Challenges in Global ethics

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We believe, the global ethics emanates from the Individual to the family, the society, community, country and the world. All the transactional events like business are a part of the Samyak or total concept of global ethics. There is a beautiful sloka on human interaction in Mahābhārata's Shānti-Parva 167:9 where Vidura tells Yudhisthira:

तस्माद्धर्मप्रधानेन भवितव्यं यतात्मना।
तथा च सर्वभूतेषु वर्तितव्यं यथात्मनि॥

By self-control and by making dharma (right conduct) your main focus, **treat others as you treat yourself.**

This thought is reflected again in Bible Luke 6:31 **"Do for other people everything you want them to do for you. Treat others the same way you want them to treat you".**

The Need

In my opinion this maxim **'Do not do unto others what you do not want others to do unto you'** forms the basis for emergence of ethics. According to Prof. Richard T De George, University Distinguished Professor of Philosophy at the University of Kansas, "the focus of ethics discussion has moved from theological and religious matters to ecological issues, social problems and more recently social responsibility and business ethics".

Chanakya in the chapter 7 of Chanakya Niti says so of profits in business:

One must be satisfied with whatever he has as wife, wealth, and income. Still, one must never get satisfied with the knowledge and acts of charity.

Earlier, businessmen feared that any ethical conduct or adopting of moral philosophies would lead to sacrifice of efficiency and productivity; and the competitiveness in the market place would fade away. Lately, this misconception about the business ethics has changed, as businesses believe that being ethical and moral would provide loyal customers and greater acceptance in the society. Today, more and more businesses are accepting 'business ethics' as a part of business conduct.

Cast doubt on many things that we believed or knew until now. We have read that eminent philosophers like Milton Friedman were of the view that the **aim of the business is to earn profits by utilizing the resources and engaging in open and free competition, without deception or fraud.** But does this happen?

This process generates uncertainty, imbalances and conflicts both socially (by confronting sectors which

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adopt different attitudes and views regarding change) and personally. And this worry has been exacerbated by the economic and financial crisis which, among other global problems, has revealed ethical deficiencies in the actions of many institutions, and has again placed values at the forefront of people's demands, as a guide for dealing with uncertainty and as a factor of stability in facing up to the crises and conflict. There is a need shared values and ethics; they are vital for the proper functioning of the economic, political and social network and, therefore, for the well-being and development of the potential of every world citizen.

Challenges of ethics in a Globalised World

The advancement of technology dissolved international boundaries and opened the cultures to a whole new arena, enabling globalization of businesses. Globalization, ushered in during the decade of 1990s,is an empowering entity. It interconnects the world, supports economic development, provides information availability and has been a catalyst in emergence of a **'Global Village'** or **'Vasudhaiva Kutumbakam'** spelt out by our ancient sages.

Globalization, brought in new ideas about the business and also ethics with the widening of the consumers and the supply chain. But globalisation, brings forth a multiplicity of new queries for the management, for which it had to provide an ethical response. Although businesses increasingly are becoming global, businessmen began to realise that it was certainly not more uniform across the markets.

Global ethics as a foundation for businesses in their world-wide operations began to emerge. However, the case "how to transact ethically?" is not as clear, as it is desired, when various cultures and different levels of economic development of countries are being experienced with.

Globalisation as we see has brought in many ethical issues like

- Exploitation of workers
- Outsourced from countries which have no strong labour laws and also indulge in unhealthy labour practices including child labour
- Exploitation of Tax Loopholes
- Indulging in unethical financial processes
- Dumping toxins
- Unnecessary medical procedures.

In view of this, defining global ethics does become a challenge as this aspect has to be dealt considering various aspects like:

1. Technological imbalances

Scientific and technological progress is probably the phenomenon that is most decisively shaping our age. But together with the enormous opportunities of this scientific and technological revolution that we are experiencing, a large number of new and difficult ethical questions is emerging. Here we have remember Elvin Stakman's famous maxim: "Science cannot wait until ethics catches up with it, and nobody should expect scientists to think of everything for everybody." This however is not totally valid. We need a more constructive approach, along the lines of that of Heinz Pagels: "Science cannot resolve moral conflicts but it can help to better formulate the debates on conflicts."

Technology has contributed to the rise in inequality, but there are also some significant ways in which technology could reduce this inequality. But the adaptation to the computer technology which India witnessed in the decade of 1990s and 2000s and later has proved that it is possible to cope up with proper foresight in adapting newer technologies and keeping in pace the technology paradigms by incorporating appropriate technology in the education system. But the ethical paradox is – are new technologies making local industries obsolete and people lose out on jobs?

2. Cultural differentiations existing in different countries

Due to the unprecedented access to cultures, a much wider audience than ever before has a gateway to see, hear and experience phenomena that

were never accessible earlier. Misrepresentation, stereotyping and the risk of loss of cultural and intellectual property rights are the consequences of unmonitored access.

There are a number of negative impacts globalization has had on cultural diversity, including the influence multinational corporations have on promoting a consumer culture, exploitation of workers and markets and influencing societal values. This increased availability of commercial media and products can "drown out" local cultural influences. It is also that e-learning technologies perpetuates colonization by designing curriculum that is based on the dominant culture. Not having access to technologies that are present in the classroom, combined with an education system geared toward the dominant society can be a lethal combination for non-dominant cultures. The present education, legal and power structures reflect western ideas and philosophies.

Loss of individualism and group identity occur when globalization encourages a 'Western ideal of individualism'. We have seen many instances of the negative influences on culture in our country also.

But, this also has a positive side. Technology provides a medium where depiction of images and thoughts can provide the means in which truism can be established. Global media centres allow cultures a distinctive voice to promote awareness and provide public knowledge and understanding of their stories and identities. It also allows for the communication on issues that are important in preserving the culture and knowledge acquisition of cultural ways - allowing them to retain their diversity.Technology can be used to preserve language, customs and culture. Technology allows for self-representation and preservation of personal and collective identity by providing autonomy and empowerment

3. Socio-economic considerations -
Ethics to assist the community

Here I am reminded of the famous **'Parable of the Sadhu'** which received the Harvard Business Review's Ethics Prize in 1983. Mr. Bowen McCoy, Managing Director of the Morgan Stanley Company,

relates his experience in the distant mountain of Nepal to the short and long-term goals of American business. Here the trekkers were left with unexpected ethical dilemma left them questioning their values--and the values of business, which often places goal achievement ahead of other considerations such issues on poverty.

Prof. Peter Albert David Singer, an Australian moral philosopher and Professor of Bioethics at Princeton University, and the University of Melbourne, presents a brilliant survey of the ethical problems of globalization and focuses on ethical issues concerning the reduction of extreme poverty. He examines the reasons why developed countries and their people should contribute more for this purpose and argues that the elimination of poverty is a common benefit in which ethical requirements and the interests of the people of the developed countries converge. But in reality is this happening? We are seeing ideas of environmental pollution which would hinder progress in the developing countries being thrust on them by the developed world. **We see a very clear divide between the developed and developing countries. As we notice, this calls for proper policies to be put in place poverty alleviation initiatives, keeping pace with the technical paradigms.**
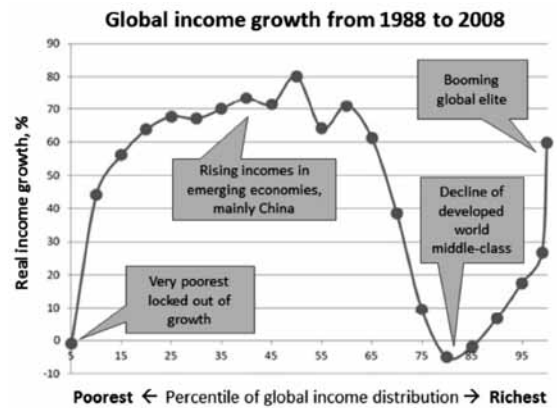

Source: Milanovich D, Economist, World Bank Research Department

If it is in our power to prevent something any adverse happening, without sacrificing anything of comparable moral significance, we ought to do it. This action seems non-controversial.
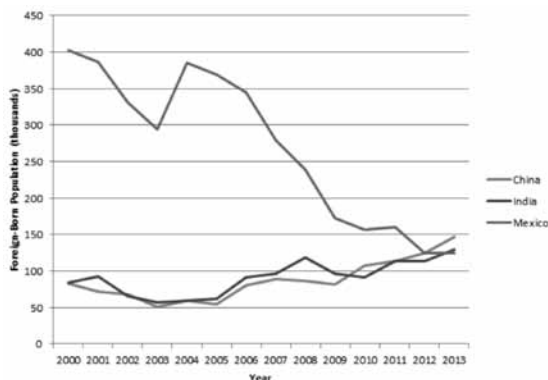
4. Education standards

Migration plays a very important role in the global society. Due to increasing poverty in the developing countries and lack of opportunities, the migration of educated people to developed countries has seen an increase. There are various opportunities provided by the developed countries, which at times tend to be dangerous as well.
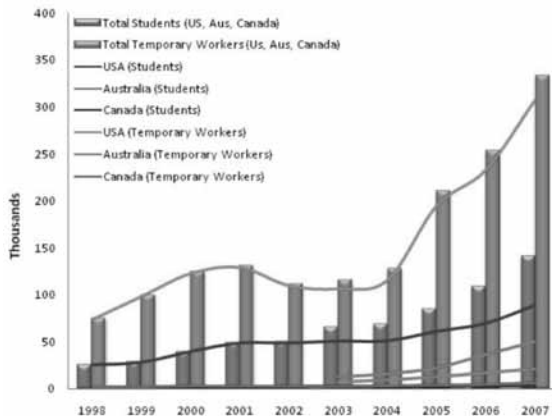
Comparison of Migration of Indian Temporary Workers and Students in USA, Australia & Canada
Source: Immigration reports of respective countries

Source: U S Census Bureau, Population Division 2000 to 2013 Single Year American Community

While education standards have gone up in the developing countries, to fill the gaps in the developed world, the expenditure on providing higher education means higher allocation of funds in the developing country. Governments of developing countries need to take up this as a challenge and come out with strategies like Make in India to retain talent.

There is also a positive side to this. We have seen many American/European universities coming to India to establish collaborative institutions.

5. Religious beliefs

Indian sages during the time of Rigveda recognised the plurality in thought globally and came out with the concept of आ नो भद्राः क्रतवो यन्तु विश्वतः **Aa No Bhadrah Kratavo Yantu Vishvatah** Let knowledge come to us from all sides and एकं सत् विप्राः बहुदा वदन्ति The Truth is one, the learned perceive differently'. Globalization has now brought in a culture of pluralism, meaning religions "with overlapping but distinctive ethics and interests" interact with one another. Essentially, most of the world's leading religious traditions—teach values such as human dignity, equality, freedom, peace, and solidarity. Therefore, through such religious values, globalization engenders greater religious tolerance in such areas as politics, economics, and society.

Today, secularism and multiculturalism are converging. Putting somewhat less enigmatically, the issues about the proper regime are becoming and more and more interwoven with issues about the proper ways to deal with the growing diversity of these societies. The main point of a secularist regime is to manage the religious and metaphysical philosophical diversity of views fairly and democratically. This is a tough issue in developing countries where religion plays a very important role in the societal thinking. Despite these advantages, the resistance to the new paradigms in developing countries pose challenges, especially where religion has an overpowering influence on the society. There is also a fear that globalisation undermines the concept of nationalism, with dominant migrant population.

6. Business considerations –Strategic Planning

Business is primarily a form of social cooperation—it is about people from various societies working together to create value that no one of us could create on our own. It is about creating chairs that allow the body to rest, vehicles and networks that enable us to travel and communicate over great distances, a range of products and services as broad as the

human imagination. Keeping sustainability in mind, the Companies need to limit its strategic initiatives to those meeting needs of consumers without depleting resources needed by future generations. The view that "the business of business is business, not ethics" is no longer acceptable. The companies need to change to a culture that places profits and good performance ahead of ethical behaviour. It is ethically dangerous for company personnel to assume that local ethical standards are an adequate guide to ethical behaviour globally.

Right or wrong?

In the guidelines for businesses decision-makers, but there are still many "grey areas" not covered by laws and regulations. Some organizations develop ethical guidelines for their members. Here ethics involve standards about what is "right" and "wrong". However, in a global setting it is not as easy, as it seems, to decide what is right and what is wrong. Actually, it is the social responsibility of a firm in the target market, which comes into debate in this context.

Present Ethical Education

Business ethics being taught in Universities provides perspectives to students, in the sense, how ethical practices would help in creating and running businesses without resorting to fudging of accounts, balance sheet or numbers. Case studies of the firms which run their businesses ethically, the struggles that they go through to get Government approvals, delays caused in approvals for not paying bribes etc., would provide the students a deeper insight into how to navigate through the pitfalls and how to run a business in a sustainable and socially responsible manner. On the other hand, case studies of business houses which resorted to unethical practices would provide them a picture of how such firms climbed to unbelievable heights within a short period and a steep decline, as soon as the outcomes of unethical practices get exposed. Once this exposure is given to the students, it is ultimately left to the students to follow ethical or unethical practices. Swaying from ethical to unethical or partially ethical or partially unethical is a result of not only dedicated ethics class/ or embedded ethics teaching, but also by comparing their peers or seniors, how they are climbing

the career path and through what means. Whether fast growth path or slow but fairly consistent and acceptable growth path - the choice is left to them.

Scams and Crises

In an age of corporate scams, swindles and general malpractices – from the Enron, Lehman Brothers' case to that of the Reebok franchise in India which has been charged with a multi-crore misappropriation of goods and funds – ethical business practices might at first sound like an oxymoron, a contradiction in terms. Across the world there is growing scepticism about big business – particularly trans-national big business – and the way it operates, supposedly with the bottom line of profit being it's only moral lodestar and its sole ethical imperative. Scams and crises are not new. In the Sanskrit there is a saying "VYAPARAM DROHA CHINTANAM" means Business is all about Cheating? Even our ancestors were of the aware that the businesses could also be means of unethical conduct and its only purport is to make profit and oneself rich! In the recent times, the business arena, generally had a more positive view of commerce. But two waves of scandals—Enron in 2001 and the global financial crisis in 2008, followed by many scams around the world— have decimated such a trust universally. As a result, globally, people are more ambivalent about business than they were in the 1990s, and many students entering business school today are eager to revive the focus on virtue. An interesting feature is that a survey by the Aspen Institute showed an increase between 2002 and 2007 in MBA students' desires to have their careers make a contribution to society. The survey also found a decline in the belief that a company's primary responsibility is to maximize shareholder value.

There are three main reasons why ethics has to play a key role in business:

• It is crucial that ethics have a considerable influence if we want an efficient, smoothly operating economy. Ethics helps the market to its best.

• The government and the legal system cannot resolve certain key problems of business and protect the society while ethics can. Ethics can only resolve futuristic issues. That company's social responsibility should extend beyond what the regulations require.

- Ethical activity is value in itself, for its own sake, because it enhances the quality of lives and the work we do.

The issue of teaching ethics is an old one. Almost 2500 years ago, the philosopher Socrates debated the question with his fellow Athenians and his position was clear: **Ethics consists of knowing what we ought to do, and such knowledge can be taught.** Most psychologists today would agree with Socrates. Studies indicate that a person's behaviour is influenced by his or her moral perception and moral judgments. It is in the light this that the Corporate Boards need to spend more time on the reporting of non-financial issues such a strategic performance drivers, value to customer, quality improvement rates, stakeholder concerns, corporate culture measurement and environmental issues.

Ethical Leadership

Leaders who lead ethically are role models, communicating the importance of ethical standards, holding their employees accountable to those standards, and -- crucially -- designing environments in which others work and live. Moral leadership in a company is of critical importance, especially in this century society where government regulations, the public and consumer watch groups demand it and widespread media reacts to a company that fails to deliver on it. Small businesses must pay special attention to maintaining moral expectations of communities they serve, making moral leadership and guidance key.

In my experience as CEO of a large public sector with global operations I have seen that ethical leadership can cause a host of positive outcomes, and to reduce the risk of many negative outcomes. Leadership is indeed the most important lever in an ethical system designed to support ethical conduct.

Conclusion

According to Professor Thomas Piper, one of the architects of the business ethics program at Harvard, *"Our emphasis is on a three-lens model: an economic imperative; a legal/regulatory imperative that connects to public policy concerns; and an ethical imperative. We believe that each lens is very important; no one lens is sufficient."* This approach depends upon healthy collaboration among faculty trained in a variety of disciplines: law, ethics, marketing, organizational behavior, economics, strategy, and general management.

The real journey begins when we actively engage, as live issues, the concepts of various markets, economic models, human nature and environment, that are foundational to prevailing beliefs about business. And for those who teach business ethics, it begins when we stop fighting for legitimacy and start conducting business in positive ways,that our knowledge empowers us to do.

I would like to conclude with this mantra of Isavasya Upanishad which highlights the need for ushering in ethics and sustainability on this planet.

ॐ ईशा वास्यमिदँ सर्वं यत्किञ्च जगत्यां जगत् ।
तेन त्यक्तेन भुञ्जीथा मा गृधः कस्यस्विद्धनम् ॥ १ ॥

This entire universe is pervaded by God, for the reason that it is dependent upon primordial nature, which in its turn is also pervaded by Him. Enjoy whatever is given to you by Him, and do not seek wealth from any other source.

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