

ETHICS IN BUSINESS AND MANAGEMENT

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FORUM OF FREE ENTERPRISE

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"Free Enterprise was born with man and shall survive as long as man survives".

— A.D. Shroff
1899-1965
Founder-President
Forum of Free Enterprise

INTRODUCTION

Under the auspices of the Bhogilal Leherchand Foundation of which Shri Pratap Bhogilal is the Chairman, the Forum of Free Enterprise has been organizing since 1988 annual lectures in memory of the late Shri Bhogilal Leherchand.

Shri Bhogilal Leherchand was a man of outstanding character, integrity and honesty, and a highly successful businessman. He believed in high thinking and simple living.

The 9th Bhogilal Leherchand Memorial Lecture was delivered by Dr. D. Veerendra Heggade, Dharmadhikari of Sri Kshetra Dharmasthala, Karnataka. Dr. Veerendra Heggade was installed as the Heggade of Sri Dharmasthala when he was only twenty years old. During the past thirty years he has made outstanding contributions in the fields of rural development, education and social reforms. He is involved in the working of about thirty educational institutions including a Law College, a Dental College, an Engineering College, a College of Naturopathy and Yogic Sciences and several other colleges in Karnataka such as the S.D.M. Institute of Management at Mysore.

Dr. Veerendra Heggade has successfully pioneered self-employment schemes for the unemployed, particularly in the rural areas of several States in the country.

I had the privilege of visiting Dharmasthala some years ago, and was most impressed by the remarkable and selfless work being done by Dr. Veerendra Heggade.

The Forum of Free Enterprise takes pleasure in publishing his lecture on "Ethics in Business and Management" in booklet form as it deserves to be widely circulated.

Mumbai
May 8, 1998

Nani A. Palkhivala
President
Forum of Free Enterprise

ETHICS IN BUSINESS AND MANAGEMENT

by

D. Veerendra Heggade*

I am happy that you have chosen me, a Dharmadhikari, religious head of a temple to address you on Ethics in Business and Management. I wonder whether the term Ethics has any place or relevance in the modern world. Does it enjoy any respect today? Any meaning? Is it outdated? Is prosperity and happy living the ultimate goal? Can we sacrifice morality, values and ethics for prosperity? This is the question prevailing for several centuries. There has always been a conflict between good and bad, just and unjust, power and sacrifice, profit and legitimate earning. Even in today's fast life it looks as though all are concerned about money, more money and only money.

May be, money or wealth is the culprit. It is an addiction. Does it give happiness, satisfaction and contentment? It is like fire, water, air, sky and earth. When used tactfully in right control and in right combination, it gives everything that is needed. Any excess—it hurts, destroys and disintegrates. Our ancestors were intelligent enough to learn this. They learnt the power in nature, human resource and intelligence. They also understood the pleasure and happiness that would be derived from it. But they experienced that any excess can end up in pain and disaster.

The dictionary meaning of ethics is 'science of moral

*The author is Dharmadhikari of Shri Kshetra Dharmasthala, D.K., Karnataka. The text is based on the Ninth Bhogilal Leherchand Memorial Lecture, sponsored by Bhogilal Leherchand Foundation, delivered in Mumbai on 7th January 1998 and which was presided over by Mr. N.A. Palkhivala.

values'. Zeno of Cyprus in third century B.C. discussed scientific systems of Ethics. It also means the correct knowledge of practical wisdom. In Rig Veda, a prayer for world peace was chanted. They not only prayed but believed in the well being of all.

“Let the universe be peaceful, the sky, air and atmosphere be pure, Sun, Moon and Stars be peaceful, water, agriculture, cattle be peaceful; common man, the learned ones, the Brahmins be peaceful. Let all live in harmony.”

That's why ethical aim of life is to live in complete agreement with nature. To achieve peaceful existence, a common code of conduct is necessary. In society all are equal as human beings. Happiness and joy is everybody's concern. So a philosophy of life evolved. It was called religion. The group following an ethics or living a value-based life enjoys the fruits of good organised living. It would lead to attainment of total happiness both here and there—worldly and heavenly. Ample historical examples can be given like the teachings of the Budha, Mahaveer, Christ and so on, who preached the balance between aspiration for worldly pleasure and for eternal peace.

Man by nature is very ambitious. This unlimited ambition has resulted in accumulating more and more without giving a thought on its validity and propriety.

Ancient wisdom never said that earning is a sin, prosperity a crime, plenty an offence. But they said “earn with APARIGRAHA and spend with SAMYAMA”. The Rig Vedic verse said “May you collect with hundred hands and give as much as thousand hands give”. Accumulation, with a view to distribution i.e. in to-day's terminology, creation of wealth with social justice was propagated in the broadest, all comprehensive term 'Dharma' which comprised VRITTI DHARMA and PURUSHARTHA.

Nature—the Best Manager

God's creation which you may call in different names is intact under His command. The universe, the gift of God is the best example for excellent management, where the sun rises, stars twinkle, seasons come and go as scheduled and every thing is in the same precision. Our ancestors had a holistic view of nature and its resources, used it as God's blessing with care and caution. They never altered the natural and divine laws, but adjusted themselves to it. Their very living was peaceful and their needs were limited. They were contented and believed in VASUDHAIVA KUTUMBAKAM.

Problems of Parigraha

The era in which we live is coupled with unbounded expansion of science and technology manifested in unlimited business applications. Science and Technology have opened new doors hitherto unknown. The present scenario is such that one will wonder where this man—homo sapien—will reach. The tools of science and technology have made the changes so fast that the speed is unimaginable.

In this environment, wherein science has made its presence felt in the form of intervention, and in some cases manipulations, the world around seems to be suffering from TINA syndrome. (There is no alternative). In the process we have crossed the boundaries and are trespassing the divine and natural laws in the name of scientific explorations, inventions and innovations.

The mother earth with its existence for such a long period—millions and millions of years, looks like a grave on the eve of 21st century.

Our ancestors called her in the name of development. We not only denuded her, but also destroyed all her

sanctity. We let her to the mercy of the All merciful. Now we seem to be awakened. We are paying a heavy penalty for trespassing the divine limits. Climatic changes (Global warming) excess rainfall (due to depression) droughts (due to water scarcity and salinity) and desertification are the order of the day.

Our perception of agriculture had a method of irrigation and cultivation with typical food habits and cultural linkages. It is now being discarded as outdated and obsolete. Advent of high-tech resulted in the garbage of electronic devices coupled with chemical farming and scientific storage. The fine balance of natural predator-and-prey principle was upset with the excessive use of chemicals. Now people are moving towards organic farming.

The products created from technology need a market. Now, with the technical know-how not only products are marketed but our life styles are also dictated.

Ethics in Indian culture is known as Niti. Niti is identified with Prakriti. Whatever is natural and normal is Prakriti. Samskriti develops on the basis of Prakriti of a state, nation and civilisation. Over the centuries there have been constant changes in the civilisation of a nation due to various factors. Natural boundaries separate one from another, thus allowing an independent culture to develop. The outside cultural influences brought in by force or love, due to war or impact of alien culture may change the culture and ethics of a nation and society now and then. There are advantages and disadvantages. Since these are natural as well as inevitable it is difficult to sustain a tradition and culture of a nation and civilisation in its purity.

A nation's business and management ethics is identified by its traditional and cultural background. Germany—the very name stands for uncompromising quality and integrity. Any product has a guarantee for

quality, sturdiness with lifetime service. Britain is known for its quality and innovative spirit. Design and glittering presentation takes the second place to consumer satisfaction and national pride. Japan a few years back was rated down for its quality and sustainability. But they could turn the corner because of their cultural and religious strength. After II World War they could rise to the present position from scratch. Now we talk of effective Japanese Management system. Their pride in their nation, custom and practice is well known: USA the 'big brother' is a mix of varied cultures. They dominate the world market with a different strategy but without a definite spirit unlike the above mentioned countries.

'Big is better' is a unique concept of the USA. While their social life is at cross roads their business and management approach has attracted people from all over the world. Their industrial supremacy has given them the strength to control the world economy with a stranglehold. Also, they manipulate the political fate of many countries. Political domination has influence on the social and industrial culture and ethics. Thus we find the big powers influencing on the lifestyle of a nation.

The developing countries are attracted by this western or American culture. Including India, many countries have been greatly influenced by the American style of Industrialisation. Though many Asian countries are affected by this style of industrial production, the recent trend in Asian countries and African states shows a reflection on whether the present trend is beneficial in the long run. Is it not good to have an independent strategy to suit one's own Prakriti and Samskriti?

Ethics in life should start from childhood. Mother is the first teacher to influence culture in the child. The society around comes second. The school teachers design and decide the shape of an individual and nation. Do we have

any course of ethics and value based education in Schools and Colleges? Should not we pay more attention to this issue?

With the multiplying of TV channels, 'Ads' which are not only provocative but also display vulgarity of the third degree with no aesthetic and ethical sense, only aim at selling a product. They only bother to catch the market and never think of the impact they are going to create on our society and culture.

I am shocked to see the telecast of cricket matches at different intervals. It is certainly to promote business. I feel ashamed and disturbed to watch the match with children and family members when liquor advertisements glorify the habits of drinking. Liquor and condoms may not be the right advertisements for the youths and younger generation. But we have no sense of justice or shame in introducing these products at the wrong timeslot.

Our home industry and cottage industry are totally hit by the heavy and major industries in the cities. Even the poorest villager has to depend on the city products from toothpaste to hair oil. All common needs like garments, cosmetics, groceries, furniture, construction materials—everything flow from cities to the villages. Naturally for the low and middle income classes, needs have increased, living standards have changed ultimately falling short of their income. The villagers are simply carried away by the urban culture. The corruption, adulteration, blackmarketing, frauds, etc., are all due to the need for more money. Since the advent of TV to most remote villages, there is no peace and contentment in the villages as they always feel deprived of the pleasures that are available to the city dwellers. I am not formulating a policy but it is necessary to all those responsible citizens of the country to take care of the health of the nation and of its citizens.

With the changes in the life style, and change in the food habits, one is made an alien in his own home place, eating some junk foods, packed, tinned and canned foods in the name of hygiene, using unsaturated oil as it is a least health hazard i.e. with low cholesterol. These changes are brought in by using high technology in production and marketed just for profit. Who can imagine a Kathakali dancer from Kerala surviving on a breakfast of corn flakes and nothing more?

Now, reports are coming for those who are in the coastal belt, that Coconut oil is good for health as it is rich in nutrients and fat, which are needed for hard work and ideal for their weather. But our borrowed idea of health consciousness has snatched the rich taste of the local oil and the coconut trees look pale! A scientific report says that in Fiji island people suffer from many diseases due to the change in their natural food habits.

Present Condition

Science and technology in the hands of MNC's (Multi National Company) and TNC's (Trans National Company) have completely reversed the value systems, ethical standards and social mores. A new hollowness is seen everywhere. Lack of ideals to pursue has resulted in the frustrated youth taking to drugs and the new found affluence has resulted in licentiousness of the lowest degree. Moral and ethical degeneration is manifest in broken families and children with unidentifiable father or state protected children (UK). All these happenings have a tremendous impact on social and economic life.

I have a piece of information about global traders of death. A Tobacco Company which produces 1,20,000 tonnes of tobacco products has a licence to kill. Research findings have proved that in 1995, smoking killed 2.25 million Americans, an equal number in Europe, UK and

Asia. This industry is both powerful and ruthless in its capacity to kill 1/5 of the population of its consumers. The CEO of the Company engaged eminent doctors to prove that tobacco was not injurious to the extent it was publicised. For all these achievements he received the Best Manager Award. Look at the paradox!

It is learnt that the widows of the victims were paid compensation by the company in billions. The altered value of science and technology in education and business management make us ignore the ethical practices necessary for decent, happy and peaceful living. Approximately 40% of company executives are suffering from psychosomatic diseases that purely originate from stress and strain, and the dichotomy in thought and action. That is why many Indian scholars are teaching Yoga as a stress management technique in the West now.

A Way Out

This MAD (also means Mutually Aided Destruction) rush should be stopped. It can happen if the pertinent question is asked 'why this?' and a solution is tried. It is in going back to the ancient wisdom which gave priority to DHARMA, ARTHA, KAMA and lastly MOKSHA—the PURUSHARTHAS.

For all actions 'DHARMA' is the guiding principle. It is a check, a restraining force and a control. Even while generating wealth, the Rig Veda said 'Attempt not to obtain wealth through unjust and condemned ways'. Never will that wealth be useful which is obtained through violence or oppression. Nonviolent way of generating wealth without oppression and suppression, without interfering and destroying natural and divine laws—is the spirit behind living.

Through such means 'ARTHA', money or wealth should

be earned. Such earnings are never considered a sin. Generate wealth for the need but not for the greed. Even Gandhiji said “there is enough for everybody’s need but not for anybody’s greed”. This principle ARTHA SANCHAYANA AND UPAYOGA WITH APARIGRAH was the cardinal rule, that was practised for centuries.

Accumulated wealth or SANCHAYITHA ARTHA was used to fulfill KAMA—Desire and Pleasure with Samyama i.e. self restraint or self discipline, not over indulgence in sensuous pleasure. That does not mean one should lead an aesthetic life. They prescribed GRIHASTHASHRAMA which means a happy, peaceful family life. There is even retirement described as VANAPRASTHA and lastly SANYASA.

On the eve of 21st century, we ignore DHARMA and over indulge in ARTHA AND KAMA. Over indulgence and abuse create all chaos and it seems that we have reached a point of no return.

Now we should take a U turn to imbibe the ancient wisdom and the religious prescriptions of SAMYAK JNAN, SAMYAK DARSHANA, SAMYAK CHARITRIYA so that there is a control over the body, senses, desires and emotions.

Dharmasthala Model

I would like to point out the management practice in the temple at Dharmasthala. When I assumed charge as Heggade, I was surprised to find a very well established system of clear cut authority, autonomy and the mechanism of internal control and check in the temple administration and chain of command interwoven with accountability.

Modern management principles of authority, responsibility, accountability and transparency were embedded in the system of administration adopted and practised by my predecessors. The system was evolved

from experience, reason and concern.

On every sanskramana day Heggade is answerable to Dharma Devathas for the performance of the previous month. Performance evaluation is undertaken by the Dharma Dhaivas. Here the Heggade is expected to face the Dharma Dhaivas. If the functioning and performance is according to the tenets of Dharma, Heggade should have the confidence to face the Dharma Devathas. It is said, if there is any intentional lapse on the part of Heggade he will be warned. For the intentional mistakes committed, punishment will be instantaneous and for the unintentional mistakes it will be tolerated for 12 years. It is interesting to note that Heggade will not give any oral explanation for the lapses if any. He has to silently express his action through gesture.

On that day Heggade is assured by Dharma Devathas that they are with him in every action and shall take care of him like a mother. But he should follow all the guidelines and should strictly adhere to the principles and code of conduct.

In the history of Dharmasthala, no Heggade has yielded to any temptation nor any opportunity was given to Dharma Dhaivas to exercise their power of punishment.

When there is authority, it should be matched with responsibility. The system should have internal accountability. Then only the organisation will withstand the test of time.

In Dharmasthala, there is a belief (MATHU BIDA MANJUNATHA) that is honouring the oral promises made. Have faith in the Lord and faith in the individuals to honour their words of commitments, and then the Lord will be happy and graceful.

I am quoting from Kautilya's Artha Shasthra "In the happiness of the subjects lies the happiness of the king and what is beneficial to the subjects is to his own benefit.

What is beneficial to himself is not beneficial to the king, but what is dear to the subjects is beneficial to him”—It is the concept of yoga-kshema i.e. mutual concern for people. I would like to focus on the present scenario, of scams and political shames, unethical business practices and the vulgarity of sensual pleasure seeking, because of the affluency and the advent of science and technology without respect to values.

How different things will be if every political and business leader is subjected to this type of introspection and is moved by the concern for the people, when he reports to his conscience! I am also led to reflect how different our public finances will be if tax collectors and ‘tax users’ also become morally as responsible and accountable as the tax payers are expected to be! Will there be a need for another VDIS?

The best message of Indian mythology to the world is Ram Rajya, where we see the embodiment of Dharma in Sri Ramachandra's actions. He is always seen with “a bow and an arrow”. The righteous is always protected by the Rama Bana while the guilty and the Adharmis are threatened with punishment.

Today we should be serious about this concept. The political leaders while enjoying power and authority should be afraid of the Rama Bana for all intentional acts of atrocities. Because of lack of this fear of Danda—throughout the world politicians have been responsible for creating a world without ethics or failing to curb the unethical practices.

For a vibrant and sustained economy value based political administration is required. So ethics should start from the rulers. We have a statement “yatha raja, thatha Praja”. Many economies fail mainly due to wrong political programmes and decisions. How true is our Finance Minister's statement that the economic policy failed

because of political instability! Similarly in business undertakings, unethical practices will bring down the glory of the Nation and of Business.

Message

We have a brief sojourn here. Let us make it meaningful. But not as Charvaka Rishi denied the existence of God and preached free life. Do we have more of his followers now? Every one of us seems to heed his advice knowingly or unknowingly. This tendency should be stopped. It is always a balance swinging between selfishness on one-side, and justice on the other. But with the influence of right education, right knowledge, right understanding, right following, right character all can be moved towards the right pathmaking everyone happy and share the fruits of joy. We should boldly preach to the world the rich heritage and knowledge of our seers—the Indian value-based management system. When we try to adopt American or Japanese system of management we fail to understand their concept and values of business. Only organisation, competition and profits lead the way. There is a heavy onslaught of Western culture on us. Unless we are cautious, in the next century, poorer nations and Third World countries will be a big gambling den or casino for the Western countries. Preaching ethics and morality will not do. We should beware of the big powers that manufacture arms and ammunitions and dump them in the Third World countries, while in the same breath they advocate disarmament. Providing an atmosphere to live in a high moral standard and in a conducive social atmosphere is the necessity of our time.

With these few words I must stop talking about ethics. Because you all know that we have too much to talk about unethical practices that are going on in the country and in the world. There are very few good examples. There are

always people who are models to us, but what to do with such models? We speak of Gandhi, we speak of some holy man, you have seen in a latest magazine a cartoon in which a garment is shown without a face to show that the seat is there, the power is there, without the right person, to follow and the ideal person to imitate.

So our prayer should be “let us have more people who will be able to inspire us to make a very happy and beautiful world”. Our management institutes all over the country are producing graduates with management education, without moral and ethical values. But I wish they produce Indianised, Indian value-based management experts who will be following the examples (and there are plenty of examples sufficient to derive inspiration from) of the seers like Koutilya, Manu and others whom we can follow and develop our own system of management ethics and business practices in our country.

The views expressed in this booklet are not necessarily those of the Forum of Free Enterprise.

"People must come to accept private enterprise not as a necessary evil, but as an affirmative good".

— Eugene Black

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The Forum of Free Enterprise is a non-political and non-partisan organisation started in 1956, to educate public opinion in India on free enterprise and its close relationship with the democratic way of life. The Forum seeks to stimulate public thinking on vital economic problems of the day through booklets and leaflets, meetings, essay competitions and other means as befit a democratic society.

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Published by M.R. Pai for the Forum of Free Enterprise, "Piramal Mansion", 235, Dr. D.N. Road, Mumbai 400 001, and printed by C.V. Gole at Chintanakshar Grafics, 16, Hanuman Industrial Estate, G.D. Ambekar Marg, Wadala, Mumbai 400 031.