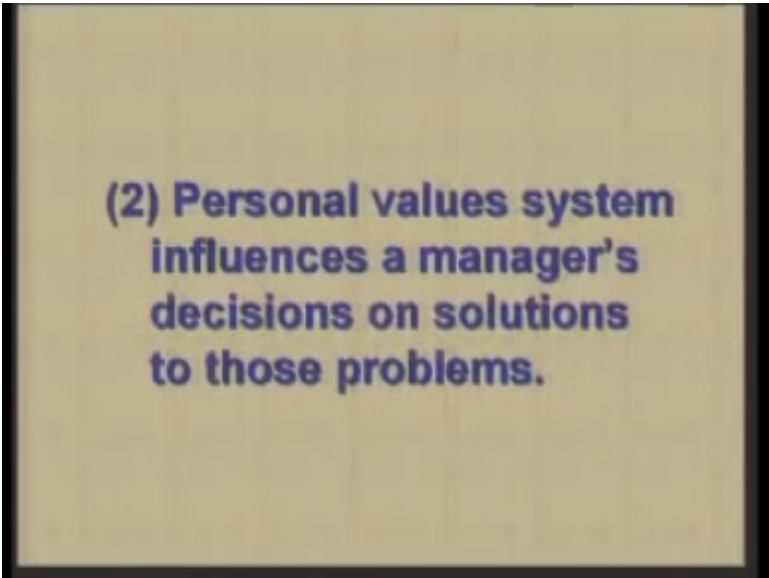
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> **(1) Personal value system influence a manager's perceptions of situations and problems he faces.**

The second is the personal value system influences a person's decisions on solutions on those problems. Yes we are trying to look at how personal value influences the managerial performance and behavior according to England and Lee.

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> **(2) Personal values system influences a manager's decisions on solutions to those problems.**

Personal value also influences the interpersonal relations among managers of an organization.
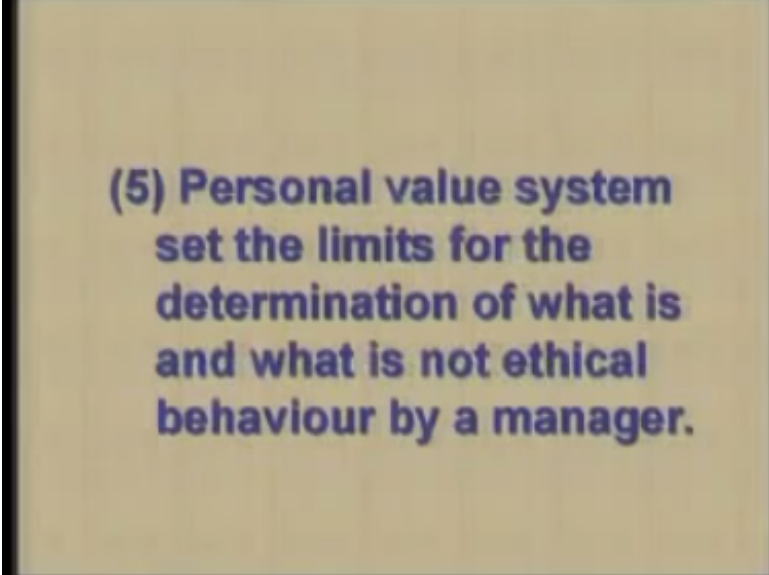
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Personal value system influences the perception of individual and organizational success and one's own achievements.

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Personal values set the limits for determination of what is what and what is not ethical behavior by managers.
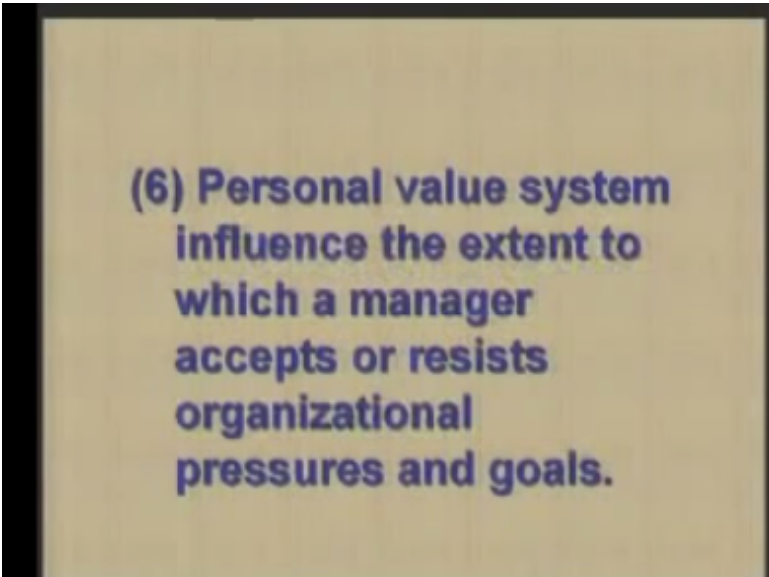
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> **(5) Personal value system set the limits for the determination of what is and what is not ethical behaviour by a manager.**

Yes, so the personal values are important also personal values influence the extent to which a manager accepts or resists organizational pressures and goals.
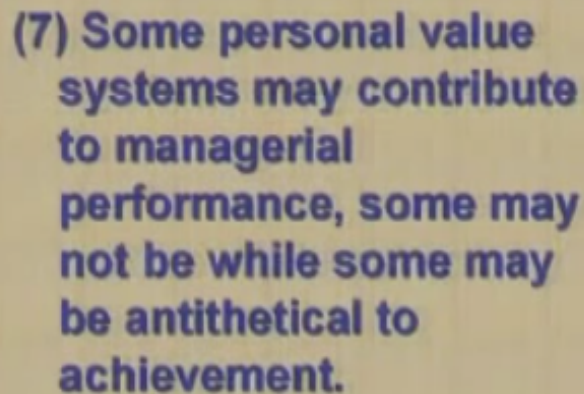
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> **(6) Personal value system influence the extent to which a manager accepts or resists organizational pressures and goals.**

Some personal values and systems may contribute to managerial performance, as some may not while some may be anti to the performance to the achievement.
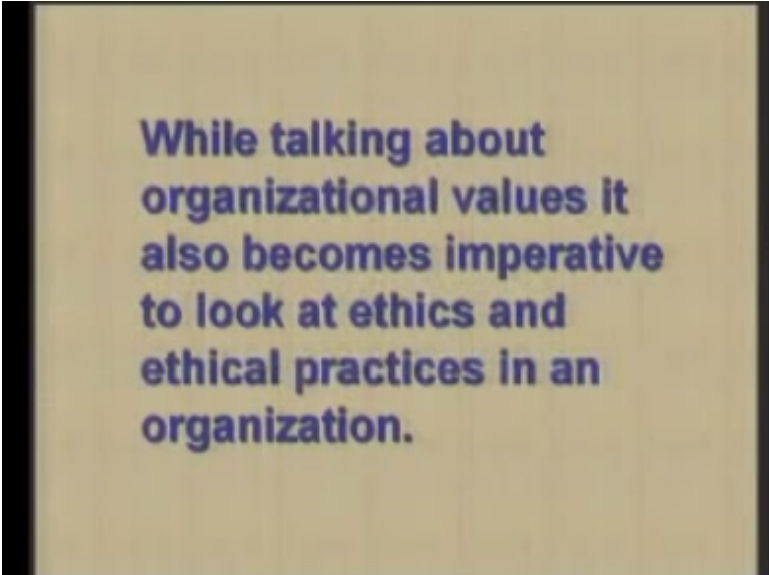
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> **(7) Some personal value systems may contribute to managerial performance, some may not be while some may be antithetical to achievement.**

So, while talking about organizational values it also becomes imperative to look at ethics and ethical practices in an organization .
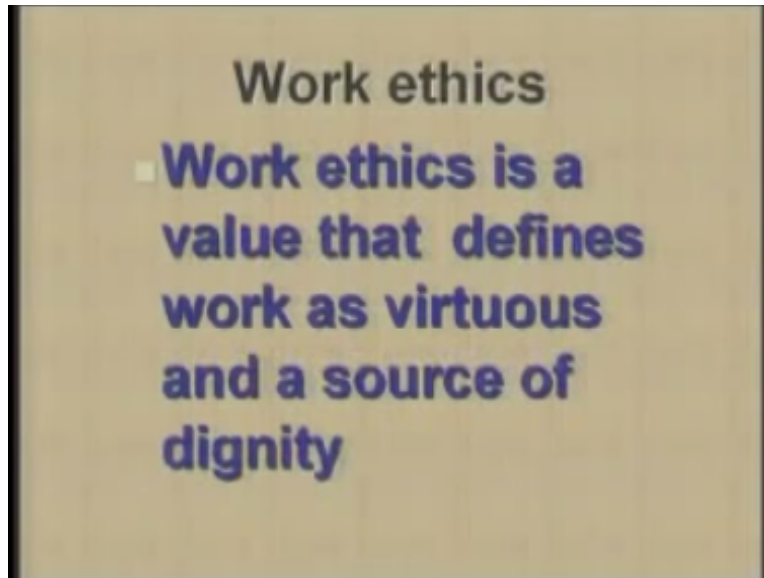
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> **While talking about organizational values it also becomes imperative to look at ethics and ethical practices in an organization.**

We have tried to see that how values in ethics come under the same caption. Yes, the type of values that we were talking about by various authors and so now we move on to work ethics.

In fact in one of my introductory lectures also I was talking to you about work ethics. Once again may be from part of that I am discussing once again.
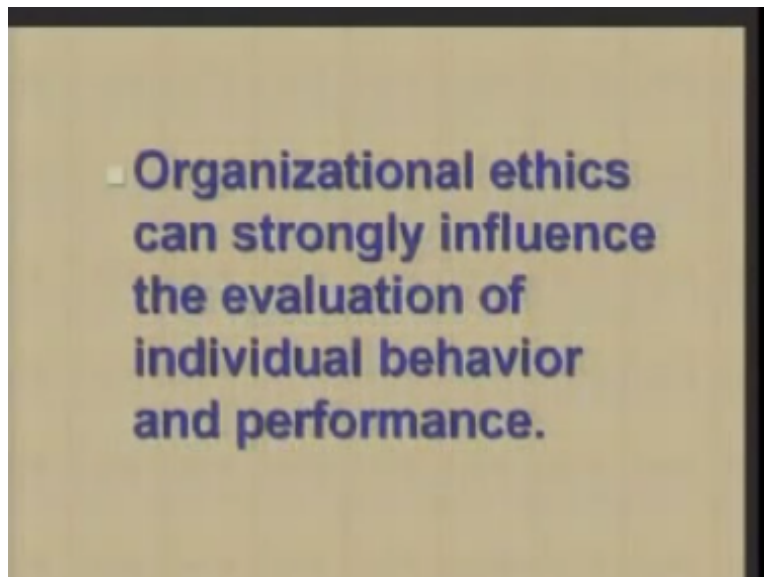
Work ethics is a value that defines work as a virtue or virtuous and a source of dignity.

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Organizational ethics can strongly influence the evaluation of individual behavior and performance.

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Corporate codes of conduct on the other hand also represent an effort to specify behavior that the company does or does not sanction. So, when you join an organization you have personal values and ethics and also the corporate code of conducts and some kind of a matching has to be there in order to have the best performance.

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Yes do you have personal values? All of you have personal values. Yes, so come to the engineering ethics infact you know engineering ethics are is nothing really very special about engineers but, since many authors have tried to explain a set in specific areas of professional ethics as engineering ethics. I thought I will discuss that once again.

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So, the engineering ethics are the professional ethics however, there is close linkage between personal ethics and professional ethics and once desire to be an ethical engineer is part of one's desire to be an ethical person. So first you have to be an ethical person only then you can become an ethical engineer or ethical professional or ethical manager.

Yes, and we have seen that how the whole idea of values and ethics you know starts in of from the beginning of your life that we have discussed earlier. And then you know you come to the place of work. So these are very close linkage.
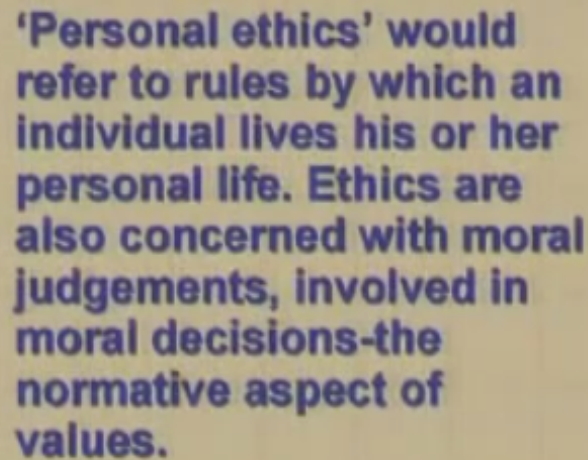
The important meaning given to the principle of conduct governing and individual or a group are definition of ethics given by some author say Velasquez.

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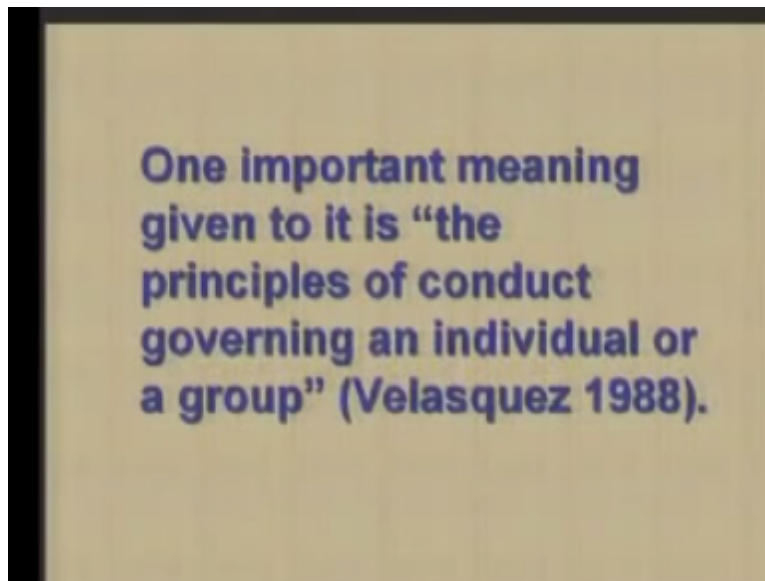
'Personal ethics' would refer to rules by which an individual lives his or her on personal life. Ethics are also concerned with moral judgements, involved in moral decisions-the normative aspect of values if you can save. So the are close linkage between values and ethics and in fact many authors would say that this is a type of value or this is a normative aspect of values.
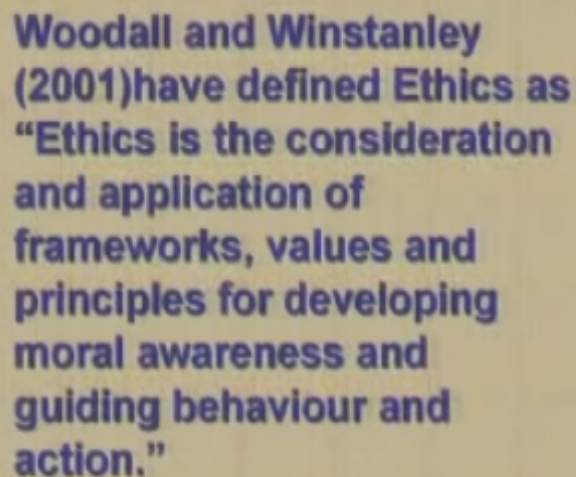
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'Personal ethics' would refer to rules by which an individual lives his or her personal life. Ethics are also concerned with moral judgements, involved in moral decisions-the normative aspect of values.

Yes, we have also discussed about Woodall and Winstanley earlier they have defined in fact this may be once again I am talking about the same authors defined Ethics as "Ethics as a consideration and application of framework, values and principles for developing moral awareness and guiding behavior and action."

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Woodall and Winstanley (2001)have defined Ethics as "Ethics is the consideration and application of frameworks, values and principles for developing moral awareness and guiding behaviour and action."

This state that an individual level ethics you know provide guide lines for the judgement and the conduct when the person faces moral dilemma. All of us face moral dilemma in or lives at turns and dilemma and certain choices so, you have whether to do this or that and you have to decide between the two and sometimes this choices might result into certain moral dilemmas. Okay, and based on your personal ethics perhaps you will then decide. So while they moral a persons

intuitive and perhaps unexamined stance may be okay, which may be outside an individual are the conscious awareness.

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The state that at the individual level ethics provide guidelines for an judgment and conduct when the person faces moral dilemmas and choices, while morals are a person's "intuitive and unexamined stance" which may be outside a persons' conscious awareness.
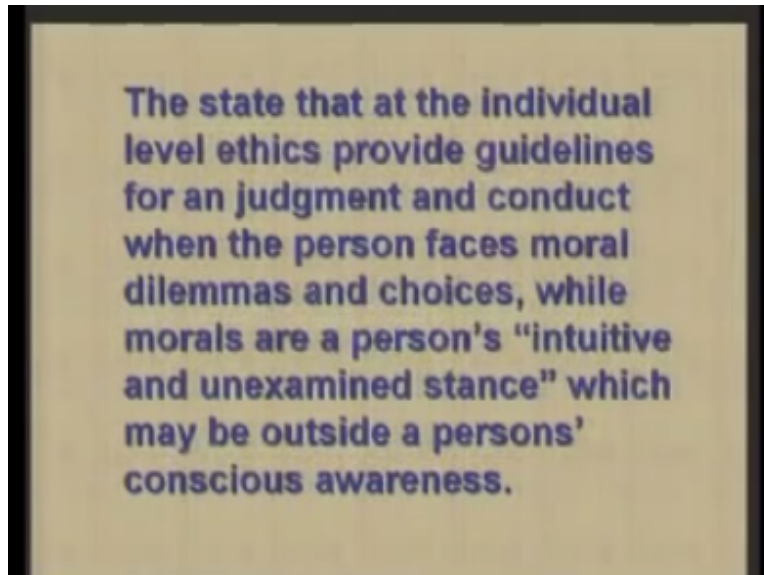
At times we also find that at the same time as a collective level of ethics collective level when we say as a group it is this represents the values enshrined in rules and the codes of practices guiding or behavior and they underlie the professional and organizational life that we have.

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At the same time at the collective level ethics represent the "values enshrined in rules" and the codes of practice guiding behaviour and they underlie professional and organizational life.
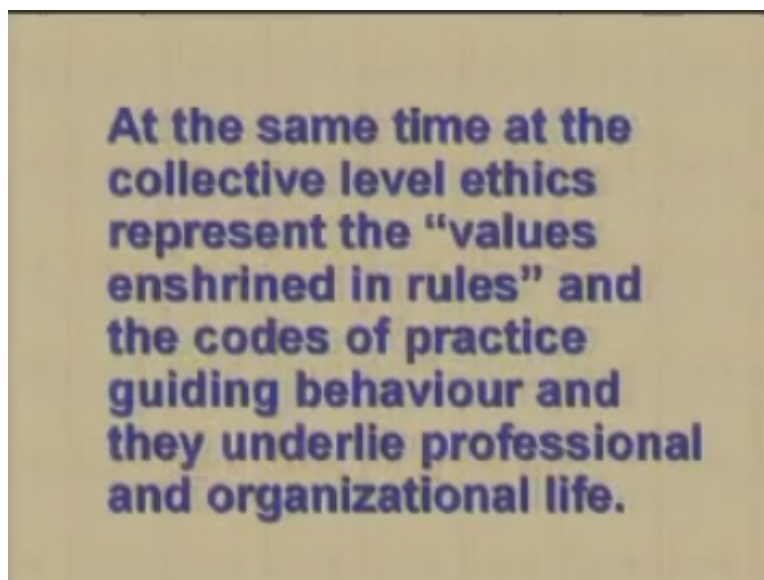
In other words what I am trying to emphasize and perhaps repeat again and again that values and ethics are important aspects of an organizational functioning and important aspects of managerial

role and so whether you like it or no we have to understand that how values actually make impact on our organizational functioning because then in turn you know it has its impact on overall organizational performance. This we have discussed already in the beginning in some of the lectures.

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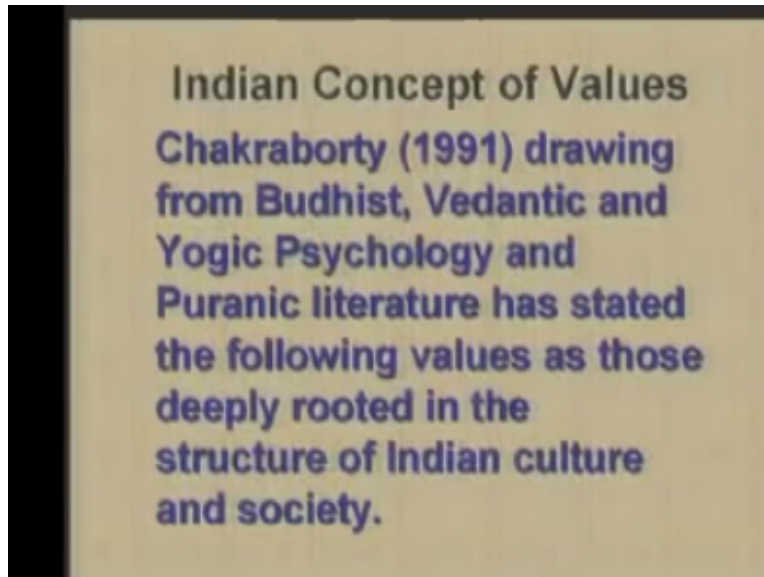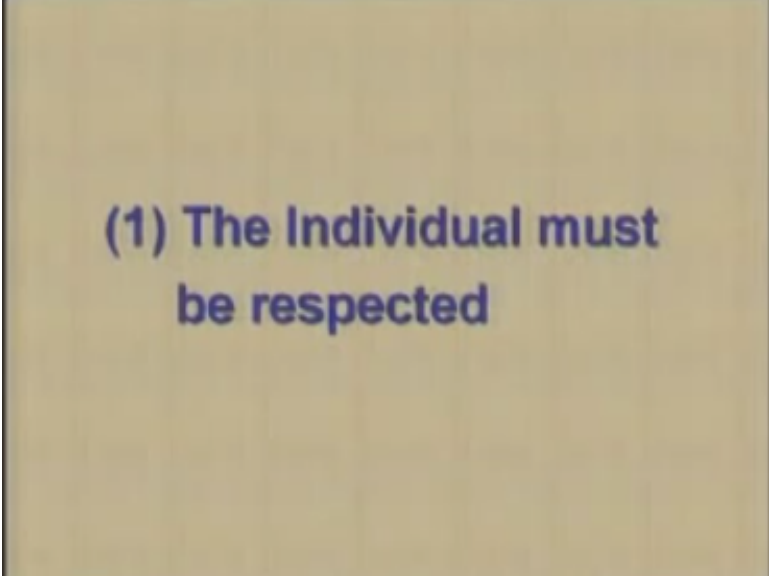
So, some of the Indian concept of values also I would like to share here and then may be we will discuss in about one of the studies that we have also conducted.

Charkraborty he has given you know lot of researches and lot of ideas on values and drawing on the Buddhist vedantic and Yogic psychology and the Puranic literature he has stated that the values are those deeply rooted in the structure of Indian culture and society. Now we trying to also look at the Indian culture, Indian organization, Indian society and how values become important in our organizations too.

So according to his studies there are number of factors some of these I am listing here,
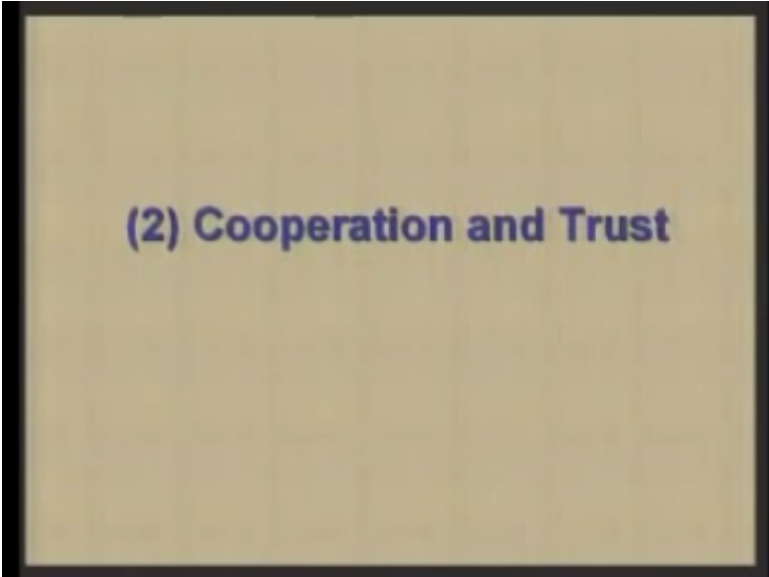
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And the first one is that the individual must be respected.
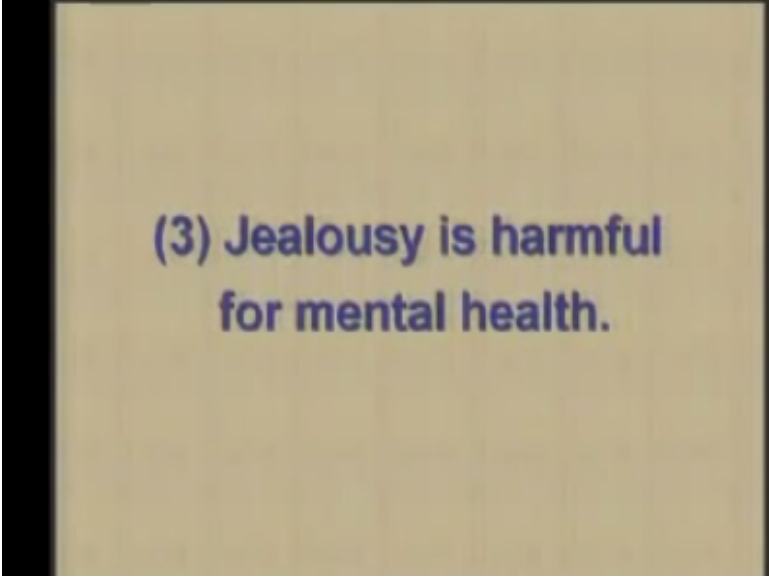
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Then must be cooperation and trust,
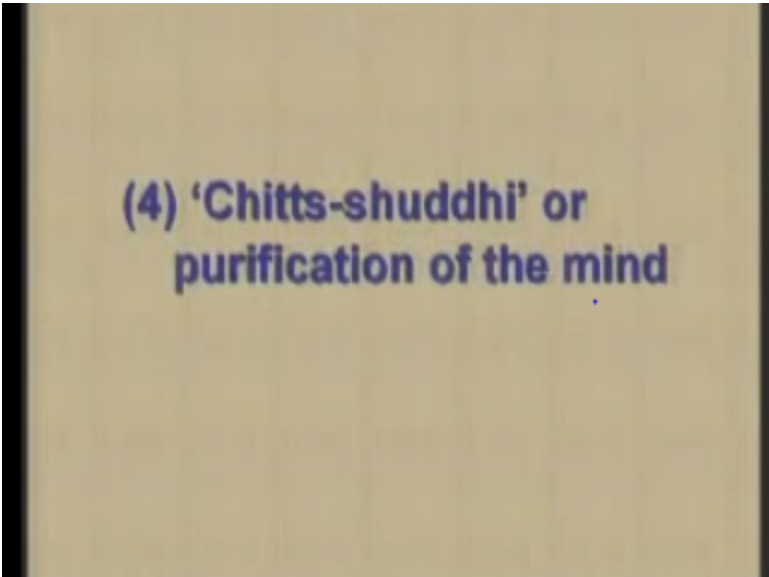
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(3) Jealousy is harmful for mental health.

Jealousy is harmful for mental health. Even though as we have seen in our discussion on equity theory in our chapter on motivation that always there is a comparison process going on and this comparison social comparison process going on also in organizations and many at you know there may be an outcome of that you know as a jealousy which is very harmful for the mental health of employees.

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(4) 'Chitts-shuddhi' or purification of the mind

Chitts-suddhi and purification of mind is important .

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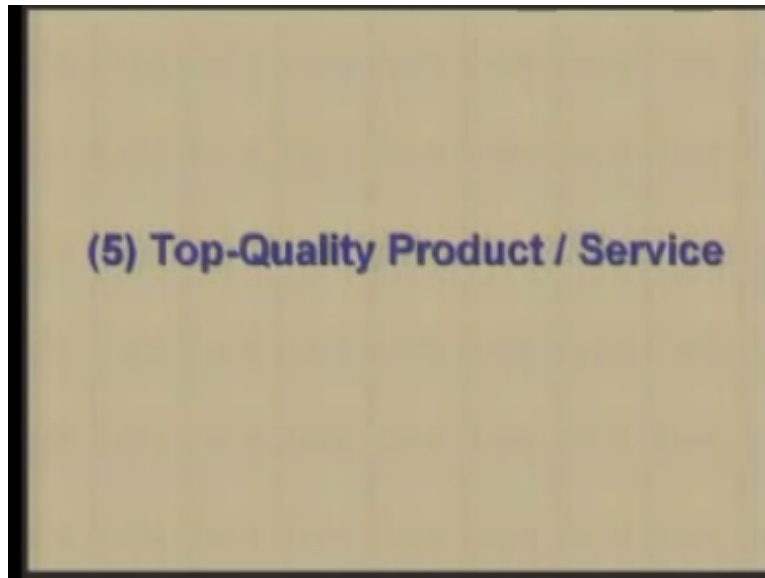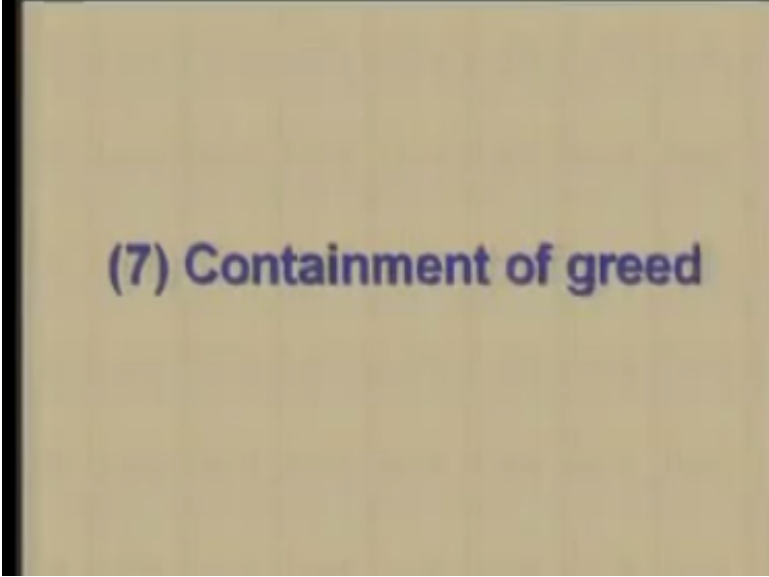
Top quality product and services.

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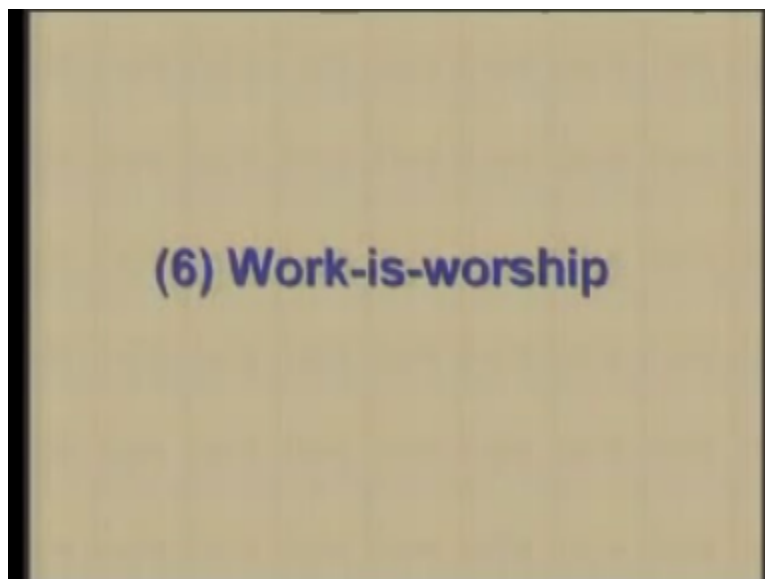
Work is worship that work is worship. That we have to take you know as a set of a philosophy or a guiding principle for us, only then we can really work very you can say successfully in organizations.
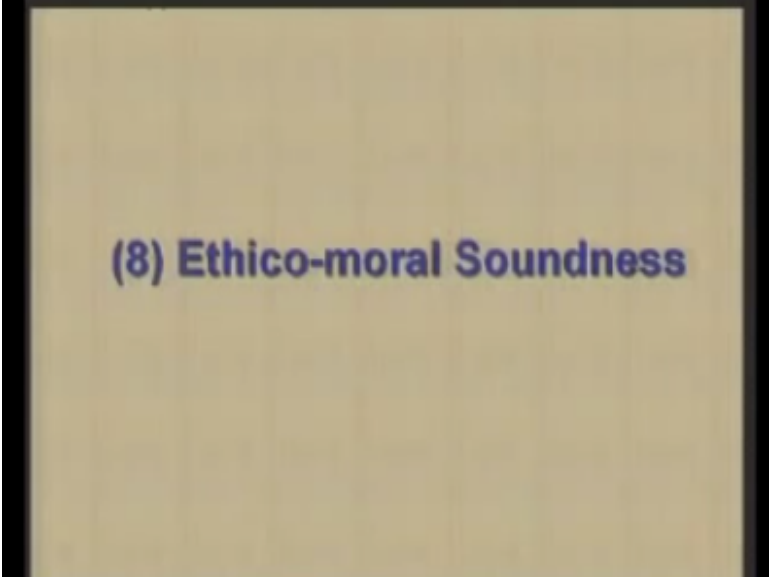
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So, containment of greed is yet another factor,
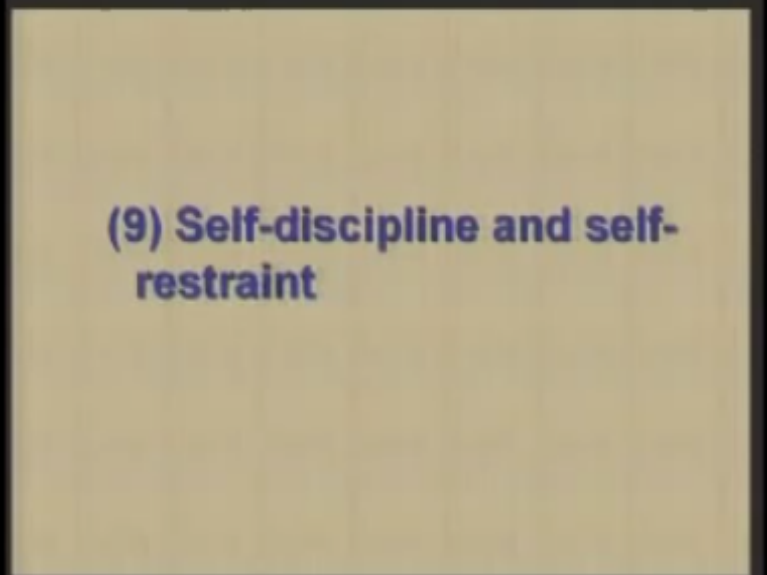
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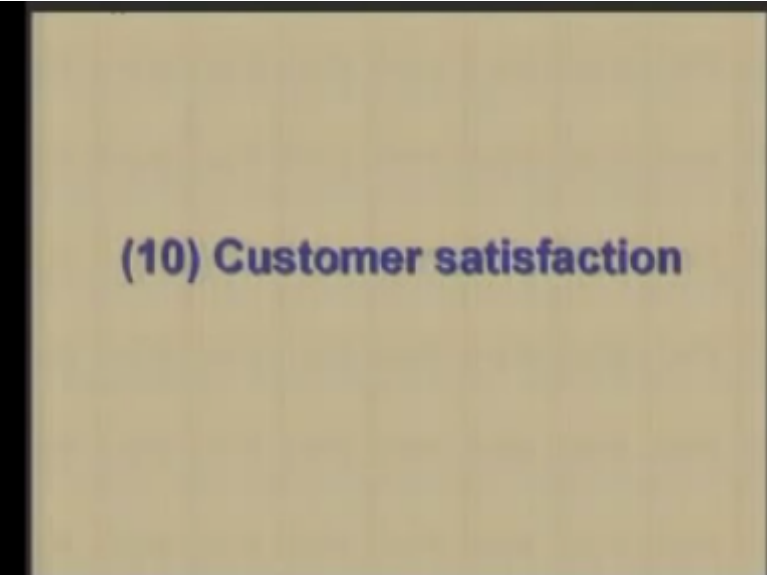
Ethico moral soundness,

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Self discipline and self restraint,

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Customer satisfaction,

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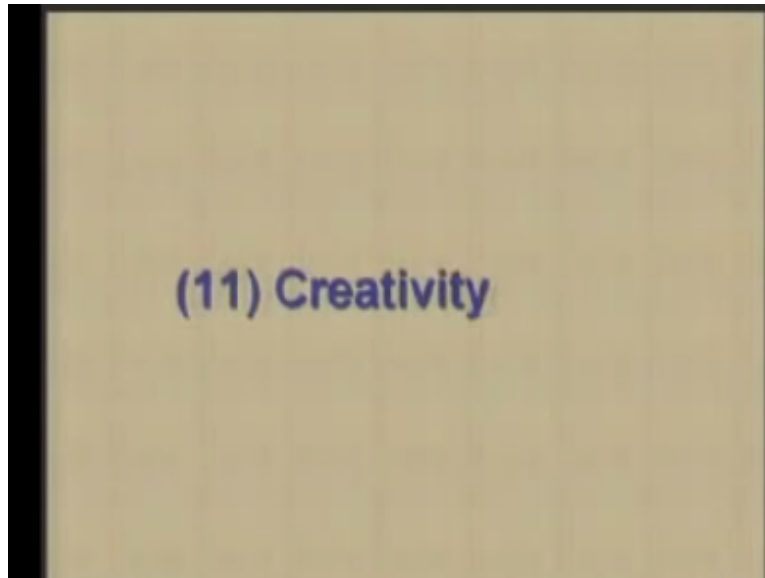
Creativity,

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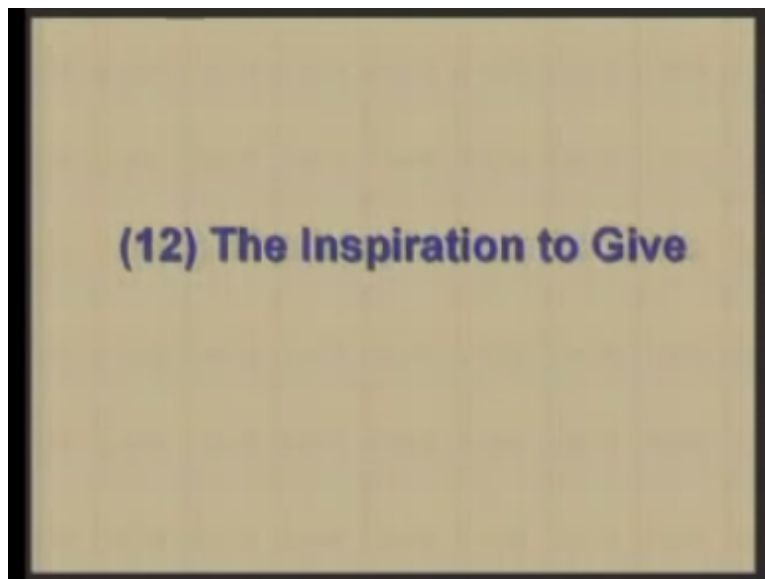
The inspiration from various scriptures so inspirations to give,

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(13) Renunciation and Detachment
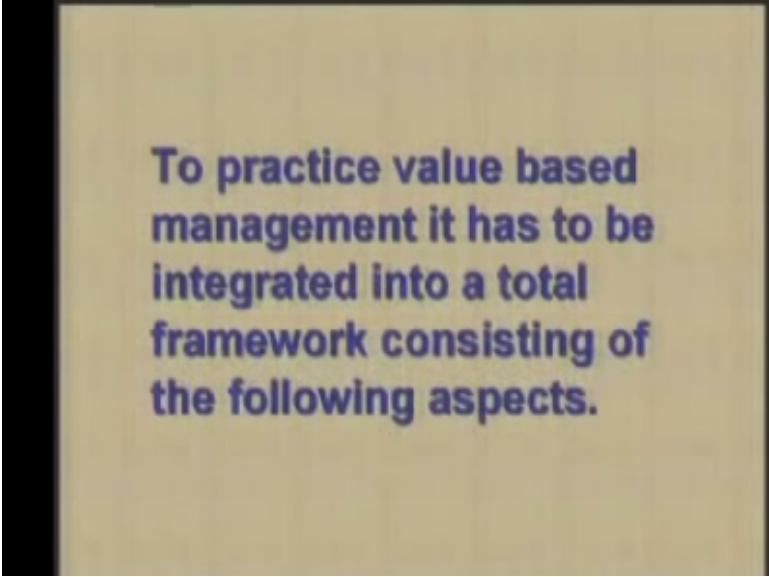
Renunciation and detachment. So that was the explanation given by chakraborty in his writings and that has implications for managers to become really successful and organizations to become very we can say effective if we practice that.

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Indian Perspective of Values for Management

According to Siva Kumar and Rao (1996) Manusmriti provides a total model for value based management for modern organizations.

Then, Indian perspective of values for management, this also comes from many other writings and many other authors so let me few more views, according Siva Kumar and Rao that was one these studies Manusmriti provides a total model for value based management for modern organizations.
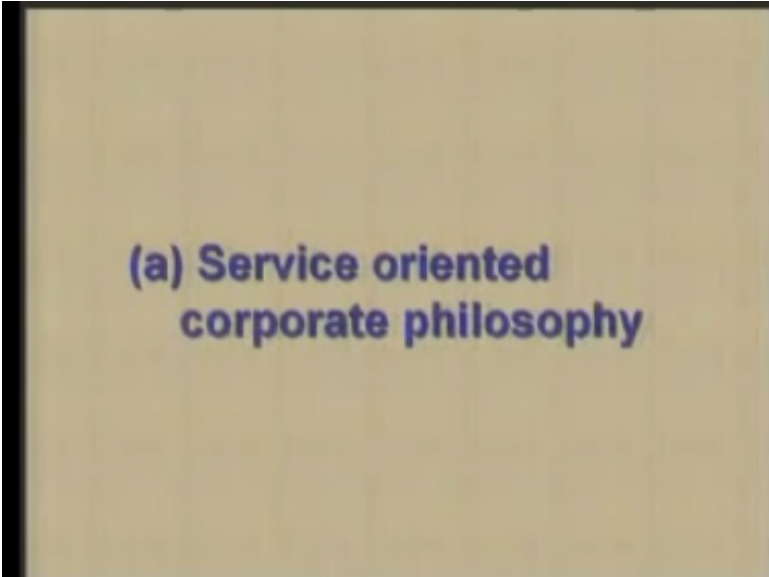
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To practice value based management it has to be integrated into a total framework consisting of some of the following aspects that I am going to discuss,
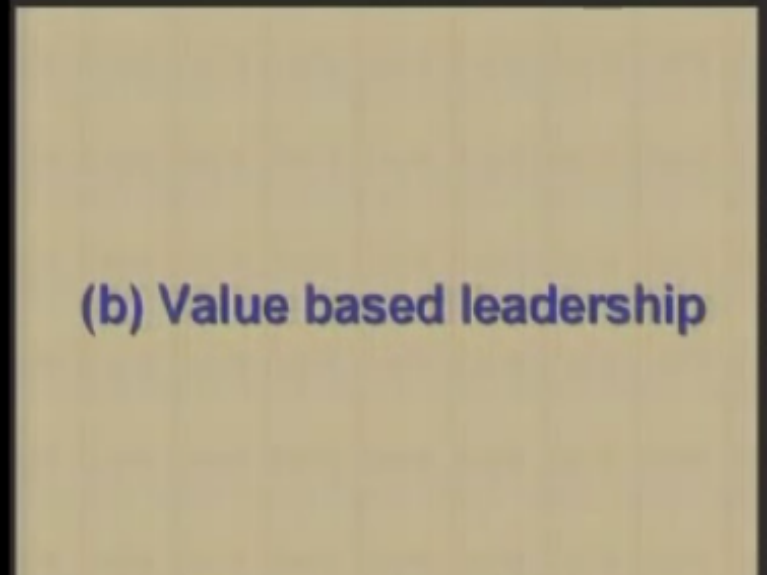
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Service oriented corporate philosophy,

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Value based leadership,

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Ethics corporate cultures

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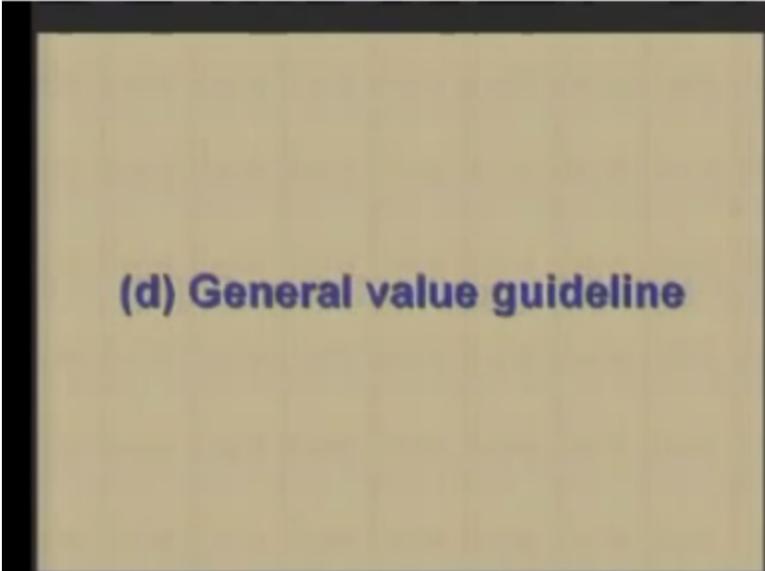
General value guideline.

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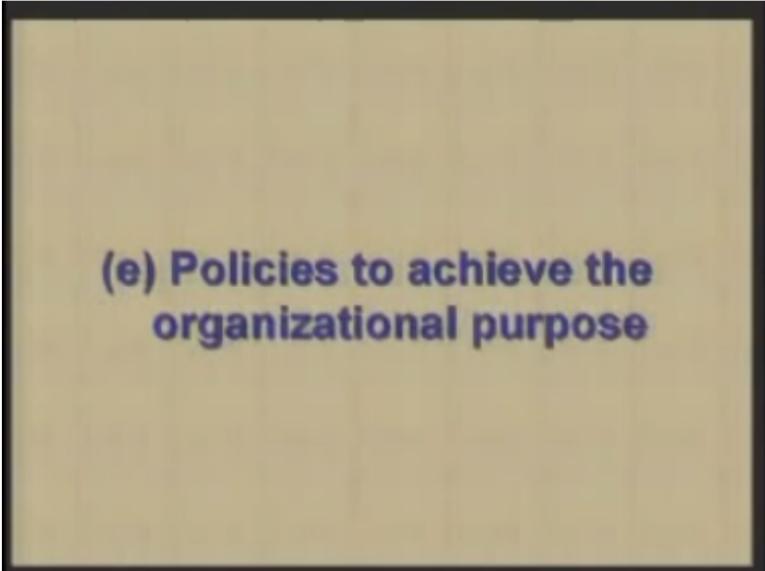
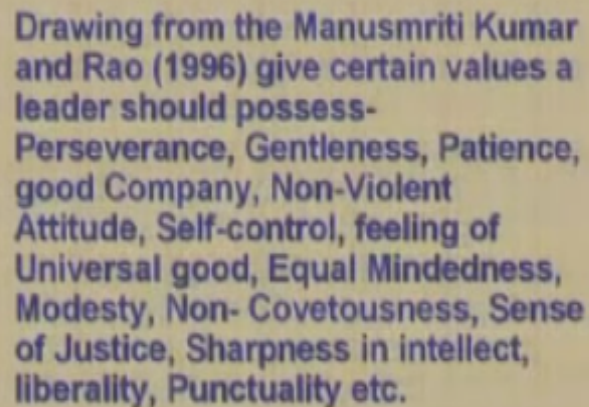Policies to achieve the organizational purpose

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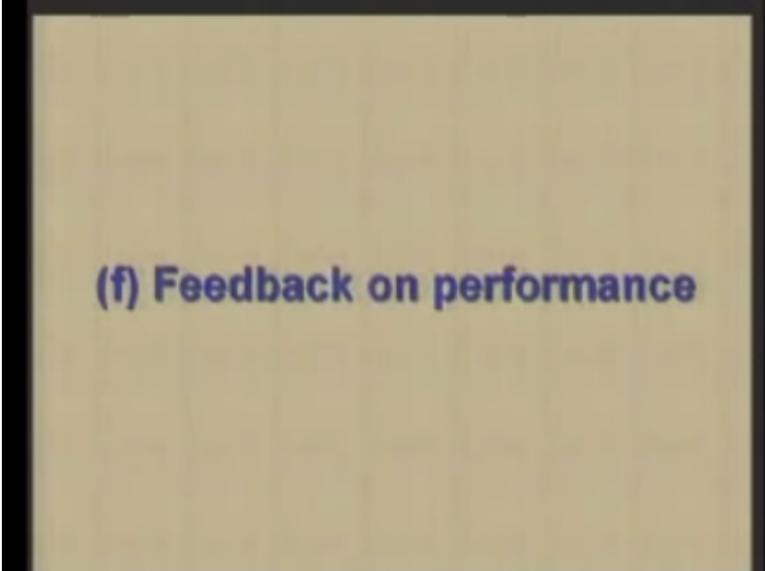
(f) Feedback on performance

Feedback on performance

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Drawing from the Manusmriti Kumar and Rao (1996) give certain values a leader should possess- Perseverance, Gentleness, Patience, good Company, Non-Violent Attitude, Self-control, feeling of Universal good, Equal Mindedness, Modesty, Non- Covetousness, Sense of Justice, Sharpness in intellect, liberality, Punctuality etc.

So manusmrithi, Kumar and Rao have given certain values which leaders should possess so these are some of the perseverance, gentleness, patiences, good company, non violent attitude, self control, feeling of universal good, equal mindedness, modesty, sense of justice, sharpness in intellect and being liberal and also punctuality.

They have listed in their writing if we analysis each one of these values we can see that if we want to really become a successful, if a manager really wants to become effective manager he should try to practice some of these values.

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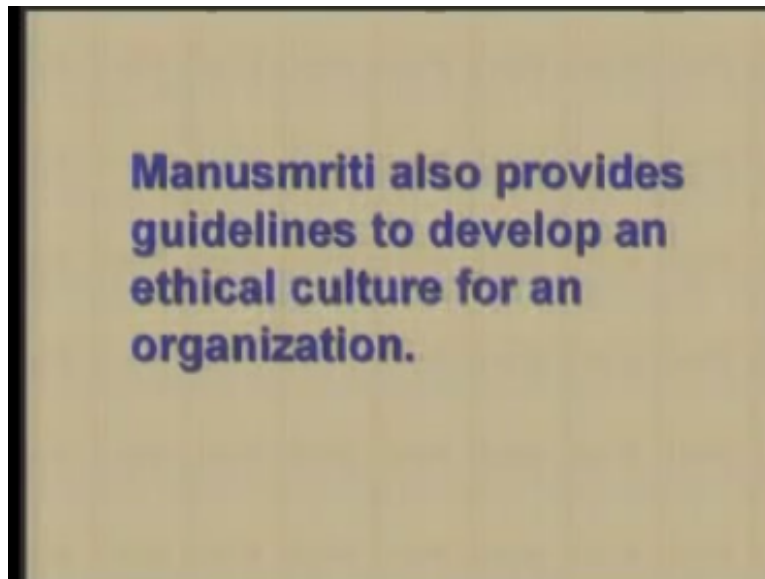
So Manusmriti have discussed also provides guidelines to develop an ethical culture for an organization. So on one hand they are talking about the ethical manager, the practices perhaps he could use and also the ethical organizations.

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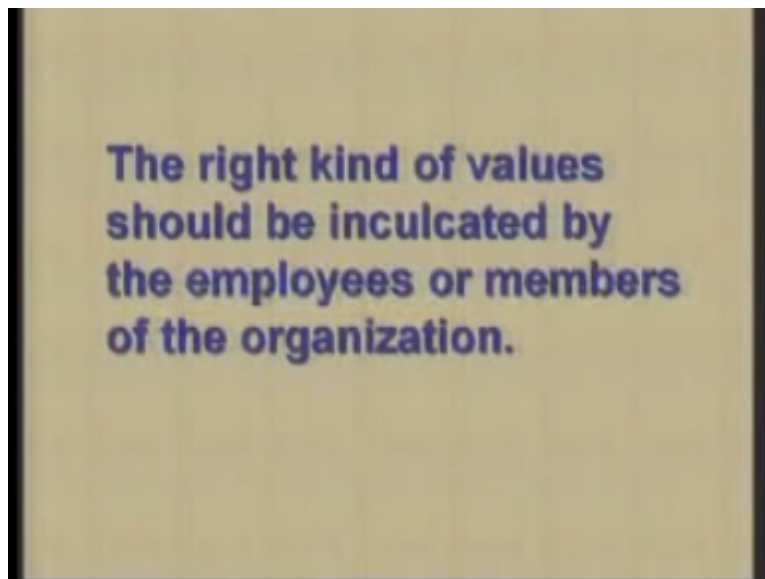
The right kind of values should be inculcated by the employee or members of the organization.

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These values are of wisdom, loyalty, honesty, skll, bravery, righteousness, gratitude, perservance and also the top management should appoint officials of high integrity, wisdom, skill, and experience.

So that means there is an implication that when we are trying to do selection and recruitment and we are trying to do job design and we have to see some of these values because these are the implication for the best performance.
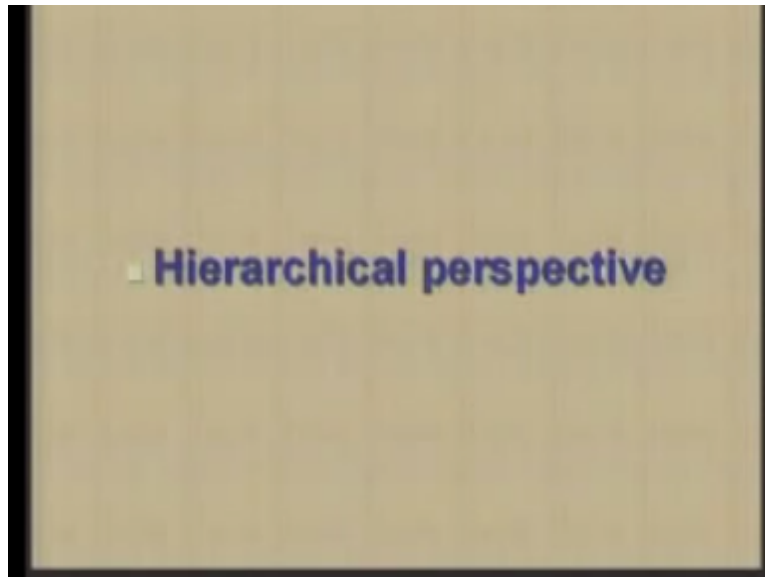
So what could integrate that into the whole process of selection and recruitment at various levels. So another study which I have picked up is,
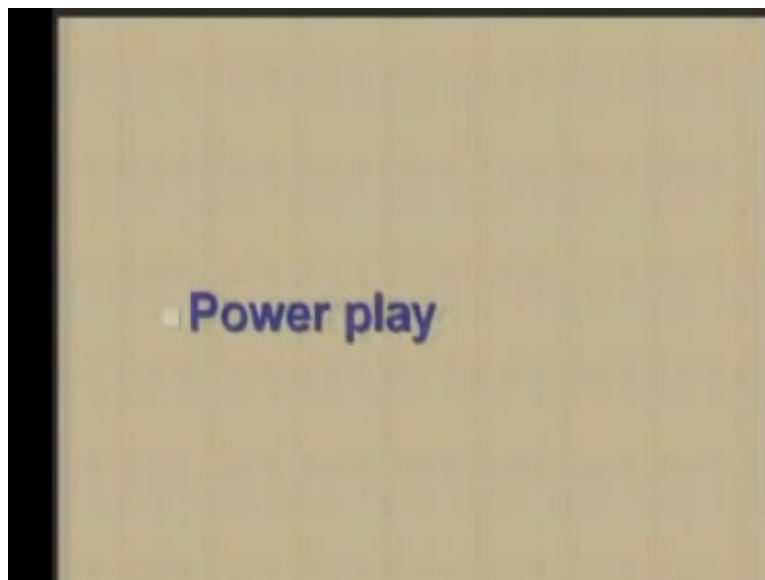
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Sinha and sinha have given a variety of values relevant for organizational effectiveness. The important values are given below.
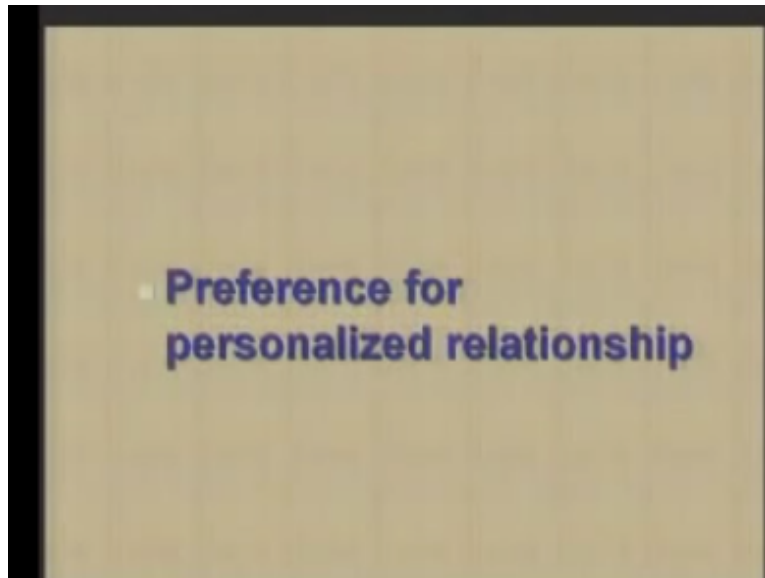
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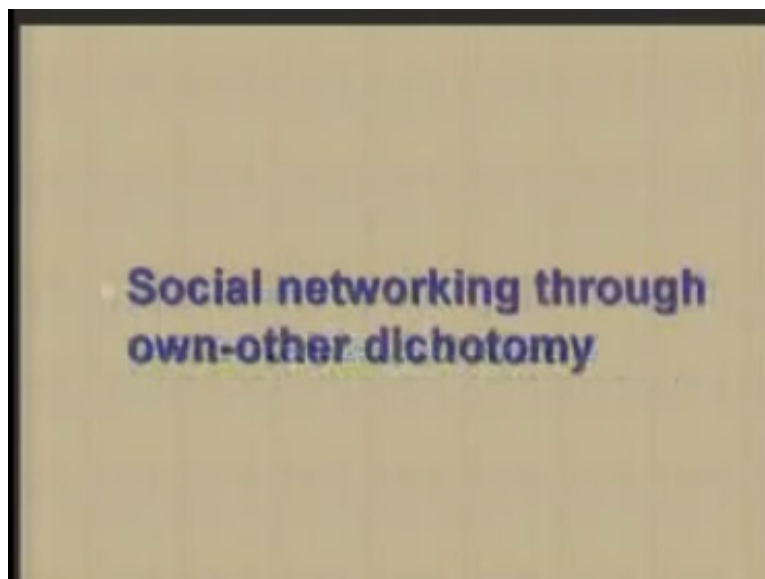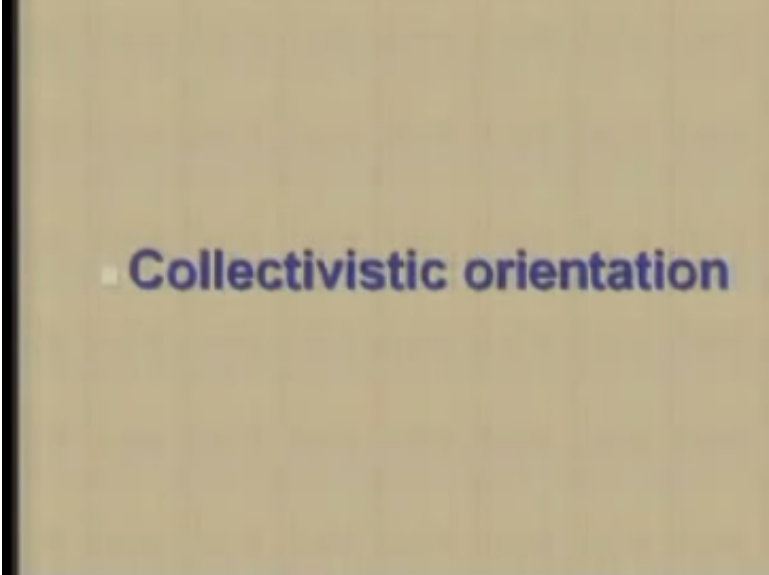Hierarchical perspective

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Power ply

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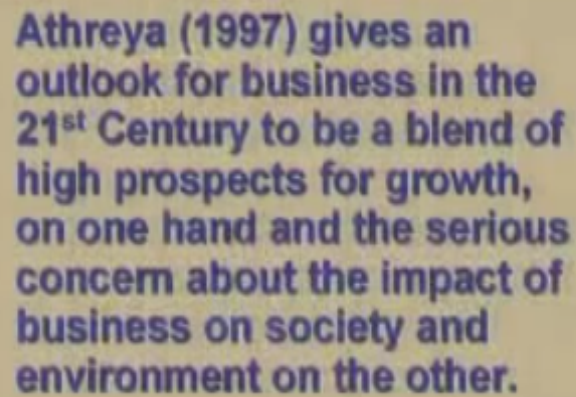Preference for personalized relationshis,

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Social networking through own-other dichotomy that you have

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Collectivistic orientation, in our last lecture we were discussing about hoffsteds and did talked about the collectivistic orientation in that chapter

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Athreya gives an outlook for business in the 21st century to be blend of high prospects for growth, on one hand and the serious concern about the impact of business on society and environment on the other.

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Athreya (1997) states to meet the expectations of the numerous stakeholders the organization should follow certain values from old Indian philosophical tradition. These Values are Dharma, Lok Sangraha, Kausalam, Vividhata, Jigyasa.

So he has related these, so Athreya states that to meet the expectations of the number of stakeholders the organization should follow certain values from whole Indian philosophical tradition. These values are the values done by Dharma, Lok Sangraha, Kausalam, Vividhata, Jigyasa.

These are coming from our traditional writings and so the four objective in the following ethical orders are here

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(1) Dharma

(2) Artha

(3) Kama

(4) Moksha
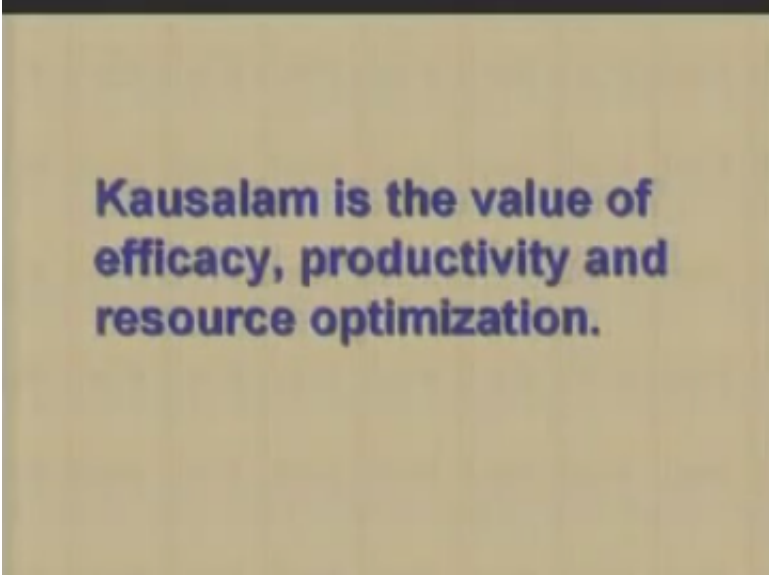
Dharma comes from first and Artha, kama, Moksha.

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Lok Sangraha emphasizes that powerful individuals should work not just for private gain but also for public good. There are four positions in the spectrum in increasing order of nobility. The meanest posture is the pursuit of swartha, pure private profit. The next is swartha-parartha, while seeking ones own gain also catering to the welfare of the others. The next better posture is parartha-swarths, serving others and deriving deserved gains from such service. The noblest approach is parartha, pure service of others.

Lok Sangraha emphasizes that powerful individuals should work not just for private gain but also for public good in terms of work and in terms of goals so these are important. These are four position in the spectrum in increasing order of nobility.

You can see that what are the position are emphasizes by Parthasarathi and by many others in the Indian literature which I am showing you as a caption. So may be if you are interested you can make it short notes on these, if you are interested you can talk about these, so
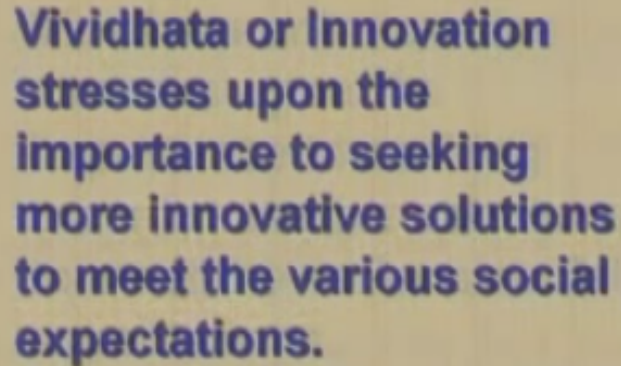
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Kausalam is a value in which the efficacy, productivity and resource optimization is emphasized.
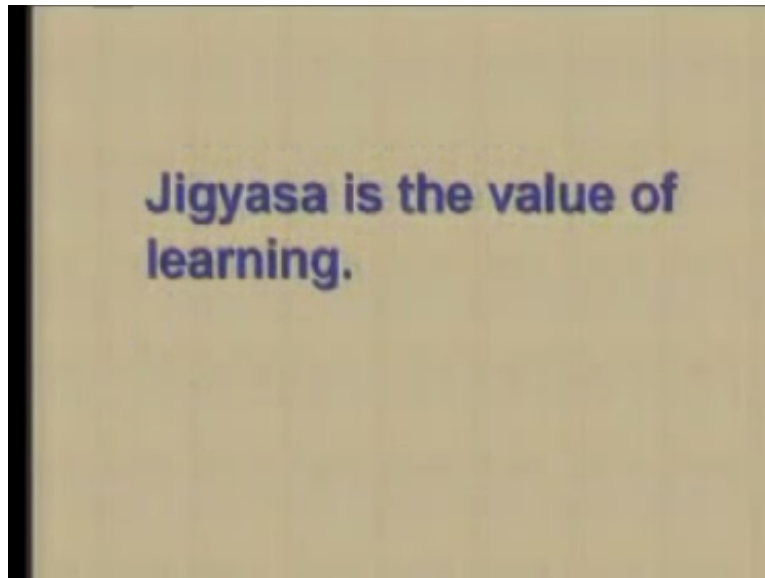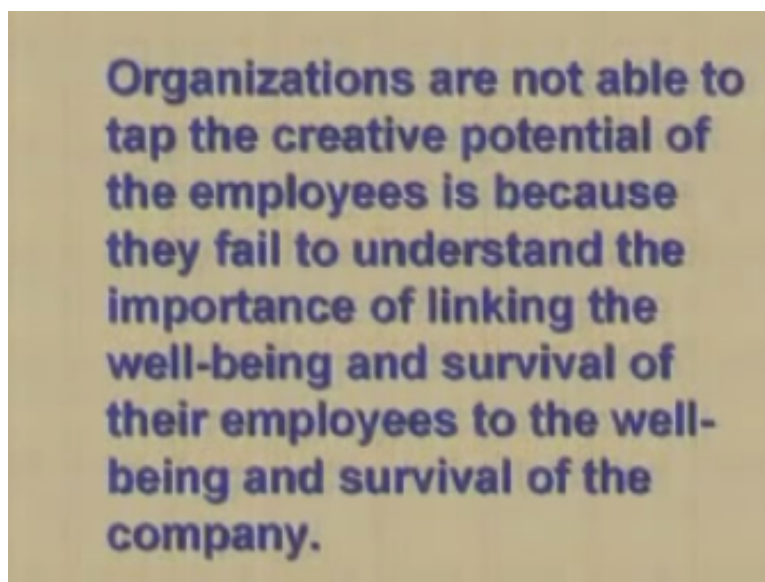
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Vividhata refers to innovation stresses upon the importance to seeking more innovative solutions to meet the various social expectations.

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Jigyasa is the value for learning.

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So, when we are talking about organization in the terms of the traditional values, these are coming from the Indian traditional, they are simultaneously we are not able to tap the creative potential for all the employee this is because they fail to understand the importance of making he well being of employee and the well being and survival organization.

We have discussed that the individual and organizational values must actually match each other in order to make a very successful company, in fact many of you must have discussed and known about the theory by Ogres, who have talked about matching of the individual and organizational needs. Yes, one of the theories' which we have also based upon in the beginning of the course.

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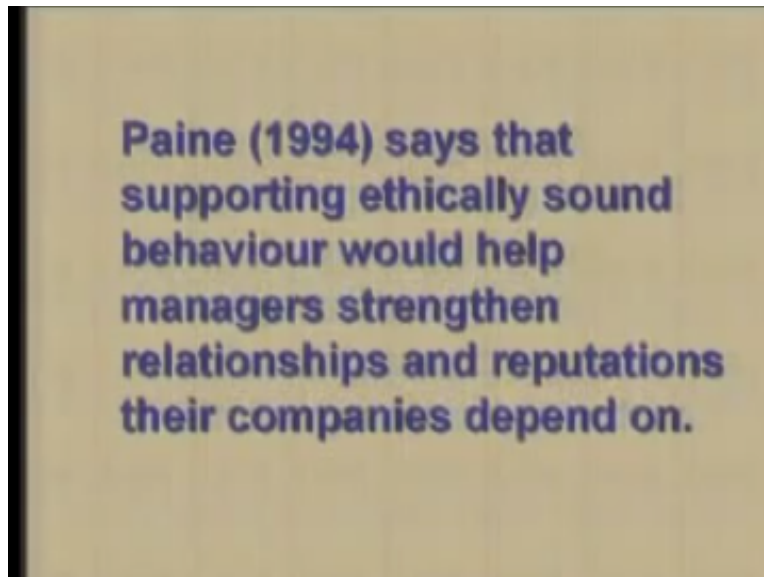
So, we move on to Paine's explanation who says that supporting ethically sound behavior should help managers strengthen the relationships and reputations of their companies and will depend on these, the ethical behavior of their managers .
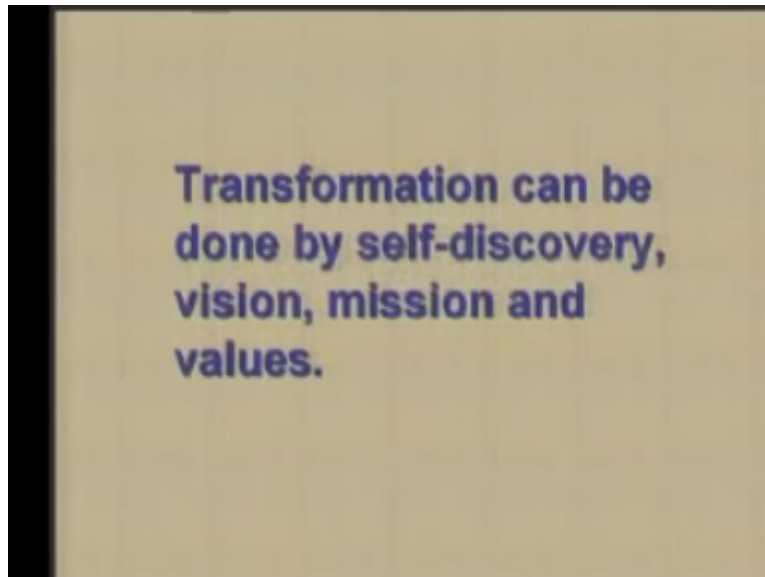
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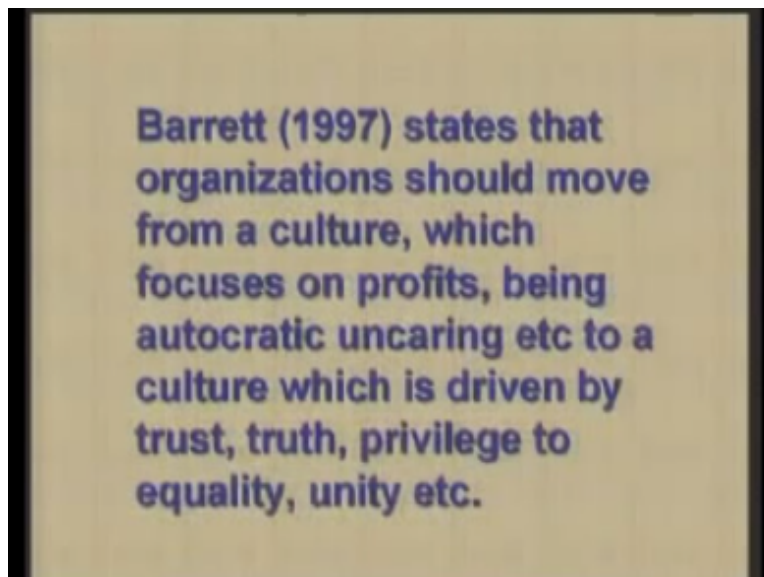
And then, Barrett has taught about the organizations should move from a culture, which focuses on profits, being autocratic uncaring principle perhaps to a culture and which is driven by trust, truth, privilege to equality, unity etc.

Yes, when we are yes but you can see that there are many authors are talking about many things which are of the equal value sometimes the terminologies may be different but the values are the same what they are trying to communicate to us as the students of managements.

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Transformation can be done by self-discovery, vision, mission and values.

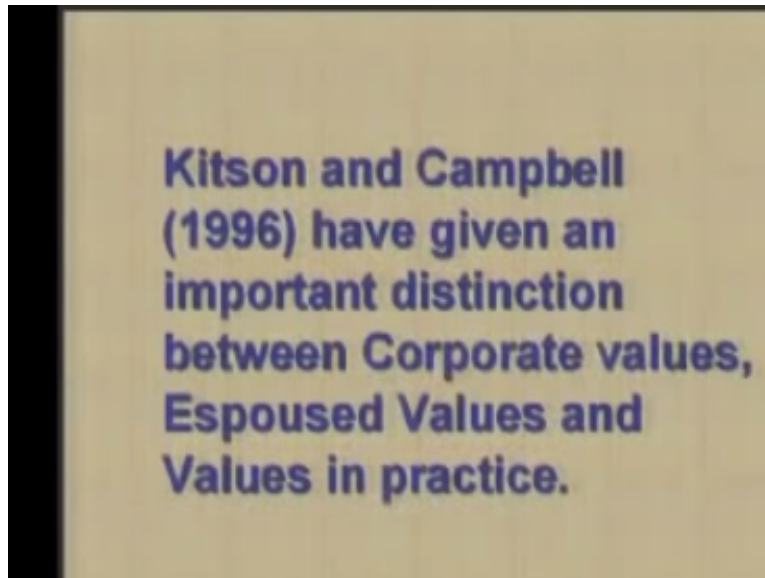 And most of the companies these days you will find are also talking about these concepts,

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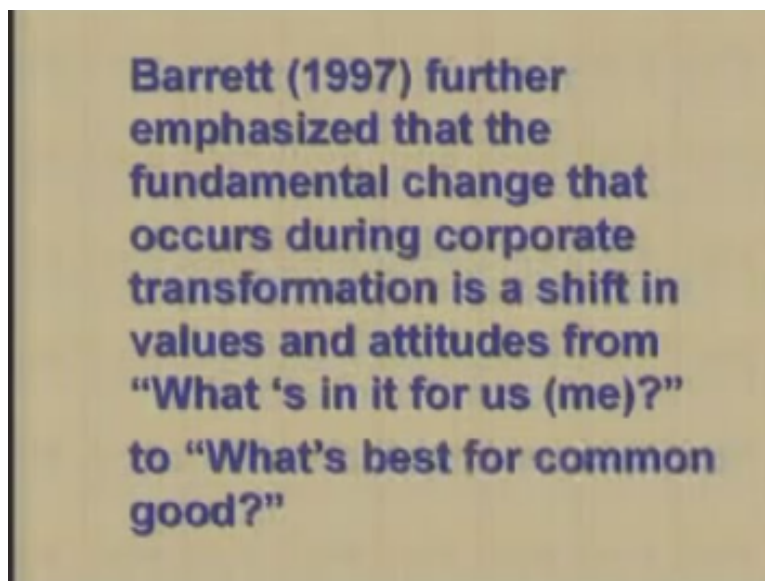
Barrett has further emphasized that the fundamental change that occurs during corporate transformation is a shift in values and attitudes from what it is for us and what is best you know for the common good? We always look at in ours good for me and what is good for others.

So that is the way the dynamics of values perhaps will work.
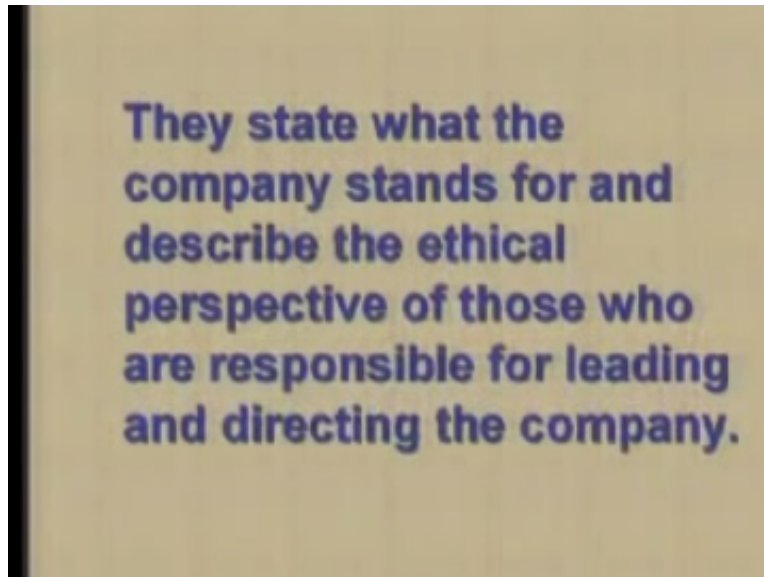
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Kitson and Campbell (1996) have given an important distinction between Corporate values, Espoused Values and Values in practice.

Now we look at the Kitson and Campbell point of you they have given us important distinction between the corporate values and the espoused values in practice.

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Espoused values are those found in company mission statements, codes of ethics or credos.
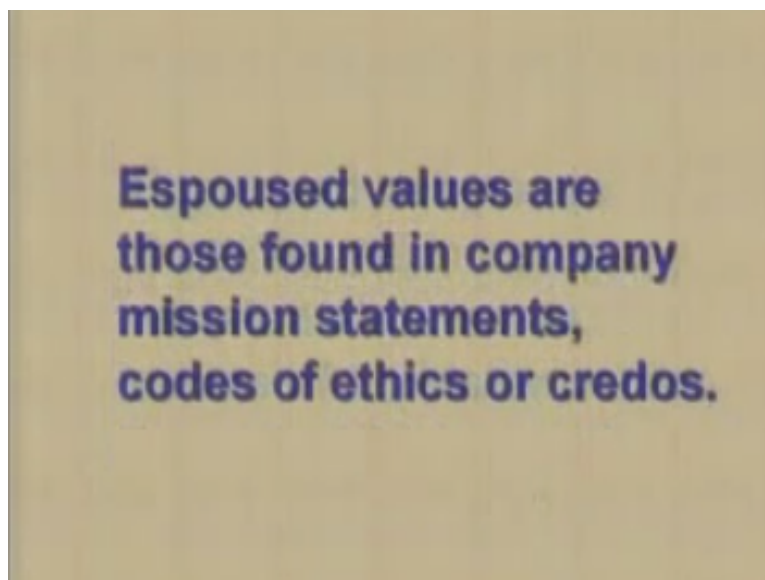
Yes so, let us see what do you understand by this espoused values these are the values which are those in the companies mission statements, and the conduct of and the codes of ethics in organizations.

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They state what the company stands for and describe the ethical perspective of those who are responsible for leading and directing the company.

They state what the company stands for and describe the ethical perspective of these companies and the responsibilities for leading and directing these companies.

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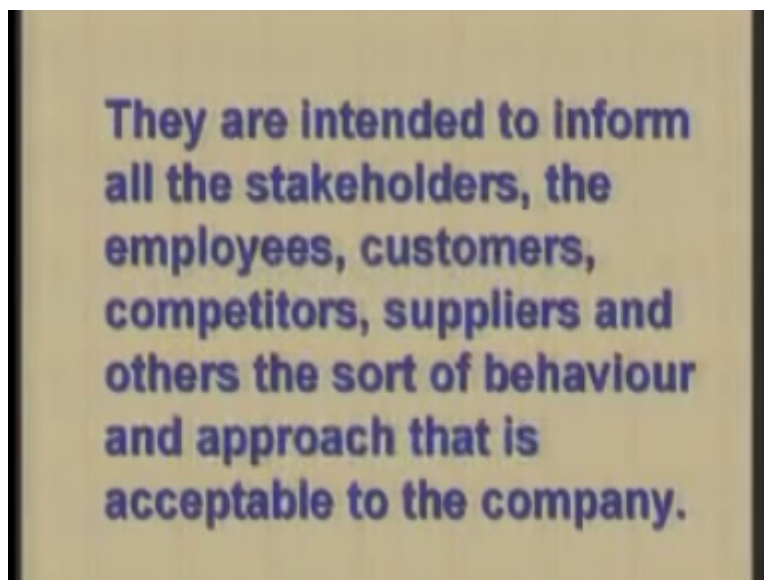
They are intended to inform all the stakeholders, the employees, customers, competitors, suppliers and others the sort of behavior and approach that is acceptable to the company.

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> **Effective policies and procedures should be formed in relation to the appointment, induction, training, remuneration, reward, and other such employee related issues.**
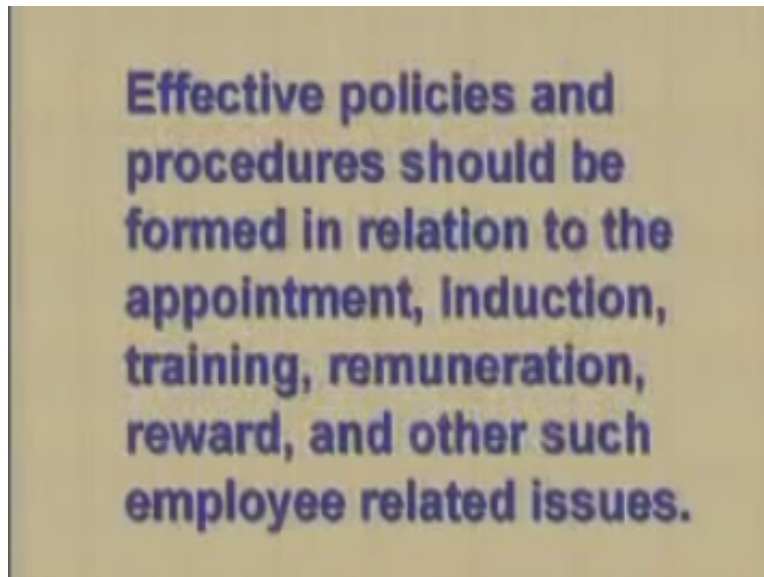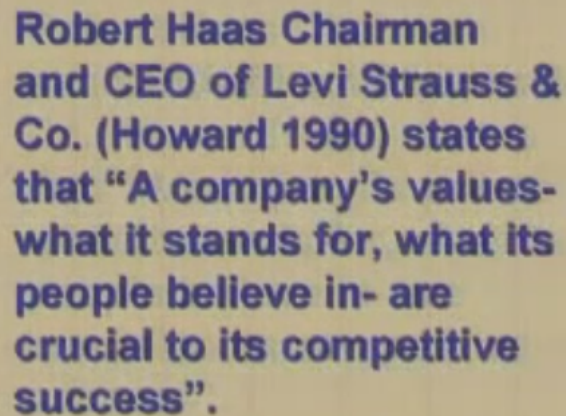
So, the effective policies and procedures should be forms in relation to the appointment, induction, training, remuneration, reward, and all other employee related issue which make our managerial role more effective perhaps and these strategies for managing our organizations. So the manager has to look into this shot while ago I was talking to you about selecting a manager who has in certain kinds of values.

Yes, so when we are talking about these values we will in again you know talk about another professor Hoffman and Goodpaster
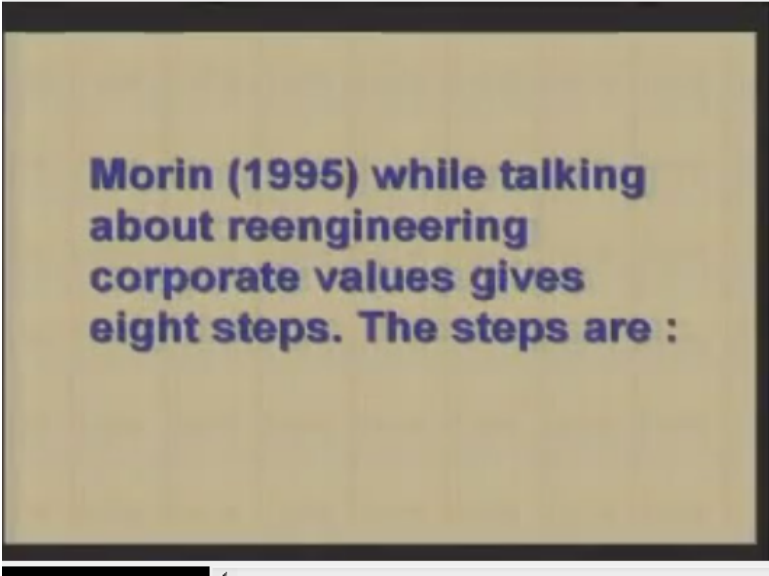
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Robert Haas Chairman and CEO of Levi Strauss & Co. (Howard 1990) states that "A company's values- what it stands for, what its people believe in- are crucial to its competitive success".

So, Robert Hass chairman and CEO of one of the companies, states that the companies values are what it is stands for, what its people believe in and what are crucial to its competitive success. So what company believes in and what people believe in will give you the competitive edge
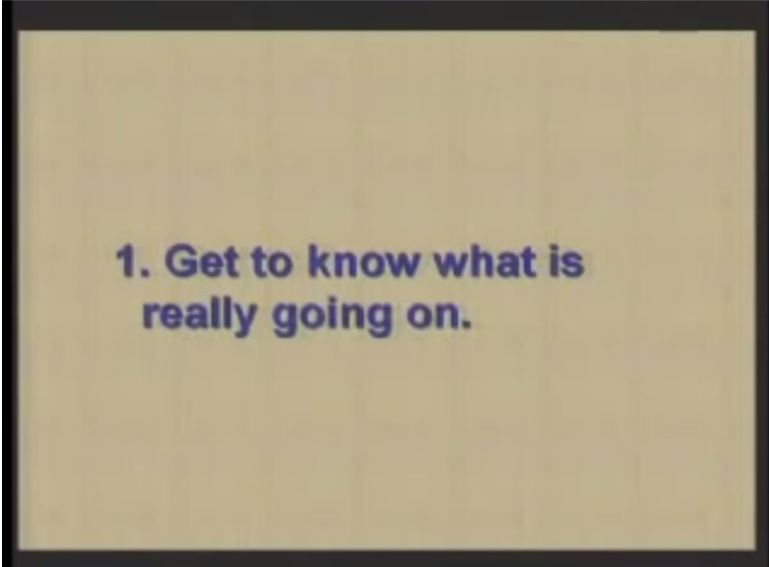
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Morin (1995) while talking about reengineering corporate values gives eight steps. The steps are :

Morin while talking about reengineering corporate values gives eight steps. Reengineering and corporate values, we have talked about the reengineering prospects sometimes you know in the earlier part. Of our course and this steps he has given are get know what is really going on this for the mangers this steps par apes you could deiced for yourself get to know what is really going on.
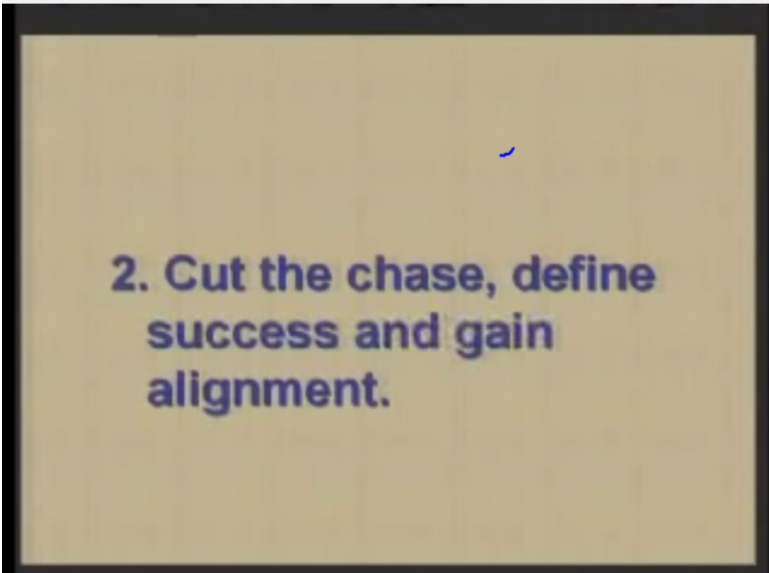
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Get to know what is really going on.
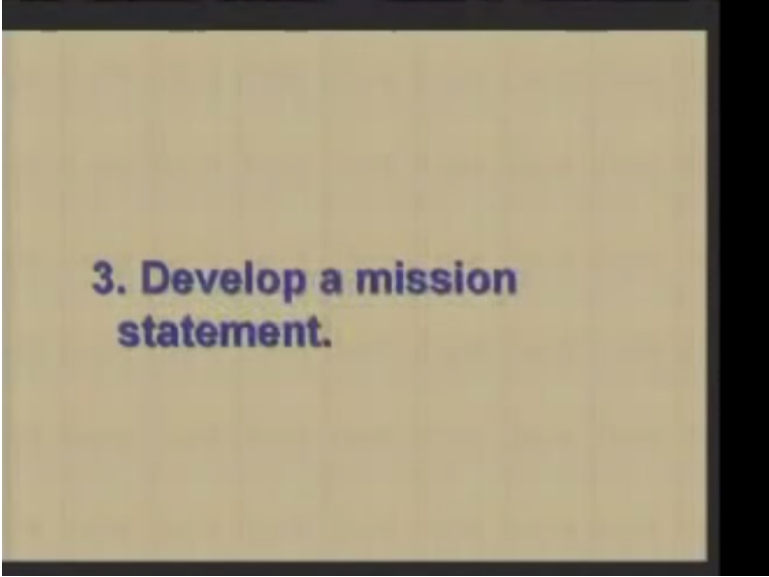
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Cut the chase, define success and gain alignment.
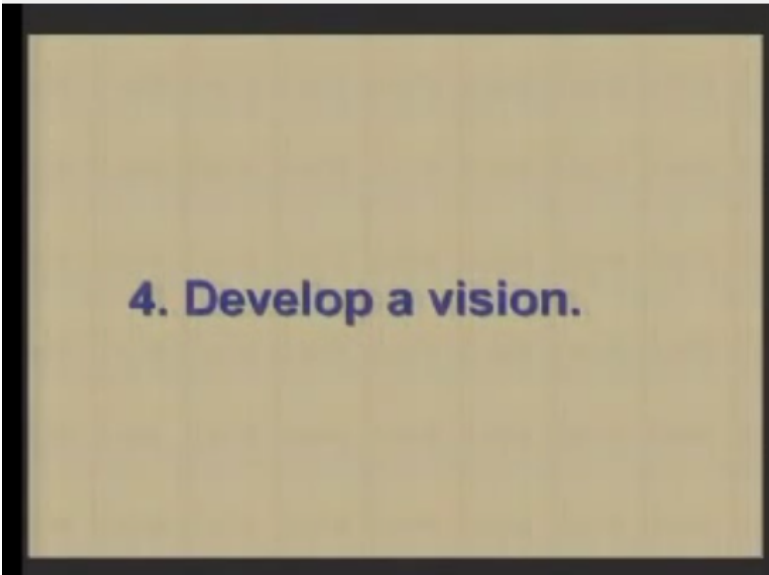
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Develop a mission statement.

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Develop a vision.

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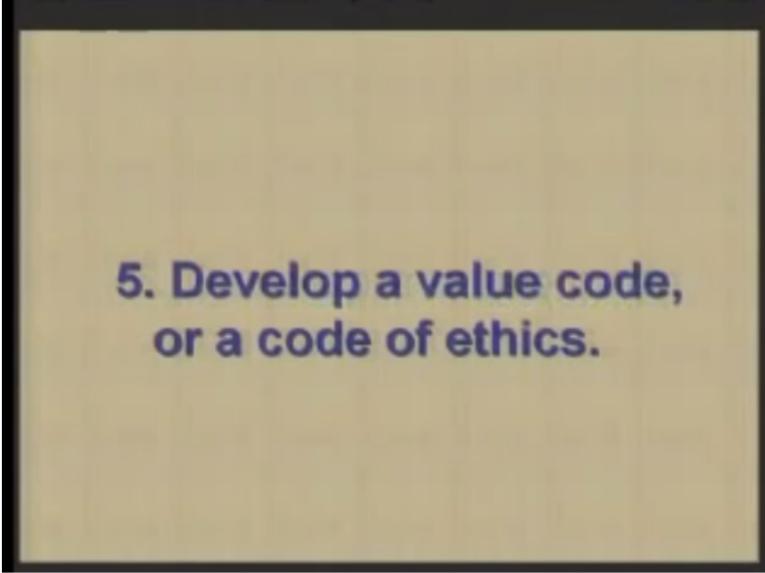
Develop a value code, or a code of ethics.
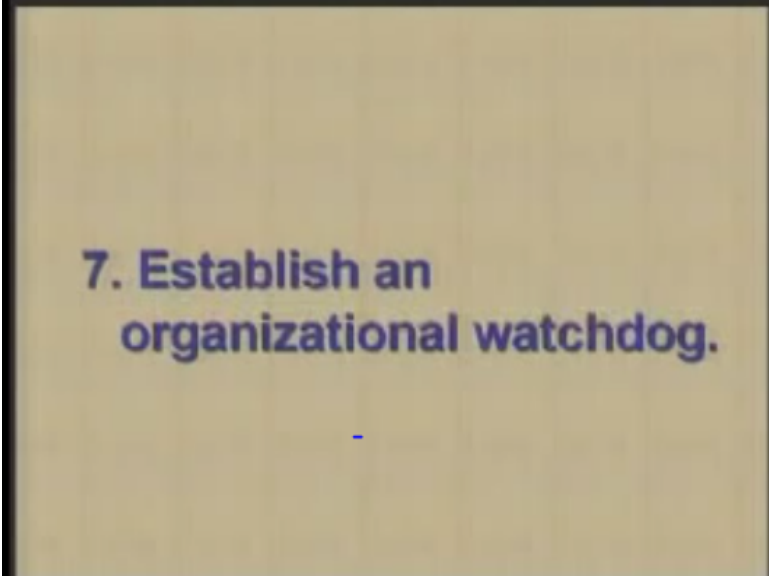
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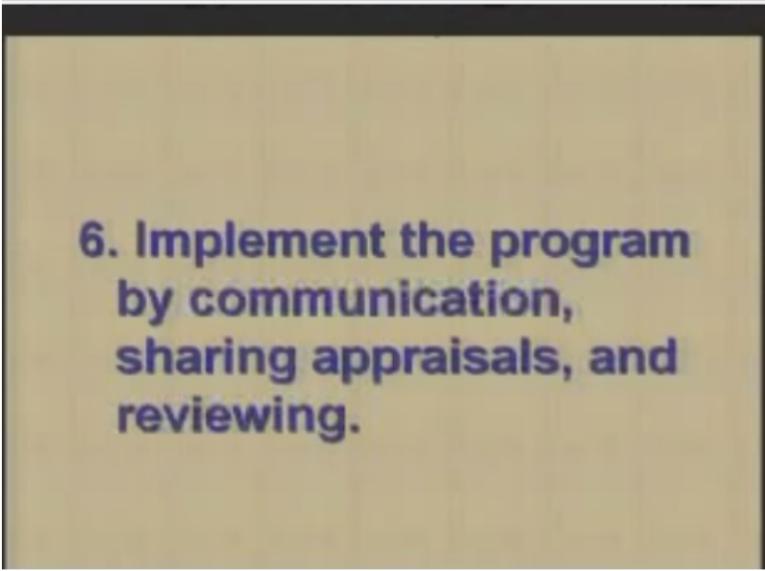
Implement the program by communication, sharing appraisals, and reviwing.
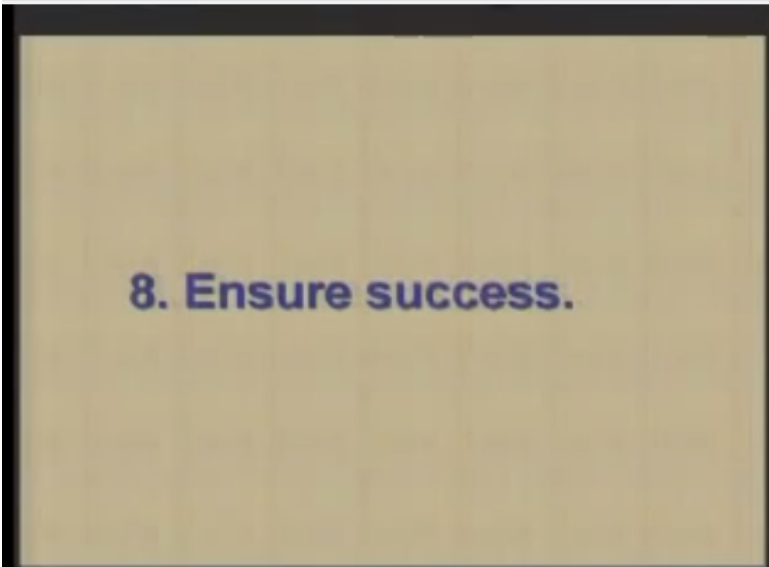
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Establish an organizational watchdog.
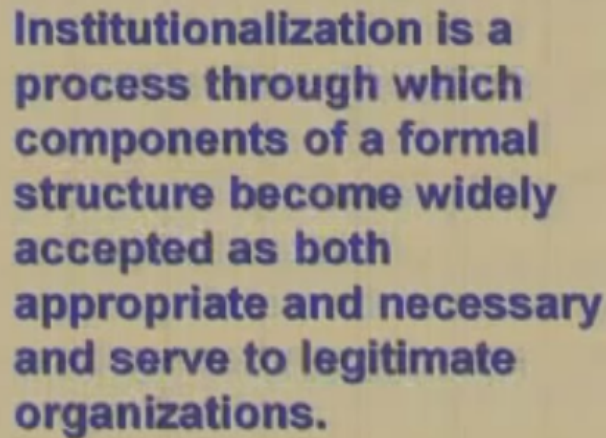
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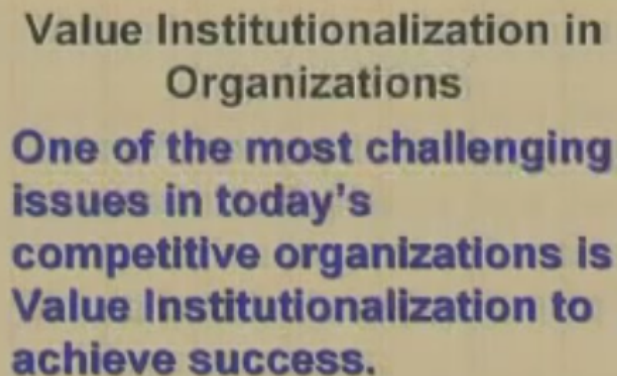See this success also you have to ensure to your values if you decided yes we will get success your likely par apse you no to get success yes,

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So we have to actually institutionalization values some values every employ brings with him or her and then organization has certain values and we have to institutionalization the corporate values which is part of the corporate culture to achieve success
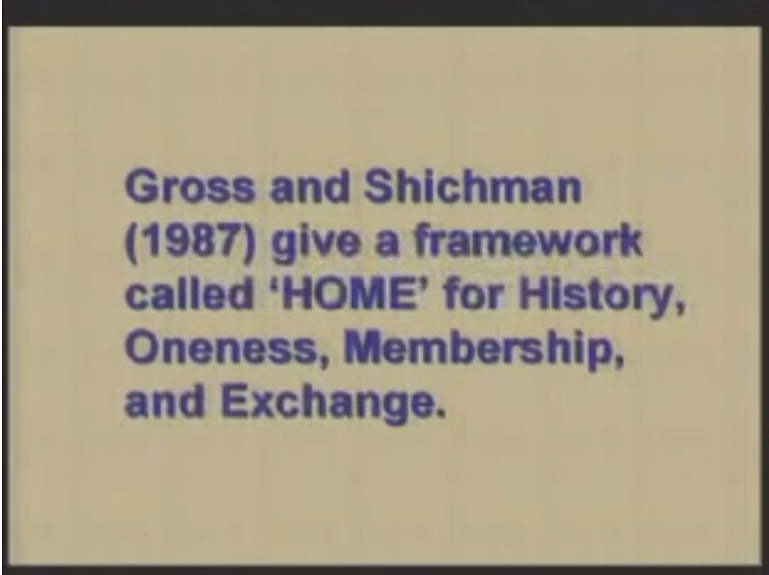
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So value institutionalization in organization is an important task issue and aspect of understanding values and ethics in organizations as a managerial formula or else strategy one of the most changeling issues today is the competitive organization is value institutionalization to achieve success.
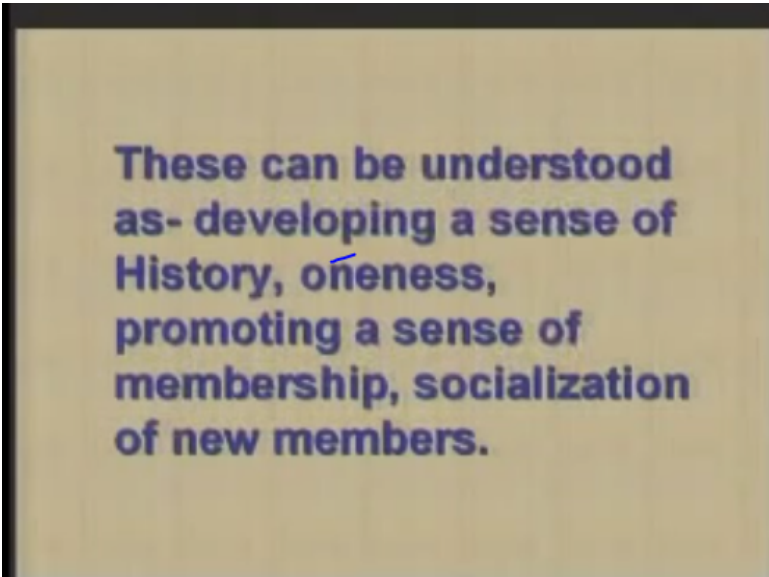
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Gross and shichman give a framework called 'HOME' and witch we can understand at history oneness, memberships and exchange that makes it home and so if we are following this formula par apes we can develop corporate culture and corporate value and this can also be understood as developing a sense of history, oneness, promoting a sense of membership, socialization of new members all these.

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So that means in an organizations you have to design the organization in a such a way the right from first day when a member joins in a organization he is given in certain exposure for the corporate environment ethics and off course the history of that organization that is also very important how? How it can be institutionalized and how you wish to institutionalized that

deinstitutionalized perhaps once again so Murphy has proposed three approaches to infusing ethical principle in an organization

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Murphy (1989) has proposed three approaches for infusing ethical principles in an organization.
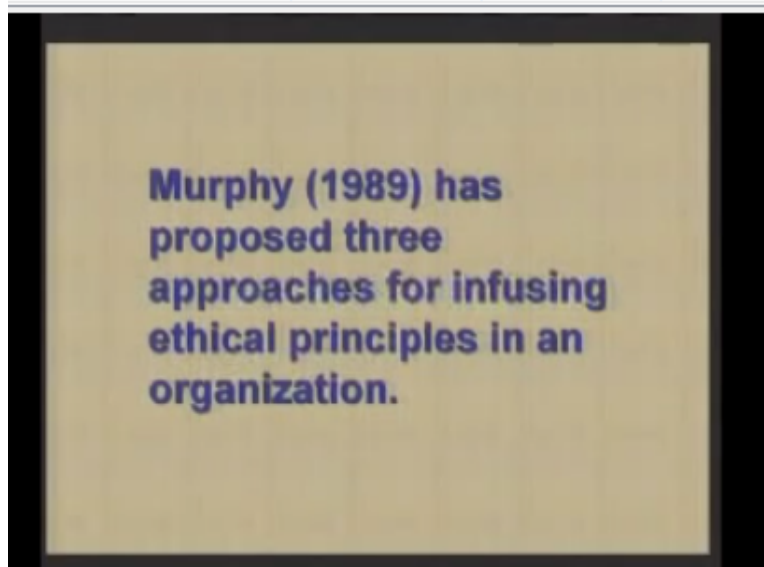
Are you with me we are talking about now values and ethics in organizations and what varies recharges and things have given us and what best in an we can perhaps we can tack in that and we cued practices and Mack our corporate our organization very successful so now we are moving on to Murphy and his principles are corporate credos that define and give direction to corporate values.
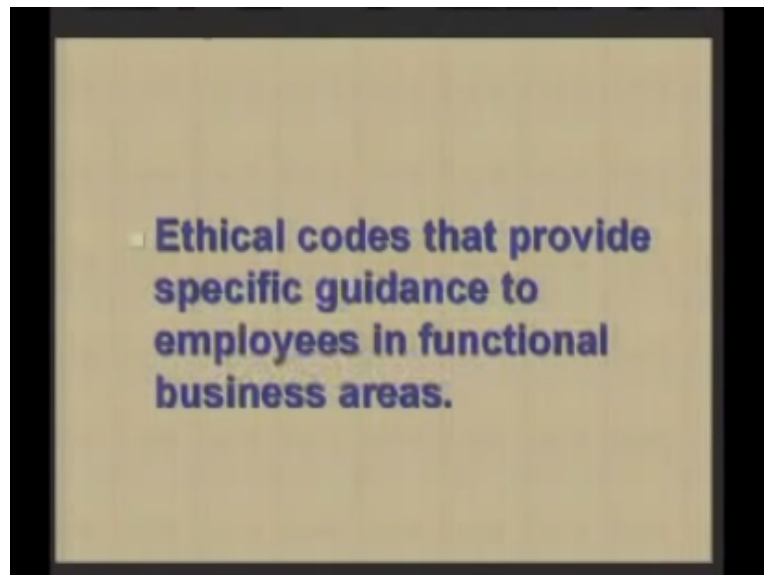
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Corporate credos that define and give direction to corporate values
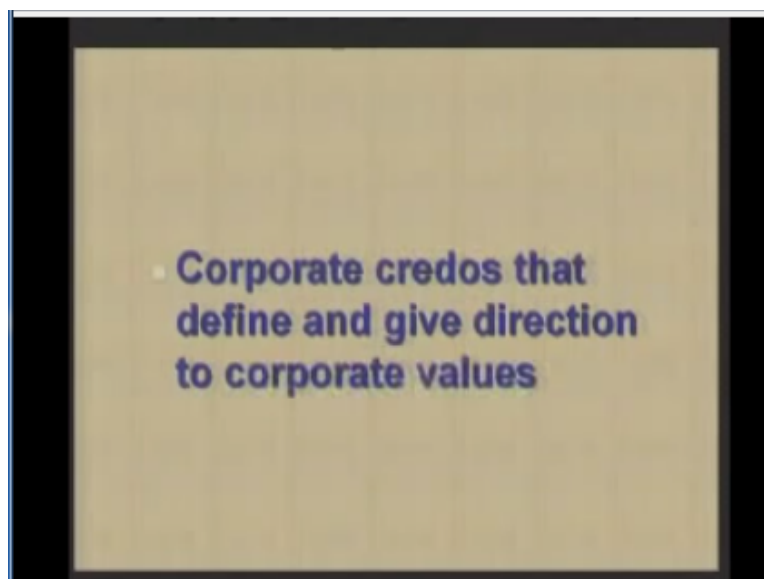
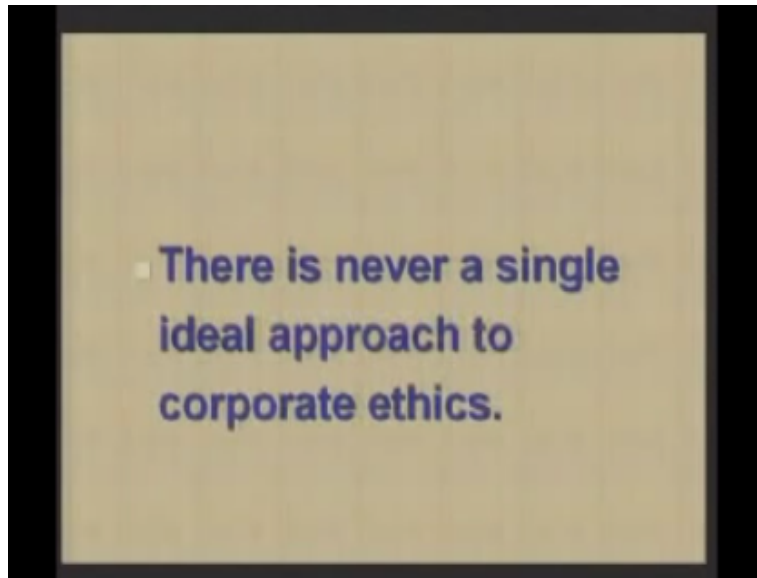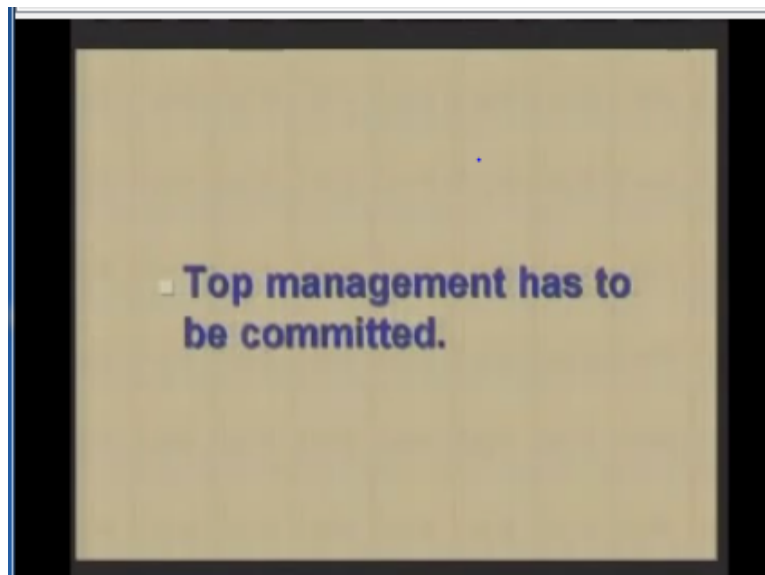(Refer Slide Time: 37:47)
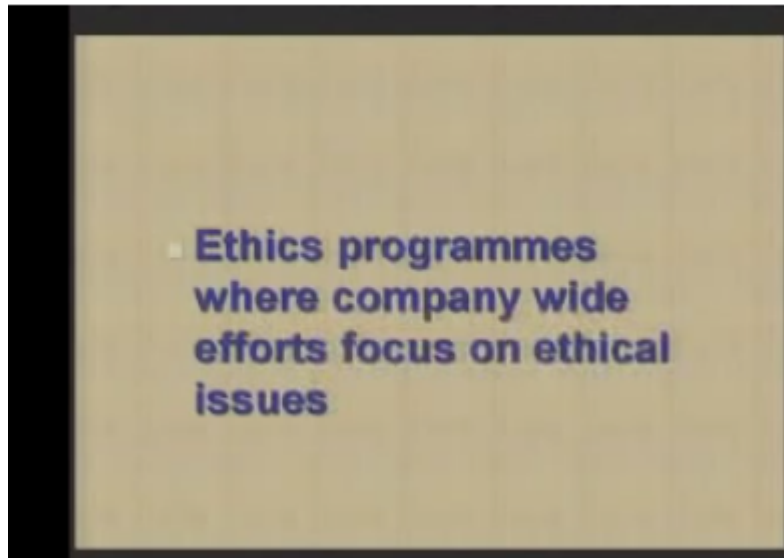
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And these steps for the corporate ethics are that there is never a single ideal approach to corporate ethics.
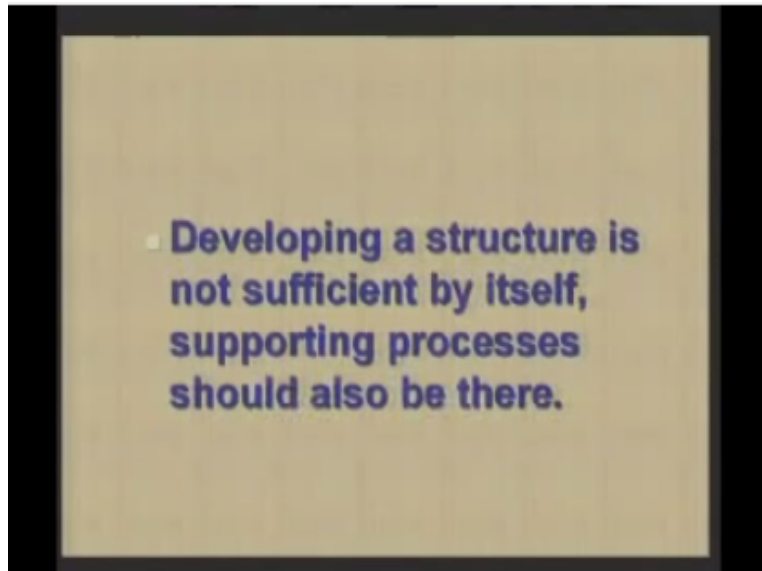
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Murphy has further you no given us this guide lines that there is never a single ideal approach to corporate ethics, top management has to be committed.

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Developing a structure is no sufficient by itself, supporting processes should also b there only structure developing is not info supporting process must be there so overall organization design has to look into that raising the ethical consciousness of an organization is not easy requires time, money and other resource

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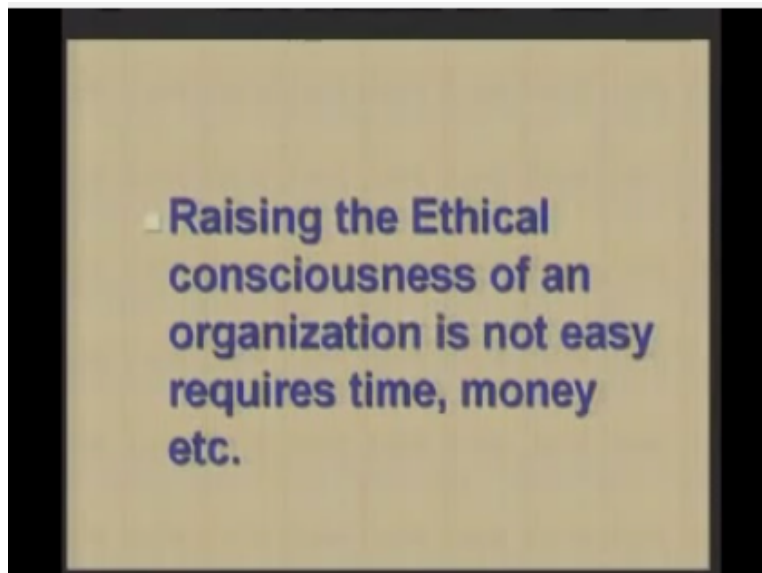
So it has to be a very formal design in which wear have to talk about the ethical aspects of the organization, we cannot just leave it to itself that well happen by itself a manger have to design very carefully. So he has given some of these features for effectives integrative strategy we have already discussed some of the contrybusation earlier
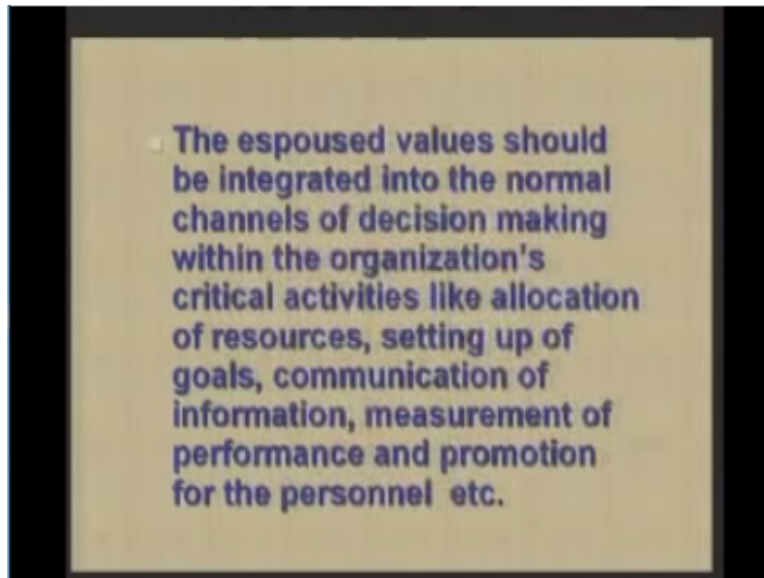
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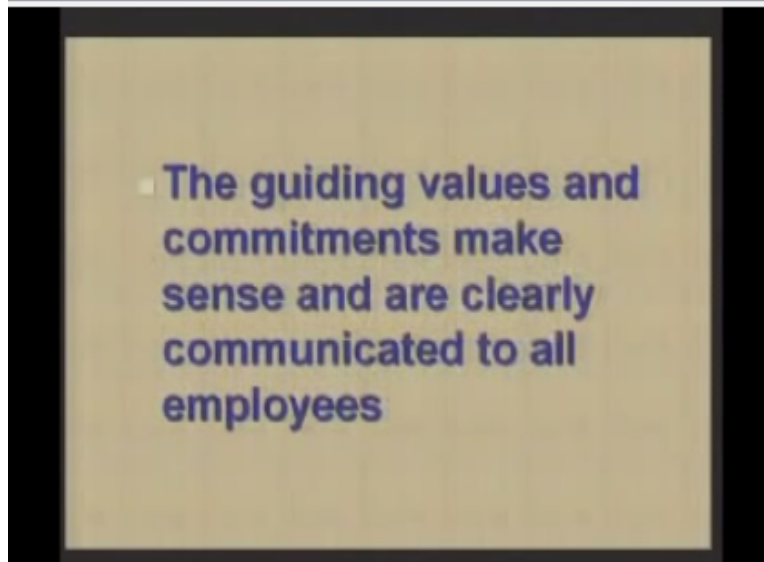
What he has said the guiding values and commitments make sense and are clearly communicated to all employees so communication becomes important in some of this discussions are take you back to have a recap of the earlier lectures that we have already hade
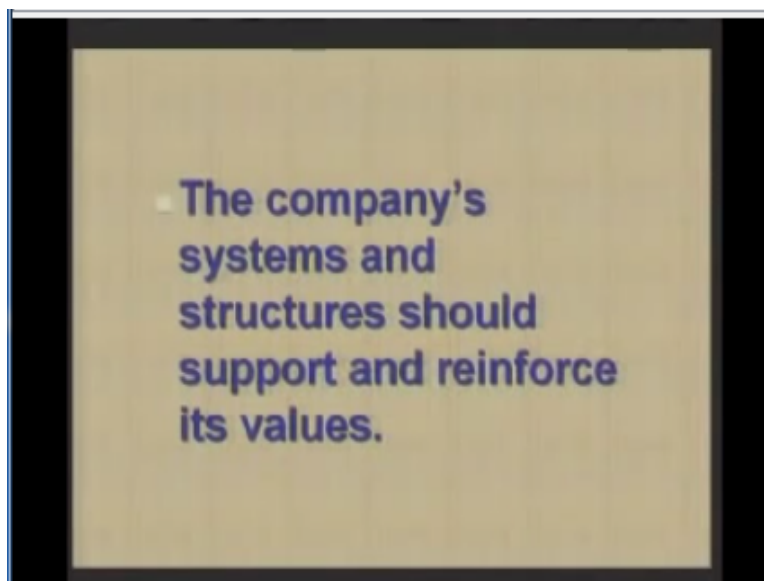
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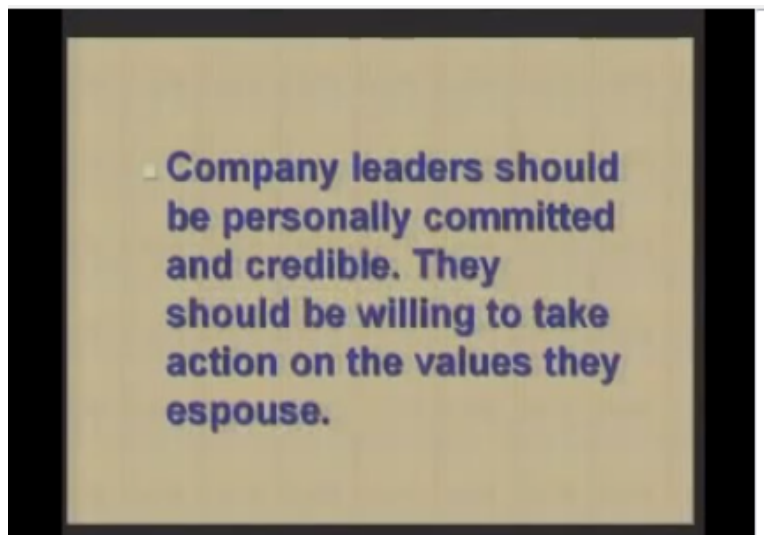
Company leaders should be personally committed and credible. They should be willing to take action on the values they espouse. And the espoused values should be integrated into normal channels of decisions making within the organizations critical activities like allocation o resources, setting up of goals, communication of information, measurement of performance and promoting for the personnel some of the ideas which are coming from this thinker
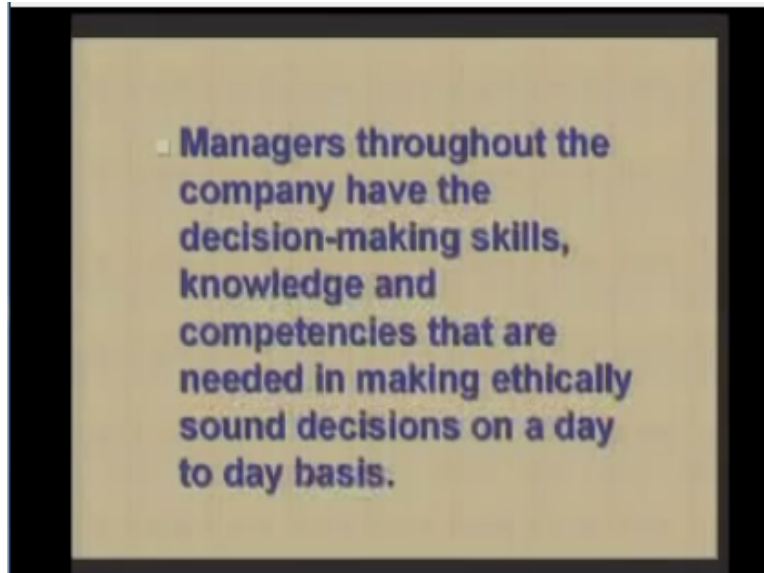
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So the company's system and structure should support and reinforce its values yes. So we have discussed what do we understand by reinforce ward reinforce you know in this context.

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So mangers throughout the company have the decision making skills, knowledge that are needed in making ethically sound decisions on a day to day basis

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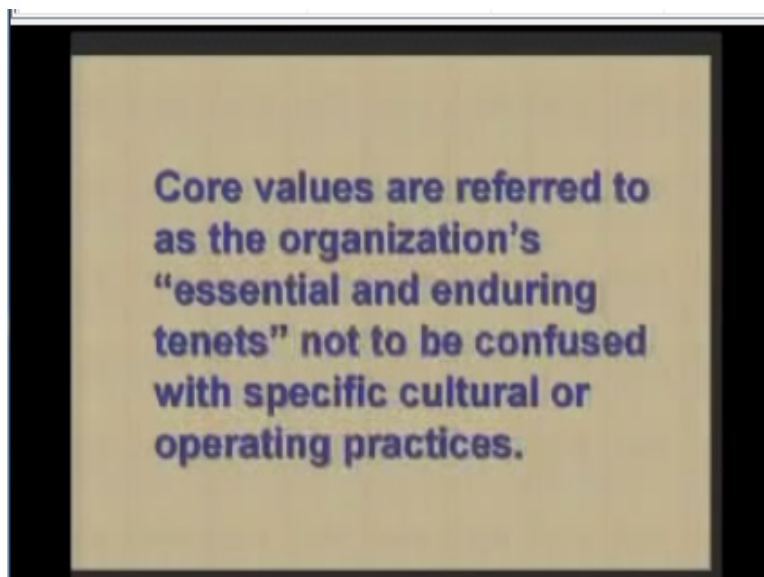
You should visualize a company and then look at the each statement perhaps you will understand each statement better if you are already working in a company perhaps it becomes much easier for you but for the students those who are just doing a management course perhaps the first management course you to visualize then it becomes easier for you to understand so the core values are referred to as the organizations "essential and enduring tenets" not to be confused with specific cultural operating practices. This are there but these are the enduring facets of the organization of enduring aspects.
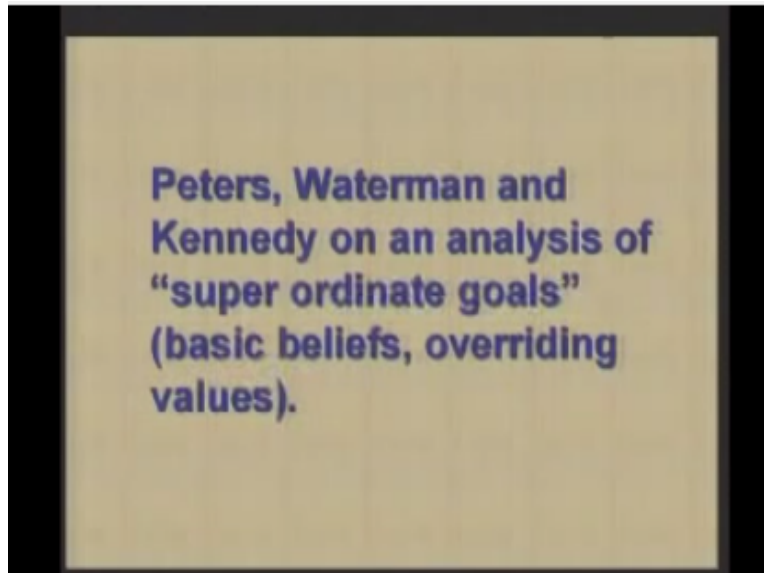
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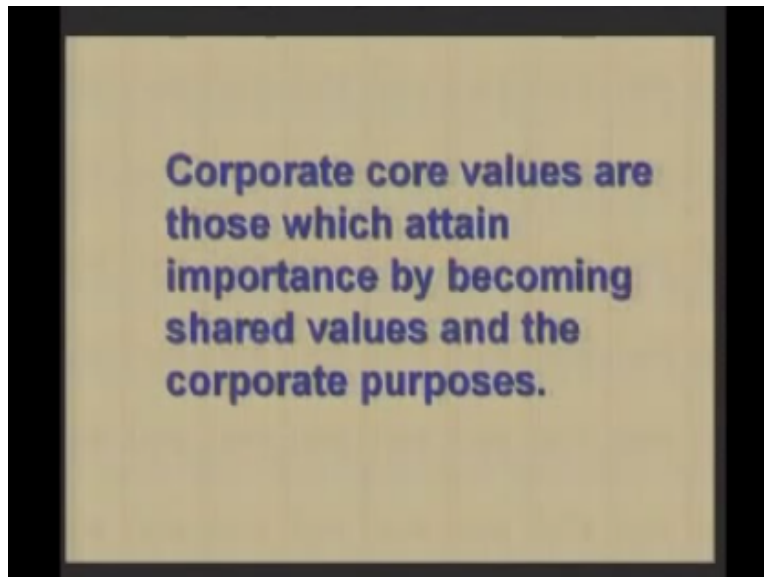
Corporate core values are those which attain importance by becoming shared values and the corporate purposes. Yes we are discussing some of the corporate values and peter in water sin have you by any chance had an opportunity of looking at a book called in search of escalates yes, peter water sin there book you know is available and this day's most of the students would like to look to this book this is very valuable book where they have conducted studies all successful companies and based on that they have given their abbreviation so if you have a chance please go throw the book also in search of excellence

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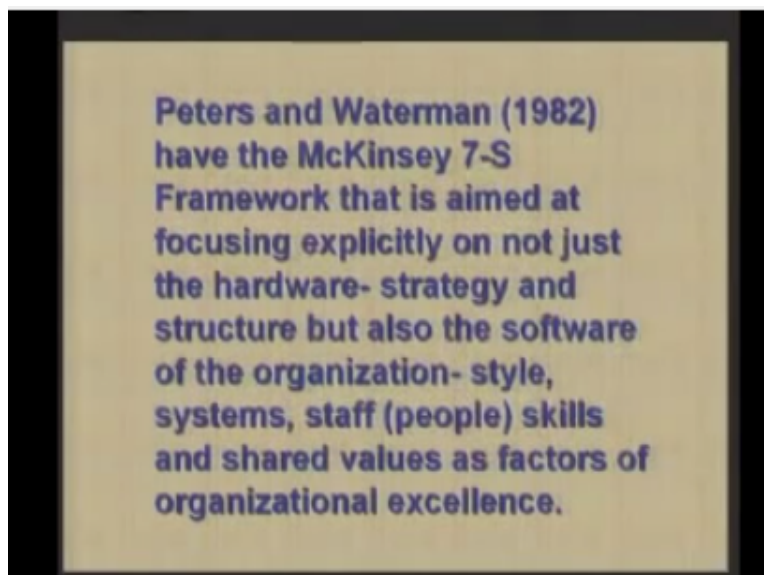
They have Mckinsey they have used mckinsey 7-S framework that is aimed at focusing explicitly on not just the hardware strategy and structure but also the software of the organization style, system, staff (people) skills and shared values as factors of organizational excellence so hardware is one side that's also important but what happens to successful companies and so anther analysis they have found the "super ordinate goals " (basic beliefs, overriding values)hpw these are important ?

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Peters, Waterman and Kennedy on an analysis of "super ordinate goals" (basic beliefs, overriding values).

So in search of excellence they have analysis the successful companies and their values and they found that all successful companies have curtain core value yes, now we come to miller

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Miller (1995) gives the Aligned Focus Organization model, which he states is a road map to a high performing work culture.
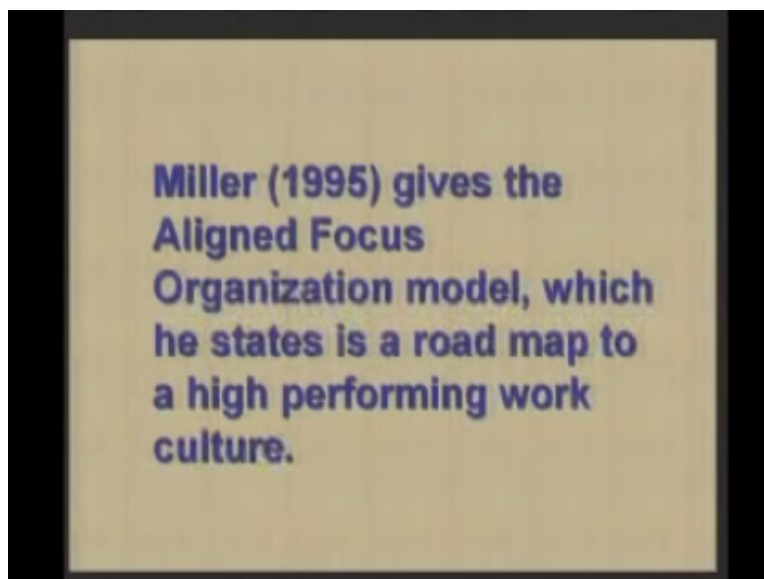
Whose gives us the aligned focus organization model, which he states is a road map to a high performing work culture, Miller he is suggesting that external environment
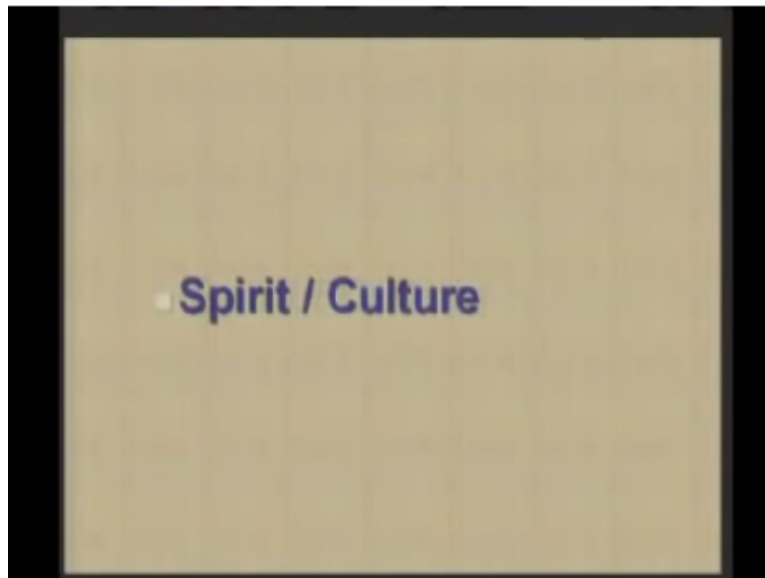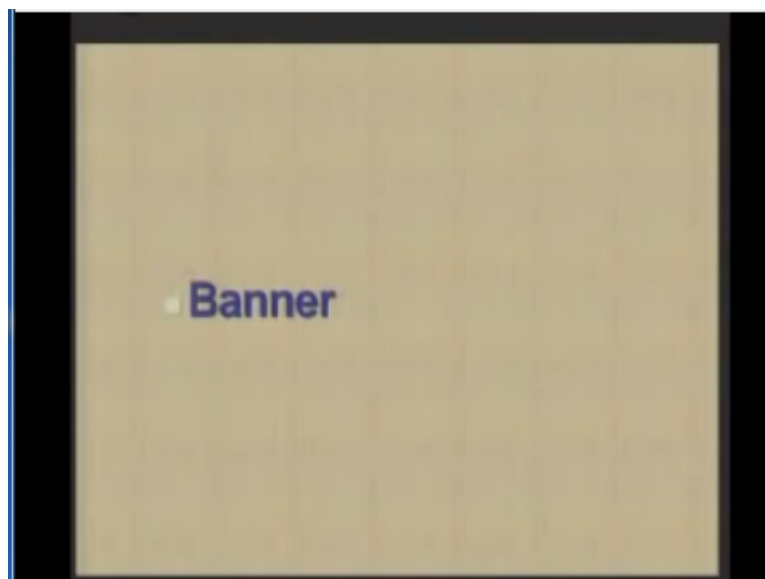
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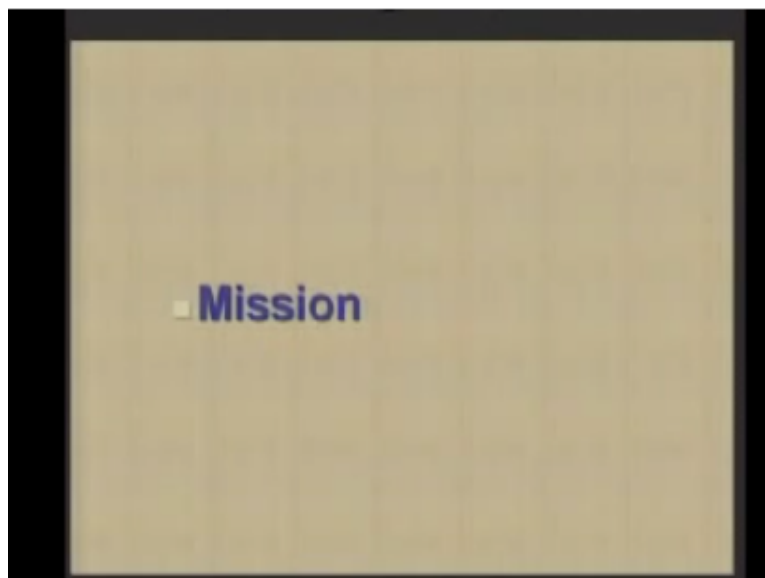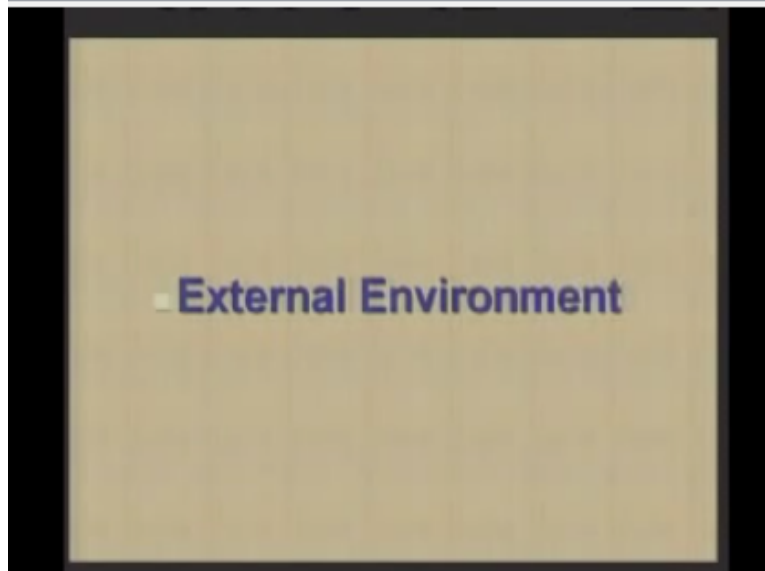
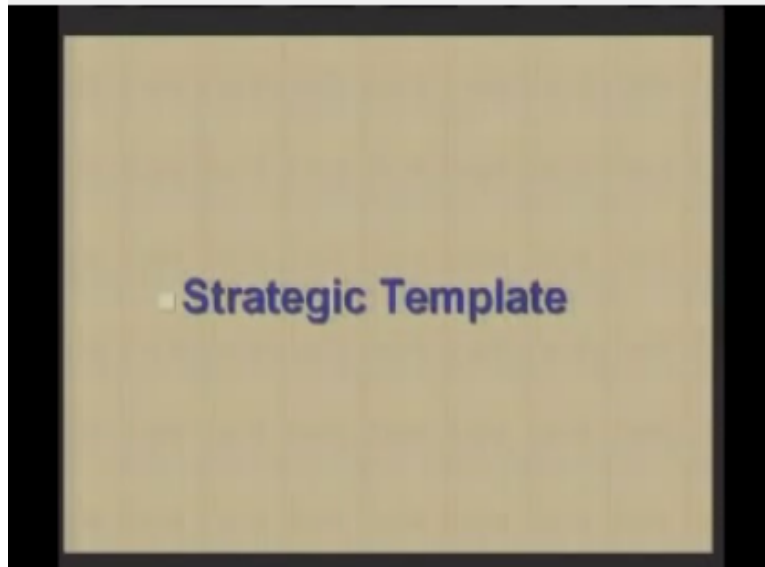Mission.

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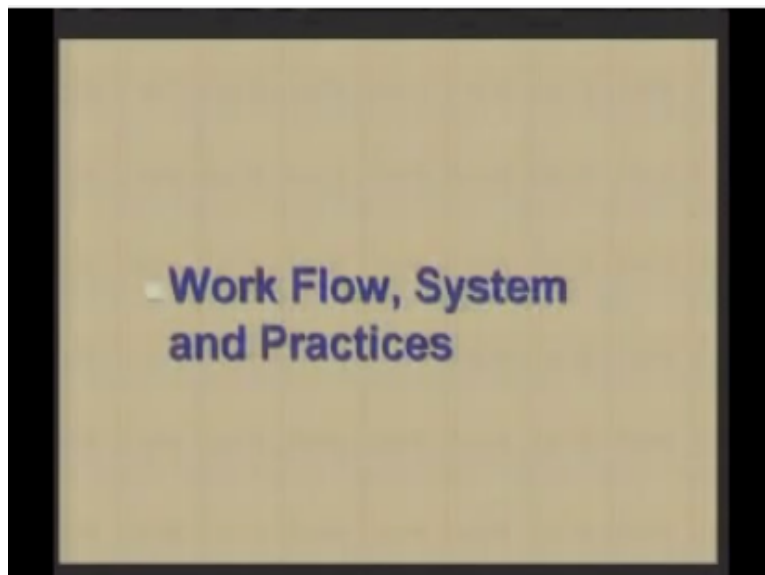Spirit   /culture
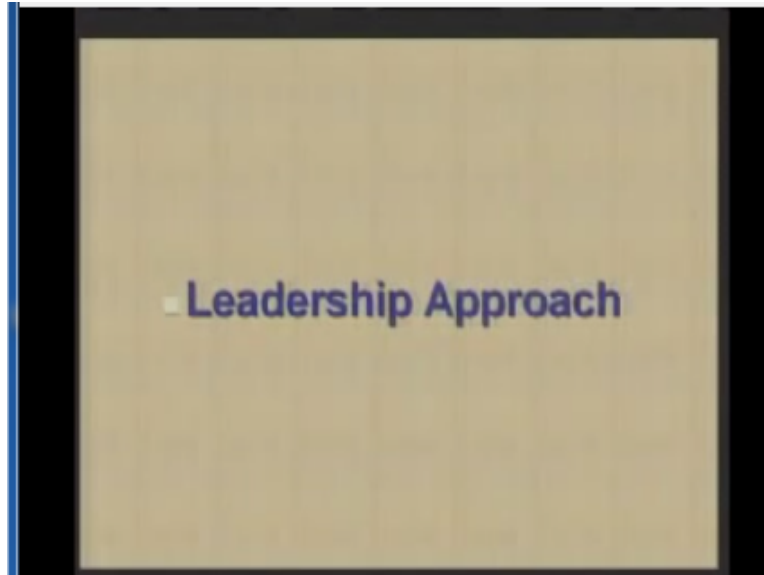
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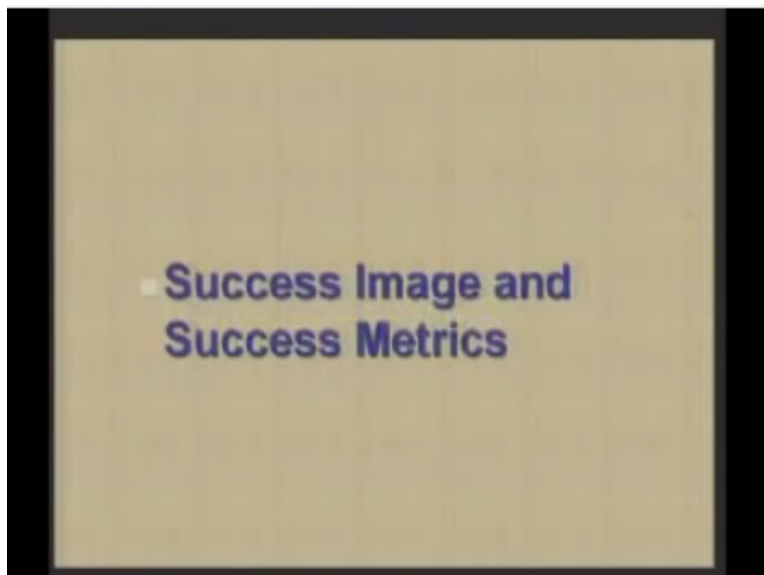
Strategic template.

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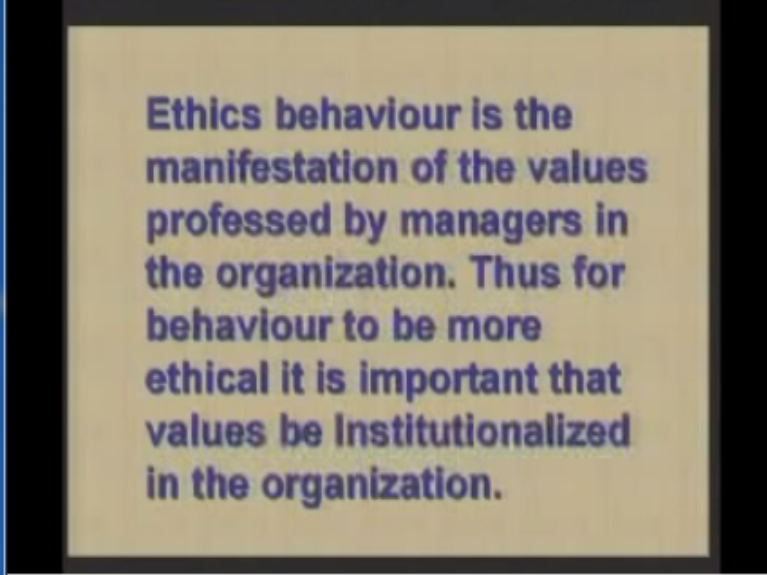
Work flow, system and practices

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Leadership approach

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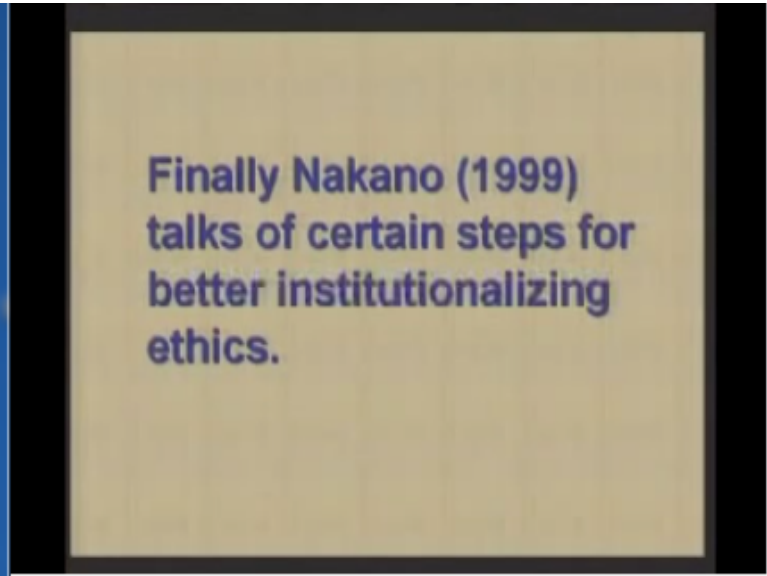

Success image and success metrics

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These are important for successful organization so ethics behavior is the manifestation of the value professed by mangers in the organization. Thus for behavior to be more ethical it is important that values be institutionalized in the organization.
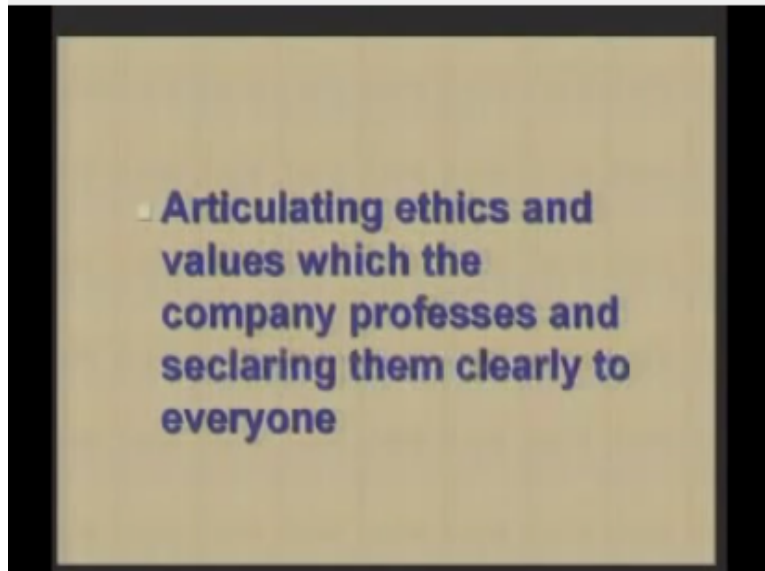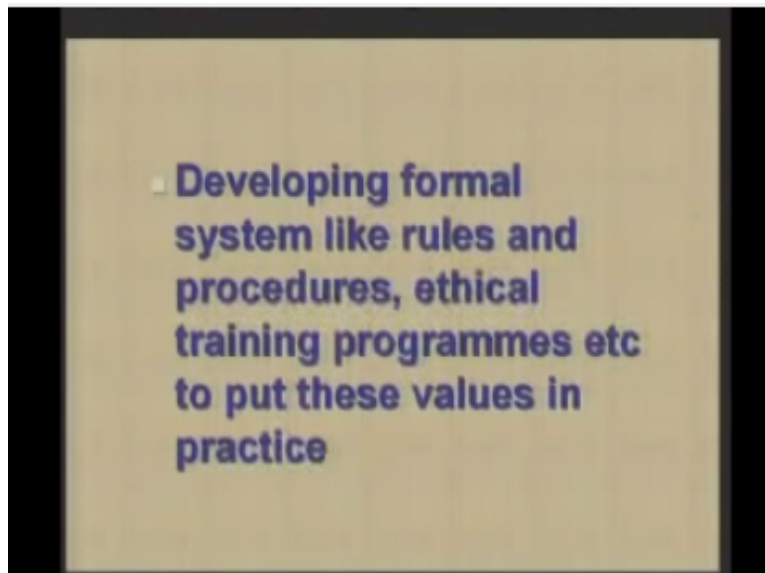
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Finally nakano (1999) talks of certain steps for better institutionalizing ethics in organizations but now I am talking about value institutionalization in organization so he has talked about
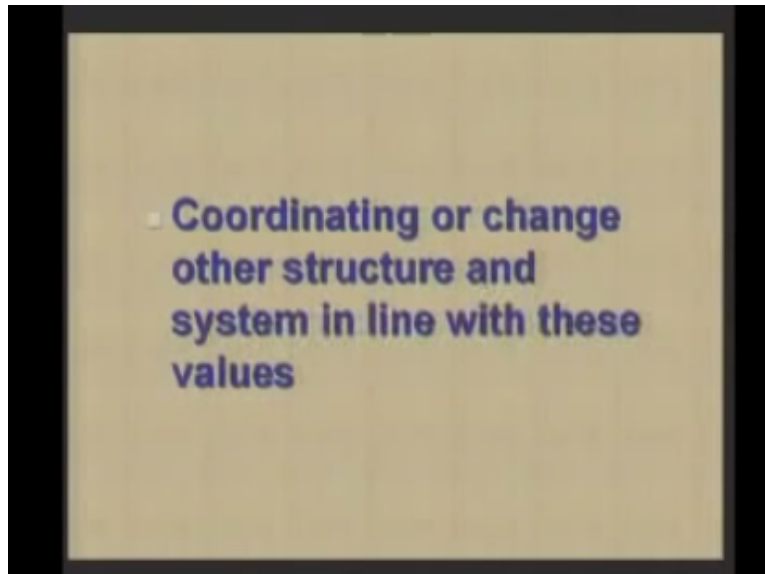
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Articulating ethics and values which the company professes and seclaring them clearly to all members of their organization so this are important aspects.
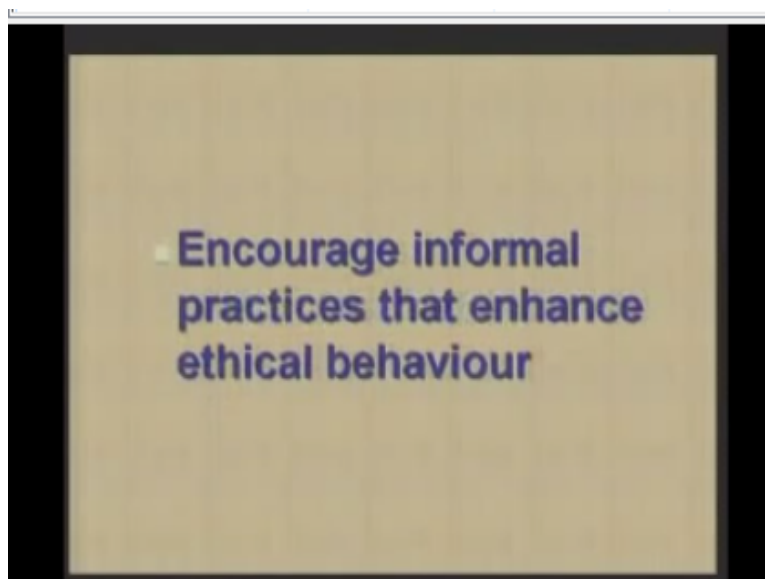
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Developing formal system like rules and procedures, ethical training programmers etc to put these values in practice this are important
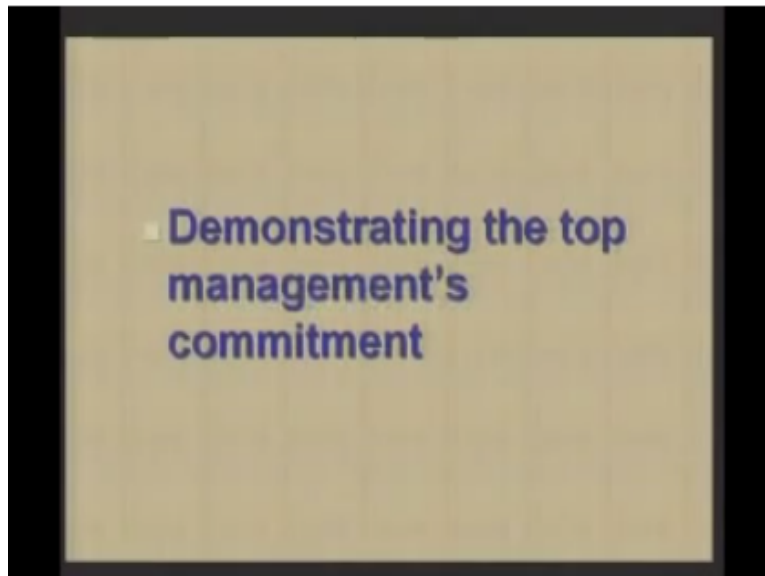
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Coordinating or changing other structure and system in line with these values is also important
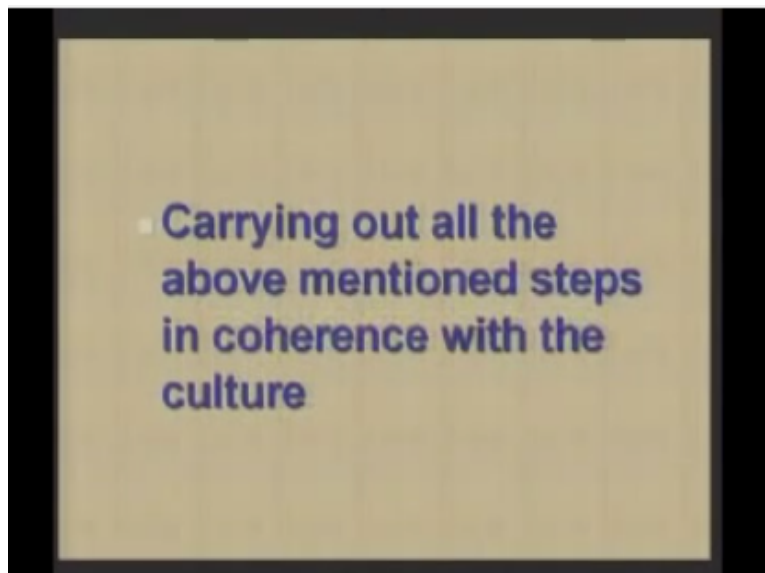
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Encourage informal practices that enhance ethical behavior creating that kind of work culture
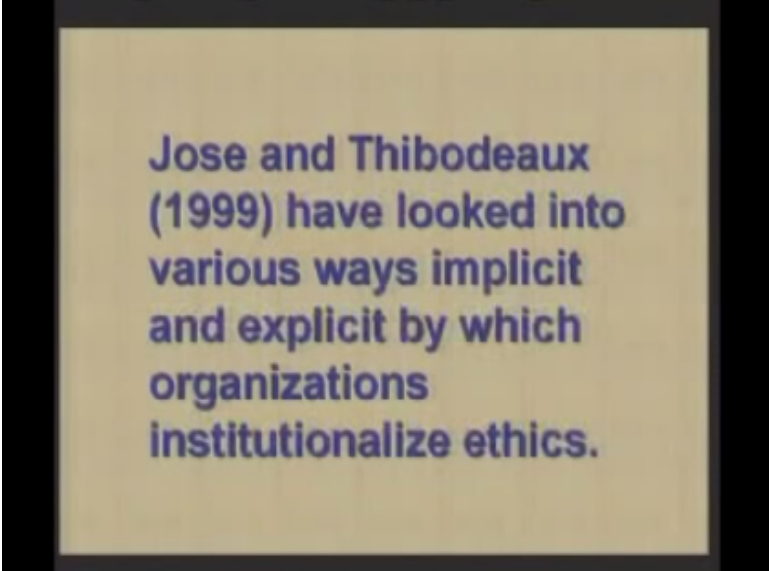
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Demonstrating the top management's commitment.

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Carrying out all the above mentioned steps in coherence with the culture, we are talking lastly about organizational culture, the culture which we have created by our cooperate for our environment.
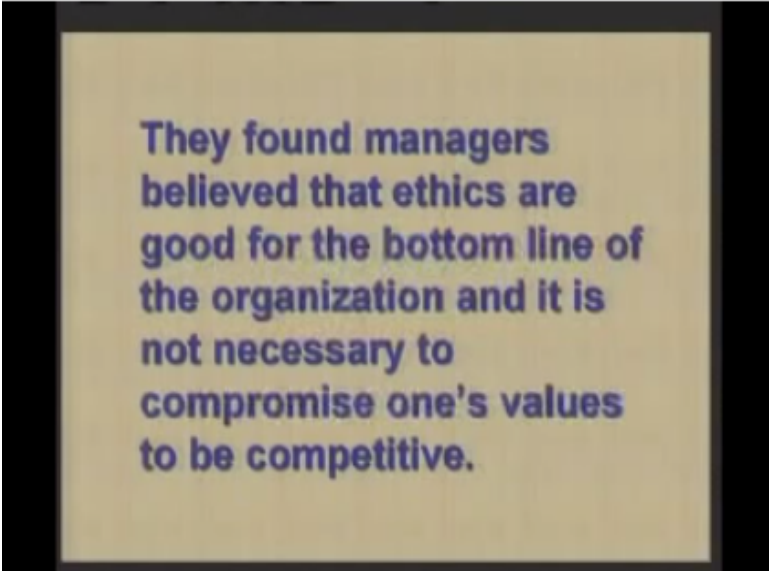
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So from here we move on to Jose and Thibodeax they have looked into various ways implicit and explicit factors by which organizations institutionalize ethics

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They have found that managers believe that ethics are good for the bottom line of the organization and it is not necessary to compromise one's values to be competitive, so we have to be competitive at the same time we have to institutionalize certain you know ethical values they are not talking about to be as either of situation we are saying that the competitive organization for an ethical organizations. So both have to go side by side

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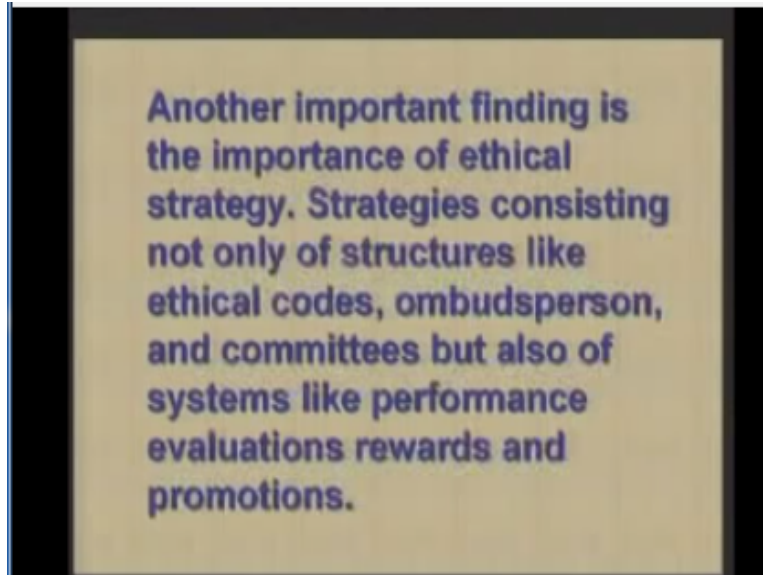
Another important finding is the important of the ethical strategy for an ethical organization is important and the strategies consist of not only the structure like the ethical codes, or ombudsperson, and the committees but also the systems like performance evaluations reward and promotions.

These are the factors you can say the soft factors in the organizations which will make the organization effective, so some sort of matching has to be there,
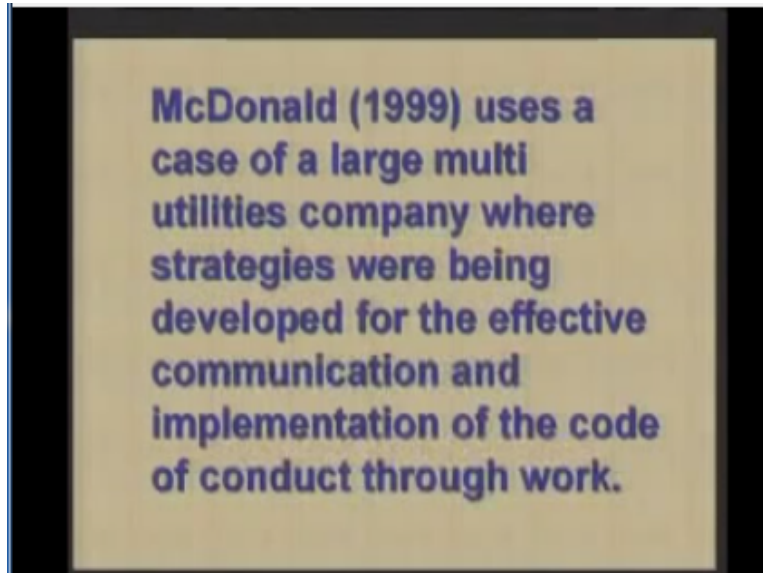
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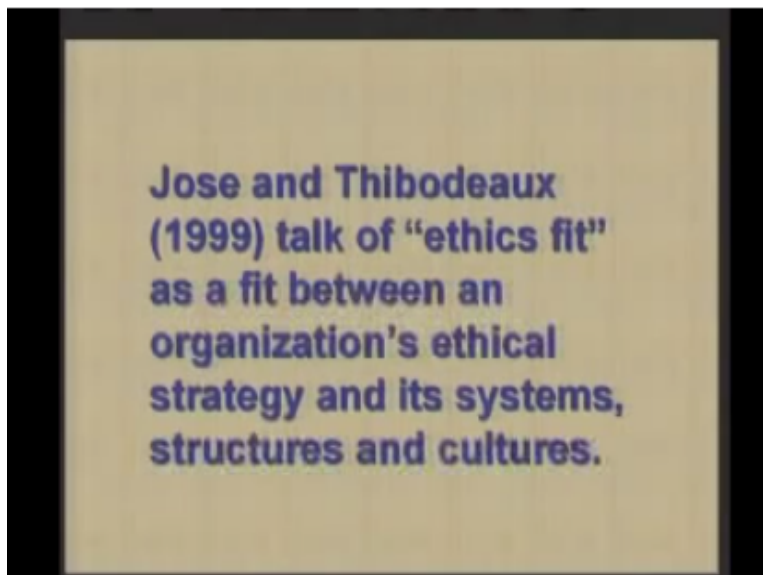
Jose and Thibodeaux also they talk of Ethics fit we have talked about in some other context so they are talking about the ethics fit that a fit between a organization ethical strategy and its system structure and culture.

So here they are talking about that they has to be some kind of fit, a perfect fit, so we cannot ignore one at the cost of the other, we have to go side by side, so that the idea here,

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McDonald (1999) uses a case of a large multi utilities company where strategies were being developed for the effective communication and implementation of the code of conduct through work.

And another idea that we are taking up here is from McDonlad who uses a case of a large multinational company where strategies were being developed for effective communication and implementation of the code of conduct through work.

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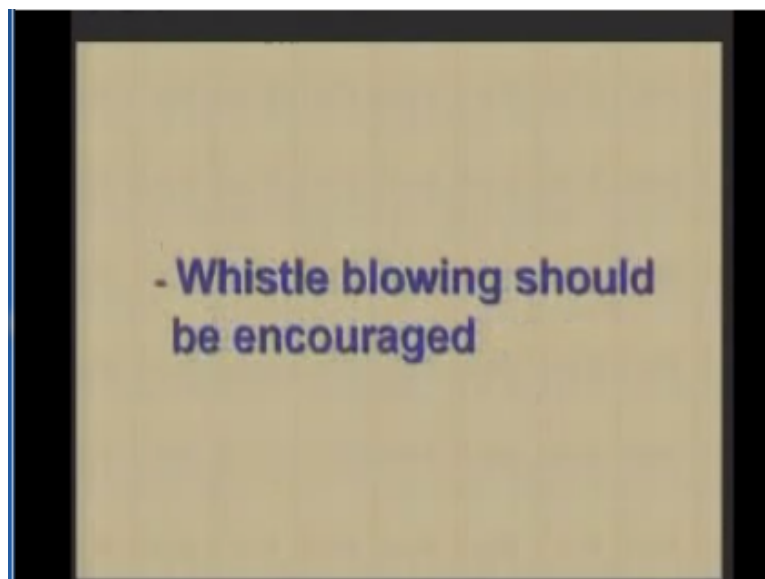- Activating the role of senior management
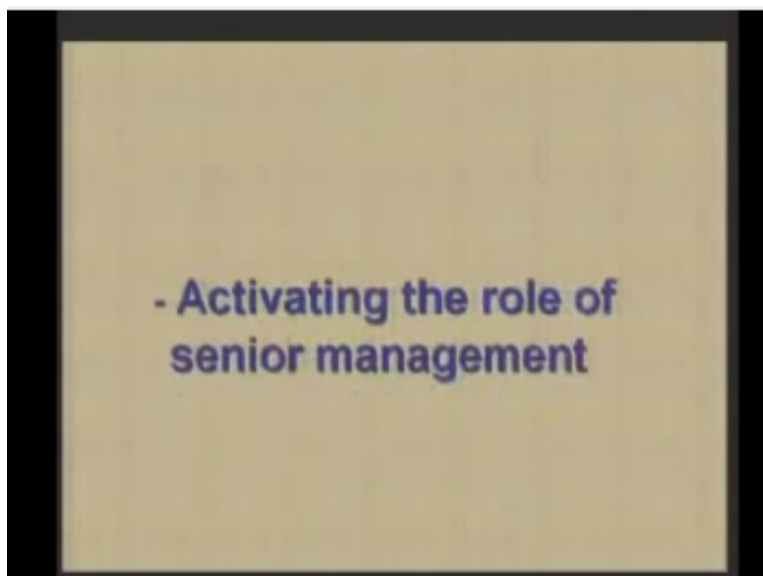
Activating the role of senior management is important
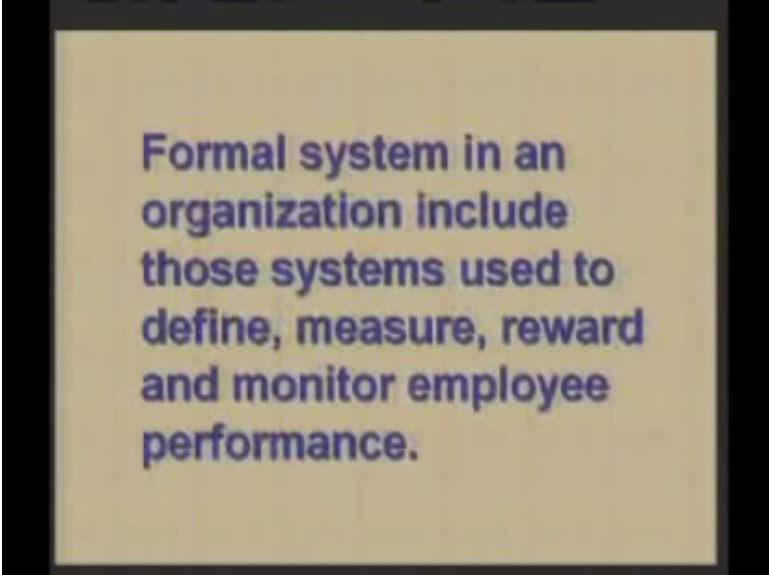
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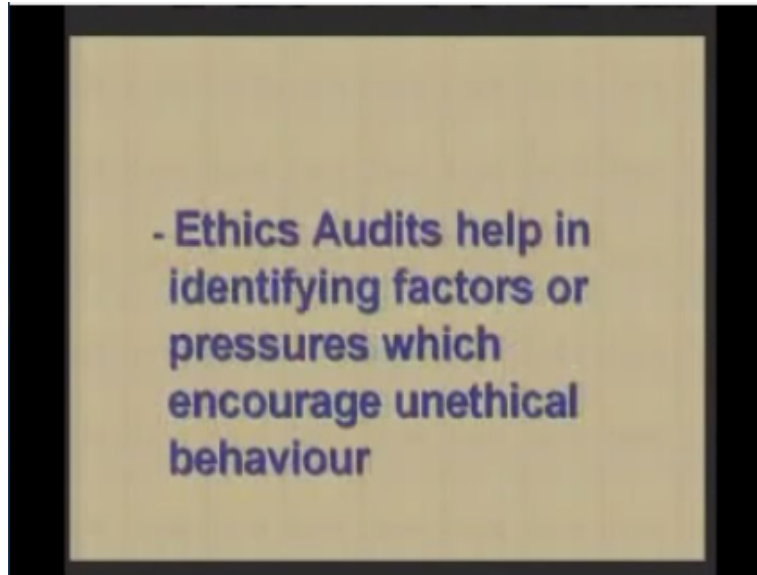
Ethics audits help us in identifying factors or pressures which encourage unethical behavior

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Whistle blowing should be encouraged. Should that be encouraged or not, that depends on the culture.
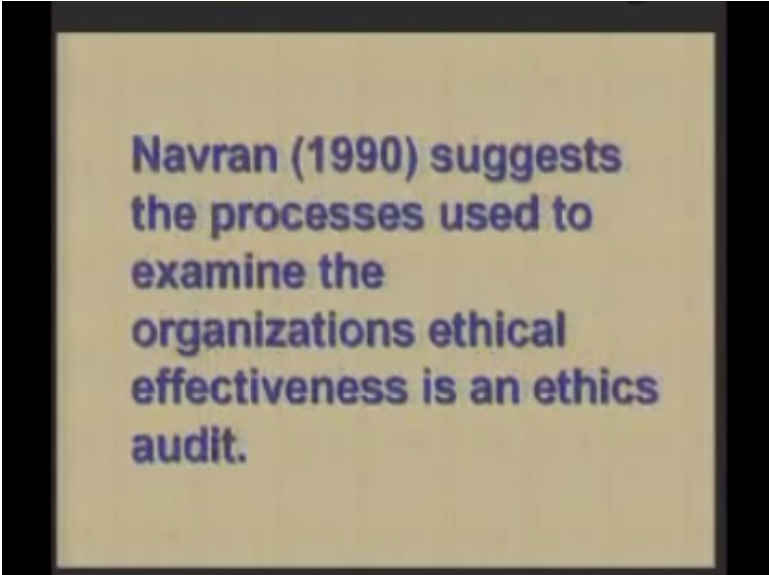
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And the formal system in a organization includes those systems used to define, measure, reward and monitor employees performance.
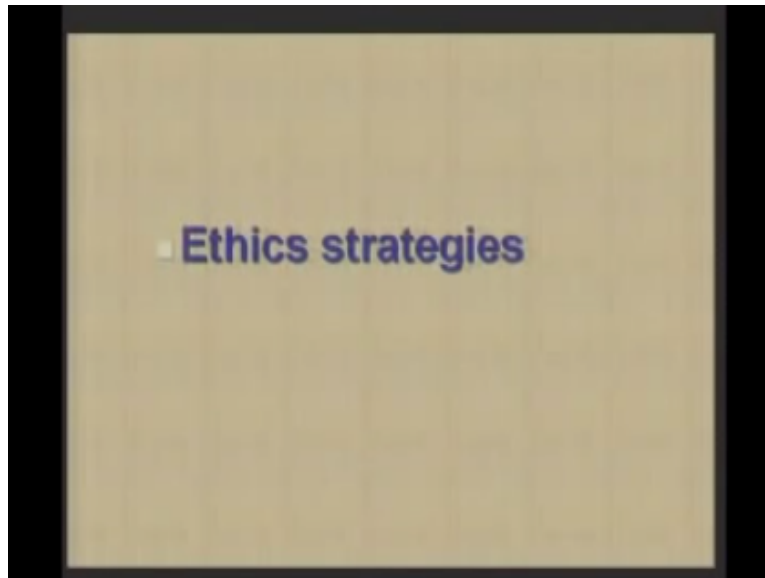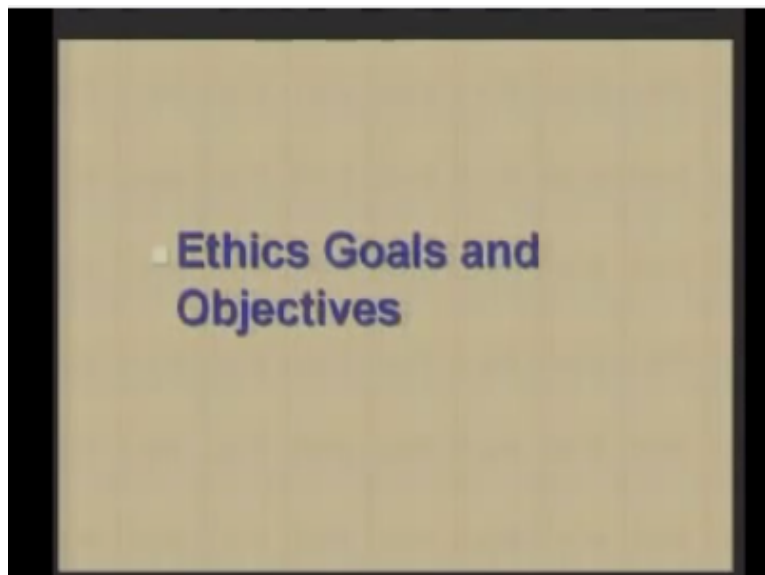
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Navran suggests the processes used to examine the organization ethical effectiveness is an ethic audit. so the ethical audit is also done on these days in an organization and they update the organizational values.
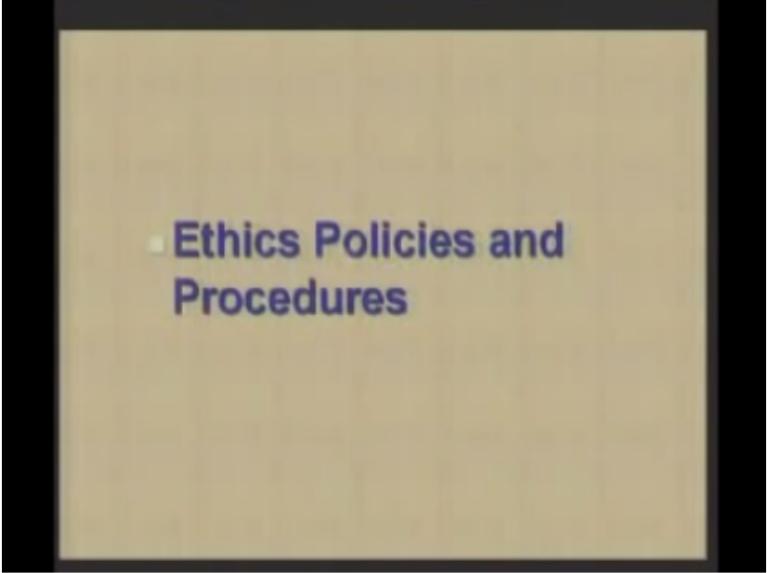
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Ethics strategies

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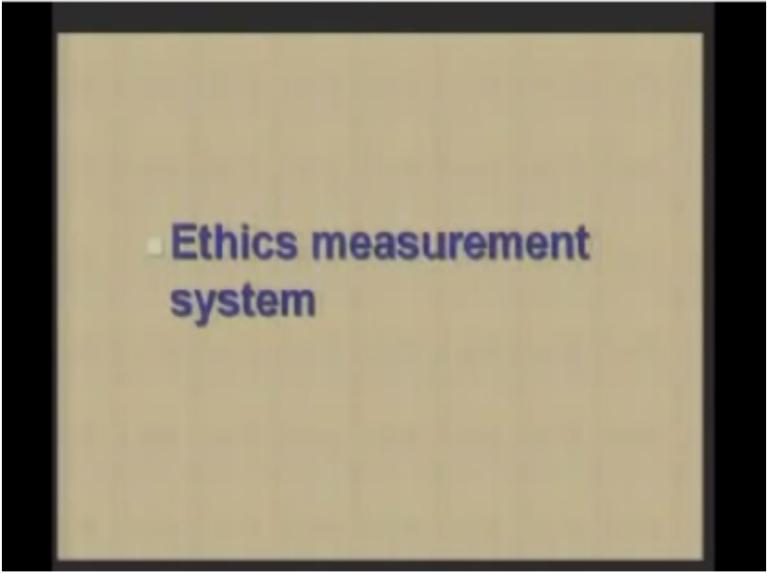

Ethics goals and objectives

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Ethics policies and procedures

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Ethics measurement system

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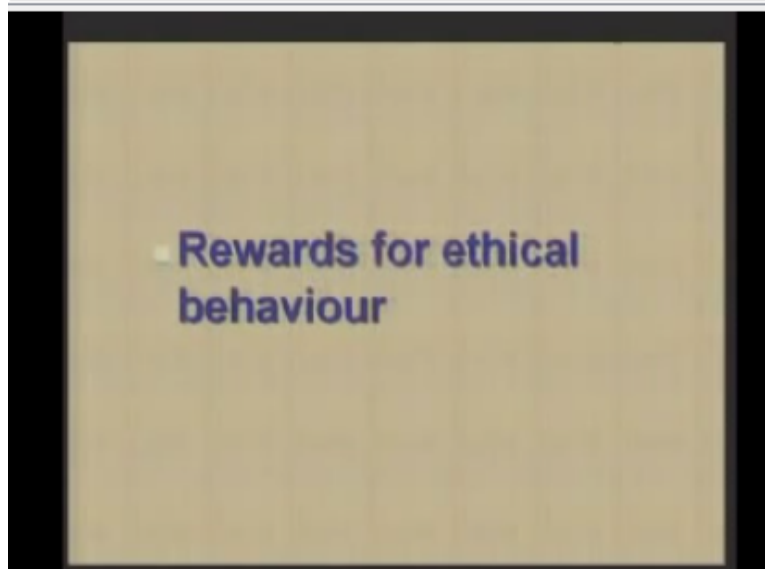
Rewards for ethical behavior

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Consistency between the above factors

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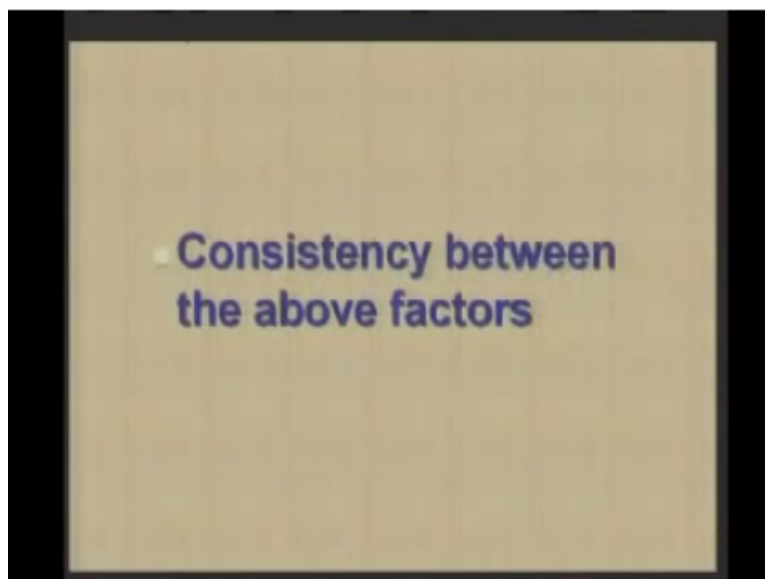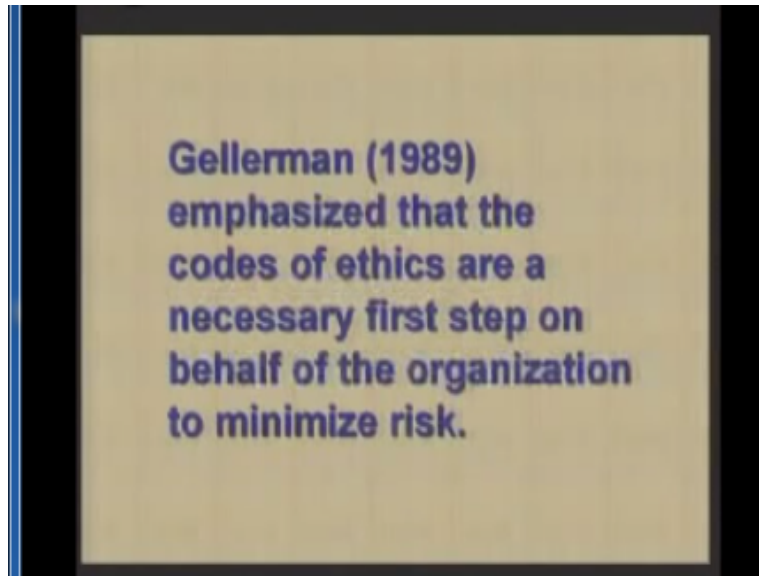So some of these issues we have to look into at the level of the organization, Gellerman emphasizes that the code of ethics are necessary first step on behalf of the organization to minimize risk.

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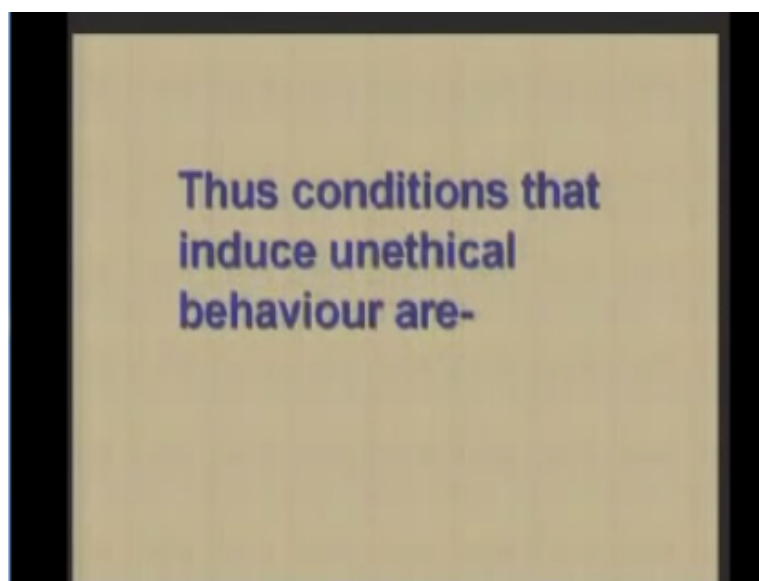
Thus conditions that induce unethical behavior are, there are some conditions which induce in unethical behavior and I am just giving you few conditions according to these authors,

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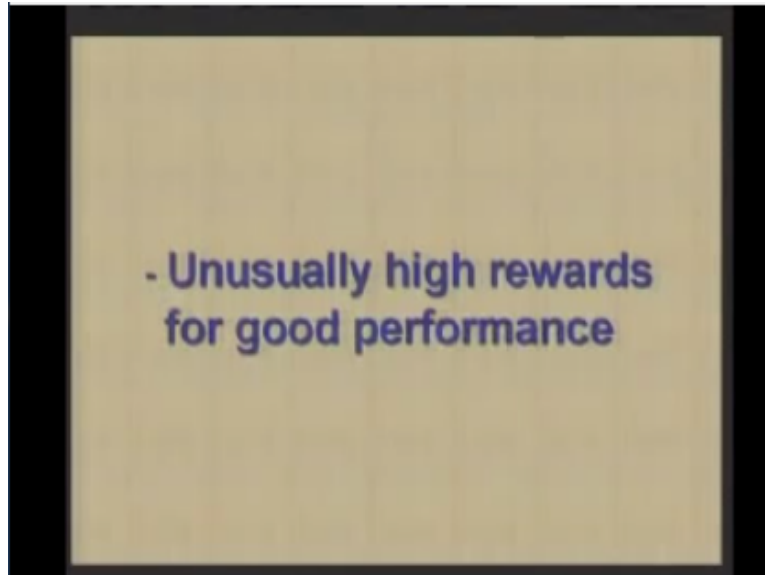
Unusually high rewards for good performance

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Unusually serve punishments for poor performance

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Implicit sanctioning of explicitly forbidden acts

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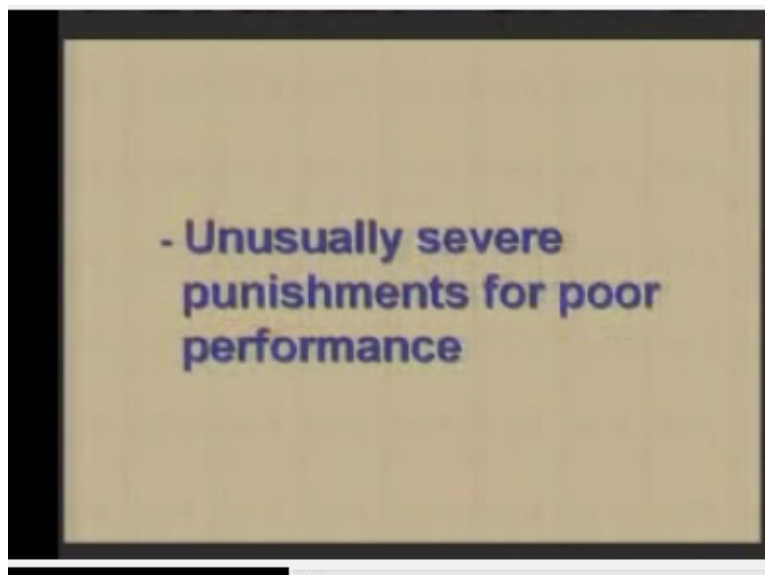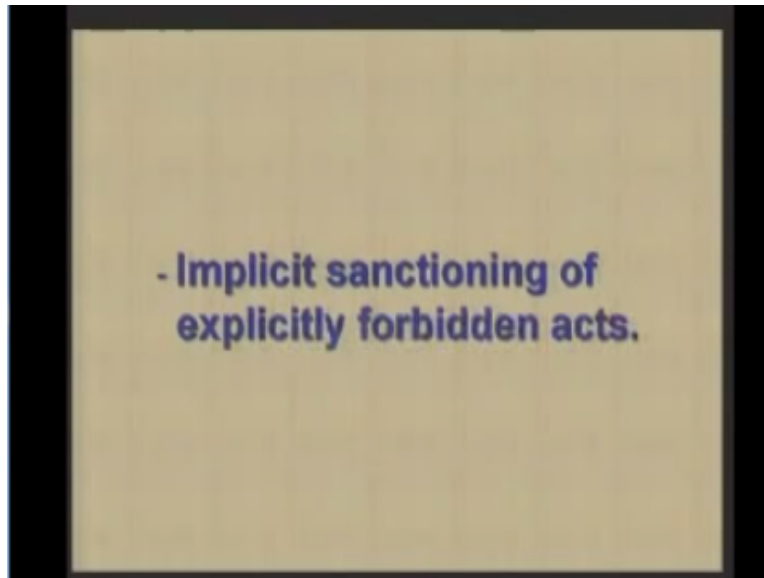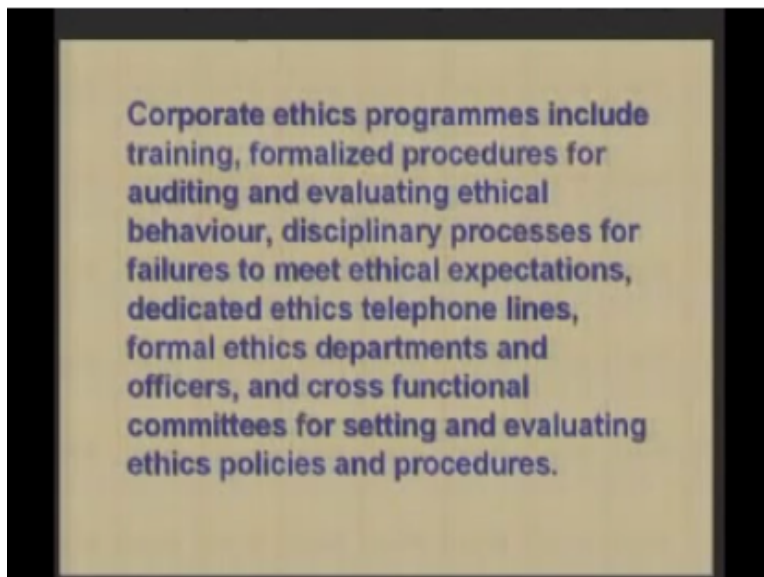Corporate ethics programs include training, formalized procedures for auditing and evaluating ethical behavior, disciplinary processes for failures to meet ethical expectations, dedicated ethics telephone lines, formal ethics departments and officers, and cross functional committees for setting and evaluating ethics policies and procedures.

So we do need, you know we have discussed in our chapter on training and development that we have got to prepare ourselves for these activities, and some of the important issues which we have to give trainings

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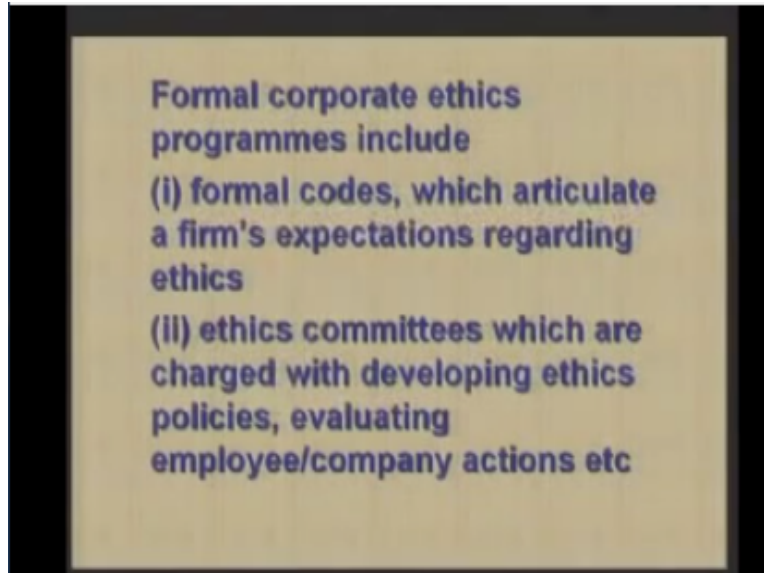
Formal corporate ethics programs includes the formal codes which articulate a firms expectations regarding ethics and the ethics committees which are charged with developing ethics policies, evaluating employee/ company actions etc.

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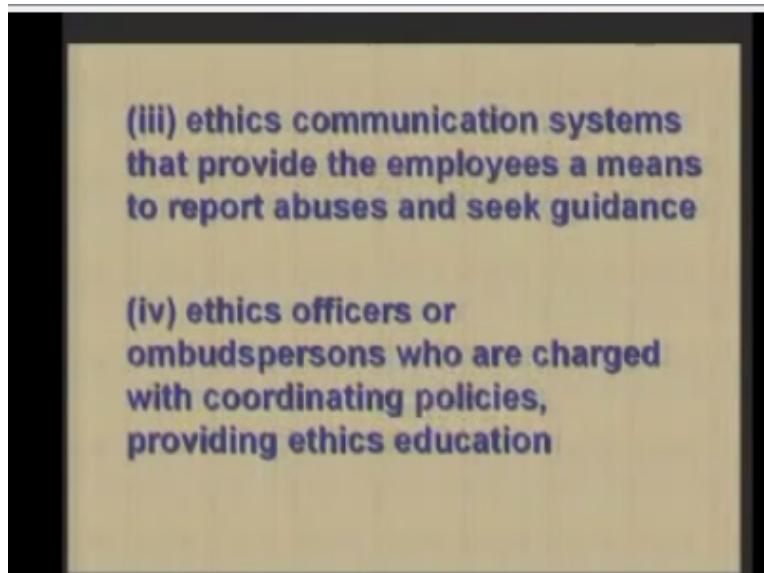
Ethics communication systems that provide the employees a mean to report abuses and seek guidance and ethics officers or ombudspersons who are charged with coordinating policies, providing ethics education.

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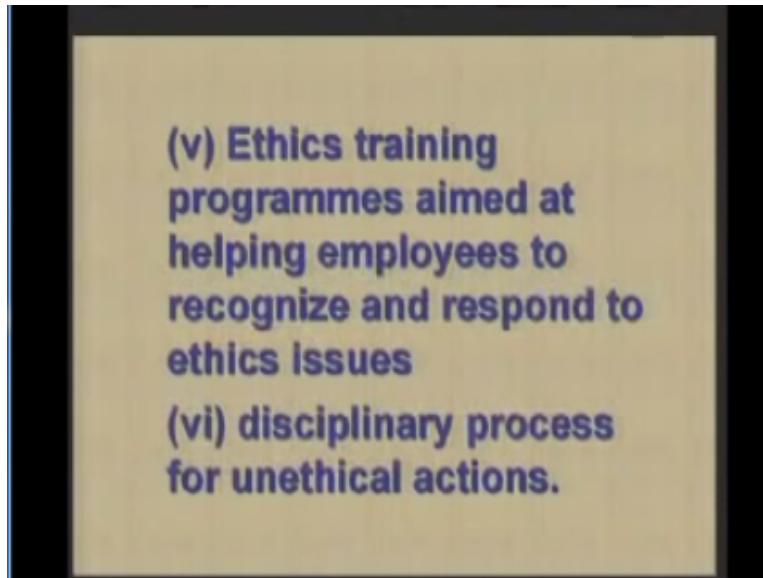
Ethics training program aimed at helping employee to recognize and respond to ethcs issues and disciplinary process for unethical actions.

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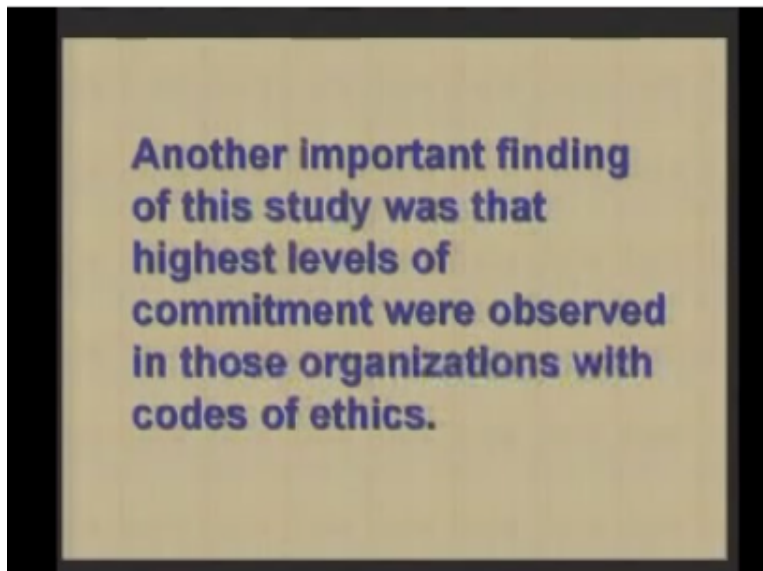Another important finding of this study was that highest levels of commitment were observed in those organizations with codes of ethics and here we have seen that the values and ethics are important factor for any organizational function, here before we close I will just give an idea, I have mentioned you about one of the research study that we have conducted in our department were we looked at the profit making organizations do, they differ in terms of value institutionalization and we found that there is a significance difference in another study we had used three theory to protest which relate the values to test the manager commitment relates to

this theory and we found that the managers those who have the combination of the group in between they are much better in terms of commitment that with these managers.

So these are the last interesting studies with managers, we have compared the public sector and the private sector managers and we find that the values really make impact in the management and also the individuals as well as in the organizations.

Now we move on to the third aspect of our course that is on the corporate social possibility, so in next lecture we are going to discuss this.

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