Indian Philosophy and Business Ethics: 
A Review

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Abstract

“Ethics” was once considered irrelevant by corporate loyalists, but now discussion of it is increasingly seen as not only important but also as critical to a company’s success. The paper is a theoretical review. The purpose and objective of the paper is to explore and understand the meaning of business ethics in the context of Indian philosophical thought. The study focuses mainly on the contribution of Hindu philosophical thought though makes reference to other philosophical thoughts namely Buddhism, Jainism and Arthashastra. The discussion is divided into four sub-sections. In the first section an attempt has been made to understand the broad characteristics of Indian philosophy and ethics. In the second section a brief outline of management ethos in Indian philosophy has been given. In the third part an attempt has been made to find the relevance of Philosophical ethics to modern corporate governance. And finally the last section deals with individual ethics in Indian philosophy. The entire discussion revolves around the axis of establishing link and relevance between Indian ethics, as found in Indian philosophy and modern business ethics.

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1 Introduction

Different meaning is given to business ethics by various people. Business ethics are rules of business conduct, by which the propriety of business activities may be judged. Ethical principles are dictated by the society and underlie broad social policies. These principles when known, understood and accepted, determine generally the propriety or impropriety of business activities. Business ethics also relates to the behavior of manager. It can be defined as an attempt to ascertain the responsibilities and ethical obligations of business professionals. Here the focus is in people, how individuals should conduct themselves in fulfilling the ethical requirements of business? Carter McNamara has defined: “Business ethics is generally coming to know what is right or wrong in the workplace and doing what is right—this is in regard to effects of products/services and in relationship with stakeholders.” There are three key reasons why ethics plays a key role in business.

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

Second, the government, laws and lawyers cannot resolve certain key problems of business and protect the society: ethics can. Ethics can only resolve futuristic issues such as technology races ahead much faster than the government. Regulations almost always lag behind. That company’s social responsibility extends beyond what the law strictly requires.

Third, ethical activity is valuable in itself, for its own sake, because it enhances the quality of lives and the work we do—business has an ethical responsibility for fairness for humanity, e.g. employee.

Thomas Donaldson sums up that “there is a growing realization all over the world that ethics is vitally important for any business and for the progress of any society. Ethics makes for an efficient economy: ethics alone, not government or laws, can protect society; ethics is good in itself; ethics and profits go together in the long-run. An ethically responsible company is one which has developed a culture of caring for people and for the environment; a culture which flows downwards from the top managers and leaders.”

All businesses exist and operate within society and therefore they should contribute to welfare of society. To survive in the market, business should gain loyal customers and perform social responsibility. According to George A. Steiner, “the managers of the biggest companies know as a business gets larger, the public takes more interest in it because it has a greater impact on the community. They seek to maintain a proper image of their company in the public mind. This leads to the assumption of greater social responsibilities.” Thus, business either big or small must operate on grounds and discharge their social obligations to survive in the long-run.

The criticism about business ethics is, business being economic entity should have nothing to do with ethics or morals. Some experts were of the opinion that the purpose of business is to produce goods and services and maximize profits for
the shareholders. They argued that businesses being economic entities are guided by principles to determine the performances.

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. They were of the opinion that, if business ethics were allowed to form a part of corporate culture, the consumer would have to bear extra cost. He expressed that social responsibility of business is contrary to the basic function. And a manager needs to know, about the public interest, as it is the concern of organizations, individuals and state. Another philosopher Theodore Levilt, was of the view that social values would dominate business values if business concerned themselves with ethics. In the mid 1950’s and 1960’s different views about business ethics were put forward by philosophers. People at that time feared that any ethical conduct or embracing of any moral philosophies would lead to sacrifice of efficiency and productivity; and the competitiveness of the market place would fade away. Lately, this misconception about the business ethics has changed, as business believe that being ethical and moral would provide them loyal customers. Today, more and more businesses are accepting ‘business ethics’ as a part of business conduct.

In order to provide a continuing basis for its values and ethics, governance of a country like India should be related to its history, traditions and culture. India in the process has evolved basic principles such as tolerance and respect for different religions, faiths and lifestyles. In the tumultuous business environment when everything is changing what remains unchanged are values and ethics. Employees should stick to cherished values and acquire fairness, trustworthiness and patience. In the competitive environment, it is important that the company has clear vision and direction for growth but at the same time maintains considerable flexibility in strategy implementation. Empowerment, synergy, networking and partnership should be the hallmark of organizational values. While corporate management has to often deal with conflicting interests of the stakeholders, it is to be realized that serving stakeholders to their fullest satisfaction is not the sole objective of a corporation and the real objective lies in leading the organization towards its cherished goals and objectives.

2 Methodology and Objective

The paper is a theoretical review. The purpose and objective of the paper is to explore and understand the meaning of business ethics in the context of Indian philosophical thought. It is a humble attempt to find the relevance of the ethical codes found in the vast Indian philosophical literature in relation to modern business ethics and corporate governance. The study focuses mainly on the contribution of Hindu philosophical thought though makes reference to other philosophical thoughts namely Buddhism, Jainism and Arthasastra. The discussion is divided into four sub-sections. In the first section an attempt has been made to
understand the broad characteristics of Indian philosophy and ethics. In the second section a brief outline of management ethos in Indian philosophy has been given. In the third part an attempt has been made to find the relevance of Philosophical ethics to modern corporate governance. And finally the last section deals with individual ethics in Indian philosophy. The entire discussion revolves around the axis of establishing link and relevance between Indian ethics, as found in Indian philosophy and modern business ethics.

3 Discussion

3.1 Characteristics of Indian Philosophy and Ethics

True, ethical behavior and ethics as a science do not necessarily presuppose a religious-philosophical creed. However, not only does every activity presuppose some knowledge of pragmatic matters, it also involves ideas or beliefs regarding the nature of the objective world and the subject. In ethical behavior man has to be conscious of himself as a moral agent, and this presupposes some definite concepts of the human self, as also of the goal(s) or value(s) which man has to realize through his conduct. Hinduism as a religion is both a view of life and a way of life which are related as the theoretical and practical guides of the same spiritual life. Any study of Hindu ethics ought to take into account innumerable discussion on ethical matters, scattered throughout ancient Indian literature. Jainism and Buddhism as two branches of larger Hindu philosophical thought gives detailed accounts of ethical and unethical behavior and also talks in great lengths about the duties of man.

Ethics in Indian philosophy is conscious living within the frame of certain principles of conduct laid down by those regarded as authorities. In general, therefore, the ethical institutions of life or the moral point of view, consists in the awareness of an important distinction between what is and what ought to be. In Indian philosophy ethical behavior may be both social and personal. Ethics as an institution of life has been recognized here from the very early age of the Vedas. Rather it has been recognized as the most basic element in human life. But then it has not necessarily been recognized as a social enterprise in the sense of being an instrument of the society to help guide the people living in the society. It is rather engrained in the very being of the universe. Ethics has a divine origin. Man has simply to adopt it from there.

The Vedic distinction between Ēju (straight) and Vre (crooked) and the Upanisadic distinction between Sreyah (desirable) and Preyah (pleasurable) have much to do with the origin of the sense of right and wrong and hence can be related to ethical and unethical behavior in the context of modern day business ethics.

In Indian philosophy the origin of ethics does not come from the contingent agency like the society, but it has a divine origin. The concept of ethics is not
necessarily tied up here with the concept of society. Furthermore, it is not the case here that ethics in Indian philosophy has meaning only in the context of society. An individual may behave ethically or unethically in relation to other members of his society as also in relation to himself. Man by virtue of being what he is has to follow certain obligations, even if he is not a member of any society. There is talk of both social and individual morality in Indian ethics, Social ethics refers to questions of morality in relation to others, and where as individual ethics refers to the question of morality in relation to oneself. One is adopting a moral point of view not only making judgments about the conduct and character of some towards other members of the society, but also in his behavior to himself as a man. The concept of social and individual ethics can be analyzed in the context of business ethics. While social ethics can be seen from the point of view of organizational behavior individual ethics could be the ethical codes for individual members of the corporation which can guide them to indulge in ethical business.

The recognition of both social and individual ethics constituting the parts of the ethical life of man corresponds to the acceptance of the ethics of doing and the ethics of being as part of the Indian concept. The ethics of doing refers to the DOs and DONTs and the ethics of being refers to the virtues and vices. Social ethics is predominantly the ethics of doing and individual ethics is the ethics of being. It can be said that where as social ethics has its root in a sense of duty towards others, individual ethics or subjective ethics has its root in a sense of inculcating inner virtue.

The institution of ethics has for its basic concern the regulation of man’s lower inclinations and promotion of the higher ones in realization of his aspirations as a man. It is in such a concern that the transition from ‘is’ to ‘ought’ is involved. The natural inclinations of man go in favor of his own egoistic interest and therefore it is the concern of ethics to instruct him to feel, think and do for others also. The scarifies of one’s egoistic interests does not always mean giving up one’s egoistic interests for the sake of others, but also for the sake of the higher ones.

The Vedas in general seem to give an ethics of overt duties rather than inner virtues, an ethics of doing rather than being, and all duties are clearly directed towards worldly end. The Dharmasastras also preach an externalist ethics where inner motive or intention of the doer does hardly seem to constitute the rightness and wrongness of the action done by him. Dharmashhstra are more or less given to us in the form of a legal code. Although at times it talks about inner purification. Purity of motive and intention is also necessary for doing moral acts; only overt acts will not do. In the Upanisads and later in the Bhagavat Gita and other systems of Indian thought what is more important in ethical consideration are not the external acts, but the inner dispositions which prompt the acts. Sin is not merely failure to do the right, but failure to let good intentions to act. According to the Buddhist and the Jaina outlook actions are good or bad not in terms of the external consequences they produce, but the inner motive which prompts them. In other words, it is the purity or impurity of motive which decides whether an action is
right or wrong. However, neither Buddhism nor Jainism fully ignores the importance of consequences in judging an action to be right or wrong. Their attitude seems to be that only consequence does not determine the rightness or wrongness of an action. The Jain view to a certain extent tried to bring a synthesis between the consequences and internal motives of an action.

3.2 Basic Principles of Indian Ethos for Management

Indian philosophy regards work as worship and the customer as God himself. Serving the customer is equated with serving God. The Gita is neither a practical guide-book of moral efforts nor a philosophical treatise discussing the origin of immoral tendencies and tracing them to certain metaphysical principles as their sources; but, starting from the ordinary frailties of attachment and desires, it tries to show how one can lead a normal life of duties and responsibilities and yet be in peace and contentment. One (manager) must develop one’s third eye (Janana Chakshu) - the type of wisdom, vision, insight and foresight. Wisdom worker has an interacted personality. Every human being have inner resources (divine virtues) which are much powerful than outer resources (capital, material, plant etc.), thus they should make use of those inner resources. Gita has prescribed certain duties which were common to all, which can be related to corporate ethics. These are forgiveness, self-control, non-stealing, steadiness, truthfulness, wisdom, and learning. Gita prescribes that, if actions are performed with an unattached mind, then their defects cannot touch the performer, as the goodness or badness of an action depends upon the inner motive of the action. If there is no motive of pleasure or self-gain, then the action performed cannot bind the performer. According to the Vedas the Divine Law is the moral standards. Dharma is the root of good conduct; wealth is its branch; customary good conduct produces merits. Duties to the country (desadharma) should not be violated. One should conform to the ethos of the people, and should not perform an action condemned by the society. Truthfulness, kindness, calmness, and harmlessness are the four parts of dharma. The Bhagavad Gita inculcates the threefold method of karmayoga (work), bhaktiyoga (concentration) and jnanayoga (knowledge). Karmayoga states that one should always do one’s appointed duties. Action is better than inaction. Inaction is death. Action is life. He ought to perform his specific duties for the sake of duty, which fit in with his native abilities. He can attain his highest personal good thereby, and contribute to the social good. He should also perform his duties with perfect detachment. Only these actions can reach highest ethical standards. The Gita stresses the purity of the mind, the inner purity of motives and intentions. Work according to Gita as stated in Bhaktiyoga should be done with maximum concentration and pure mine and finally according to Jnanayoga knowledge is very important and it guides us in every aspects of life.

According to Gita duty should be done without ego and without calculations of gain or loss. One should pour his heart and soul in the performance of one’s
assigned duty. Work offers double benefit both personal and social benefit thus work should be worshiped. Moreover service to the customer must be done with a detached mind, without craving for the fruits or results of the work done. According to the Bhagavad Gita, a detached mind is essential, because only a calm and serene mind without attachment, can take clear decisions; and creativity, vision, innovation and new ideas can come only for a clear, focused and detached mind. Gita also emphasizes that work should be done in a perfect way with maximum concentration only then it can reap maximum result. It also talks about right job for right man. Every person cannot do everything, but every person is capable of doing something. In this sense all people are equal. As such, the leader will have to really find the capabilities of his workers and assign jobs to them accordingly. The concept of cooperation in Gita holds immense importance in an organizational structure. Gita defines that through cooperation even insignificant person can also achieve the highest human welfare. The Vedantic concept of Brahman, generates a feeling of unity and a feeling of oneness and love for all; this provides a very strong foundation to Indian values and ethics. Indian belief of reincarnation, continuity of life even after death, imoratality of soul and karmavad lead to the path of virtues and noble acts. Employees should uphold sthipragya, the unperturbed, even minded attitude while working in organizations. They should practice yoga, chittshudhi (self-purification), ahimsa (non-violence), dhyan (concentration), daan (charity) and indriya nigraha (control over senses). Employees should be guided by the upanisadic philosophy of acharya devo bhavo. If these ideals are extended to the organizations, it would mean that organizations should honour stakeholders, employees and society at large. Human life is a gift of God and should be used for the service of others only.

The Indian concept of gunas namely, sattwa, rajas and tamas are very relevant in organizational behavior and respects different traits altogether. For instance, where sattwa represents purity, poise, transparency, clarity etc.; rajas is characterize by craze for fame, passion, pride, display of power, etc. and tamas is characterized by anger, greed, ignorance, discrimination, etc. Individuals can possess more than one guna at the same time, in varying combinations, and also with the predominance of one over other. Gita gives emphasis on integration, synthesis and team-sprit for peaceful co-existence and mutual interdependence. Indian ethos prescribes that a man should be able to control himself first, before he can control anybody else. Every manager must manage himself first, before he can even try to manage anybody else. Self analysis through introspection is essential to know and discover oneself. Self- analysis and self-criticism helps to locate areas of friction and disharmony. Constant practice or Sadhana helps to discard unwanted traits and cultivate good values to purify mind and heart. Only when one has self knowledge, can he undertake to manage himself. Introspection involves self examination of one’s own thoughts, feelings, emotions, sensations and passions, as well as one’s dreams and desires, goal and ambitions, strengths and weaknesses.

‘Dharma’ in the context of Indian philosophy may be broadly taken as
equivalent to ‘ethical behavior’ and ‘Adharma’ as ‘unethical behavior’. The equivalence is by no means perfect. As a matter of fact dharma, as used and understood in the Indian tradition, is a term of very wide connotation including within it the sense of a whole host of duties as well as virtues which ought to be performed by the man. Dharma is that through which both material prosperity and highest good are achieved. Whatever is conducive to worldly prosperity as well as to highest good is dharma. Dharma in India philosophy means ‘duty’ and is almost synonymous with integrity and rightness. Dharma stands for all those ideals, philosophies, purposes, influences, teachings and experiences that shape our character. Each organization in Indian ethos is considered to be a living entity, having its own dharma and character. However, dharma, in the sense of one’s duty, is different and specific for everyone in the organization. The dharma of the chairman of the company and the clerk of the company would be different. The only Dharma common to both of them, and to all others in the organization, is to perform one’s own duty to the best of one’s capacity. Every organization is required to follow its own dharma, or pay the price for its loss of integrity. Only when an organization keeps whining its own dharma, and does not violate it, does the organization flourish and grows.

Jainism and Buddhist philosophy gives a detail account of the guiding principles of leading an ethical life. This can be judged in a corporate set-up as well. If the agent of a company follows these guiding principals then they can run the company ethically. According to Jainism there are five vows in life they are as follows:

1> **Ahimsa** or non-injury in thought, word and deed, including negative abstention from inflicting positive injury to any being, as well as positive help to any suffering being.

2> **Satya** or truth in thought, word and deed.

3> **Asteya** or not to steal, i.e., not to take by thought, word or action, anything to which one is not entitled.

4> **Brahmacharya** or abstention from self-indulgence by thought, speech or action.

5> **Aparigraha** or renunciation by thought, word and deed.

Buddhism talks in detail about the Noble Eightfold Path one should follow to maintain an ethical life. These are: Right faith, right resolve, right speech, right action, right living, right effort, right thought and right concentration. In Buddhism ethical behavior in social reference means such acts and dispositions as love, compassion, charity, etc. and in individual reference all kinds of acts and dispositions related with self-control, self-purification, self-discipline and self-elevation. The idea of institutional ethics holds important relevance in Buddhist philosophy which can be directly linked to modern day organizational ethics. According to Buddhist philosophy the founder of an institution (corporate organization) is responsible not only for the consequences he intended or unintended to flow from the activities of the organization but also from all the
intended or unintended later consequences to flow from the activities of the institution. The act of founding the institution by the founder may be characterized as an immoral act in view of the consequences that flow from it, notwithstanding the good intention of his founding it. The founder, according to this view, should have perhaps foreseen all the likely consequences that might emerge from the funding of the institutions even in future. These entire if followed in a modern day corporate organization, then it can have high ethical standards.

3.3 Indian values and corporate governance

Indian culture, which embraces many philosophical viewpoints like Vedas, Gita, Buddhism, Jainism becomes nothing but a collection of human values many of which assume special significance for corporate activities such as corporate governance, productivity enhancement and corporate social responsibility. Values such as nishtha (sincerity), samarpna (commitment), kartavya-parayanta (responsibility), aparigraha (non-possession), brahamcharya (moral conduct), jigyasa (curiosity to learn), kauslaman (efficiency), vividha (innovation), samatva (impartiality), etc. are particularly relevant for corporate governance. Indian culture is based on cherished values of satyam (truth), shivam (righteousness) and sundaram (beauty).

Indian ethos have all along emphasized five basic human values, namely, truth, righteous, conduct, peace, love and non-violence which are universally applicable for one and all these values are concerned with physical, intellectual, emotional, psychological and spiritual aspects of human resources, and thus assume overriding significance for corporate governance. Fairness is very important for corporate governance, which is described by phrases like “advaistha sarvabhutanam”, “samah sarveshu bhuteshu” and “sarvatra samam pashyati”, which are commonly heard in Indian culture. Fairness towards one and all in the Gita is described by such phrases “vasudhaiv kutumbakam” oneens of whole universe. According to Patanjali’s yoga Sutras, ‘yama’ consists of five important values non-killing, truthfulness, non-stealing, brahmcharya, and non-receipt of gifts. Thus, selling products or services, offering gifts or commissions should be regarded as unethical. Mon-stealing is very important value in the context of global technology transfer which has a vital link with intellectual property rights. Volume eleven of the Arthashastra deals with the conduct of corporations – and with their relationship to the sovereign. Though Kautilya uses the word corporation in the sense of corporations of independent fighting men; it could equally be applied to our modern public sector corporations. In any case, our latter day “corporate warriors” might be interested to learn that the earliest corporations were indeed corporations of fighting men and not business corporations! (Though they carried on both trade and agriculture; they made a livelihood from wielding weapons.)

Kautilya says that the help of corporations is better than the acquisition of an
army, an ally, or profits. By means of conciliation and gifts, the king should secure and enjoy the services of such corporations as are favorably disposed towards him. Kautilya says that corporations can serve only one master – in the person of the king. Under the protection of a single sovereign, the corporations should guard themselves against all kinds of treachery. But where the corporations are opposed to him, the king should put them down by sowing the seeds of dissension among them. The king may achieve this by providing help to the minority party or faction (within the corporation) with men and money and setting them against the majority party or faction. As regards the chief of the corporation (the chief executive officer?!), he should endear himself to the people by leading a virtuous life, controlling his passions, and by pursuing that course of action which is liked by all those who are his followers.

3.4 Individual ethics in Indian ethos

Indian philosophy elucidates in detail about the ethical character of man. Every man should try to incorporate these ethical codes. If every individual follows a moral life then any organization can uphold utmost ethics. A man of character strives to practice Truth, non-stealing, fearlessness and such other vows. He is ready to give up his life, but not truth. He is prepared to die, but will not kill. He is willing to accept suffering, but not inflict it on others. He does not steal, not takes bribes. He does not waste his time or that of others, goes on doing his duty fearlessly. Below a brief account of the basic principles found in Indian philosophy regarding individual ethics are been given.

3.4.1 Doing one’s duty

Performing one’s duty is fundamental concept of work ethics. One should fulfill one’s commitment and be accountable for results. He should be dedicated to hard work. He should protect the interest of the organization he works for.

3.4.2 Building a character foundation for society

Everyone has goal for society. To get society in high gear, every member of society needs to understand the role for societal wellness.

3.4.3 Honesty

Wise persons are held to the highest standards of conduct which includes ethics, integrity, character, trustworthiness, truthfulness, morality, rightness. They show high consistency between word and deed.
3.4.4 Vision

They have ability to “see the future” and perceive an improved reality for the community. They have competence of leading through work, action and deed. They communicate their vision and provide direction to follow the vision. They encourage risk taking.

3.4.5 Balance

They are integrated or well-balanced spiritually, mentally, emotionally and physically. This gives good vibration to others, thereby elevating their spirits in addition to their confidence and passion for excellence.

3.4.6 Self-learning

They continuously learn of new knowledge and skills and develop cultural awareness and sensitivity.

3.4.7 Self-confidence

They have self-confidence in order to convince their followers of the rightness of goals and decisions.

3.4.8 Patience

A wise man has patience; he controls his emotions. He quietly ignores an insult. He will not be provoked into meaningless fight, choosing instead to hold back his anger and to use his intellect to seek peace and reconciliation.

3.4.9 Self-control and restrain in speech

The wise are especially noted by their skill with words. First, they show self-control and restrain in their use of language. Realizing the power of words, they speak with great caution. When they do speak, what they say is true and relevant. Moreover, their words are both dignified and astute.

3.4.10 Differentiate between right and wrong

The wise understand the true difference between right and wrong, good and evil. They know the real meaning of justice and red fair play. They do not judge by appearance only, but they also see in depth. They have insights and foresight, enabling them to perceive both the underlying dynamics of things while accurately anticipating results and consequences. Therefore, they show good judgment and make correct decisions. Wise men are able to successfully perceive ahead because they have faith in the ultimate value of wisdom. And so the wise are law-abiding.
They can see far ahead to know the benefits of right living.

A man of character expresses all ethical and human values. He is called a Wiseman. He has wisdom and wisdom is born of contact with the divine. He has purity of mind/heart; higher consciousness is also called spiritual state of mind and combines in wisdom and values. In Indian wisdom, material and spiritual aspects of human existence or life are given emphasis and there is very close inter-relationship between worldly life and spiritual life. Both are manifestations or expressions of the divine or pure consciousness.

4 Conclusion

The holistic approach of Indian Wisdom is needed for modern management to integrate matter/spirit or skills/values or object/subject. Modern management must incorporate Indian ethos to perfect the truncated model of man and recognize man as a whole man to assure wholesome human progress. Spirituality as well as material progress to satisfy the hunger of mind and soul as well as the hunger of physical and vital human being. Value-based holistic approach to management will assure such all round wholesome human development and prosperity. As per Indian ethos, the inner mind and inner aspects of man are emphasized. Focus is on developing inner mind. Faith and sincerity are two needs of management philosophy. Work must be done in right spirit and right attitude and in perfect way. A management with proper combination of values and skills can assure harmony and progress of organization as well as society. This is unique contribution of Indian ethos.

References


