

Business Psychology

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Exploring the Intricacies and Subtleties of Business from Psychological Perspective

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PRELUDE

Ethics and Values are two words on which people speak much and practice less. Business as an activity has been always conceptualized and associated with values, may it be financial or moral. But, ironically in all these years the preponderance of financial values have largely shrouded the sight of human vision, and have very deludingly made them a victim of moral paralysis. The resultant forgotten moral and ethical values have taken a backseat in the realm of human cognition and even everyday business frolic, reflecting a mere mortal and materialistic spirit. The moral paralysis has not only made humans devoid of a sense of camaraderie towards others but has adorned them with a self-deceptive armor. Over the years the sons of nectar have used their unparallel senses and intuition for a battle they want to win at any cost, even at the cost of humanity, very much reflected in the mass destruction and several subtle ways to block the wellbeing of others, being blossomed in its entirety. The abstruse human proclivities accompanied with a sense of precocious attitude largely ingratiated by the lack of moral values have left human beings as sepoy incognizant of the consequences of their actions.

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Traditionally the whole institution of business and industrial affairs were conceptualized only as a source of economic profit both for the owner of the organization as well as the society. Since the beginning of the civilization, the superordinate interests of few handful people have determined and have run the course of business, turning sometimes into capitalist monarchs or deadly and lavishly monopolistic masters, trying to establish their invincible empires. But, tragically, all those empires were built with desires to establish and sustain them at the cost of others, and in order to give their ludicrous desires a vent in the form of building monumental statues. Gradually, these systems gave birth to a desire for enslaving many for the interests of few, and permeating a system in the history of humanity to be known for its deep contempt which it created among the oppressed, and also those who suffered the deep anguish without being able to open their mouths in the fear of getting brutally condemned.

Today, when the society has marked its significant advancements in science, technology, business and other human activities, both creational and recreational, the concept of subjugation of interests of many still stays inside the cover, sealed lest someone really tries to open it. The practices which marked the Capitalistic regime or the whimsical rule of monarchs still make their entries in the canvas of human mind and action in a much more subtle manner. One thing gone, the other comes to replace it, reiterating the concept of old wine in a new bottle. The concept of just and unjust, doubled by dichotomy between morality and immorality has been always there in the background, but too weak to carry out and exert its influence on the human minds. It's not just Business, but almost all the fields of activity which give evidence to the presence of excessive consummation of immorality and sometimes inhumane behaviour to the degree unimaginable by human mind. And all these immorality are also evident among those who speak their mind out in forums regarding ethics in practice in the darkness. But, before we discuss all these issues it is pertinent that we discuss why ethics stands important, and at present in Business and industry.

Voicing his concerns and showing his frustration with the emerging unethical practices by few companies, J.M. Sampath

(2006) observes that “despite the efforts of companies to build ethical cultures, the actions of a few who have traded integrity for profits have cast a shadow on all. Never has it been more important for businesses to ‘talk and walk the talk’ of what they stand for”. Values form an integral part of Organizational Culture. Herskowitz (1948) viewed culture as ‘a construct describing the total body of belief, behaviour, knowledge, sanctions, values and goals that make up the way of life of people’. It is in the context of formation of an organizational culture that values play a key role. Therefore, culture with a degraded value system will find no meaning.

The moral decadence heightened with a sense of hedonism at a social level paves way for the emerging monsters to become more prominent, strengthened and supported by the majority imbibing a particular system of thought. What makes the system so abhorrent is not what is being done, but what potentially the future can unfold before us, if the systemic and deliberate plans of these people get realized.

CHALLENGES AND CONCERNS

As a reflection of the sinister concerns of people with petty interests devoid of concern for others, and lack of perspective taking of others the various ominous activities and pursuits of today’s men have changed radically. The Combined effect of all these are being borne by the mass in the form of unexpressed agony, deep angst and contempt. No doubt, business has been conducted primarily to earn profit and / or create wealth. However, there are reasons and evidences to believe that the mindless obsession with profit maximization at any cost carried to any extreme has led to spurt in sordid activities in business causing harm to both the business and society and ultimately leading business to flounder and fizzle out (Khandwalla, 2004).

Subtle Crimes and Value Degradation and Ethical Trafficking

Our legal system typically sets the basis for what is considered offensive in our society, and considered to be illegal behaviour or blatant misconduct. However, because of the diverse nature of the subject matter of white-collar crime, it is often difficult to set a

definition to the term (Chibe, 2006). Typically white-collar crimes include insider trading, embezzlement, bribery, forgery, fraud, and computer crimes. Current definitions of white collar crime include health care fraud, securities fraud, and environmental crimes (Chibe, 2006).

There have been companies in the world and in India which have very subtle and even sometimes explicitly engaged in several unethical activities. They may range from attempts to persuade the government and other policy makers to change or modify laws, policies related to trade and business making it a monopolistic regime, to engaging in several illicit activities like corruption, smuggling, using low quality materials for production, dilution of standard, making illegal constructions, encroachments, replacing poor people for making their business hubs, various frauds and even taking the competitors' lives also. This will also include the ominous symptoms like bribing, child labour, misappropriation of funds and misrepresentation of assets and liabilities reflected in poor corporate governance resulting in loss of credibility, loss of faith of all stakeholders, etc. The ever growing monster heads with different subtle ways of unmaking the ethical principles devised by the intellectual businessmen of today have deteriorated the standards of society creating a sense of doubt among even an uneducated folk.

The large scale cutting of trees, turning fertile lands into a butchered barren landscape fit enough to showcase their materialistic and ever growing greed, to releasing tones of carbon dioxide, releasing industrial effluents illegally to natural habitats in the garb of clearing the company, etc. are all reflections of how low people can go in order to achieve their ends. Even inside the organization, the stealing of data, information and various other materials by the employees, passing the information to the competitors, and making business a dirty game mired by a sense of insecurity is very tragic.

Some of the reasons behind the growing menace of unethical pursuits of players in business and industry are:

- (i) Desire to grow optimally and unboundedly, possess and consume much of the earth's properties.

- (ii) Stiff competition with a philosophy of fairness of any extreme action to be initiated for the purpose of profit in business.
- (iii) Increasing hedonism and as a result excessive consumerism multiplied by the desire to unblock the barriers in the inglorious path of pleasure seeking.
- (iv) Lack of strong value inculcation and the unfocused education system with lopsided perspectives.
- (v) Lack of strong ethical leaders in the organizations to inculcate the values of ethical and just behaviour through leading by example. People also believe that by ethical means gaining profit and even running organizations are not possible.
- (vi) Strong belief/faith in a systemic order consistent with status quo and seeking serviceable others.
- (vii) Emphasis on the Compliance rather than on incorporation is one of the most important problems leading to all forms of deviance, out of the mental revolt.

In a recently published book, Dr. Arindam Gupta, noted ethics expert of KPMG and JNU, has observed that when a company emphasizes compliance rather than values, it does more harm than good. Employees need to see business ethics not as a form of managerial control but as something which they can use in their daily environment.

Redefining Ethics and Values

Ethics is the rare ability found among human beings in order to discriminate between right and wrong activities and reflect them in their personal, social and societal behaviours. The discussion of ethics is necessary as it falls under the rubric of value systems. And it is pertinent that you need to know what you want and what you do. Ethics not only guides our just behaviour, but orients our attention to several issues pertaining to a particular situation our life time. In a world marked by growing insensitivity towards each others' feelings and emotions heightened by an indifference towards the

needs of others human cohabitation is almost becoming suffocating. The present society we breathe in is a society which our forefathers despised, but we have very complacently succumbed to it as though it were a honeycomb. The present society cares very less for what other people go through, citing a complete lack of concern for others. The solution no doubt lies in following ethical behaviour very aptly put by Elizebeth Vallance (1995), "Business ethics attempts to apply general moral principles to business activities in order to resolve, or at least clarify, the moral issues which typically arise in business."

We live in an age of innovation, the growth of free markets, and a world economy. New technologies, roles for government, and players on the global scene offer challenging opportunities, demands, and constraints. More peoples and nations are working together to spread freedom and democratic principles; to nurture free markets; to protect individual property rights; and to encourage respect for human rights, the rule of law, and the environment.

Argandona (2003) advocating values as the pillar of any human activity be it any context very succinctly points out that (1) values are not the icing on the top of the cake but the basic structure that supports the building. (2) Any manager who does not take values into account - both his own and other people's - will be termed as a bad manager. (3) Values are part of companies' distinctive competences and, therefore, shape their long-term success (although not necessarily their short-term profitability). (4) The values that a company chooses as these distinctive competences' anchor point will be fundamental in shaping its strategy; indeed, one can safely say that two companies with different values will follow different paths. (5) We all have values, but they must be defined, discussed and used; and a vital part of this process is to ask ourselves how we can foster values both within the individual and within the organization.

Is Ethical and Socially Responsible Behaviour inevitable?

This relationship between business and society is appreciated in Rigveda also: "Corporates should work like a honeybee, which takes the nectar of a flower without the flower being losing its

shape and fragrance and provides honey for the wellbeing of the society.” It means that both have to work on a symbiotic prism for each one’s survival and success. The business history is replete with evidences to believe that business flourishes only where society thrives. On the contrary, business dies when society condemns and rejects it (Khanka, 2006). No business can survive without societal approval and sanction. Our Indian companies like Tata, Johnson, Maruti Udyog Ltd. etc. have carved their niche in the world of business and industry by their judicious efforts to align their business interests, objectives and activities with societal interests by following several ethical principles which are rare now-a-days in many industries.

Corporate Social Responsibility, though majorly a vent of organizations to show off their social side is fundamental to any business. Good governance and social responsibility cannot be an afterthought. Indeed, one of the major challenges for companies today lies in providing responsible leadership in times of significant change. What do people want from life? What keeps them awake at night? Therefore, Organization cultures which promote ethical behaviour have become important in the context of large scale unethical behaviour in business and other organizations.

Making Business ethics and values a main Hallmark of Business: Ethics is essentially a matter of concern of the inner intents of individual. Therefore, the first step involves definitely that every individual before preaching should make a conscious attempt everyday and every moment for the activities he is attempting, reasoning about the implications they may have on the lives and well-being of all those who are either directly or indirectly related to them. Even, sometimes you may not create any problem for the people of today, but it may also create a state of precarious life mode for the future generations, who have not seen the rays of life till now. So, it’s not just we are answerable to who are present, but who will determine the future of human race too. Dr. Dipankar Gupta, explained, “Business leaders today need to actively give thought to the content and operational aspects of their ethics programmes. Ethics programmes need to be ‘live’ and not be

weighty and cumbersome pieces of paper behind which their purpose is lost.”

With increasing urgency, market and social forces are rewriting the roles and responsibilities of business as well. Though the profit motive of business is understood and accepted, people do not accept it as an excuse for ignoring the basic norms, values, and standards of being a good citizen. Modern businesses are expected to be responsible stewards of community resources working towards the growth and success of both their companies and their communities. So, here one question raises that can we really maintain a value neutral and socially oriented organization with objectives to serve the society holistically not just by the excuse of a mere product or service.

The premise which is primarily responsible for holding a negativistic schema against the value-laden business practices is the stance that Business and values are inherently incompatible. Doing business with a strong sense of values can usher in a win-win situation for all. Pointing out the benefits that may be accrued as a result of value internalization Gidwani, 2007 observes:

This is invaluable and is intrinsic to building a strong brand equity, which commands a premium. Within the same industry, companies that enjoy a score higher on ethics and principles also seem to command more respect, which leads to long-term gains—by way of higher customer trust, greater market share, higher stock valuations. Most important good corporate behaviour tends to attract the best talent to work for an organization. So being good is not only good in itself, but also very good for business growth and sustainability.

Analysis of Blockages

The issue which rises in due course of all these discussions is that what is that is impeding the values to be integrated and being reflected in our business activities? There are many blockages staring with the inconsiderateness of people towards social issues (except their own) to making their souls lost in bigotry of indifference. A comprehensive explanation of the phenomenon is found by Dawson & Batholomew (2003) who opine that “Critics point to four issues

as presenting barriers to the use of virtue in the context of business. They focus on the relationship between management and practice, the potential for virtuous behaviour in a competitive environment, the ability to develop a reflexive critique of management that can be acted on, and the differentiation between work and wider social roles and people's propensity to take responsibility for them". So the points which bewitches our attention is can we do something about it? The answer is yes. But how? Perhaps, the only way to assure it is through self-realization and internalization.

Enforcement of Values vs. Internalization of Values

Commenting on the lamenting of state of affairs we are all in Byrne (2002) observes "business to be ethical needs to experience social pressure, whether it is expressed in consumer responses, in political and legal determinations, in shareholder propositions and/or withdrawal, or on placards and banners outside a corporate headquarters or field of operations. Such pressure is in turn greatly enhanced if made the subject of widespread public sentiment about right and wrong business behaviour, especially if this receives concerted media attention". This highlights how we are still being engrossed in our little self-made prisons with self-inflicted captivity. We need some situations/external situations to evoke in us a desire to follow moral values and ethical behaviours. The issue which rises is that are we ready, individually, in groups and as a society to grow beyond our petty interest, to critically look at our own behaviour first and reflect on it. Do we possess as a society the strength and conviction of the moral character to examine and dissect our moral beliefs and values? Do we need some scaffold, or we can individually operate as self-governed value-oriented individuals? Do we have eagerness to come out and say that we have committed a wrong, and accept our mistakes sincerely? Do we have such fathomless enthusiasm to overcome our hesitation to seek help to keep a guard on our behaviour and guide us, and practice what we say, in other words, walk the talk?

According to a theory proposed by Argandona (2003) there are two types of values: Personal and organizational. Personal values

have two components: rationality and virtuality. The process of fostering values within people requires, from the rational viewpoint, an exercise in information (knowledge about the values) and an exercise in education (convincing of the need to use and strengthen certain values, applying the human action theory). The development of organizational values is dependent upon personal values, but also on the organization's structure, rules and culture. Therefore, a strong sense of control accompanied with leading by examples will encourage organizational value-orientation and internalization of values.

Education as the Source of Value Inculcation and Psychologists

Education is the spring of our common consciousness. We become human by inculcating education. If we are talking about values and again internalization of values, then there is no alternative than to fall for the lap of education. One issue which makes us mute is that why in spite of our cumulative and herculean efforts being expended on the system of education and value education, why are we not able to get the future generations of our country be more value-realized individuals? Why the system fails to do the noble duty it had assumed centuries before? How is the deceptive system of transmission of values so much operative but still not bearing any fruits? The causal attributions may vary according to the perspectives being employed, and the answers may be explained from several standpoints. Some of the prominent ones are: i) The lopsided approach of our present system of education in the society ii) the lack of focus of the education system iii) the over-emphasis on the inculcation of hedonistic spirit among youngsters by making them puppets of technological innovation and relegating them to the position of robotic actors. iv) Strong permeation of materialistic spirit accompanied with the encouragement to be calculative in approach v) Lack of any strong role models, as we all teach and preach, but not follow in our own lives. Therefore, the answer to these concerns may find its answer in character formation and making our students learn the values of moral character.

At the Center for the 4th and 5th R's (Respect and Responsibility) recent work in character education, they have found it helpful to conceptualize character as having two major parts: performance character and moral character. Performance character consists of those virtues such as effort, diligence, perseverance, confidence, and ingenuity—that enable us to do our best in any area of performance (the classroom, the playing field, the workplace). Moral character consists of those virtues such as honesty, respect, fairness, empathy, and caring—that enable us to be our best ethical selves in our relationships. Both performance character and moral character are essential to being a person of character (Ramirez, 2009 & Character Education Partnership (CEP), 2008).

Therefore, our education system should create a flow and should channelize positive energies of the young generations in order to develop industry and fortitude (aspects of performance character) as they complete a well-designed and challenging task. They will develop sincerity and charity (aspects of moral character) as they exchange ideas, coordinate their efforts, and consider the needs of others.

Here the issue is can Psychologists do anything about it? The answer is yes, they can. Psychologists can play twofold axiomatic roles at two levels: Organizational and Societal. As society and Organizations don't operate in seclusion, therefore an integration of the two roles of psychologists also become necessary and evident. Education need not be conceptualized as only School or University education, but here in the present chapter a more holistic definition of education is being proposed and utilized. Psychologists can use a several variety of techniques ranging from business games, sensitivity training to more organized and specialized psychological indoctrination procedures. The whole field of socio-behavioral training and developments in industries has been majorly a contribution of psychologists and if prudently used, this can not only help in building a stronger value based organization but can pave the path for conceptualization of value-laden society.

Psychologists can play a dominant role in making the stakeholders of any organization, be it society or industry realize by using different

experiential approaches that i) Values create and drive culture ii) Culture drives employee performance and motivation iii) Employee motivation and behaviour drives customer satisfaction. iv) Customer satisfaction creates shareholder value So what is required is that an interlink between these four inherently related steps of organizational growth, effectiveness and sustainability needs to be made, and all the stakeholders need to be made felt of its significance in terms of organizational well-being.

Values in Business vs. Value Based Business: Can we Create a New Paradigm?

In recent years much emphasis is lauded on the values than the yesteryears. Organizations and all the stakeholders have become more attentive to issues pertaining to value degradation, its impact on a large scale, and many of them have strongly advocated for bringing values to the forefront of business activities. It is not only stakeholders who expect companies to pay greater attention to norms, values and principles; companies themselves are acknowledging the importance of responsible business practice (Waddock *et al.*, 2002). Issues of having a common ethical codes and consequential practices have also taken much attention of not only academicians but corporate leaders. So, the issue of defining a core value becomes pertinent in this context, though defined in many ways in many contexts. As Kaptein and Wempe (2002) define Core values “to those qualities a company deems desirable and which should ground all business conduct and outcomes”. One of such attributes of core values is Accountability, which all companies need to stress. The impact and credibility of a code can be enhanced by making a commitment to stakeholders to periodically account for implementation and compliance with the code.

It has been observed that all these companies are striving towards a healthy integration of values and value-based practices, as though values were an external entity awaiting its prompt amalgamation. The integration seems to be an add-on practice rather than a crux of the system, thereby weakening the very rubric of the system which all these companies are striving for. Arguably, when a matter

gets relegated to a state of mere alternative, and option out of many, then the promises and the utility catches a declining trend. When the need becomes just to maintain, rather than sustain, the very practice becomes questionable. Therefore, the time has come when people need to be reflexive about what they wish to do, and what they do. Some of these eternal core values like respect, honesty, Integrity, commitment and responsibility may sound promising.

So the issue still which remains in the background is that do we need to integrate values into our business, or we need to create a value-based business itself especially oriented towards the major aims of value creation, maintenance, sustenance, transfer and transmission? Can we just be complacent with our financial papers boasting of clarity and transparency and still engage in subtle value paralytic frolic, dooming our conscience and morality? Should we still succumb to what traditionally has been called as ethical practice vs. a cognitive praxis? Kaptein and Wempe have defined the core values in terms of the company's role in defining values. But, does not it invite a company's autonomy and inevitable/resultant failure to maintain a holistic and universal code of practice, and sometimes very maliciously conjured exercises to be pretentiously presented as ethical practices to the public and make them victims of foolery? And does not it challenge the very definition of values being employed or deployed in the common practices in the society? Can we break the traditional practices of being complacent with the practices initiated by the powerful few? Another major challenge is that do we have that moral conviction to look critically on to the paradigms which define values, and challenge by dissecting its meanings in different contexts? And can we create a Value-neutral/Value free definition of value in place of a value-laden one?

Therefore the process entails as well as invites a circumspection on the part of value-employees who are using it constantly, but oblivious of its uses and misuses prominently. A value-employee is one who uses any value in any situation, and therefore we all are value employees, inherently implying ourselves to be alert about our own behaviour. We need to be conscious of what we do and what we intend to do. The issue again rises is that you as an individual

can take care of yourself mostly, but how can you make ensured that all the stakeholders *i.e.* employees and others are complying to norms. One very beautiful example is depicted in the form of Reinhart, a character CEO of a major Midwestern U.S. food distribution company in the book “Values-Based Leadership: A Revolutionary Approach to Business Success and Personal Prosperity” by Kenneth Majer (2004). During his journey, Reinhart underwent deep introspection which allowed him to reflect on the set of five values (Honesty, Integrity, Profits, People, and Opportunity) that have guided his life and which he chose as the foundation for running the company. He suddenly realized that the people in his company were not living these values anymore. The reason is that these values are his values and not necessarily the values of his employees. But why? Can you imagine? The reason may find its answer in the fact that values were his own, employees of his organization were never made realized the importance of them, and more significantly there was no attempts being made to inculcate those values in them.

CONCLUSION

Business of today needs to be not for just profit, but, it is inevitable that we re-channelize the focus of the businesses from just profit to catering to the needs of people and society as a whole considering the present and future, keeping a true and sincere desire to serve rather than trying to create consumers for the establishment and continuation of their selfish needs and always keeping the thing mind that the choices human beings make today will determine the world in which they live tomorrow. Gandhijee’s principle of trusteeship can also help to a considerable degree by asserting its opinion that those who are managing wealth and the assets of an organization are merely custodians of this wealth and they are not owners. It will also help in getting rid of the problems like the current case of Satyam forgery case.

In short, owners and managers must temper the competitive aspects of capitalism with concerned citizenship. They must take individual responsibility for the decisions and activities of their

enterprises and their impact on the culture of their enterprise and its stakeholders. A business needs committed, productive employees, agents, and suppliers to create goods and services. It needs loyal, satisfied customers and consumers to make a profit. It needs people who believe in it and in its prospects enough to invest. It needs to take the long view and to respect the physical environment and the prospects of future generations.

Businesses are at the strategic center of a civil society, and they have a stake in their communities. They depend on free markets and good public governance for their growth and success, but they are also authors of their own destiny. Through responsible business conduct, they can contribute to the essential social capital of trust and fairness which will make good governance and free markets possible. And Markets become free and remain free if their players are responsible and respect the basic values of honesty, reliability, fairness, and self-discipline.

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