HUMAN VALUES & CULTURE

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Abstract: *Culture refers to the rules, customs and standards transmitted from generation to generation as guidelines for appropriate conduct identifying values which are 'Core' of the organization are important without which serious problem will arise in any organization. Values are universal moral principles which apply to people of all cultures. An integral part of a good value system is 'Commitment'. Such value systems existing in a few Bangalore based MNCs & Indian Companies have been studied and compared so that both the companies are enlightened for possible improvements in their cultural standards.*

Keywords: *Values, Cultures, Justice, Trusteeship, Ethical Landscape, Hotlines*

Introduction:

What is a Value? David Murray gives a formal definition for 'value' as: "A sustained and deeply held preferences for a mode of acting being or achieving"

Identifying values which are 'core' of the organization incorporate vital values without which serious problems will arise in any organization. There are six main reasons: The Benefit to Business, The Right Thing to Do, The changing Attitudes & Aspirations, Changing Patterns at work, Positive Encouragement and An Urgent Need for Value Education.

The UNO's 'Universal Declaration of Human Rights' is the most important international attempt to articulate human values that transcend culture. The document proclaims the inalienable (exceed limits of go beyond; excel) rights of all humans to freedom, justice and peace. There are universal moral principles that apply to people in all cultures.

This paper is partly conceptual and partly data based. All the primary data are based on extensive surveys made through questionnaire.

2. Review of Literature:

In the study of ethics, one has to learn from the sayings in scriptures, views of philosophers and great personalities and apply them in the modern management practices.

There are considerable differences of style and terminology on the use and application of the word 'values'. Some call it as 'principles'. A flexible application of the word 'values' is generally recommended.

Culture refers to the rules, customs and standards transmitted from generation to generation as guidelines for appropriate conduct.

A set of primary values are

- Do no harm
- Do good
- Respect autonomy
- Ensure justice
- Faithfulness
- Maintain good faith
- Respect the dignity of human life
- Seek the common good

Some philosophers argue that Human Values emanate from Virtue Ethics, which as per Aristotle has the following components: courage, self-control, generosity, magnificence, high mindedness, gentleness, friendliness, truthfulness, wittiness and modesty.

In International Business, some of the values to be observed are:

- Justice (fairness)
- Stewardship (Trusteeship)
- Mutual aspect (love and consideration)
- Honesty (faithfulness)

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In Global Ethic, the commitments for values are:

- Non-violence and respect for life
- Solidarity and a just economic order.
- Tolerance and a life of truthfulness
- Equal rights and partnership between men and women

An integral part of a good value system is 'commitment'. When our value systems are clear it will be a lot easier to make decisions and commitments. Lack of commitment destabilizes relationships and leads to insecurity. Where there is a lack of commitment, no one knows where he or she stands with each other. As per Shiv Khera 'commitment' implies:

• Dependability	• Empathy
• Reliability	• A sense of duty
• Predictability	• Sincerity
• Consistency	• Integrity
• Caring	• Loyalty

If any one of these ingredients is missing, commitment loses strength.

Swami Ranganathananda in his talk on 'Human Values in Management' quotes Thomas Huxley's views as: 'The purpose of science is not only the advancement of knowledge, but also the alleviation of human suffering'. The first issue here is to lead to the need for the pursuit of knowledge with humanistic impulse.

The holy book 'Tiruvalluvar The Kural' has been translated into English by a few famous authors. Sundaram, one of the authors referred here organizes the book into three themes: Virtue, Wealth and Love. These are the first three of the four 'Purusharthas', the supreme aims in life, which every man must seek, the fourth being the 'Moksha', or the release from the unending cycle of birth and death.

Bajaj & Agrawal quotes from the sayings of the great Indian personalities as follows:

'What is valuable to a man when he is bad becomes worse than valueless when he is good' – Rabindranath Tagore.

'Great error of all ethical systems is failure to teach means to refrain from doing evil'– Vivekananda

'In the path of morality, there is no such things as reward for moral behaviour'– Mahatma Gandhi.

Lala, R.M says that an ethical leadership and values consists of 'Communication, Compassion, Competence, Courage, Decision Making, Humility, Integrity, Management, Team Work, Training and Vision'

Aristotle claims that good ethics lies not as rules, rights and responsibilities, but in the classic notion of character. Aristotelian moral virtues consists of: Courage, Self-Control, Generosity, Magnificence, High-Mindedness, Gentleness, Truthfulness, Wittiness and Modesty.

Laura Hartman says that when a moral decision making in business is performed by an individual process, some factors to be recognized of the individual are: Genetic Inheritance, Religion, Philosophical System, Cultural Experience, The Legal System and Code of Conduct.

Shiva Khera says, opinions may vary from culture to culture. But values such as fairness, justice, integrity and commitment are universal and eternal.

3. Objectives of the Study:

The objectives of study are:

- To study the ethical management practices of MNCs & Indian Companies.
- To compare the ethical management practices of MNCs & Indian Companies.
- To compare the ethical culture of MNCs & Indian Companies.

4. Research Methodology:

The type of the research is a 'Descriptive Research' giving the description of the state of affairs as it exists at present. The research includes surveys and fact finding enquiries of different kinds based on comparative and co-relational methods. The research includes statistical techniques like averages, percentages, regression, significance and

ANOVA. The analytical techniques have not been shown in this paper. The study has been concentrated on MNCs & Indian Companies located at Bangalore. Five Indian Companies and five MNCs have been covered, the total respondents being about 300.

5. Ethical Landscapes:

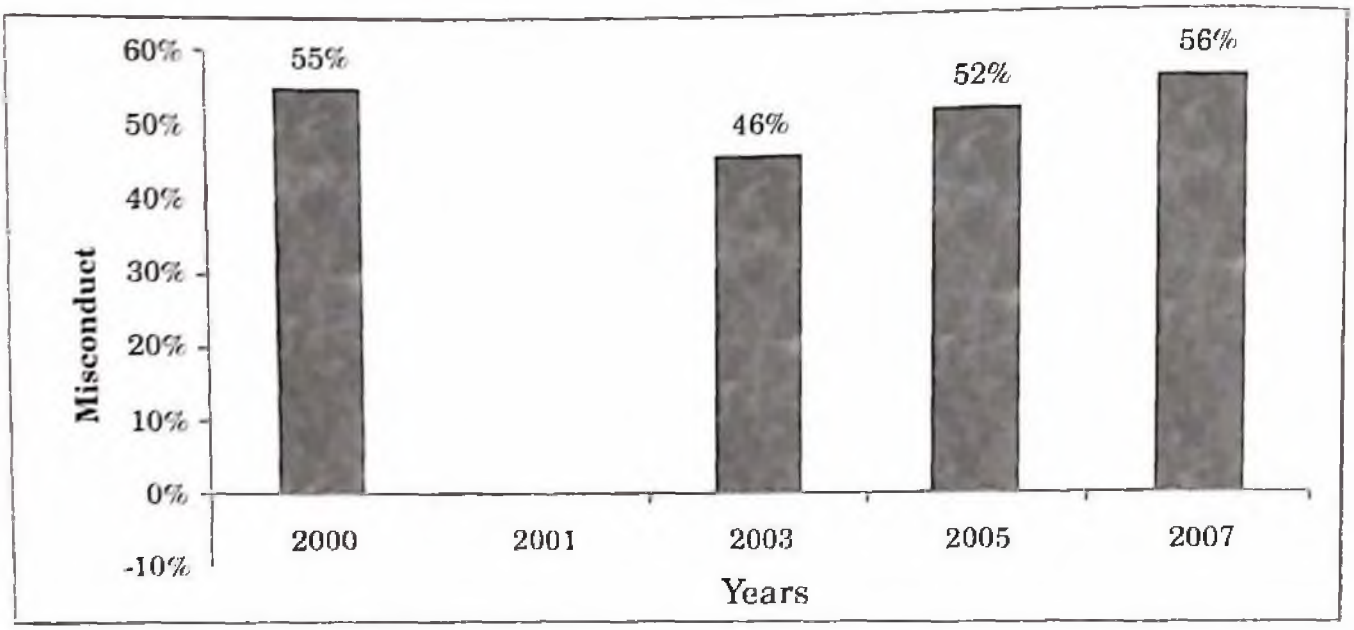
More than 10 years after Enron and other corporate ethics debacles, businesses of all size, type and ownership show little meaningful reduction in their enterprise risk of unethical behavior. Situation is ripe for more corporate scandals. In India we are not trailing behind. It was Satyam two years earlier. Three years before, it was 2G which came to light recently. Much more severe are Spectrum scam and CWG frauds! What more?

The Ethics Landscape is Treacherous all over the world. Two equations explain all:

High Rates of Misconduct + Low Management Awareness + Few Ethics & Compliance Programs = Treacherous Ethics Landscape

Strong Ethical Culture Reduces Observed Misconduct + Well Implemented Program Increases Reporting = Reduced Ethics Risk

National Business Ethics Survey 2007 of ERC reveals lot more NBES says that in USA the percentage of employees observing misconduct has returned to previous levels.



2001– Enron Fraud

Source: Secondary data

6. Ethical Related Actions:

NBES 2005 measures eighteen elements of ethical culture that indicate employee perceptions of the way top and middle management, supervisors and workers/employees behave.

The Ethical Related Actions for Improvement of Ethical Cultures are as follows:

1. Top Management

- Communicates ethics as priority.
- Sets good example of ethical conduct
- Keeps promises and commitments
- Provides information about what is going on
- Employees perceive that top managers are held accountable for ethics violations

2. Middle Management

- Communicates ethics as a priority
- Sets good example of ethical conduct
- Keeps promises and commitments
- Employees perceive that middle managers are held accountable for ethics violations.

3. Supervisors

- Communicate ethics as a priority
- Sets a good example of ethical conduct
- Keeps promises and commitments
- Support employees in following organizational standards

4. Employees

- Consider ethics while making decisions
- Sets a good example of ethical conduct
- Talks about importance of ethics
- Support employees in following organizational standards
- Employees perceive that non-managing are held accountable for ethics violations

7. Characteristics of an Ethical Organization towards an Ethical Culture:

Kirk O.Hanson, Executive Director of Markkula Center for Applied Ethics of Santa Clara University, USA, outlines the most important dimensions of managing ethics in an organization towards an ethical culture. His model and the best practices are explained below:

Hanson's Flow Model

The values of the organization are clarified not only in the overall corporation, but also within each unit of the corporation. The critical element is to have the executives then model those values. Through communicating the values, the company creates systems to embody those values. "If we do all of that, hopefully the values are aligned," he explained. "But you do need these escape valves, these vehicles—whether it's a hotline or a helpline or a committee that talks about difficult cases. You also need audit enforcement on the compliance side."

But the model would not be complete without a renewal step. Companies like Johnson & Johnson review their values statements on a regular basis. "What they did every three years was to rewrite their credo. Maybe just a few words," Hanson said. "One year, instead of 'we have obligations to our employees,' they changed it to 'our employees and their families.'" Each renewal would lead to a new educational effort to roll out the new values.

To update and flesh out his model, Hanson discussed best practice elements—what constitutes best practices in those areas and what can go wrong. Those elements included:

- Value statements
- Codes of conduct
- Executive modeling
- Training and communication
- Systems that embodies values
- Mechanisms to discuss difficult cases
- Hotlines and helplines
- Audit, enforcement, and discipline
- Governance of ethics and values
- Renewal process

Value statements

Ideally, values statements need to grow out of the experience of the company. An organization cannot just have single words. It needs to have concepts to go with them. "It's not just words, but values in action—here's what we owe to this constituency—captured in phrases and sentences," he said.

Codes of conduct

The ideal code of conduct is organized, comprehensive, and applies to all employees. While a typical values statement runs about a page, a code of conduct is usually a booklet that includes a background on policies, gives details needed to apply the policies to different departments, and includes instructive Q & A.

But even a well-written code, he warned, is useless if it is merely a document that sits on the shelf or has unclear application.

Executive Modeling

What the CEO and the management team do dwarfs everything else when it comes to corporate ethics and values. They are a walking embodiment of values, day and night, in public and in private.

But they need to not only walk the walk, but also talk the talk. "The CEO tells stories about putting values to work. They'll be sharing stories about 'how I faced last week.' Or 'Here's a problem our head of Asian operations faced, and here's how it was resolved. That was a good way of handling the problem,' Hanson said.

This can go wrong if an executive's private behavior is inconsistent with the values or if he "pleasures" himself with corporate funds, as one executive put it. "This is the problem with a whole lot of people," Hanson remarked.

Another potential stumbling block can be when the executives never mention values or show disdain for their employees.

Training and Communication

Best practices include constant communication

about values, not only for new hires, but also on a regular basis with all employees, including regular and intensive training. Training can come up short if it's obvious that trainers and executives are only paying lip service to the values, or make snickering references to them.

Systems that embody values

Creating systems that embody values requires having a performance evaluation system that has explicit references to values, having values integrated into operating systems, and examining key decisions in light of values.

But if the systems are ignored or if performance pressure or financial criteria overtake values, the ethics are lost.

Mechanisms to discuss difficult cases

Transparency needs to exist regarding tough cases, he stressed. "Employees need to be confident that they can take a tough case to the boss, even if the cost is high and they don't know what to do." Mechanisms, such as a corporate committee, need to be in place to vet cases. Most importantly, employees need to be confident that they will not be penalized for implementing values.

Those mechanisms are worthless, if there is a "don't ask" culture or an unwillingness of executives to share the burden.

Hotlines and help lines

In the best cases, hotlines and help lines have external and credible reporting. Anonymity is available with no possibility of retribution and calls are followed-up effectively.

If those are lacking, if employees do not understand the purpose of the hotlines, or if the people who answer the phones lack empathy, a hotline goes cold quickly.

Audit, enforcement, and discipline

Good rules of thumb in this category include auditing everything that is important, putting compliance into context, investigating thoroughly and respectfully, and disciplining appropriately and justly.

Conversely, companies can run into problems if compliance is the whole of the values message, if compliance and discipline are easier on executives than on front-line staff, and if the compliance system merely protects the company.

Governance of ethics and values

Best practices involve having a senior executive overseeing the ethics effort, having a dedicated ethics officer, and having an active audit or ethics committee, with periodic reporting to the board.

However, if ethics is assigned to a lower-level executive, if the ethics officer is not respected, if the audit committee is uninterested, or if reporting is merely eyewash, the governance will be ineffective.

Renewal process

Ideally, revised values and standards should be rolled out periodically, about every three years. There should be a freshness of the message for each renewal and an engagement of the organization in the fresh message.

A renewal can be unsuccessful, if the message remains stale and unchanged, if there's no effort to seek input from the organization, or if recent incidents are either ignored or overemphasized.

Ongoing process

Developing best practices in creating ethical cultures is, an on-going process, Hanson stressed. "There is this whole issue of individual empowerment and how we build in our senior people the sense of ethical backbone, ethical courage, personal responsibility and accountability, that should be included."

He also emphasized to address the issue of getting bad news to the top, getting people to recognize the ethics in what they do not immediately think of as an ethics issue, and to build into best practices the collegial, collaborative process.

8. Focus of Values in Organization:

There are six main areas where business leaders suggest for focus.

a) Business Benefit: To create a unity in the organization where the members of the organization share their values to create maximum value for shareholders.

b) The Right Thing: To build an organization with true integrity, where besides obeying state laws, provision of best quality of life for its people and action to the customers is continuously provided.

c) Changing attitudes & aspirations: People wish to live their lives as consistent 'wholes' rather than in 'compartments'. People do not want to leave their personal values behind them when they arrive at the offices or workshop. Murray

says that. 'The concept of an ethically distinct world of work, where different values hold sway, is increasingly unacceptable to many people.

d) Changing patterns of work: Workplace environment changes slowly from blue to white collar. More people work with their minds than with hands educated people articulate and pressure slowly arises to change the old fashioned value systems within the company.

e) Positive encouragement rather than a negative prohibition: Nowadays people resent 'Thou shall not' philosophy and morality in organizations. Value development enables management to focus on positive messages of improvement and empowerment than prohibitions.

f) An urgent need for value in education: In Western countries, the traditional foundations of moral education and standards are moving very fast away from values. Dejected younger generations are unaware of the basic codes which make a civilized society sustainable. Industry need to play an increasing role in respect of literacy and standards of behavior since schools, churches and families are failing in their corporate responsibilities.

9. A Research Survey by the authors:

As a part of the research, the authors conducted a survey on ethics in a few MNCs & Indian companies at Bangalore at the level of senior managers, middle managers and employees. The percentages of responses on various ethical factors are indicated as below. The research was based on 'descriptive research' including surveys and fact finding inquiries of different kind and founded on comparative correlation methods. The sample size was about 300.

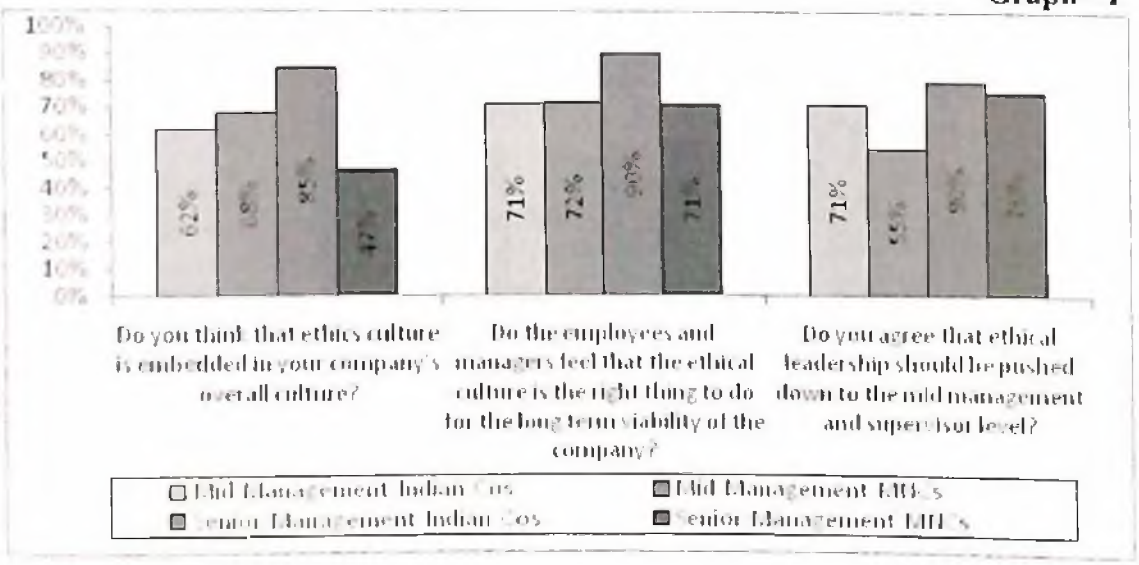
a) Ethical Cultures

Table - I

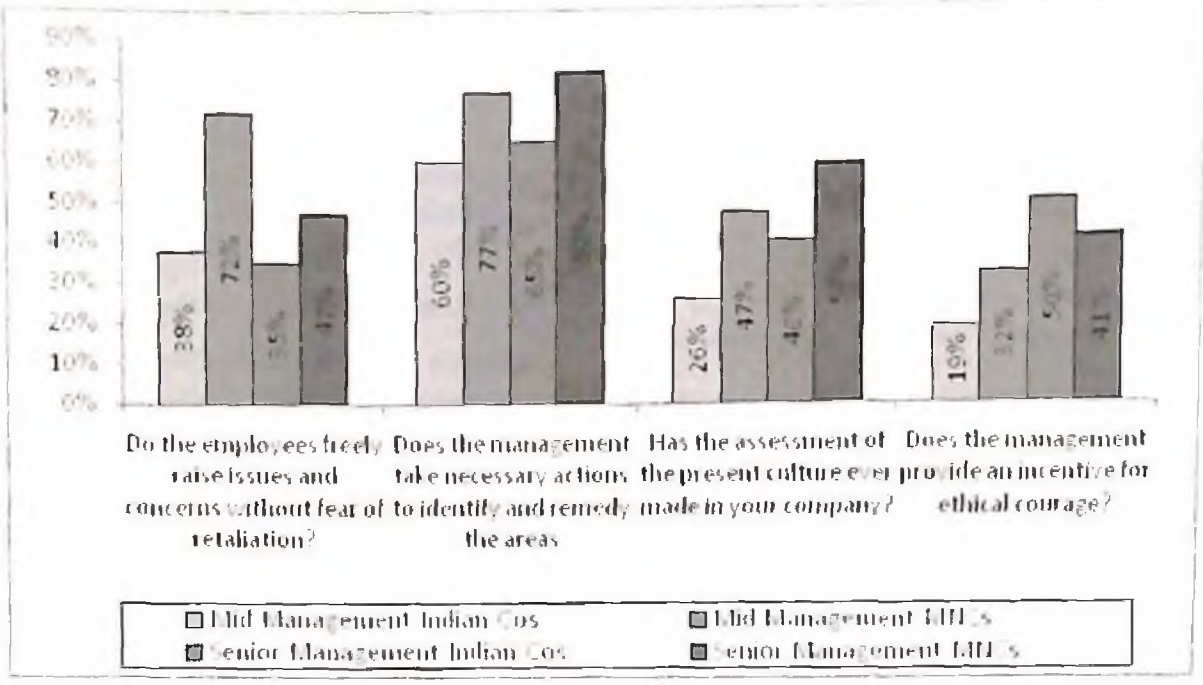
	Mid Management		Senior Management	
	Indian Cos	MNCs	Indian Cos	MNCs
Do you think that ethics culture is embedded in your company's overall culture?	62%	68%	85%	47%
Do the employees and managers feel that the ethical culture is the right thing to do for the long term viability of the company?	71%	72%	90%	71%
Do you agree that ethical leadership should be pushed down to the mid management and supervisor level?	71%	55%	80%	76%
Do the employees freely raise issues and concerns without fear of retaliation?	38%	72%	35%	47%
Does the management take necessary actions to identify and remedy the areas	60%	77%	65%	82%
Has the assessment of the present culture ever made in your company?	26%	47%	40%	59%
Does the management provide an incentive for ethical courage?	19%	32%	50%	41%

Source : Primary data

Graph - 1



Graph - 2



From Table-1 & Graphs-1 & 2, we can note that the degree of responses from MNCs and Indian companies are varying. Mid managers of MNCs generally have higher inclination for ethical cultures whereas the Sr. Managers of Indian companies have a higher orientation for ethical cultures.

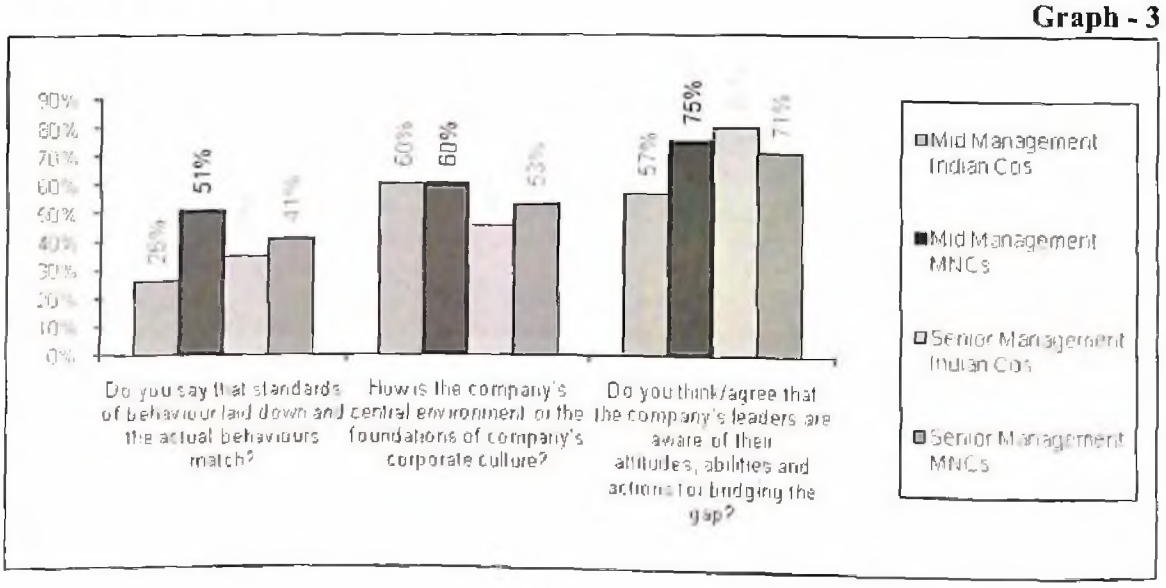
Table-2

a) Cultural Behaviours & Gap

	Mid Management		Senior Management	
	Indian Cos	MNCs	Indian Cos	MNCs
Do you say that standards of behaviour laid down and the actual behaviours match?	26%	51%	35%	41%
How is the company's central environment or the foundations of company's corporate culture?	60%	60%	45%	53%
Do you think/agree that the company's leaders are aware of their attitudes, abilities and actions for bridging the gap?	57%	75%	80%	71%

Source: Primary Data

Graph - 3



In the area of 'cultural behaviours' and 'cultural gap', the performance of the MNCs are generally better than Indian companies. In the area of 'foundations of companies corporate culture' and its effects on 'cultural behaviours and gap', both MNCs and Indian companies fairly match. The mid managers of MNCs and Sr. Managers of Indian companies are more 'aware of the attitudes, abilities and action for bridging the gap'.

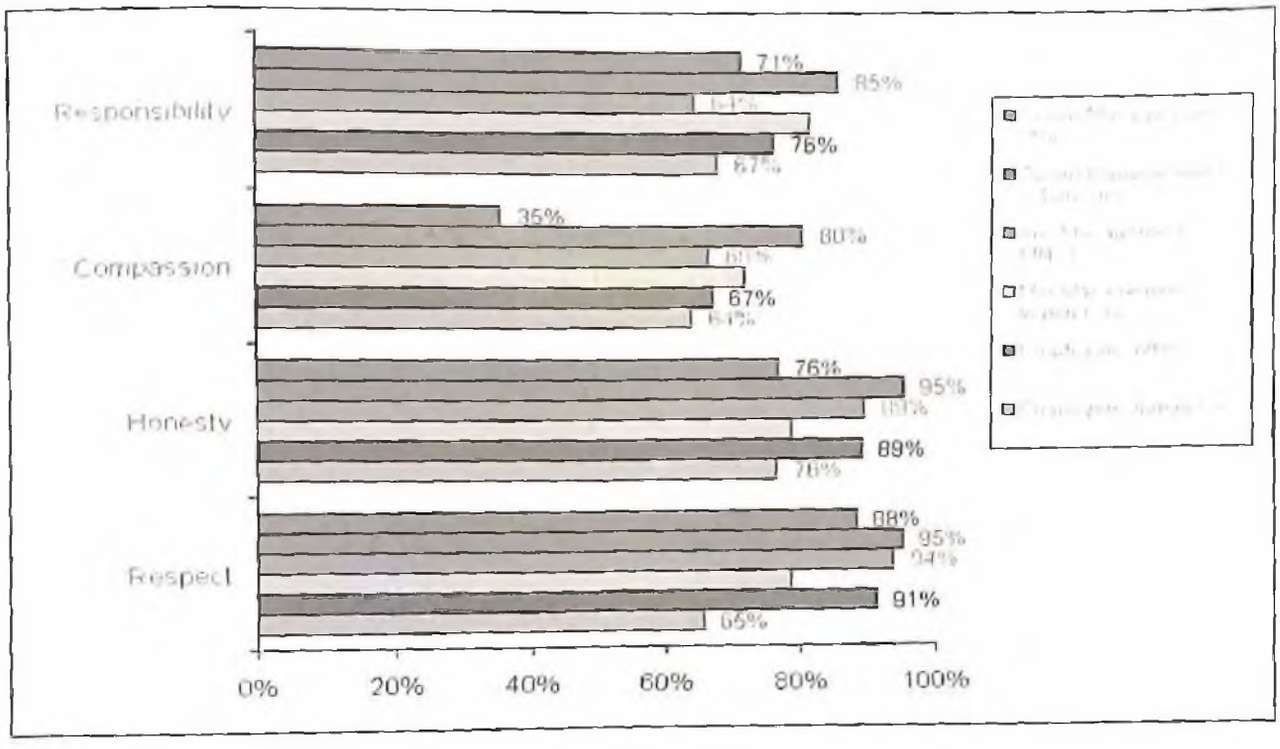
c) Aristotelian Ethical Cultural Factors

Table-3

	Employees		Mid Management		Senior Management	
	Indian Cos	MNCs	Indian Cos	MNCs	Indian Cos	MNCs
Respect	65%	91%	79%	94%	95%	88%
Honesty	76%	89%	79%	89%	95%	76%
Compassion	64%	67%	71%	66%	80%	35%
Responsibility	67%	76%	81%	64%	85%	71%

Source: primary data

Graph - 4



In the level of employees, the ethical cultural factors in MNCs are better. For 'Responsibility' and 'compassion' the mid level managers of Indian companies score better. For 'Honesty' & 'Respect' the Sr. Managers of Indian companies are much ahead of the Sr. Managers of MNCs.

10. Conclusions:

Managing ethics in organizations is not just about managing formal ethical programs. Researchers suggest that a broader ethical climate or culture is important than specific ethics/compliance program goals or characteristics. The elements of ethical culture that guide employer thought and action include leadership, reward systems, perceived fairness, ethics as a topic of conversation in the organization, employee authority structures and the organization focus that communicates care for employees and the community.

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