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This paper is based on the conviction that the corporate leader in the future would have to be the ethical leader. Its argument is divided into five parts.

The first defines the subject matter of the paper and deals with issues like values, beliefs and ethics. This part lays down the theoretical underpinning for the ensuing argument.

The second takes up the issue of Managerial Styles examining a landmark study, conducted in UK, Nigeria, Malaysia, Hong Kong and India. The underlying assumption is that the answers we get to social issues depend on the questions we ask. The questions we ask depend on the values we have. Moreover, these values give rise to our beliefs and our ethical conduct. Hence, the Managerial Style is a good proxy for Managerial Work Beliefs.

The third part looks at the replication of the study conducted in the three states in Southern India.

The fourth part deals with the responses of SMEs in Greater Mumbai to the inquiry which was a replication of the earlier study by this author in Southern Indian states.

The fifth part deals with what lies ahead and to that extent posits a considered opinion on the issue of Managerial Styles. All along the question of the values of the Chief Executive came into play. The underlying assumption is that in a positivist framework, power flows downward and the tone as well as the tenor of managerial behaviour is set by the behaviour of the Chief Executive. This becomes all the more important when the organization is forced to thrive on the cutting edge of competition.

No argument, no matter how profound, is tenable without a theoretical basis, an empirical validation and a cogent structure. Indeed *theoretical underpinning* and *empirical validation* are the two pillars on which every scientific inquiry must rest. So important is former, that Aldous Huxley, the famous British essayist once stated *without theory, facts shall continue to fall on the plains of human ignorance*. In keeping with the highest traditions of academia, this paper too predicates its prognosis on certain theoretical propositions, which have been empirically validated by research. This is necessary especially because every conceivable species of man has had something to say both on the topic of work as well as on ethics. What he has to say

forms the basis of his behaviour. Like all social processes, when corporate behaviour is repeated it becomes a style and is consequently legitimized. (c.f. Habermas). Managerial Style also fits into a theoretical framework and this needs to be tested out. Without empirical validation any construct would remain in the realm of hypothesis and cannot form the basis of a theory. This is even so in the case of social science where most theories are empirically validated tendencies rather than watertight principles as in the case of the physical sciences. The mutable nature of reality, with which social science is concerned, dictates this difference (c.f. Durkheim).

Part - I: The Theoretical Underpinning

As is the tradition of social science, let us at the outset define our position unequivocally. Value is a *thought-based concept* whereas ethics is an *activity-based concept*. Whereas values are *intrinsic* to man, ethics are the *manifested* behaviour. Whereas profit making is a necessary condition of being in business, when profit making becomes the sole aim of business, we find that the transition from the *feudal-mercantile trader* mode to the *innovative-creative-entrepreneurial* mode has not taken place. Ethics is conveniently placed on the back burner and reserved for after dinner speeches. Trumpet tooting and loud boasts at cocktails (probably when the speaker is sufficiently inebriated), are the occasions when ethics is debated. That is indeed sad.

Let it be made abundantly clear that the ethicality of corporate behaviour is the primary concern of *Business Ethics*. Management is concerned with the science of decision-making and the art of decision executing. In their daily business life, managers face ethical dilemmas. A dilemma exists when the manager is faced with conflicting or alternative choices of action. Reality is hardly ever clearly

perceived in black and white. What exists is a vast gray area with several shades within it. The response of an executive to a managerial dilemma having an ethical connotation becomes the central concern of Managerial Ethics. The manager on the other hand has his own brand of ethics which he has picked up along the way and which sound conveniently close to what the manager actually thinks he does. This student enters the real world of business with half-baked ideas of ethics and meets the manager with his half-baked ideas of values. What ensues would make Lewis Carroll's *Mad Tea Party* look like a very orderly piece of business. This is because like the schoolteacher, the CEO too promotes a culture where *ends* matter, and the *means* taking a back seat.

There is, in India, over the last twenty five years, a great deal of talk about ethics in various occupations but seldom do we come across speakers who define *what is ethics*. The basic position adopted in this paper is akin to that taken in numerous co-authored works of Sadri and Jayashree. What this paper attempts is to address the issue of work ethics as we witness the beginning of the new millennium. Literature is replete with examples where scholars have used the word *morality* and *ethics* interchangeably. The lecture theatres are full of academicians who come to speak of ethics from either a moralistic perspective or based on their personal normative beliefs. In addition, most often they disagree on the fundamentals since each of them is ruled by his heart rather than by his mind. The principle problem with persons speaking of ethics in India is threefold.

(a) Some authors are so seeped in the past that they can only talk about either the Vedanta or the Christian Catechism or the Islamic Doctrine or the Zoroastrian Antiquity. They seek to draw parallels with the present day practices and are rather

rigid in their beliefs leaving no room for dissent. They sermonize on the basis of historical constructs of a bygone culture. Those among this lot, who have intellectually degenerated further and/or have a historical agenda, become fundamentalists.

(b) Others politicize the whole issue of ethics and end up pontificating and their message invariably is camouflaged as *my values for the rest of you*. Such is the bitter anachronism of fate that even bent politicians dare to speak of ethics. Indeed, there is talk of ethics even in the Bombay Stock Exchange. This is not an oxymoron, as S Jayashree (2005) argued, but a new albeit belated awakening. When fundamentalist beliefs take over and morality is preached from the pulpit as well as the presbytery (irrespective of the religion), the issue becomes a dangerous one. The priest, the pundit, the rabbi, the mullah and the dastoor, have a personal stake in preserving *status quo* since their livelihood depends on it. Hence, their version of morality is politically motivated, logically skewed and its acceptance must be tempered with restraint.

(c) Yet, others reduce ethics to a list of do's and don'ts. They derive a code of conduct and having done so, act like petty bookkeepers that are more concerned with the letter of the rule rather than the spirit or the substance of it. Hence, to them, ethical conduct is yet another company rule. Moreover, like all rules, as long as people think you follow them, it seems to be enough. Corporate governance is reduced to rule compliance. Perhaps this is what lies beneath the surface of the unending differences between the academia and the administration in Universities and Management Schools.

The distinction between morality and ethics, at one level, does not exist and another its division is important though fine.

The import of this statement must be gleaned. Academics like Dhun Dastoor see ethics as moral philosophy (c.f. *Fellowship Thesis*, 1995). Other scholars like this author go further and see ethics as being person specific, culture specific and context specific. Hence, whereas Dastoor restricts herself to examining the difference between good and bad, right and wrong, while this author goes further and maintains that *the subjectivity is absolute only if it exists within bounded rationality*. Here this author's position is similar to that both Sadri and Chakraborty who maintain that *objective reality is just our subjective perception of it*.

The *soul-based philosopher* relies on a particular scripture or interpretations and variations thereof. The *mind-based philosopher* relies on the logic of choice in the face of a dilemma. The former is normative whereas the latter is positivist in approach. Morality lies within the domain of the former while ethics forms the concern of the latter. The distinction is very fine indeed. Soul based philosophers will take the cue from the scripture they follow and these differ. Does that mean that they are unclear about their terminology? This author does not think so. The lack of clarity comes only when ethics is replaced by morality and morality is restricted to either good or bad, right and wrong or conformity and non-conformity to some standard of behaviour.

Chakraborty, while being a logical analyst, successfully holds the flag of soul-based philosophy aloft and almost single-handedly so. He depends on the goodness of man and the Vedantic roots of Hindu culture for his prognosis. Others like Peter Bonnerjee are much thought provoking but appear to be taking time to get their just intellectual dues. Yet others like Ananta Giri have actually collated opinions and called it ethics for reasons that appear neither logical, nor easy to comprehend. The other Indian authors on ethics who can be taken

seriously belong to what we call the *soul based thought* and they are Theo Mathias and R C Sekhar. They deal with the trilogy of the *heart-soul-mind*, and predicate their prognosis on spiritualism. R C Sekhar (1997) for instance, posits an extremely erudite exposition of soul-based philosophy. This work falls in the same intellectual category as the work of Mathias or Bonnerjee who take a strong position. Subhash Sharma who brilliantly traverses the middle road can also be conveniently (though not accurately) bracketed with this train of thought since he cannot extricate himself from the moralistic framework. But his uniqueness makes him a class apart from Mathias and the rest, and at par with Chakraborty and Sadri while retaining his scientific temper.

In contradistinction, this author has always taken up the position from *mind-based thought*. She is concerned with the duality of the heart and the mind. Economics teaches us that in making a choice, an individual has to satisfy the *willingness* condition, which is the subjective condition, and satisfy the *ability* condition or the *objective* condition. When man makes a choice, he is consistent in that choice and makes it in such a way that his *utility function* is maximized, he is said to be acting rationally.

The manner of this reaction to an ethical dilemma, in turn, conditions the work ethic in the organization. Three positions in which a manager reacts can be summarized as being *Teleological, Deontological and Praxis*. These have been amply treated in available literature and we shall not go through with it here. Suffice it to say that the teleologist operates in a consequential mode, the deontologist operates in a non-consequential mode and the praxis manager operates in the acceptance mode. What this paper posits is that managerial beliefs, values and ethics for the basis of managerial behaviour and any behaviour

repeated over a period becomes a style.

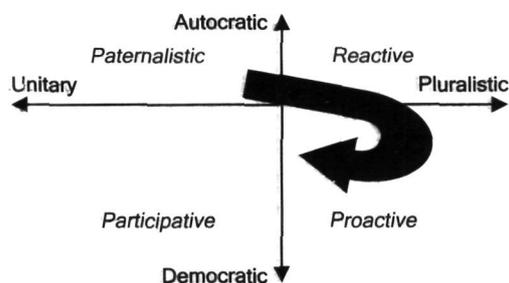
Part - II : The Managerial Style

The managerial style is a product of managerial belief systems and its ethics. The social as well as work ethic is determined by how management behaves. And any behaviour when repeated becomes a style. How managements behave and why they do so has been at the heart of all inquiries. This has been so ever since Adam Smith wrote his *magnum opus* in 1757 and Frederick Taylor posited his version of Scientific Management at the turn of the present century. At the London School of Economics and Political Science, Sorab Sadri (1977) posited a model for measuring the health of an Industrial Relations System. In 1988, Sadri and Williamson tested this model (with the help of postgraduate students) over five countries and examined large corporations having a workforce of at least 1000 men on rolls on an average day during a particular year. In 1990, Sadri and Lukose tested this model for a single country and found that the model was equally valid for large corporations as it was for macro economics traits of a country. In 1991, Carlos Rodrigues Linara examined the education sector of Hong Kong and found that the original Sadri model held true. Critics in the academia contended in 1991, that the model might not be valid for small-scale industry of India. They were probably correct.

Small-scale industry was certainly not within the ambit of reference in the original prognosis. Consequently, this author from NITIE between 1992 and 1994 studied the issues and they were empirically validated in Southern India through monitored and extended research. It undertook an examination of Sadri's 1977 methodology of auditing industrial relations in the context of small-scale industry of three states in Southern India - Kerala, Karnataka and

Andhra Pradesh. Sadri's original prognosis was concerned with only large-scale industry, which had a discernible corporate culture. Jayashree assumed that the *Industrial Relations Styles* of the original model could be converted into *Managerial Styles* without much trouble and without vitiating the *raison d'être* of the original prognosis.

An important clarification is in order. Not for a moment is it implied that all family owned businesses are autocratic and all publicly owned businesses are democratic. Nor does the author imply that power in the private sector is unitary and power in the public sector is pluralistic in character. In fact, it has been observed that many of the family owned businesses were more progressive than the so-called publicly owned businesses in the state sector. Many students who ape their ill-informed mentors often and erroneously make such a generalized assumption. In fact, it has been found that family owned businesses like Godrej and Tata are highly democratic whereas even some publicly owned Management Institutes like NITIE have highly autocratic types of leadership. Power location similarly is found to be unitarist in many high tech software firms while it is found to be pluralistic in BHEL as well as in several units of SAIL.



Management as the representatives of the owners of capital *ipso facto* have a vested class interest in perpetuating the inequality alluded to earlier in this chapter. Hence, it has an ideological motive as well

as an economic motive to act in the manner that it does. This ideological motive forces managerial action to retain *status quo* even when *stability* degenerates into *inertia*.

The original work of Sadri had emphasized that no management is wholly unitarist or pluralistic, nor is it possible to have a wholly autocratic or democratic management. Hence, these terms merely signify a tendency towards the direction described by the definition, arrived at by observing past management behaviour and present (stated and unstated) objectives. This combination of managerial assumption and controls, they posit, give rise to the above matrix, which depicts four possible styles of Industrial Relations Management.

The original model borrowed the continuum along the vertical axis from Douglas McGregor's Theory X and Theory Y. The continuum along the horizontal axis was adopted from Alan Fox's seminal work. A combination of the polarities produced a style. It is the contention of the author that these Industrial Relations Styles could also be used to describe Human Resource Management Styles.

The style mentioned in each quartile also reflects the level of managerial maturity within an organization. In other words as a management matures it moves from the first quartile on to the second and thence to the third *en route* to the fourth. Contrary evidence also exists to support the view that many organizations unable to withstand the pressures of change regressed from quartile three to quartile two and ensconced themselves in the familiarity of quartile one. Such was the dynamism in the small-scale industries sector.

Part - III: Empirical Evidence From Southern India

A scientific prognosis cannot be credible unless it can be empirically validated and this was taken up by the Jayashree study whose findings (with

permission) are reproduced here. Any business concern that employed more than 5 and less than 100 employees was taken as a small-scale industry. Names of concerns were taken from the local offices of the Registrar of Companies in Bangalore, Hyderabad and Tiruvananthapuram. No names will be disclosed as the interviews were conducted on the tacit understanding that anonymity will be ensured. A sample of ninety small-scale industries chosen at random from the three southern states formed the basis of the empirical examination. The purpose was to show that the Sadri Model (1977) developed originally for a core capitalist economy was equally valid in a peripheral capitalist economy of a retarded variety as well. In addition, on the strength of the empirical evidence the author advises HRM experts to consider adopting this methodology in their organizations as well. It is simple but not simplistic. It is indicative but can be used for forecasting reactions as well.

In the small-scale sector a manager is known to perform many varied functions and Industrial Relations is just one of them. This author admits that it would be dangerous to generalize, there from, without committing the *fallacy of composition* (when what is true for a part is taken to be true for the whole). Hence, she retains the specificity of our findings. In the small-scale sector it must be noted that Human Resources Management is restricted to two activities: general administration including Pay Roll, and Industrial Relations including Statutory Compliance. Her study examined the latter directly and the former indirectly.

The aforementioned studies assumed that the function of industrial relations is to anticipate and regulate conflicts and aid the parties in achieving their set objectives. industrial relations audit becomes an ongoing exercise in a free market economy. This does not *ipso facto* assume that all

conflict is endemic and must be contained. (c.f. Hyman). It only assumes that all conflict, which hinders the achievement of corporate objectives, must be anticipated and regulated by industrial relations. Some theorists justifiably go to the extent of stating that conflict arises out of change, is a proof of dynamism and hence must be welcomed. This is indeed an extreme view but has great merit: it prevents stability from becoming inertia as has been witnessed in the public sector of Indian industry, either in the primary, secondary or the tertiary sectors. The result of this is that there is little or no real value addition arising out of managerial action. What in fact happens, is that management perceives that their action will lead to the realization of their objectives and thereby add value *ipso facto*. Since the objectives are those of a mercantilist-trader-businessman, the perception of value addition is flawed and real progress is vitiated. The inevitable result is that we have organizational paralysis with all the symptoms of *development-less-growth*, which is a typical feature of the third world. A brief examination of each style would be in order since that would indicate what kind of work ethic would devolve from it.

1. Paternalistic Style: This might be described as benevolent despotism and is normally associated with the absence of union recognition, (although not necessarily in absence of union members). Management (or owners of capital) takes the initiative and the terms and conditions of employment reflect the general concern for the well being of the employees with the added advantage that the company normally creates a favourable position for blood-relatives or cast-brethren of those who hold power. Discrimination abounds and people are promoted or given benefits on the basis of who they are rather than what they can do or how they know and whom they know. This author's

investigation revealed that village affinity, caste bias and political positioning of management accentuated the paternalistic style. In the plantations of Kerala for instance this was very much in evidence.

2. Reactive Style: In this kind of scenario, unions or the workers generally take the initiative and management mounts a series of rear guard actions designed to preserve what is magically "the right to manage". (c.f. Hyman). The approach to negotiations is on a "win/lose" basis and this philosophy might be described as "fire fighting". The concept of an industrial relations audit would be somewhat alien to this culture despite the situation in fact demanding it. Management and unions operate on a win-lose basis and terms such as "us" and "them" are common parlance for both the owners of capital and the owners of labour power. This author's investigation reveals that the reactive style was adopted, not so much in respect of the actions of workers themselves. However, the environment in which the company functioned, e.g. the PWG in the locality, the interest of the MP or the MLA, determined the style. So too the state government policy regarding particular industry, e.g. small machine shops in Karnataka and beedi plantations in Andhra Pradesh.

3. Proactive Style: This might also be called the predictive style where management accepts conflict but regards this as having virtues providing it is channelled in constructive directions. This type of organization is generally sophisticated in its approach, believing in a forward-looking philosophy, which is generally associated with a clearly defined corporate policy. Negotiations are on a basis where the aim is for all parties to optimize their varying interests. This sort of philosophy might be called "fire prevention" i.e. where the Management and Unions arrive at an equilibrium saddle-point. In the

case of small scale industry, management which take the workers into confidence before affecting a policy would fall into this category. This author's investigation revealed that the proactive style was more prevalent in cases where the workers were skilled craftsmen as in small machine shops of Karnataka or where the manager was an educationally qualified person as in Kerala.

4. Participative Style: In this approach there is a commonality of purpose based on open and joint management. This should not be confused with participative mechanisms such as works councils or elected employee directors, which may simply reflect political expediency rather than a true participative philosophy. In reality, very few organizations will be found in this sector due to the difficulty of achieving a common purpose within the organization. In the small-scale sector this would be closer to co-operative societies irrespective of whether they belonged to producers or consumers. This author's investigation revealed that co-operative societies especially in Kerala fit the description best. In the case of Andhra Pradesh, especially where it shares its borders with Tamil Nadu the level of consciousness was found rather low.

To a positivist political economist like Sorab Sadri, industrial relations is nothing but the behavioural aspect of the micro economic production function. Will it then not be fair to suggest that these styles depict managerial behaviour towards capital and labour? Moreover, is that not what HRM is all about anyway? Personnel management as a concept has been criticized at length and the Sadri - Dastoor (1992) paper had read the funeral rites for the orthodox view of personnel management. We could easily wish it away or see it in its new avatar as human resources administration.

This author concedes that the sample was biased. It is also conceded that only

the owners and few of the employees were interviewed. But the analysis can be well defended on the grounds that within the given limitations and the specificity, the contentions are valid.

In the small-scale industries studied, it was found that family owned concerns of feudalistic structures where exploitation of human labour was the norm, the management operated along paternalistic lines as in the case of the palm-oil and beedi plantations. In exchange for freedom, labour was guaranteed employment and a minimal welfare for the families. With a disequibrated labour market and an uncertain employment position the exploited labour force welcomed this. Sadri had found that even in 1997-98 a stainless steel cold rolling mill in Navi Mumbai operated under a crass exploitative top management.

In contradistinction thereof, this author had found that the managerial style was reactionary in concerns where the top management was involved in day to day production. This was in machine tool component manufacturing where the level of workers was that of a skilled craftsman with a minimal educational background. Here labour exploitation was overt. Workers knew their rights and also how to exercise them. However, lack of alternative employment prevented them from making too much "noise" when the management became over exploitative. In the case of business where there was some amount of bureaucracy and paper work, such as small computer companies, the management followed a proactive style of management. The level of deceit and exploitation was no longer overt but covert. In the case of co-operative societies either of the producers or the consumers the style of management was participative. Power was shared to an extent and decisions were jointly taken. This was because there was a sense of

belonging among the participants in the decision making process.

It would indeed be interesting to see where companies in the Middle East or in Japan fit into the typology presented earlier and tested yet again herein. Whereas these were mere tendencies there is no doubt that an absolute categorization is foolhardy. This paper opines that the original 1997 model within certain parameters, is found to be valid in the Indian small-scale industry sector as well. Hence, it is a useful instrument to be used by the HRM expert in organizational diagnosis. Nothing more is claimed by this author.

Cognitive learning is important for managerial scientists, not so much for managers, who need to understand more *theories in action*, to quote Pareek, Rao and Pestonjee (1996). In this paper empirical evidence was used to validate a model of Managerial Styles. How management behaves, conditions the basis of the work ethic and here, the role of the Chief Executive comes to the fore. The final part of the paper will examine the futuristic role of the Chief Executive from a kind of objectivity alluded to by Chris Frost (1998). This is because an examination of values beliefs and ethics led to a study of styles and this in turn devolved into the kind of ethical practices that will be visible in the years to come.

Part - IV: Empirical Evidence From Greater Mumbai

Generalization in any research is foolhardy but based on trends we can postulate certain probable characteristics. The study in Southern India was replicated using postgraduate management students in Mumbai. The target regions of Greater Mumbai geo-physically were SEEPZ and companies in and around Borivali - Santa Cruz area on the one hand and SMEs in the Thane Belapur belt on the other. In all, 40 private sector companies were studied

and the tabulated results are given below. The type of company indicates whether it is a manufacturing company, IT company, banking company and such like. The type of ownership indicates whether it is first generation entrepreneur or second generation inheritance or a third generation recipient of the company's command. Top management perception depended mainly on how HR managers and senior managers viewed their style (without naming it as such). Employee perception depended on first line supervisors and those below in rank perceived the managerial style. It was this author's deification of the style based on the responses generated from the respondents by the student interviewers between 1998 and 2003. The research was supervised and monitored thoroughly by this author. Out of the 40 companies studied students managed to get at least 2 interviews from each company at the top and senior management levels and at least 6 interviews from each company at the level of the first line supervisor and those below in rank. In all there were 115 valid

responses for the top management perception and 364 responses in the employee perception category. Based on these responses the tabulation has been done below.

The description of paternalistic, reactive, proactive and participative styles remained as before (as defined in the initial 1977 study in UK) and no redefinition of the paradigm was either found necessary or attempted. Numbers given in parenthesis show the number of organizations in each category that were surveyed by the team.

The study was conducted in three stages keeping the 40 companies constant. Each stage of study was conducted by a separate team of investigators and all of these teams worked independently. In the first stage, managerial styles were studied. In the second stage, perception of selected ethical norms were studied; and in the third stage, using the Sadri-Dastoor-Jayashree (1995) questionnaire, the mode of ethical conduct of management was ascertained.

Table - I
Perception of Management Style

| Type of Company | Type of Ownership | Top Mgmt Perception | Employee's Perception |
|------------------|-----------------------|---------------------|-----------------------|
| Manufacturing | First generation (2) | Participative | Reactive |
| | Second generation (5) | Proactive | Paternalistic |
| | Third generation (5) | Proactive | Reactive |
| Processing | First generation (2) | Participative | Reactive |
| | Second generation (3) | Participative | Paternalistic |
| Software /Techno | Second generation (7) | Proactive | Reactive |
| 5 Star Hotels | Third generation (2) | Proactive | Paternalistic |
| Chemical Labs | First generation (1) | Participative | Reactive |
| | Second generation (1) | Participative | Paternalistic |
| Packaging | First generation (1) | Proactive | Reactive |
| | Second generation (2) | Proactive | Paternalistic |
| Electronics | First generation (1) | Proactive | Reactive |
| | Second generation (2) | Participative | Paternalistic |
| | Third generation (4) | Proactive | Paternalistic |
| Pharmaceutical | Third generation (2) | Proactive | Reactive |

The main thing that was observed in the first stage of this study is that "the managerial style" was perceived differently by the top management and by the employees. To the investigator's surprise there appeared a discernable trend of perception. In the first generation owned enterprises employees viewed all managements as being reactive. All second generation owned enterprises were paternalistic in the eyes of the employees. This shows that the mind set of the modern entrepreneur has changed for the better and that older company tended to be more paternalistic probably because the old guard still held sway. One feature that stood out was that transparency among first generation owned enterprises was higher than elsewhere. This supported the author's above contention considerably.

The above data clearly shows that OD intervention is called for so that employee perception and managerial behaviour changes. If not, the future seems to be a little less positive than one could have hoped. They say old habits die hard and bad habits die harder; so the task of OD intervention becomes all the more difficult.

Then came the second stage where perception regarding three ethical factors was elicited. On the employee perception of three factors transparency, fairness and honesty on the part of top management the scores given by the respondents were averaged out and are presented below. The well known five point Likert Scale was used to record responses and 5 was considered high and 1 was considered low. So, if top management in an SME scores 5 then it was perceived as being highly transparent, fair and honest.

Table - II
Importance given to

| Type of Company | Type of Ownership | Transparency | Fairness | Honesty |
|------------------|-----------------------|--------------|----------|---------|
| Manufacturing | First generation (2) | 4 | 4 | 4 |
| | Second generation (5) | 2 | 3 | 3 |
| | Third generation (5) | 1 | 2 | 2 |
| Processing | First generation (2) | 3 | 3 | 3 |
| | Second generation (3) | 2 | 2 | 2 |
| Software /Techno | Second generation (7) | 2 | 4 | 3 |
| 5 Star Hotels | Third generation (2) | 2 | 3 | 3 |
| Chemical Labs | First generation (1) | 5 | 4 | 5 |
| | Second generation (2) | 2 | 3 | 3 |
| Packaging | First generation (1) | 5 | 4 | 3 |
| | Second generation (3) | 2 | 2 | 2 |
| Electronics | First generation (1) | 3 | 5 | 4 |
| | Second generation (2) | 2 | 3 | 4 |
| | Third generation (4) | 2 | 3 | 3 |

Thereafter the study looked at the perceived ethical mode in which top management behaved. The perception of employees was taken since it had been established in the first stage of the study itself that there was a variance in perception between management and employees in respect of objective social reality in the work place. The teleological mode stood for consequentialists who asked either (a) what is in it for me? or (b) will it be for the greater good? The deontological mode stood for non-consequentialists who held either (a) that some things are right or wrong irrespective of the situation or the personae involved or (b) when a moral issue is at stake the minority of one is enough to make a difference. The praxis mode stood for

those who operated in the acceptance frame. They held that if their decision was discussed publicly and openly (within limits) it was ethical. It was argued in earlier works of this author that the preponderance of managers opting for the praxis mode showed that people were scared to stand up and be counted, wanted to please those in power and thus it breeds mediocrity.

The table given below gives a very good idea of the ethical disposition of the senior management in the SMEs of Greater Mumbai that this inquiry was concerned with. For each mode of ethical conduct *the 5 point Likert Scale was used to evaluate responses and these were averaged out and rounded off as was done with other data.*

Table - III
Predominant ethical mode

| Type of Company | Type of Ownership | Teleological | Deontological | Praxis |
|------------------|-----------------------|--------------|---------------|--------|
| Manufacturing | First Generation (2) | 4 | 3 | 1 |
| | Second generation (5) | 2 | 3 | 4 |
| | Third generation (5) | 1 | 4 | 2 |
| Processing | First generation (2) | 4 | 3 | 2 |
| | Second generation (3) | 3 | 3 | 3 |
| Software /Techno | Second generation (7) | 3 | 4 | 5 |
| 5 Star Hotels | Third generation (2) | 3 | 4 | 5 |
| Chemical Labs | First generation (1) | 4 | 3 | 2 |
| | Second generation (2) | 3 | 3 | 4 |
| Packaging | First generation (1) | 4 | 3 | 2 |
| | Second generation (3) | 3 | 3 | 5 |
| Electronics | First generation (1) | 4 | 3 | 3 |
| | Second generation (2) | 2 | 2 | 3 |
| | Third generation (4) | 2 | 4 | 3 |

Part - V: Managerial Ethics In The Future

There is little doubt that the organisational leadership in the future must be well anchored in business ethics and corporate governance. Corporate leadership arises out of and determines the nature of the managerial ethic. Hence, no examination of the ethic is complete without an examination of the corporate leadership. Hence this paper examined managerial styles before examining managerial ethics.

The post 2005 new WTO regime has brought along with it new global alignments and trade rules, a new set of modalities for business has emerged. We can name a few: (i) Business has per force become transnational. The boundaryless universe has emerged and an era of concurrent collapse has been ushered in. (ii) The pace of change is nonlinear, nonNewtonian and nonincremental. New power brokers have emerged and teamwork has gained ascendancy. (iii) The issue of moral hazard has raised its ugly head when state guarantees were no longer adequate safeguards of investment. (iv) The myth of the technological competitive edge has been exploded. Effects of all managerial decisions are seen in terms of long term growth and stability, and, the effect it has at the point of production or at the point of sale. (v) The product profile has changed whereby there is a marked preponderance of the knowledge component over the erstwhile raw material component. (vi) Dependent economies along the periphery of the capitalist world economy found that their growth was not the same as development and their infrastructures were fragile and dependent.

To begin with, top management must be perceived as being more honest, fair and transparent than at present. This calls for holistic OD intervention to change employee mindset and employer behaviour to conform to it.

The effect of these modalities on organizational behaviour is two fold. Organizations are going through a kind of corporate olympiad, a massive change of corporate focus in line with the market scenario, where only the fittest can survive. There is a felt need for creative definition of functions and structures, wherein the approach to organization must be geared towards a culture and style transformation as well as be zero based. The *doing* executive of the 1950s and 1960s became the *learning* executive of the 1970s and 1980s. The 1990s beckoned the age of the *thinking* executive. It was no longer enough for the corporate leader to be *activity based* but to combine it with being *thought based*. The leader's paradigms had to be flexible, proactive, pioneering, holistic and global. Reengineering, which was a fad of the 1990s, no longer gave the desired results. Organizations were no longer satisfied with *product leadership*. They needed to have *competence* by competition for *opportunity share*. It was not enough to *allocate and utilize* resources optimally but to *accumulate* them for *strategic leverage*. The *knowledge worker* had come to stay and his loyalty was only to technology. Once he found that his technological base was not being expanded, he would quit. Hence, policies had to be designed to *stretch* along with changes in the environment rather than fit into a particular construct. In addition, all this was expected of the corporate leader who will take the organization into a better tomorrow with a new work ethic. *Optimality* was no longer the corporate mantra. It was replaced by *maximization* and big is beautiful has come to be accepted.

To begin with, let us see what the organization expects of the leader in the future. Some of the key characteristics that emerged when the question was posed to managers by another XLRI - NITIE research conducted in Western India were: (a) The leader is to help perpetuate history and yet

bring about change. (b) Adapt the character of the corporate management to the needs placed upon the organization by the environment. (c) Keep faith and uphold key commitments so that, at no point is his credibility questioned. (d) Maintain a healthy tension between tradition and change. (e) Make a lasting impact on the organization and in turn the market. When one was to examine this list a mite more closely, one would find there is a kind of causal link from point (a) to point (e). In order to predicate the views of this paper, certain key terms need to be properly defined. Hence, this paper must take up the issue with the *nature of corporate leadership* itself.

Clearly, the leader must first of all work towards gaining acceptance. Once that has been achieved, the rest can follow. However, this may not be easy. Vested interests will be keen to scuttle progress for the sake of individual security. The structure of the organization is most often the first thing a leader examines. By *structure* is meant the distribution along various lines, of people among social positions that influence role relations between the incumbents. One of the biggest hurdles to overcome is that while organizational structures are constructed along concentric lines (for greater effectiveness), the incumbents (managers and workers) still think and act as if the organizational structure is built along hierarchical/ pyramidal lines. To achieve long lasting results the leader must change this attitude, unambiguously define his position and consistently walk his talk..

Given the capitalist nature of most developing economies today could the above views not be universalized? If so, what sort of HRM intervention is needed to address this anomaly? Therein lies the key to improving the work ethic: *to convert competition into cooperation for sustained*

development. What is called for is an ongoing ethics audit. An *Ethics Audit* is a practice of regular assessment of employee behaviour so as to identify incidents of dubious (questionable) behaviour. Here two systems can operate. Anyone can complain about anyone to an Ethics Manager. Where everyone is his brothers' keeper and is duty bound to complain, correct, and guide anyone who may be seen as falling out of line with corporate norms of conduct.

Research conducted between 1993 and 2006 by this author has revalidated our 1999 contention and it can be thus summarized. (a) Managers operating in the Consequential Mode are usually opportunists and carpetbaggers. Very often they do well in life. (b) Managers operating in the Acceptance Mode are usually insecure, seek peer approval and promote mediocrity. Very often they live behind a facade. (c) Managers operating in the Non Consequential Mode are the trailblazers, history makers and true leaders. Most often they are the ones who make the difference.

An atmosphere that promotes creativity and innovation clearly allows trail blazers to flourish. Moreover, it is here that the OD facilitator must take his cue in formulating the intervention needed so that a work culture emanates and enables the organization to thrive on the cutting edge of global competition. There is little doubt that next to God, if man should fear anything - then it is history. For, when history passes judgement it is most unforgiving. Every person, like every country makes his own history but does so under definite conditions over which he has little control. What kind of history would you like to be a part of? Are we perpetuating a culture of mediocrity in the name of conformity? Each of us has to make his own decision, walk his talk and stand up to be counted. What will your decision be? If meritocracy is indeed to replace mediocrity then we really have no

other choice but to make ethical management a passion. This has to be both willed and desired if the organisation has to thrive on the cutting edge of competition by enhancing its pursuit of excellence and sustainability.

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