

Biyani's Think Tank

Concept based notes

Business Ethics and Ethos

MBA-IV Sem

**Moh. Ellias
Richa Khunteta
Department of Management
Biyani Institute of Science and Management,
Jaipur**



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Sector-3, Vidhyadhar Nagar,

Jaipur-302 023 (Rajasthan)

Ph : 0141-2338371, 2338591-95 □ Fax : 0141-2338007

E-mail : acad@biyanicolleges.org

Website : www.gurukpo.com; www.biyanicolleges.org

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Preface

I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the “Teach Yourself” style. It is based on question-answer pattern. The language of book is quite easy and understandable based on scientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director (Acad.)* Biyani Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this Endeavour. They played an active role in coordinating the various stages of this Endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author

Syllabus

Section- A

Business Ethics: Nature, scope and purpose of ethics; Relevance of values; Importance of Ethics & moral standards; Ethics & Moral Decision Making. Corporate Social Responsibility: Nature, scope & Importance; Corporate Governance: Concept, Importance for Industry; Ethical Issues related with Advertisements, Finance, Investment, Technology; Secular versus Spiritual Values in Management; Work ethics: concept of *Swadhrama*.

Gandhian approach in Management & Trusteeship: Gandhiji's doctrine of Satya & Ahinsa, Concept, importance & relevance of Trusteeship principle in modern business.

Indian Ethos: Need, purpose & relevance of Indian Ethos; Salient features (Brain Stilling, Total Quality Mind, Intuition, Intellectual rational brain V/s Holistic-Spiritual Brain, Holistic Approach for Managers in Decision Making); Relevance of Bhagvad Gita: Doctrine of Karma i.e *Nishkama Karmayoga*, *Guna* Theory (SRT i.e. *Sat, Raj & Tam* Model), Theory of *Sanskaras*, Bhagvad Gita & Self Management.

Section -B

Case study

Business Ethics and Ethos

Business ethics is no longer the oxymoronic black box that means something different to every one you ask. Thousands of organizations have begun to treat business ethics as the strategic management issue it is, and state and federal governments and agencies have obliged by creating extraordinary incentives for leaders to "do it right." Join Tim as he delivers the basic information you need to understand these incentives en route to helping your clients meet or exceed current standards and otherwise pursue excellence in business ethics and compliance.

Q.1 What is Ethics?

Ans. The term ethics is from the Greek word ethos (Character), refers to the philosophical science that deals with the rightness and wrongness of human actions.

Ethics is the branch of study dealing with what is the proper course of action for man. It answers the question, "What do I do?" It is the study of right and wrong in human endeavors (deeds). At a more fundamental level, it is the method by which we categorize our values and pursue them. Do we pursue our own happiness, or do we sacrifice ourselves to a greater cause? Is that foundation of ethics based on the Bible, or on the very nature of man himself, or neither?

Definition of Ethics.

Ethics is a set of moral principles or values which is concerned with the righteousness or wrongness of human behavior and which guides your conduct in

Ethics is the activity of examining the moral standards of a society, and asking how these standards apply to our lives and whether these standards are reasonable or unreasonable, that is whether they are supported by good reasons or poor ones.

Q.2 What is Business Ethics?

Ans

Business Ethics is a specialized study of moral right and wrong. It *concentrates on moral standards as they apply particularly to business policies, institutions, and behavior.*

Ethics are **moral guidelines** which govern **good behaviour**

So behaving ethically is **doing what is morally right**

An important distinction to remember is that behaving ethically is not quite the same thing as behaving lawfully:

- **Ethics** are about what is right and what is wrong
- **Law** is about what is lawful and what is unlawful

An ethical decision is one that is **both legal** and **meets the shared ethical standards** of the community. Businesses face ethical issues and decisions almost every day – in some industries the issues are very significant. For example:

Should businesses profit from problem gambling?

Should supermarkets sell lager cheaper than bottled water?

Is ethical shopping a luxury we can't afford?

You will probably note the link between business ethics and corporate social responsibility (CSR). The two concepts are closely linked:

- A socially responsible firm should be an ethical firm
- An ethical firm should be socially responsible

However there is also a distinction between the two:

- CSR is about responsibility to all stakeholders and not just shareholders
- Ethics is about **morally correct behaviour**

How do businesses ensure that its directors, managers and employees act ethically?

A common approach is to implement a **code of practice**. Ethical codes are increasingly popular – particularly with larger businesses and cover areas such as:

- Corporate social responsibility
- Dealings with customers and supply chain

- Environmental policy & actions
- Rules for personal and corporate integrity

Q.3 What is the purpose of business ethics?

Ans. Business ethics allow businesses to trust those they do business with and the customer to trust those they buy products and services from. An ethical business will pay the agreed on price for services or material, they will deliver what they say they will, when they say they will. If there is a problem it will be dealt with fairly and equitably. For thousands of years businessmen have dealt with each other in an ethical manner according to an agreed on set of practices. They had to or no one would do business with them again. Unfortunately some business try to take advantage of the customers, employees and suppliers. That's why there are laws regarding the enforcement of contracts and consumer protection laws protecting customers. The lawmakers tend to try to minimize the laws but unethical businessman keep coming up with new ways to defraud their fellow businesses and customers.

Q.4 Top 10 companies in business ethics.

Ans. The 10 most sustainable companies include
General Electric
Pacific Gas and Electric, TNT NV
Hennes & Mauritz,
Nokia
Siemens
Unilever
Vodafone
Smiths Group and
Geberit

Q.5 What are Morals?

Ans

Morals are the standards, norms of principles of right and wrong. They are basically principles which help to guide our behaviour and accept behaviour of others. They issues relate to. Are these standards based on science? In other words how scientific are these standards? Who develops these standards? How do they develop?

A moral (from Latin *morālis*) is a message conveyed or a lesson to be learned from a story or event. The moral may be left to the hearer, reader or viewer to determine for themselves, or may be explicitly encapsulated in a maxim

Q.6 What are Values?

Ans

Value comes from the Latin word 'valere' which means to be of worth, to be strong. As per dictionary, value gives the following meaning: relative worth, utility or importance, degree of excellence, quality, intrinsically valuable. Value literally means something that has a price, something precious, dear and worthwhile, hence some thing one is ready to suffer and sacrifice for, it necessary one is ready even to die for it.

Values are a set of principles or standards of behavior that are regarded as desirable, important and held in high esteem by society. They're based on the moral norms or standards.

Values have major influence on a person's behavior and attitude and serve as broad guidelines in all situations. Some common business values are fairness, innovation and community involvement.

"Values" is a broad term which includes ethics and morals. Values can be thought of as what is emotionally valuable to an individual or group. Values underlie ethics and morals.

"Ethics" is more often used to denote rules of conduct. "Ethical conduct," for example, is rules-based conduct.

"Morals" is more often used to denote underlying principles from which ethics are developed

Q7. Major difference between Ethics , values, and Morals?

Ans.

Values are a person's beliefs. they are the guiding principles of one's life. it is a choice.

Ethics is the philosophical study of moral values and rules.

Morality is the concern of ideas between good and evil, or right and wrong.

All three are often used interchangeably, but there are some differences in which word is used most often for particular meanings. Any serious discussion about

morals, ethics and values must begin with defining their use for the purpose of the discussion.

"Values" is a broad term which includes ethics and morals. Values can be thought of as what is emotionally valuable to an individual or group. Values underlie ethics and morals.

"Ethics" is more often used to denote rules of conduct. "Ethical conduct," for example, is rules-based conduct.

"Morals" is more often used to denote underlying principles from which ethics are developed

For example: A person who values family well-being will develop general morals about acting for the good of family, and develop ethics about how to contribute to family well-being, and ethics about how not to harm family.

Values best answer "why?": Why is the well-being of family important? I'm hurt when my family is hurt. I'm unhappy when my family is suffering.

Morals best answer "what?": What is important about the well-being of family? Family are the closest people to us, and the people we would like to always be able to rely on. If anything happens to me, I would want to know my family will be there for my children, and if my family is in good state, then they are more likely to be able to take care of my children. I love my family, and if anything happens to them I would want to be in a position to care for them.

Ethics best answer "how": How do you contribute to the well-being of family? Promote strong relationships by being honest, open, and respectful of each other. Make enough money to secure my own life, and have extra saved up in case of family emergencies. Never lend money to family to avoid possible resentment -- if I have it to give, I will give it without asking repayment.

Q.5 What are Human values?

Ans

Human values are the values of the human beings for the human beings and by the human beings. Morals and values are the foundation of human values. Just as

a building has a foundation of concrete, the building of human values rests on morals and values. Human values can also be defined as values of life.

Q.6 What is Relevance of Values in Management?

Ans. Knowledge of business ethics will help managers in resolving ethical issues/dilemmas as they arise.

Knowledge of values will help managers in setting highly responsible tone for the organization – in individual judgments and decisions whether ethical or not.

The study of business ethics provides conscientious managers with morally responsible approach to business.

It helps manager to realize their social responsibility. Many organizations find it wise to go beyond their primary mission and take into the needs of the community. Business ethics make managers more accountable for social responsibility.

Q.7 What is CSR?

Ans. The voluntary compliance of social and ecological responsibility of companies is called Corporate Social Responsibility (CSR)

Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the Concept of sustainable development to the company's level. Over the last years an increasing number of companies worldwide started promoting their Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible. In most cases CSR is a result of a variety of social, environmental and economic pressures.

The Term Corporate Social Responsibility is imprecise and its application differs. CSR can not only refer to the compliance of human right standards, labor and social security arrangements, but also to the fight against climate change, sustainable management of natural resources and consumer protection

CSR is an evolving concept that currently does not have a universally accepted definition. Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society.

The World Business Council for sustainable development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations. CSR typically includes “Corporate governance and ethics.

Q. 8 Origin of CSR ?

Ans. The concept of Corporate Social Responsibility was first mentioned 1953 in the publication ‘Social Responsibilities of the Businessman’ by William J. Bowen. However, the term CSR became only popular in the 1990s, when the German Betapharm, a generic pharmaceutical company decided to implement CSR. The generic market is characterized by an interchangeability of products. In 1997 a halt in sales growth led the company to the realization that in the generic drugs market companies could not differentiate on price or quality. This was the prelude for the company to adopt CSR as an expression of the company’s values and as a part of its corporate strategies. By using strategic and social commitment for families with chronically ill children children, Betapharm took a strategic advantage.

In July 2001, the European Commission decided to launch a consultative paper on Corporate Social Responsibility with the title „Promoting a European Framework for Corporate Social Responsibility“. This paper aimed to launch a debate on how the European Union could promote Corporate Social Responsibility at both the European and international level.

Q. 9 Position of CSR in INDIA ?

Ans. In **India** there are an existent but small number of companies which practice CSR. This engagement of the Indian economy concentrates mainly on a few old family owned companies, and corporate giants such as the Tata and Birla group companies which have led the way in making corporate social responsibility an intrinsic part of their business plans. These companies have been deeply involved with social development initiatives in the communities surrounding their facilities. Jamshedpur, one of the prominent cities in the northeastern state of Bihar in India, is also known as Tata Nagar and stands out at a beacon for other companies to follow. Jamshedpur was carved out from the jungle a century ago. TATA’s CSR

activities in Jamshedpur include the provision of full health and education expenses for all employees and the management of schools and hospitals. In spite of having such life size successful examples, CSR in India is in a very nascent stage.

In the informal sector of the Indian economy, which contributes to almost the half of the GNP and where approximately 93% of the Indian workforce is employed, the application of CSR is rare. On the contrary, the fight against poverty, the development of education, as well as the conservation of the environment are not existent in most of the Indian enterprises.

India has an advantage as far as labor is concerned. To some extent, business and capital go to those places where costs are less or standards are lower like the ones in India. But also in India, the demand for responsible and ethical goods is constantly increasing.

Q.10 How "social responsible" are Companies in reality?

Ans Due to the lack of international CSR guidelines, the practical application of CSR differs and CSR Strategies within most companies still show major deficiencies. There are still complaints about multinational companies wasting the environment and NGOs still denouncing human rights abuses in companies. Some critics believe that CSR programs are undertaken by especially multinational companies to distract the public from ethical questions posed by their core operations. That meanwhile even multinational companies such as Microsoft or Pepsi confess to their social responsibility, is discussed quite controversial. While companies increasingly recognize their social responsibility, many of them have yet to adopt management practices that reflect it: company employees and managers need training in order to acquire the necessary skills and competence. Pioneering companies can help to implement socially responsible practices by guiding the processes. The Copenhagen Centre and CSR Europe have recently launched a program to bring the business and academic community together with the aim to identify and address the training needs of the business sector on Corporate Social Responsibility. While corporate social responsibility can only be taken on by the companies themselves, employees, consumers and investors can also play a decisive role in areas such as working conditions, environment or human rights, in the purchasing of products from companies which already adopted CSR or in prompting companies to adopt socially responsible practices. Critics suggest that better governmental and international regulation and enforcement, rather than voluntary measures are necessary to ensure that companies behave in a socially

responsible manner. Corporate social responsibility should therefore not be seen as a substitute to regulation concerning social rights or environmental standards. In countries where such regulations do not exist, efforts should focus on putting the proper regulatory framework in place on the basis of which socially responsible practices can be developed.

Q.11 What are Potential benefits of implementing a CSR approach.

Ans. Key potential benefits for firms implementing CSR include :

- Better anticipation; and management of an ever-expanding spectrum of risk.
- Improved reputation management
- Enhanced ability to recruit, develop and retain staff.
- Improved competitiveness and market positioning.
- Enhanced operational efficiencies and cost savings.
- Improved ability to attract and build effective and efficient supply chain relationships.
- Enhanced ability to address change.
- More robust “social license” to operate in the community.
- Access to capital
- Improved relations with regulators

Q.12 What is Corporate governance?

Ans. Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation; such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance.

Q.13 What is difference between Corporate Governance and Corporate Management?

Ans. Governance is concerned with the intrinsic nature, purpose integrity and identity of the institution, with a primary focus on the entity's relevance continuity and fiduciary aspects. Governances involves the monitoring and overseeing of strategic direction, socio-economic and cultural context, externalities, and constituencies of the institution. On the other hand, Management is more of hands of activity. It is characterized as conducting or supervising action with the judicious use of means to accomplish certain ends. Management primarily

focuses on specific goal attainment over a definite time frame and is prescribed organization.

Corporation Governance	Corporate Management
1. External focus 2. Governance assumes an open system. 3. Strategy – oriented 4. Concerned with where the company is going.	1. Internal focus 2. Management assumes a closed system. 3. Task – oriented 4. Concerned with getting the company there.

Q.14 What are issues, Principles and key constituents in Corporation Governance.

Ans. Corporate governance addresses three basic issues :

- Ethical issues
- Efficiency issues, and
- Accountability issues.

Ethical issues are concerned with the problem of fraud, which is becoming wide spread in capitalist economies.

Efficiency issues are concerned with the performance of management.

“Accountability issues” emerge out of the stakeholders need for transparency of management in the conduct of business.

Q.15 Some landmarks in corporate governance

Ans

The Cadbury Report

The report of the United Kingdom Committee on the Financial Aspects of Corporate Governance, chaired by Sir Adrian Cadbury, former chairman of Cadbury

Schweppes and a director of the Bank of England, was published in 1992 (Cadbury 2002). The recommendations of the Cadbury Report influenced the development of corporate governance not just in the United Kingdom, but in many other countries, including Russia and India.

- Companies should establish key board committees covering audit (composed of non-executive directors, responsible to the board); remuneration (responsible to the board for recommending remuneration of directors); Nomination (a formal and transparent procedure for the appointment of new directors to the board);
- There should be at least three independent non executive directors.
- The board should include a balance of executives and non-executive directors, so that no individual can dominate the board's decision making.
- There should be separation between the roles of chair (responsible for running the board) and the chief executive officer responsible for running the business).

Q.16. What is Advertising?

Ans. *Advertising is the paid, impersonal, one-way marketing of persuasive information from an identified sponsor disseminated through channels of mass communication to promote the adoption of goods, services or ideas.*

Q.17 What are unethical practices in Advertising?

- Ans.**
- False promises
 - Incomplete description
 - Misleading Comparisons
 - Bait-and-Switch Offers
 - Visual Distortions
 - False Testimonials
 - False Comparisons
 - Partial Disclosures
 - Small-Print Qualifications

Q.18 When Advertising is considered unethical?

- Ans.**
- When it gives false information.
 - When it degrades the rival's product or substitute product.
 - When it makes exaggerated or tall claims.
 - When it is against the national and public interest.
 - When it gives misleading information.
 - When it conceals information that vitally affects human life.

Q.19 What is the code for Commercial Advertising on Doordarshan?

Ans. The code for commercial advertising was presented to parliament in 1987. It contains 33 do's and don'ts for advertisers

- Ads that exploit national emblem, any part of the constitution/personality of national leaders or state dignitaries.
- Ads that have any relation to religion, political or industrial dispute.
- Ads that decried any race, cast, colour, creed, and nationality or are against the directive principle or the constitution.
- Ads that tend to invite people to crime or cause disorder or adversely affect friendly relations with foreign states.
- No advertisement shall be presented as news.
- Ads that promote chit funds, moneylenders, jewellery, fortune tellers, and foreign goods would not be accepted.
- No derogatory remarks for other products or comparison with them should be made.
- Ads which are likely to startle viewers-such as gunfire, sirens, bombardments, screams and raucous laughter.
- Guaranteed goods will have to be made available to Director General of Doordarshan for inspection, if necessary.
- Advertisement that portray women as passive or submissive

Q. 20 What is spiritual value ?

Ans Spirituality involves a belief in a relationship with some higher power, divine being or infinite source of energy. Derived from Latin word SPIRITUS which refers to "breath" or "wind"

Spiritual Needs

- LOVE
- HOPE
- TRUST
- FORGIVENESS
- BEING RESPECTED & VALUED
- DIGNITY

- FULLNESS OF LIFE
- VALUES
- CREATIVITY
- CONNECTING WITH HIGHER POWER
- BELONGING TO A COMMUNITY

Q.21 What is secular and spiritual ?

Ans. of or pertaining to worldly things or to things that are not regarded as religious, spiritual, or sacred; temporal: secular interests.

Q.22 What is the Gandhian Trusteeship System?

Ans. The system of Trusteeship is viewed by the Gandhian theorists as of prime relevance for resolving conflicts and achieving cooperation in organizational settings. Here an attempt has been made to analyze the Gandhian system of trusteeship. It is an attempt to search managerial applications embedded in Gandhian Theory of Trusteeship.

Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism, but gives the present owning class a chance of reforming itself.

The Gandhian concept of trusteeship in its capsule form means enjoying the wealth by renouncing it. If magnified, it means ‘Earn your crore by all means. But understand that your wealth is not yours; it belongs to the people. Take what you require for your legitimate needs and use the remainder for the benefit of the society’

Q.23 What are Sins of Gandhi?

Ans. Mahatma Gandhi said that seven things will destroy us.

- 1) Wealth without work
- 2) Pleasure without Conscience
- 3) Knowledge without Character
- 4) Commerce (Business) Without Morality (Ethics)

- 5) Science without Humanity
- 6) Religion without sacrifice
- 7) Politics without Principle.

Q.24 What are the Characteristics of Indian Psyche.

- Ans.**
1. It gives more importance to personalized relationship that contractual relationship.
 2. It prefers natural leader rather than official leader.
 3. It does not like many middle officers.
 4. It can accommodate apparently contradictory view. Main character of Indian culture is synthesis.
 5. It considers the leader as the role-model.
 6. It recognizes that majority of Indian maybe illiterate, but they are not uneducated.
 7. It realizes that religion plays the most important role in Indian life. Culture and tradition mean a lot to them.
 8. It recognizes that the Indians are very much attached to their family.
 9. It recognizes that Indians are hard working and not necessarily smart working.

Q. 25 Subjectivity & Objectivity?

- Ans.** Creator is subjective. Creation is objective. Insight i.e. creator is more important than Oversight i.e. creation. Our body, senses intellect, mind etc. Are objective, seen, tangible. But our soul atman is unseen, intangible, subtlest and subjective. Hence, wisdom manager is much more important than knowledge manager.

Manager must develop this third eye, 'Jnana Chakshu.' The eye of Vision, intuition, insight foresight and such other divine qualities or values. Lord Shiva possesses Third Eye. This is the essence of Indian ethos for management.

Q.26 Karma Yoga (Selfless work) ?

- Ans.** *It is yoga of moral Endeavour, self-less service to others. It brings about union of human being with the Divine. Work is done as workshop to the Divine in human beings who is also all pervading in the universe.*

Gita evolves the moral and ethical theory of human conduct and expounds the art of right living – the doctrine of duty with discipline and devotion without attachment to work and agency.

Q.27 Swadharma ?

Ans. Gita emphasizes that Swadharma should be understood as a pious work to be done, and should be done with the spirit of doing public good. If done real religiously, it becomes a great offering to the Divine himself. This is the true Yajna spirit, wherein one works for self satisfaction which in fact he derives from the public good.

Q.28 Role of Karma yoga in our lives?

Ans. Karma Yoga is a good pathway for :

1. Self-purification and self-development.
2. Individual growth and welfare
3. Collective growth and welfare
4. Minimum play of passion, jealousy, hatred, greed, anger and arrogance.
5. Team spirit, team work.
6. Autonomous management, minimum control and supervision.
7. Manager acts as mentor and facilitator
8. Self-motivation or Inspirational motivation.
9. Perfection or excellence in products and services.
10. Skills and values united.
11. All round happiness and prosperity
12. Conflicts resolved by integration

Q.29 Yogah Karmasu Kaushalam ?

Ans. Yoga means excellence at work. Seek to perform your assigned duty of work in an excellent manner. Koushalam denotes doing work with devotion and without attachment. Such detached attitude enhances its value and improves the concentration and skill of the worker. You work with smartness, determination and ability. Your head, heart and soul co-operate with your hands. In Total quality Management (TQM), Karma Yoga and Yogah Karmasu Kaushalam provide valuable contributions. Under this slogan we have hundred percent motivation coming from within.

Q.30 Holistic Approach?

Ans. Holistic approach in Management is based on spiritual principle of unity. Oneness, non-dual or Advaita concept. Under this principle of unity, the universe is an undivided whole where every particle is connected with every other particle. The Divine interpenetrates this Jagat like pearls on a string. Hence, Entire Humanity is ONE.

Q.31 Basic principles of Indian ethos for management ?

- Ans.**
1. Immense potential energy and talents for perfection as human being has the spirit within his heart.
 2. Holistic approach indicating unity between the Divine individual self and the universe.
 3. subtle, intangible subject and gross, tangible objects are equally important. One must develop one's Third Eye, Jnana Chakshu, or the Eye of Wisdom.
 4. Karma Yoga offers double benefit, private benefit, self-purification and public benefit.
 5. Excellence at work through self-motivation and self development is the best means of Total Quality Management.
 6. Co operation is a powerful instrument for team work and success in any enterprise involving collective work.

We need Indian Ethos in modern corporate management.

1. To develop proper management pattern.
2. to assure all round growth in productivity, marketing, profitability.
3. To gain worldly achievement and lead enriched quality of life together.
4. To synchronise private and public benefits.

Q.32 Insights into Indian ethos ?

- Ans.** Indian ethos provides that 'Business' need not be regarded evil, tainted and unethical. Business is sacred. It is a matter of attitude, approach and level of management consciousness. One can do business, make money, earn profit, build up property and even then it can be managed with due recognition to human and ethical values and respecting all persons in the enterprise and in the society as human beings. Indian ethos demands subjective management system, giving due importance to virtues like compassion, honesty, co-operation etc.

Q.33 The Supreme Message of the Bhagavad Gita

- Ans** When Arjun's confidence takes a downward plunge while on the battlefield, Krishna decides to make him understand the real meaning of life.

The whole essence of the Bhagavad Gita lies in the various types and theories of Dharma it expounds. Additionally, Krishna talks of universal harmony and strict, unflinching adherence towards duty.

After having related how the soul is permanent, immortal and never dies, Krishna asks Arjun to shed his anxiety and reticence that inhibit his duty on the battlefield and co-operate to reinstate the dharmic balance of the universe. Krishna warns him that if he were to leave the battlefield at this point of time, he would fail miserably in his duties, throwing the entire cosmos out of balance, obscuring and wiping out all good from the face of the earth.

Krishna takes a Vishwaroopa (massive avatar) and reveals Himself as but one aspect of the Supreme Mahavishnu. He shows him the cycle of life and how souls live and die and pass through the various stages between the process, while in this mortal world

Q.26 Self Management ?

Ans. The manager is first a man and then a manager. The manager should first learn to manage and control himself. Without self management and control, how can he manage and control others? The first need is understand and know himself. This is a course in the subjective system of management. Indian insights want first system of subjective management and then only management in objective terms can be perceived and practiced.

Q.27 Nishkama Karmayoga?

Ans. The theory of Karma is the central theme of Bhagvad Gita which when translated into modern day management may provide fresh approach into 'doing' the 'right' things at the 'right' time. Everybody looks for peace and happiness and nobody likes to face adversity. That is why the soul is bounded with Karma (deeds or actions) Bhagwat Gita tells us that future is always based in our present deeds whether they are good or bad. We can change our future happening by virtue of our present pious deeds and workshop and by adopting true path.

Nishkam Karma or selfless or desire-less action is an action performed without any expectation of fruits or results, which has now found place not just in business management, management studies but also in promoting better business ethics as well. In Indian philosophy, action or Karma has been divided into three categories, according to their intrinsic qualities or gunas. Here Nishkam Karma belongs to the first category, the Satvik (pure) or actions which add to calmness; the Sakam Karma (self-centred action) comes in the second rajasika (aggression) and Akarma (in-action) under the third, tamasika which co-relates to darkness or inertia.

Nishkam Karma has been variously explained as 'Duty for duty's sake' and as 'Detached involvement'.

Q.28 The Guna dynamics model (SRT principle)?

Ans. First model viz. the guna model analyses the dynamic of the three gunas viz. tamas, rajas and sattava. This dynamics is presented in sloka 14-10 'Sattava asserts itself by predominating over rajas and tamas, rajas'. When the intensity of tamas is higher than sattava and rajas, there is lot of negative energy. When intensity of sattava is higher than rajas and tamas there is lot of synergy. Hence, Gita suggests a transformation from tamas to sattava through increase in the intensity of sataava and reduction in the intensity of tamas. If tamas dominates in a society and its institutions, it would lead to lot of negative energy thereby leading to disorders in society. Hence, the social processes should be designed, organized and transformed in such a way that there is increase in rajas and sattava in the society. This would lead to establishment of a 'good society'.

Guna theory is an analytical framework for analyzing the man's nature. As per Guna theory management styles could be tamas driven rajas driven or sattava driven, because the tamas driven management style ultimately leads to disaster, the emphasis is on a shift towards rajas or sattava driven management styles. The sattava driven management style emphasizes the ethical dimension of management.

Guna theory not only provides us a theory of personality but is also useful in psychological analysis through analysis of the three ego states viz. the tamasik, rajasik and sattavik. When these three ego states in an individual interact with each other and interact with ego-states of another individual, we get interesting insights into human behaviour.

Q.29 Guide to Action and Decision Making in Management.

Ans. Gita suggests that unnecessary details could lead to getting out of focus and thereby it could lead us to wrong decisions. Hence, it is necessary to concentrate on the proper choices and alternatives.

The mental state of the decision-maker is critical to decision making. Anger is considered as the root cause for delusion and confusion in decision making hence it is suggested that critical decisions should be made in anger free mental state.

In Geeta, five factors have been identified as influencing factors in decision making viz. the 'seat (body) or the right place, the doer (ego) or the competency,

organs of perceptions or the instruments, functions of various organs of action or the effort and the 'presiding deity' or the chance factor. In Bhagwat Gita too it is said that "one's own self is one's friend, and one's own self is one's enemy". We can relate this to the management decision making as if a person takes a correct decision he can set himself on the top and if the decision is incorrect then it will make him fall down. So Bhagwat Gita has also shown the path to modern management in relation to Decision making.

Q.30 Gita & Self Management?

Ans. (i) Have a Clear Goal : Have a clear goal, which tickles your heart, attaining which you visualize yourself to be a fully contended man. Think Big. Never be a blind follower of the world, look within to discern your goal. What YOU want is more important, because that alone will guarantee your full involvement, integration & love.

(ii) Entertain a quiet Mind – All decisions are taken by our minds. A quiet mind alone can be conscious of various aspects of any situation and it alone is free to act. An unquiet mind is a conditioned mind, it knows just to react only to regret later. It is never free.

(iii) Get the best knowledge – Always remember right knowledge is the greatest of all powers. Cultivate an inquisitive mind. Remain in touch with the latest. Always take out your time to study various good literature.

(iv) Have the best motivation - Right motivation opens the floodgates of our potentials & perception. A person who is bogged down with his selfish considerations, insecurities and the choking sense of insufficiency.

(v) Have Holistic vision – A fragmented vision dissipates our time & energy and also mars our perception. It brings baseless tears and insecurities, and is the main cause of the sense of limitation and the subsequent egocentricity. Base your life on facts and be blessed with the perception of truth, a sense of fullness and love. With a mind which can see all the aspects of a situation simultaneously every decision cannot but be spontaneously right.

M.B.A. IV Semester (Main) Examination-2009
Business Ethics and Ethos
Group : Common to All MBA Group
4M6401

Time : 3 Hours

Maximum Marks : 70

Min. Passing Marks : 28

Instructions to Candidates:

1. *The question paper is divided in two sections.*
2. *There are selections A & B Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study/application based 1 question which is **compulsory**.*
3. *All questions are carrying **equal** marks.*

Section-A

Q1. Critically examine the relevance of ethics and moral standards for corporate world.

Ans. Knowledge of business ethics will help managers in resolving ethical issues/dilemmas as they arise.

Knowledge of values will help managers in setting highly responsible tone for the organization – in individual judgments and decisions whether ethical or not.

The study of business ethics provides conscientious managers with morally responsible approach to business.

It helps manager to realize their social responsibility. Many organizations find it wise to go beyond their primary mission and take into the needs of the community. Business ethics make managers more accountable for social responsibility.

2. Discuss the concept of corporate governance and issues pertaining to it.

Ans. The voluntary compliance of social and ecological responsibility of companies is called Corporate Social Responsibility (CSR)

Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the Concept of sustainable development to the company's level. Over the last years an increasing number of companies worldwide started promoting their Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible. In most cases CSR is a result of a variety of social, environmental and economic pressures.

Corporate governance can also be used to help restore investor confidence in markets that have experienced financial crises. This has happened in the last few years in Japan, Malaysia and the Russian Federation, for example. In these countries, as in a number of other countries that have similarly been affected by a lack of investor confidence, particularly overseas investor confidence, new or improved corporate governance practices have been introduced. Key features of these changes include improving transparency and accountability.

Corporate governance addresses **three basic issues** :

- Ethical issues
- Efficiency issues, and
- Accountability issues.

Ethical issues are concerned with the problem of fraud, which is becoming wide spread in capitalist economies.

Efficiency issues are concerned with the performance of management.

“Accountability issues” emerge out of the stakeholders need for transparency of management in the conduct of business.

- 3. Describe the principle of trustee chip of Mahatma Gandhi in context of modern business.**

Ans. The system of Trusteeship is viewed by the Gandhian theorists as of prime relevance for resolving conflicts and achieving cooperation in organizational settings. Here an attempt has been made to analyze the Gandhian system of trusteeship. It is an attempt to search managerial applications embedded in Gandhian Theory of Trusteeship.

Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism, but gives the present owning class a chance of reforming itself.

The Gandhian concept of trusteeship in its capsule form means enjoying the wealth by renouncing it. If magnified, it means 'Earn your crore by all means. But understand that your wealth is not yours; it belongs to the people. Take what you require for your legitimate needs and use the remainder for the benefit of the society.

Mahatma Gandhi said that seven things will destroy us.

- 1) Wealth without work
- 2) Pleasure without Conscience
- 3) Knowledge without Character
- 4) Commerce (Business) Without Morality (Ethics)
- 5) Science without Humanity
- 6) Religion without sacrifice
- 7) Politics without Principle.

5. Examine the relationship of spiritualism for managerial effectiveness.

Ans. The present study explores the concept of "Spiritual Self", as experienced by the corporate executives. "Spiritual Self" is a very private area of life and draws upon the sources that inspire, uplift and tie an individual to the timeless truths of humanity. Thus "Spiritual Self" represents core motives that drive us in our daily life. In the present paper the "Spiritual Self" is determined using the concept of spiritual orientation and its relationship with, satisfaction, effectiveness and success in career as a manager is deduced. Today's managers' are required to be super achievers with quick decision making skills and ability to face fierce competition in a highly fluid environment. This necessitates that the individuals spend increasingly additional time at the workplace, be "fully functioning" and be able to meaningfully relate themselves to their workplace. As a result many

individuals are seeking to discover the answers to the meaning and the purpose of their lives in the context of the workplace itself. This often requires an in-depth understanding about who they are and what they stand for or in other words to know about their sense of self. Sense of self, can be interpreted as a construct with strongly spiritual

"The concept of self is discussed extensively in the most ancient and essential philosophy of India, Vedanta. It holds that there is an unmanifest universal force called, Brahman. Catholics refer to this same force as the Holy Spirit; Quakers call it the light. When this force becomes manifest in living being, vedantists call it the atman or self. Once embodied, however, ego develops and awareness becomes entangled in the web of Maya, the illusions of worldly existence, the play of forces on the conscious plane. At this stage it becomes unaware of the light within. According to the vedantic scriptures (the Vedas, Upanishads, and the Bhagavad Gita) the goal of living is to become aware of the self, the light within, and become one with it"

5. Discuss the preachings of the Bhagvat Geeta which are relevant for self management.

Ans The manager is first a man and then a manager. The manager should first learn to manage and control himself. Without self management and control, how can he manage and control others? The first need is understand and know himself. This is a course in the subjective system of management. Indian insights want first system of subjective management and then only management in objective terms can be perceived and practiced.

The Supreme Message of the Bhagavad Gita

When Arjun's confidence takes a downward plunge while on the battlefield, Krishna decides to make him understand the real meaning of life.

The whole essence of the Bhagavad Gita lies in the various types and theories of Dharma it expounds. Additionally, Krishna talks of universal harmony and strict, unflinching adherence towards duty.

After having related how the soul is permanent, immortal and never dies, Krishna asks Arjun to shed his anxiety and reticence that inhibit his duty on the battlefield and co-operate to reinstate the dharmic balance of the universe. Krishna warns him that if he were to leave the battlefield at this point of time, he would fail

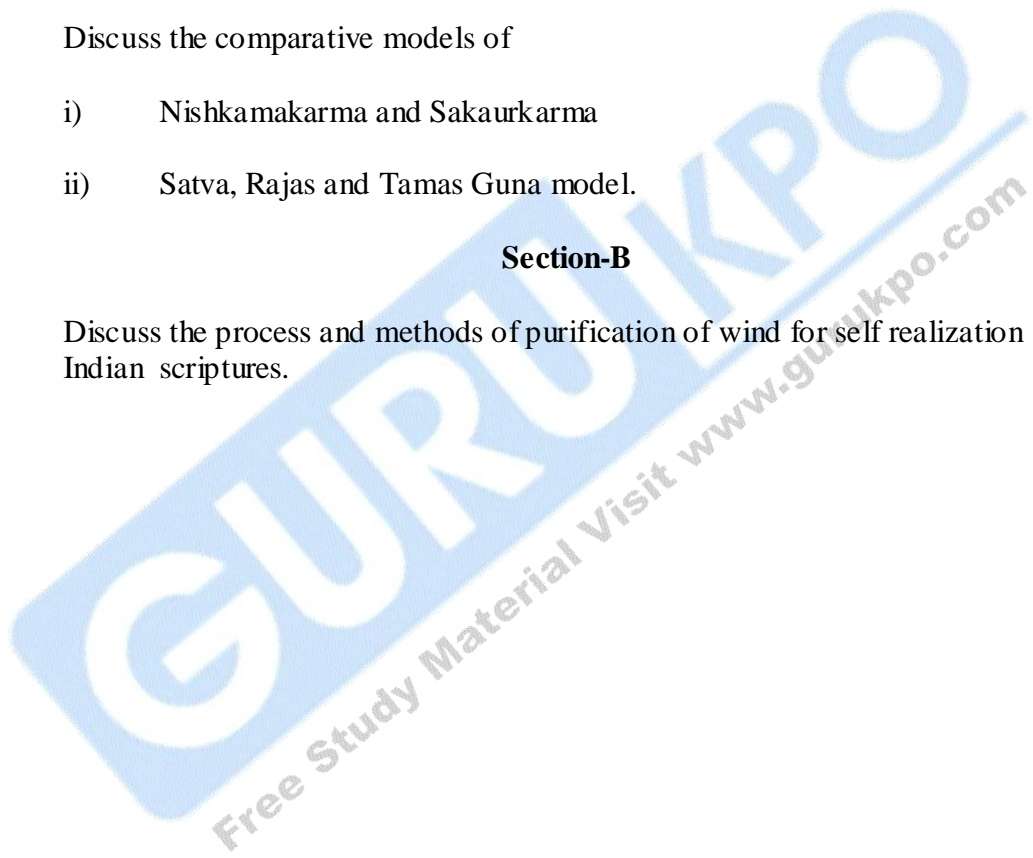
miserably in his duties, throwing the entire cosmos out of balance, obscuring and wiping out all good from the face of the earth.

Krishna takes a Vishwaroopa (massive avatar) and reveals Himself as but one aspect of the Supreme Mahavishnu. He shows him the cycle of life and how souls live and die and pass through the various stages between the process, while in this mortal world

6. Discuss the comparative models of
 - i) Nishkamakarma and Sakaurkarma
 - ii) Satva, Rajas and Tamas Guna model.

Section-B

7. Discuss the process and methods of purification of mind for self realization as per Indian scriptures.



Time : 3 Hours
Marks: 70

[Total

[Min. Passing

Marks:28

This question paper is divided in two sections.

There are section A and B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study / application base.

I question which is compulsory

All questions are carrying equal marks

Use of following supporting material is permitted during examination.
(Mentioned in form No.205)

1. _____ Nil _____
2. _____ Nil _____

SECTION- A

1. **Explain the concept of Corporate Government and mention its relevance for industry.**

Ans. Corporate governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfil its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Stakeholders in this case would include everyone ranging from the board of directors, management, shareholders to customers, employees and society. The management of the company hence assumes the role of a trustee for all the others.

The main mechanisms for understanding corporate governance are the following:

1. The market for corporate control (i.e. a hostile takeover market and the market for partial control).
2. Large shareholder and creditor monitoring.
3. Internal control mechanisms, i.e. the board of directors, non-executive committees and the design of executive compensation contracts.

4. External mechanisms, i.e. product-market competition, external auditors and the regulatory framework of the corporate-law regime and stock exchange

Corporate control

Changes in control due to takeover or insolvency bring dramatic changes in firm personnel and strategy. CEO and board member turnover increases radically in the event the firm goes into financial distress. Managers will avoid being taken over by either increasing the firm's cash flows or by some less productive avenue.

*Board, Remuneration Committee, Pay and incentives

A research has found that the appointment of non-executives directors is associated to a company stock price increases. An Executive that wants to take the company in a direction that might be more in its personal interests could be sacked. Another research has found a positive relationship between the percentage of shares owned by managers and board members and firms' market-to-book values.

The remuneration committee is made up of non-execs, so this creates a natural control to stop the executive directors awarding themselves unjustifiable salaries and benefits. The remuneration of the Directors should be in line with other similar companies, to remain competitive and retain its top executives.

The remuneration packages are intended to align the interests of Director and Shareholders by linking cash and share incentives to performance.

However, some argue that the increase in share price was also associated with a decline in the value of the firm's outstanding debt. And corporate performance cannot be reliably increased simply by adding outsiders to the board of directors or by increasing the CEO's stockholdings.

*Recent Corporate Scandals

Corporate governance failures can lead to disastrous consequences beyond anyone expectations.

Parmalat- a world leader in the dairy food business, entered bankruptcy protection

in 2003 when investors least expected it. How the Italian group so much praised siphoned away billions of euros without its shareholders, nor its top managers suspecting it?

One of the problem at Parmalat was due to its ownership and control structures- There was a limited presence of shareholders and mainly linked by family ties. Parmala was a holding company with all the other companies within the group controlled by the Tanzani family. The family had the majority if not 'all' of the voting rights. As this happens, other shareholders had limited control over the activities of the group-hence limited power to block any decisions. Managers had also limited power to influence decisions taken by the family shareholders.

In that case, the family managed to siphoned away almost millions of euros to other companies owned by the family.

In summary, the demise of Parmalat was a failure to fully implement the corporate governance mechanisms listed above.

***Statutory auditors**

Some thought that the Parmalat case was country-specific, however, Enron the giant American Energy failed victim to corporate governance problems with the help of Arthur Andersen-the US accounting firm.

- 2. Write short notes on the Ethical Issues related with**
(a) Advertisement
(b) Technolgoy

Ans. (a) Advertisement

For the purpose of this standard:

the term "advertisement" is taken in its broadest sense, and means any form of advertising for goods or services, regardless of the medium used; the term "product" refers to any good or service;

the term "consumer" refers to any person to whom an advertisement is addressed or who can reasonably be expected to be reached by it whether as a final consumer or as a trade customer or user.

Advertisements should not condone any form of discrimination, including that based upon race, national origin, religion, sex or age, nor should they in any way undermine human dignity.

Advertisements should not (without justifiable reason) play on fear.

Advertisements should not appear to condone or incite violence, or to encourage unlawful or reprehensible behaviour.

Advertisements should not play on superstition.

3. What is "Gandhian Approach" in Management? Explain and relate it with modern business.

Ans. The system of Trusteeship is viewed by the Gandhian theorists as of prime relevance for resolving conflicts and achieving cooperation in organizational settings. Here an attempt has been made to analyze the Gandhian system of trusteeship. It is an attempt to search managerial applications embedded in Gandhian Theory of Trusteeship.

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- 2) Pleasure without Conscience
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- 4) Commerce (Business) Without Morality (Ethics)
- 5) Science without Humanity
- 6) Religion without sacrifice
- 7) Politics without Principle.

4. Explain the concept of “Trusteeship” and mention its importance.

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5. Write a detailed note on Indian Ethos.

Ans. Indian ethos provides that ‘Business’ need not be regarded evil, tainted and unethical. Business is sacred. It is a matter of attitude, approach and level of management consciousness. One can do business, make money, earn profit, build up property and even then it can be managed with due recognition to human and ethical values and respecting all persons in the enterprise and in the society as human beings. Indian ethos demands subjective management system, giving due importance to virtues like compassion, honesty, co-operation etc.

6. Basic principles of Indian ethos for management ?

- Ans.**
1. Immense potential energy and talents for perfection as human being has the spirit within his heart.
 7. Holistic approach indicating unity between the Divine individual self and the universe.

8. subtle, intangible subject and gross, tangible objects are equally important. One must develop one's Third Eye, Jnana Chakshu, or the Eye of Wisdom.
9. Karma Yoga offers double benefit, private benefit, self-purification and public benefit.
10. Excellence at work through self-motivation and self development is the best means of Total Quality Management.
11. Co operation is a powerful instrument for team work and success in any enterprise involving collective work.

We need Indian Ethos in modern corporate management.

6. To develop proper management pattern.
7. to assure all round growth in productivity, marketing, profitability.
8. To gain worldly achievement and lead enriched quality of life together.
To synchronise private and public benefits
7. Write Short not on:
 - (a) Guna Theory
 - (b) Holistic Approach

SECTION-B

8. Give your views on "Bhagwad Gita" and Self Management".

Key Terms

2. **Ethics** : Character
3. CSR : Corporate social responsibility
4. **Corporate governance** : business corporations are directed and controlled.
5. **Principles : Rules and regulations** .
6. Spiritual value : involves a belief in a relationship with some higher power.
7. Secular : things that are not regarded as religious,
8. **Karma Yoga** : *Selfless work*
9. **Swadharma** : spirit of doing public good
10. **Self Management: learn to manage** manage and control himself.
11. **Holistic Approach** : Oneness, non-dual or Advaita concept.
12. **Law** : about what is lawful and what is unlawful.
13. **Morals** : norms of principles of right and wrong.
14. Values : are a person's beliefs.
15. **Relevance : Importance**
16. **Yogah Karmasu Kaushalam** : excellence at work.
17. Insight : act or outcome

Bibliography

1. Purohit G.N , Business Ethics and Indian Ethos , Ajmera Book Company , Edition 2009

