UNIT 3 ORGANISATIONAL VALUES AND W0RK ETHICS

Objectives

From this unit you will be able to appreciate and understand

- significance of values
- values in terms of organisation
- significance of work ethics
- role of corporate governance and ethics

Structure

3.1   INTRODUCTION

Values provide a framework for making choices between desirable and undesirable responses. Values also refer to priorities that an individual assigns to multiplicity of goals. It thus provides direction to and determines intensity of individual responses. Stronger the value system more intense will be the action in pursuit of that value. In order for organisation to achieve unity of action amongst diverse employees it is imperative for them to articulate core values and seek adherence to those values by individuals. The core values of an organisation are derived from the vision and expectations of strategic stakeholders.

As organisations struggle to survive in a highly uncertain and turbulent environment, they have no option but to carve out a space for themselves in the global economic order. Organisation cannot longer afford to remain passive recipient of environmental forces; instead their sustain. growth will depend on becoming active agents in trans-forming the environment to make it conducive to give expression to their ideas and intentions. It is these compulsions that have led most organisations to develop vision and articulate a set of values providing focus to their responses to the demands of internal and external stakeholders.

3.2   VISION

Vision provides a conceptual framework for understanding organisation purpose; it serves as a guiding philosophy defining the core values and beliefs that drive the organisation. It usually has emotional appeal that is inspirational and enduring. A vision statement defines the perpetual purpose of the organisation that is relevant and applicable for all times rather than describing what the organisation currently does. A classic example is Dhirubhai Ambani's vision of "making a telephone call cheaper than a post-card in India". It is towards realisation of this vision that Reliance Infocom has entered the Telecom sector in a big way to provide this facility in un-reachable and remote areas of the country.

Vision incorporates different aspects of purposefulness of the organisation such as customer orientation and employee focus, it outlines standards of excellence for the organisation and delineates organisational competencies.

The vision statement serves as an anchor and provides unified direction and focus organisation to survive in an increasingly turbulent environment. An exciting, challenging and excellence centered vision gives a sense of pride to the organisation members as they are able to identify themselves and work towards the attainment of the overall objectives of the organisation.

3.3   VALUES

Values are derived from the basic assumptions held by a group of people about themselves, others and the world. Rockeach (1973) defines values as "a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence." Values provide a framework enabling individuals to prioritise their actions, make a choice of options, determine preferred ways of responding and distinguishing between desirable and uncles irlable response. Values thus affect all our decisions and actions and have a self prophetic impact on our being. Given its significance, it is obvious that unity of action amongst employees towards the common purposes of the organisation cannot be achieved unless they adhere to a common set of values.

Values operate at least at three levels: individual, socio-cultural and organisational levels. Individuals belonging to the same socio-cultural milieu may differ in terms of their value system. At individual level, value tends to differ in term of their importance and intensity. Every individual therefore develops a hierarchy of values.

Socio-cultural value systems are derived from the basic belief about the nature of society and its relationship with environment. It has its historical roots in cultural traditions of the society and in its triumphs and trials. Likewise organisation designed by people develop their own value system arising primarily cut of compulsions to survive as a viable entity.

3.4   VALUES AND ATTITUDES

Values are expressed in terms of attitudes which in turn provide direction to one's responses. For example, a Professor who believes strongly in the work ethic will tend to express attitudes towards a student and methods of studies as a means of reflecting this value. It is not uncommon to hear managers making statements such as "there is no substitute to hard work in this organisation. It is the hard work which has helped the organisation achieve new heights everyone is expected to follow this ethics."

In pre-liberalisation era, value system in organisations grew primarily out of the societal value system making the organisations microcosms of larger society. In the current and emergent scenario, organisations need to make deliberate choice with regard to developing value systems which would enable them to gain and maintain competitive edge. Most organisations therefore articulate core values such as quality, customer satisfaction, environmental protection, employees development, human dignity and respect, technological development, social responsibility, etc.

Core values that organisations seek to pursue may be at variance with the societal value system as also the value profile of individual employees as organisations expand their activities across rational and regional boundaries.

3.5   ADHERENCE TO CORE VALUES

Most organisations articulate certain core values that must be adhered to by the employees. Identification with these values by the employees is significant as it becomes a substitute for sacrifices made by them by virtue of their membership in the organisation. Employees learn to accept these values and start believing that the organisation will not do anything that would hurt them. The personal costs of working long hours, meeting strict dead lines and the like are overcome by adhering to higher human values such as serving the community or the society with high quality products and services.

3.6   VALUE ACTUALISATION

Core values developed by the organisation must be internalised by organisation members so as to bridge the gap between value system of the individuals and the collectivity. In the absence of conscious effort to develop shared value system, the employees will continue to adhere to their archaic value system derived from the old assumptions, or by the pre-dominant value system prevalent in their social cultural milieu. In either case, the organisation will not be able to optimally channelise the energies and efforts of its members towards purposive action.

Although organisations have been quick to realise the significance of value driven responses, and have thus articulated their core values, adherence/internalisation of those values on the part of the employees still remains an illusion. Because of abstract nature of values, employees often find it difficult to give concrete shape and translate the values in their day to day activity, divided as they are along the lines of function, hierarchical levels, nature of product and services'. It is advisable therefore within the overall framework of the corporate value system, every department, every function and identifiable product or service group must develop operational values relevant to the demands of their task and their respective contexts.

3.7   GLOBALISATION AND CORE VALUES

One of the challenges faced by organistions functioning in the global economy is to maintain its core values despite the differences in respective local cultures in areas of its operation. The organisation's core values may not be congruent with the existing societal value system thereby necessitating special drive in upholding its core values. For example, most multinationals working in India will have service orientation as an important core value that they attach importance to. However, in India due to the legacy of the bureaucratic regime and state controlled economy, service orientation as a value is not attached the same importance as is required in a globally competitive environment.

Box 1

Vision, Mission and Core Values of NTPC

VISION

"To be one of the world's largest and best power utilities, powering India's growth"

MISSION

- Make available reliable and quality power in increasingly large quantities at appropriate tariffs, and ensure timely realisation of revenues.

- Speedily plan and implement power projects, with contemporary technologies.

- Implement strategic diversifications in the areas of R&M, Hydro, LNG and non-conventional and eco-friendly fuels and explore new areas like transmission, information technology, etc.

- Promote consultancy.

- Make prudent acquisitions.

- Continuously develop competent human resources to match world standards.

- Be a responsible corporate citizen with thrust on environmental protection, rehabilitation and ash utilization.

CORE VALUES

(COMIT)

- Customer Focus
- Organisational Pride
- Mutual Respect and Trust
- Initiative and Speed
- Total Quality

Source: http:/www.ntpc.co.in/

3.8 WORK ETHICS

The protestant movement in Western Europe together with replacement of feudalism by capitalism highlighted the importance of work ethics with focus on improvement in productivity and efficiency of employees in formal organisations. It was believed that productivity improvement in organised sectors of economy was for the common good. Word ethics thus was seen as a natural consequence of capitalism and individualism. Contrary to the dominant Western cultures, Oriental cultures focused on work ethic in a non-individualistic setting. This notion of work ethic was derived from the joy of communal activity (Kautsky, 1906; Brenkert & Cambell in Simmonds, 1985). The Indian culture gives expression to work ethics in the *Bhagavad Gita* which enumerates the virtues of work and action as an affirmative step against inaction and alienation, and also condemns the magical ritualism of the earlier societies (Chattopadhyaya, 1989).

Ethics influences most of the managerial decisions and internal and external activities of an organisation. While ethical behaviour includes good, right, just, honourable, and praise-worthy behaviour, unethical behaviour is behaviour judged to be wrong, reprehensible, or failing to meet an obligation. Work ethics is no longer confined to efficiency and productivity improvement but encompasses a wide range of behaviour associated with managerial roles in organisations. Work ethics therefore has to be broadly seen in the context of organisational ethics. Organisations are experiencing pressures both from the government and public to become transparent in their dealings with and accountable to various stakeholders like the public, the government, customers, and the employees. On the other hand, there is compulsion on the part of the

organizations to maintain high level of efficiency, productivity and competitive edge for their sheer survival.

Box 2

IT corporates re-focus on ethics at the workplace
Punita Jasrotia Phukan /New Delhi

Work ethics encompass a set of behavioural norms expected from all employees in an organisation. It is also the embodiment of the core values on which the organisation has evolved. Whether the issue is sexual harassment at the workplace or monetary mismanagement or misuse of e-mail, IT corporate houses are now feeling the need to implement an ethical code of conduct in their organisation.

"Work ethics is one of the binding glues that keeps the workforce together and committed to the same principles", says G.N. Mathur, the executive director of Polaris Software. However, what happens most of the time is that it remains at the back of the mind rather than being 'part' of the daily routine in an organisation. Many a times, organisations tend to ignore the oft-repeated statement relating to integrity and transactional transparency. According to Dr Y.V. Vema, vice president of HR and Management Support at LG Electronics India (LGEIL), work ethics suffer because of ignorance or when non-adherence becomes a normal practice. It usually starts with small things and ends up into something huge. Small corrective measures from the beginning can save the company from bitter embarrassments. What is needed is to make work ethics an integral part of the culture and core values in an organisation. These should be emphasised and re-emphasised repeatedly, both through training as well as through actions.
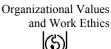
Implemeting right from the top

Till recently, the emphasis on adaptation and implementation of work ethics has been more for entry- and middle-level professionals. It is, however, necessary for the top level to set the precedent. If the top brass falters, it reflects on the morale of the employees. "The top management largely contributes to the work ethics of crisis. If the `saviours' or the leaders of the organisation by any means become the destroyers of its own work ethics, then the situation becomes difficult", says Dr Verma. Agrees Diwakar Nigam, managing director of Newgen Software Technologies, who says that work ethics draws from core value: "When you say you are going to be honest, it has to extend to your employees, your vendors and your customers. Everyone in the company must know it and practice it. And an example has to be created from the top".

A single mistake by the top management can have a disastrous impact on the morale of the employees. Says M.L. Taneja, the vice president of human resource department for HCL Infosystems. "It casts aspersions on the top management of the company. The employees feel bad when someone from the senior or top management is involved in these incidences. They. start asking themselves what type of company are they working for and whether it is the right place for them to stay? This, in turn, has a considerable impact on their productivity, commitment and also the retention of employees".

The flip side is that some may perceive it as a corporate sanction, which later can prove bad for the company. Says Zia Shiekh, the chief executive officer of Infowavz, "If the company is preaching something but the top management is doing just the opposite, no employee will take the rules and guidelines seriously and the work ethics of the company would be severely compromised. It is critical that the senior management set the highest standards of integrity, honesty, transparency and respect for the individual".

Need for policy change

Organisations have started implementing ethical code of conduct to avoid such incidents. Take the case of Infosys, which already had anti-sexual harassment policy. However, post-lawsuit the company has become more active in its implementation. In addition, many companies have also increased its focus on cross-cultural sensitivity training for employees. Many of the companies have also appointed committees or an individual looking specifically at sexual harassment cases.

To encourage and inculcate the right ethics, many IT organisations are using monetary and non-monetary awards, recognising those people demonstrating the desirable traits. Others are trying to identify `ethical workplace practices', as a key leadership trait while hiring senior management. However, experts point out, what is needed is a repeat emphasis on the core values of the company and proactive demostration of it (through actions and deeds) by the senior management. If a company believes in quality that should be demonstrated by always treating quality as top priority, even if that comes dearly in terms of expenses. The companies should also spend enough time, effort and money for background checks while hiring senior people and build this as part of culture through frequent training interventions.

P.K. Gupta, the director of strategic development for ICON operations at Legato Systems, points out that companies should make written policies about work ethics, define it properly and then educate their employees constantly, whether it is for sexual harassment, e-mail management or maintaining project deadline. "If any unsavoury incident occurs, make tough decisions and make them public so that others become aware of the seriousness in these matters and response from the company", he asserts.

Source: http://ww.expressitpeople.com/20030623/cover.shtml

3.9   CORPORATE GOVERNANCE

Corporate Governance is the need for transparency, social accountability and social responsibility. Effective corporate governance requires a clear understanding of the respective roles of the board and of senior managment and their relationships with others in the corporate structure. The relationship of management with stockholders should be characterised by candor, their relationships with employees should be characterised by fairness, their relationship with the communities in which they operate should be characterised by good citizenship and their relationship with the government should be characterised by a commitment to compliance.

A good corporate governance structure is a working system for principled goal setting, effective decision-making and appropriate monitoring of compliance and performance. Through such a vibrant and responsive structure, the management can interact effectively and respond to changing circumstance, within a framework of strong corporate values.

3.10   CORPORATE GOVERNANCE AND BUSINESS ETHICS

Xerox, Enron and Arthur Anderson are some of the biggest names in the business, which have supposedly failed in adhering to Corporate Governance and norms of business ethics. Corporate Governance is attracting the concern of investors and the public in general. There is a need for transparency, social accountability and social responsibility. Organisations are required to comply with legal requirements, ensure respect for people, communities and the environment. An example of such an initiative is of an NGO called *Parivartan* who has decided to promote openness in government. It empowers the citizens to access government files through incredibly simple mechanisms of filling a form and submitting it to the department concerned.

Box 3

Exhibit 1.4

Corporate governance philosophy of Infosys Internation Inc. is based on the following principles:

1. Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.

2. Be transparent and maintain high degree of disclosure levels. When in doubt, disclose.

3. Make a clear distinction between personal conveniences and corporate resources.

4. Communicate externally, in a truthful manner, about how we run our company internally.

5 Comply with the laws in all the countries in which we operate.

6 Have a simple and transparent corporate structure driven solely by the business needs.

7. Management is the trustee of the shareholders' capital and not the owner.
Source: http://www.Infosys.com/investor/governance.asp

3.11   SUMMARY

From this unit you have understood the relevance of values and work ethics how it builds up image for an organisation. How organisations have to make these values and ethics imbibe in the individuals working for those organisations. The importance of corporate governance and its relationship with business ethics is well explained.

3.12   SELF-ASSESSMENT QUESTIONS

1. Do organisations need to have a clear statement of vision, and values? What purposes do they serve?

2. What do you understand by the term values? How do values shape the behaviour and attitude of an individual?

3. The changed business scenario has necessitated a shift in the value orientations of individuals and organisation. Outline the various factors that demand such a shift.

4. What steps should organisations take to inernalise their core values?

5. Collect instances of value conflicts and management of ethics in folk tales, mythology and legends. Establish relevance of all or some of these in your current work setting.

6. Bring out differences, if any, between work ethics and organisational ethics. Why is it necessary for organisations to have a set of ethical standards?

7. How does organisational ethics affect managerial decision making? Recall situations in which you faced, ethical dilemma in taking decisions? How did you resolve those dilemmas?

8. What is corporate governance? How does it enable organisations to adhere to business ethics?

3.13   FURTHER READINGS

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