
VALUE OF VALUES AND ETHICS IN BUSINESS

Malavika Srivastava

Assistant Professor

Institute of Information Technology and Management (IITM Group of Institutes),
New Delhi, Affiliated to Indraprastha University, Delhi

Values and Ethics are considered very essential in human life as well as in business. As for humans it is said that they drive them towards a righteous path and for business it is believed that they lay its foundation and also develop a sense of responsibility to maintain the essence of their foundation till the business exists. But these statements are subjective, as it neither necessarily applies to every human nor does it apply to every business. We can say so because after expecting all ethical deeds from humans and business we are all surrounded with both unethical humans and unethical business.

Earlier business could be formed and could be operated successfully without including in their conduct anything that is a concern of society, beyond what is valued, created and delivered through the market. It was assumed that any responsibility that business had towards society is duly discharged through the market mechanism. Services, goods, raw materials and other resources that are drawn by business from society are adequately recompensed by the price established by the price mechanism.

But today with such a huge paradigm shift in business, it has to be more responsible towards society. It has to be accountable to the environment. And, it has to be good to its shareholders. Without having such ethical conduct in business, it may cease to exist. Thus, there is a need to incorporate in their 'business philosophy' all the three dimensions. There is a need to treat corporate responsibility as a package of three dimensions; (a) good governance, (b) CSR and (c) environmental accountability. This implies that all three of them co-exist and can no longer be put in three watertight compartments. Business has been forced to accept corporate responsibility in its eternity, which means amalgamation of all the three dimensions taken together.

In this light this paper moves forward with a question that, "Why business disowns ethical practices, leaves behind their values and become socially irresponsible?". Further in the paper we are going to discuss the importance of above mentioned aspects of business as well as with the

help of some case studies will try to find out the main reasons for such big organizations to go unethical. Firstly, let us discuss some broad concepts and their association among themselves.

Values and Ethics:

The historical background of values and ethics goes back to ever since the first man trod the surface of the earth, among the great religious books of the past, Bhagvad Gita is a unique book with a central theme on work values and ethics. India's soil is rich with traditional values and beliefs. Different management problems had been tackled very beautifully in ancient scriptures and mythological books.

Concept of Values:

Values represent the standard or ideals about what a person, object, event or activity, 'ought to be'. Values are the means of perfection. Values are concerned with internal development of the person, purifying mind and heart.

Values are called gunas. Here values are divided into Human values and Holism. Human values consist of ethical and moral values. Holism means unity, oneness, co-operation and synthesis. Both Human values and Holism in a management are called Business Ethics. Both Human Values and Holism are two sides of the coin of an organization.

Values are pervasive because they involve the selection of missions, goals and objectives. The functions of management like planning, organizing and controlling depends upon the manager's values. Values lay the foundation for the organization.

Ethics in Business:

According to PETER PARTLEY, (The essence of Business Ethics) ethics has a twofold objective: It evaluates human practices by calling upon moral standards; it may give prescriptive advice on how to act morally in a specific kind of situation. This is discussed as follows in detail:

- a. The first aim implies analysis and evaluation. It leads to an ethical diagnosis of past actions and events. The analysis consists of clarifying standards and lines of argument. Ethics is basically an area dealing with moral judgment regarding voluntary human conduct. Moral judgment requires moral standards by which to judge human conduct. Moral standards are also related to moral obligation, or the duty to do what we consider to be 'right' and 'proper'. The basic assumption behind our moral actions and judgments are mainly taken for granted.

- b. The second objective is to provide therapeutic advice. It suggests solutions and policies facing the present dilemmas and future dangers based on well- informed opinions. This prescribes moral behavior and makes recommendation about how to or how not to behave. This especially requires an identification of relevant stakeholder and a clear understanding of the vital issues at stake.

There is one quotation Ethics always says, “Not I but thou.” Its motto is, ‘Not self, but non-self.’ The main idea of individualism to which man clings when he is trying to find that, Infinite Power, or that Infinite Pleasure through the senses, have to be given up, says the laws of ethics. You have to put yourself last and others before you. The senses say, “Myself first”. Ethics says, “I must hold myself last”. Thus all codes of ethics are based upon this renunciation, destruction not construction, of the individual in the material plans. That infinite will never find expression upon the material plans. The infinite will never find expression upon the material plans, nor is it possible or thinkable.”

Values vs Ethics

The terms “values” and “ethics” are not interchangeable. Ethics is concerned with how a moral person should behave, whereas values simply concern the various beliefs and attitudes that determine how a person actually behaves. Some values concern ethics when they pertain to beliefs as to what is right and wrong. Most values do not.

Simply put, ethics involves learning what is right or wrong, and then doing the right thing- but “the right thing” is not nearly as straightforward as conveyed in a great deal of business ethics literature. Most ethical dilemmas in the workplace are simply a matter of “Should Bob steal from Jack?” or “Should Jack lie to his boss?”

Corporate Social Responsibility:

It is the perception about the nature of business and its relationship with society that defines the ‘social responsibility of businesses’. It determines what the responsibility of business towards society is and hence, the setting up standards of such responsibility is based on philosophy of business since it is concerned with ‘the fundamental principles that underlie the formation, existence and operation of a business enterprise’

In today’s world, Society is expecting much more from business than in the past, social responsibility refers to that a person or on organization must become accountable for how its acts

might affect the interest of others. It indicates personal responsibility and obligation of managers and employees, as they act in their own interests, to make sure that right and legitimate interests of others are in no way sacrificed or prejudiced by their behavior and actions.

The Obligation of Business:

The conventional understanding is that a business is obliged to recompense factors of production, which it does through the market mechanism. The factor incomes are commensurate to their contribution to social product. The price paid for other resources, including natural resources, is equal to the cost of those in real terms. Hence, it is purported that a business automatically discharges its moral obligation towards society and does so in full measure.

Towards Consumers	Towards Employees	Others
Business should give priority to the safety of the product.	Life Insurance Packages	Responsibility to ensure that the quality of a product measures up to the claims
Business should give proper instructions to use the product	Medical Package	Consumers should not be misled by prices that conceal the product's true cost.
Business must monitor the proper testing of the products before use	Paying for Vacation	Providing accurate information regarding product labeling and packaging
Business must provide written information about the product's performance	Stock options for employees	Preventing deception and unethical issues in Advertising
Companies should investigate consumer complaints	Training/tuition reimbursement	

Therefore, Business Ethics deals with truth and justice. It has many aspects, for example, fair competition, social responsibility, corporate behavior etc. So in business, ethical value and social responsibility are not contradictory. The ethics and policy cannot be dealt without the power of management who has responsibility for shaping the policies of major organization. This issue of responsibility points out that those who make policy to take account of the views of the recipients of organization policy and listen carefully to protest against the result of corporate policy and action. Over the last two decades this growing awareness has been evidenced in the increased number of corporate responsibility committees and in the development of such instruments as the social audit and human resource accounting.

The above figure gives a very clear and comprehensive picture of the whole philosophy of business as far as ethical business is concerned. But as there are two sides of a coin, a business also has two sides of its ethical aspects. The one that is mentioned above, the Ethical and the legal side, but there also are instances even in the most established and flourishing organizations that placed a question mark on their names in the terms of their ethical business practices. In this regards an attempt is made to bring forth some such stories where some of the businesses lost their business to behavior that may be called unethical. Cases from KFC, Nestle and Coke are as follows:

COCA-COLA CONTINUES UNETHICAL AND DISHONEST PRACTICES IN INDIA:

After being into troubles for shutting down its plant from Plachimada- A village in the state of Kerela in India in March 2004, the manner in which Coca-cola company has decided to deal with another community led-campaign in India- in the village of Kala Dera in the state of Rajasthan- is indicative of the arrogance and impunity of the company that has landed it in trouble before. And Coca-Cola in India is in for a rude awakening again.

Issue: Thirsting from Coca-Cola:

Kala Dera is a large village outside the city of Jaipur where agriculture is the primary source of livelihood. Coca-Cola started its bottling operations in Kala Dera in 2000, and within a year, the community started to notice a rapid decline in groundwater levels, that translated into loss of income for the farmers, and suffering for their families.

The community in Kala Dera organized itself to challenge the Coca-Cola Company for the worsening water conditions - through extraction and pollution - and demanded the closure of the Coca-Cola bottling plant. The company, in usual fashion, denied any wrongdoing, blaming "outsiders" for the increasing local community opposition.

Concerns: The community of Kala Dera, as well as the villages of Plachimada and Mehdiganj in India that are opposing Coca-Cola bottling plants, have enjoyed significant international support, among which one of the most successful campaign was at the prestigious University of Michigan in the US, which, after a sustained student-led campaign in which the India Resource Center represented the India issues, placed the Coca-Cola company on probation on January 1, 2006. The university also mandated that Coca-Cola agree to an independent assessment of its operations in India if it ever wanted to do business with the university.

The assessment was a scathing indictment of Coca-Cola's operations in India. Some of the most disturbing findings in the assessment concerned Coca-Cola's bottling plant in Kala Dera, confirming that Coca-Cola's bottling plant in Kala Dera operated in an "overexploited" groundwater area and the Coca-Cola's bottling plant had "significant impacts", the assessment noted that "the plant's operations in this area would continue to be one of the contributors to a worsening water situation and a source of stress to the communities around."

Coca-cola had seven months to respond to the findings on Kala Dera. Not much action have to be observed, in fact the response was in the form of an unethical and dishonest campaign by the Coca-Cola Company in an attempt to misrepresent the issues.

Knowing the conditions of Kala Dera village where the access to water has been difficult, especially in summers, the Coca-Cola Company has chosen to continue its operations. It continues to deplete groundwater causing undue hardships to the community even after it has been told to stop doing so, that too by a study funded by the company itself.

Coca-Cola's Response: Corporate Social Responsibility-A Scam:

While there have been no genuine initiatives on the part of Coca-Cola to correct its mistakes in Kala Dera, the Coca-Cola company has stepped up its corporate social responsibility spending to announce to the world that it is a green and socially responsible company. Such an effort, however, rings hollow when it comes to India.

Rainwater harvesting: Dilapidated and a Bluff: the Coca-Cola company started rainwater harvesting initiatives in India as a response to the growing campaigns against its water mismanagement.

The community in Kala Dera has long maintained that Coca-Cola's rainwater harvesting structures do not work. Even the TERI assessment, which looked at Coca-Cola's CSR initiatives in Kala Dera, notes that "all the recharge shafts that were randomly visited were found to be in dilapidated conditions."

"Coca-Cola is bluffing people with its rainwater harvesting. The problem is that the rainfall in the area is too low, and the amount of rainfalls fluctuates a lot from year to year and within every year. We get a maximum of 30 days of rains every year, and eighty percent of those rains come in just two or three days. Rainwater harvesting is simply not efficient," says Dr. M.S. Rathore, a

prominent natural resource expert with the Institute for Development Studies in Jaipur whose work was also referenced by the assessment.

Final recommendations to Coca-Cola:

If they are so confident about their rainwater harvesting initiatives, let them use just the rainwater to meet all their production needs in India.

Coca-Cola must follow the recommendations made by the TERI assessment with regard to Kala Dera and immediately cease tapping any further into the groundwater resource.

Until then, the community of Kala Dera and the International Campaign to Hold Coca-Cola Accountable will continue to increase the pressure on the Coca-Cola Company.

NESTLE: A HISTORY OF UNETHICAL BEHAVIOR AND CONTROVERSIES

Issue: Recent tests in India have revealed that the Swiss giant's widely popular instant noodles have a concentration of lead, putting consumers at elevated health risks. An officer of the UP Food Safety and Drug Administration based in Barabanki ordered tests on a dozen samples of Nestle's Maggi instant noodles at the state laboratory in Gorakhpur, and repeat tests at the Central Food Laboratory in Kolkata, a referral lab.

The Gorakhpur lab tested for monosodium glutamate (MSG) to check Nestlé's claim that Maggi had none. Both tests found MSG; in addition, the Kolkata lab found "very high quantities" of lead — 17.2 parts per million — according to UP authorities.

Based on the findings, UP FDA filed a complaint in a Barabanki court. On Monday, Food Minister Ram Vilas Paswan directed the statutory regulator, Food Safety and Standards Authority of India (FSSAI), to conduct nationwide tests on Maggi. Consumer Affairs Additional Secretary G Gurucharan said all parameters, not just lead and MSG would be tested.

Concerns: The Food Safety and Drug Administration (FDA) in Uttar Pradesh had collected more than two dozen packs of instant noodles from stores across the state. According to a Reuters report, they found a lead concentration of 17.2 parts per million (ppm), which is way beyond the permissible limit. They also found very high levels of MSG.

On June, 5, 2015, the Food Safety and Standard Authority of India (FSSAI) ordered Nestle India to withdraw all nine variants of Maggi instant noodles from the market terming them "unsafe and hazardous" for human consumption.

Nestle's Response: Nestle India said on May 21, "We do not add MSG to our Maggi noodles sold in India and this is stated on the concerned product. However, we use hydrolyzed groundnut protein, onion powder and wheat flour to make Maggi noodles sold in India, which all contain glutamate. We believe that the authorities' tests may have detected glutamate, which occurs naturally in many foods."

Repercussions and Challenges to the company: Enraged consumers wasted no time venting their anger. In some cities protesters in the street smashed and set fire to packs of noodles and photos of Bollywood stars who were paid Maggi endorsers

The Maggi meltdown would prove costly. Nestlé lost at least \$277 million in missed sales. Another \$70 million was spent to execute one of the largest food recalls in history. Add the damage to its brand value—which one consultancy pegged at \$200 million—and the total price tag for the debacle could easily be more than half a billion dollars. And the fallout continues.

KENTUCKY FRIED CHICKEN (KFC):

Issue: The case highlights the ethical issues involved in Kentucky Fried Chicken's (KFC) business operations in India. KFC entered India in 1995 and has been in midst of controversies since then. The regulatory authorities found that KFC's chickens did not adhere to the Prevention of Food Adulteration Act, 1954. Chickens contained nearly three times more monosodium glutamate (popularly known as MSG, a flavor enhancing ingredient) as allowed by the Act. Since the late 1990s, KFC faced severe protests by People for Ethical Treatment of Animals (PETA), an animal rights protection organization. PETA accused KFC of cruelty towards chickens and released a video tape showing the ill-treatment of birds in KFC's poultry farms. However, undeterred by the protests by PETA and other animal rights organizations, KFC planned a massive expansion program in India.

"Each bird whom KFC puts into a box or a bucket had a miserable life and a frightening death. People would be shocked to see our footage of a KFC supplier's employee who walks through a barn, carelessly lighting lamps and letting flames fall on the terrified birds. The air inside these filthy barns reeks of ammonia fumes, making it difficult for the birds to breathe. No one with a grain of compassion should set foot in KFC." -- Ingrid Newkirk, Director, PETA

Concern: On August 20, 2003, a five-foot tall chicken complete with an ensemble of feathers and beak hobbled on a pair of crutches outside Kentucky Fried Chicken's (KFC) Indian outlet in

Bangalore. The chicken was brought by PETA (People for Ethical Treatment of Animals) activists, who carried placards reading, "Quit India" and "Stop Playing Fowl" (a pun on "Foul"). The chicken was placed at the Centre and a peaceful protest was held against the alleged ill treatment of birds in KFC's poultry farms. Media persons were called to give the demonstration a wide coverage.

Explaining the rationale behind the protest, Bijal Vachcharajani, special projects coordinator of PETA, said, "Ours is the land of Gandhi. Just as 61 years back our leaders gave a call for colonizers to quit India, we too are saying we will not tolerate cruel multinationals." On the 61st anniversary of the 'Quit India' movement, PETA India wrote a letter to the Managing Director of Tricon Restaurant International, the parent company of KFC, asking them to close their sole KFC outlet in India. They got no reply. PETA activists decided to protest against KFC by carrying crippled chicken, which represented the birds suffering in the KFC's farms.

KFC's Response: PETA claimed that after two years of intensive campaigning to increase animal welfare standards in poultry farms, other foreign fast food restaurants operating in India like McDonald's and Burger King had improved the treatment of animals specially raised and slaughtered for food. Only KFC had not acted. Though PETA had organized other protests earlier, the crippled chicken campaign became the precursor for more intensive protests. PETA's was one of the many shows of protest against KFC's Indian outlet.

Conclusion:

So, coming back to the question that, what made these renowned companies take a wrong path to reach success? Is it competition, is it their thirst to conquer the highest percentage of market or is it their desire to be on the top, or all of these reasons contributed to their wrongful deed.

With regards to all the business related aspects discussed above, we still are not in the condition to point finger towards any one aspect, some did it for acquiring market, some did it to beat competitors and they all finally aimed to be successful. And, in the haste of acquiring success what they sacrificed is, their own Values, the Ethics that they were bound to adhere when running a business and somewhere they turned their face from the society, people of the society, forgetting the fact that their business is not going to exist without cooperation and contribution of the people around them.

Now, here if we start thinking the other way, i.e. if we turn our focus to what strategies or remedies can be adopted to mend the above mentioned conditions. What measures can be adopted to make organization realize that where exactly they go wrong when it comes to being ethical and being successful simultaneously, and the only thing that came to my mind is “Self Realization”. That is so because we cannot compel anyone to become ethical and responsible. It is only that internal force that motivates the person to realize responsibility. Same applies to a business as well, looking at the present business scenario anyone can easily comment that business values and ethics are becoming practically extinct and are just confined to official papers and documents. It’s high time when humongous business houses functioning amidst society needs to revise their own promises that they made to the public and society and also rekindle the teaching of our religious scriptures like Bhagwat Geeta and Mahabharata, which lay down great examples and incidents of ethical management of business. Therefore we can conclude by saying that Human Values, Ethics and Responsibility in Business is the essence of righteous nature of business and it should always be preserved and adopted in business so as to prevent it from turning into a Myth.

“Your own Self-Realization is the greatest service you can render the world.” — Ramana Maharshi

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