

Global Ethics and Integrity in MNCs: A Reality Check in Indian Context

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Abstract

Ethics and integrity issues are at the centre of management process of the Multinational Corporations (MNC). They have accelerated a significant development for the regulation and governance of trade, business and investment. As different management strategies are adopted including a monolith and standardized global approach to suit the social responsibility it becomes quite imperative to establish a corporate wide code of conduct by engaging global employees in ethics and compliance with respect to the world at large. This paper will examine the case of Infosys Industries Limited in India and explain how a globally ethical Company will stand at the forefront in the arena of generating advanced performance level, clarifying any problems that arise, playing by international rules while raising standards in the global scenario and taking the levels of performance to great heights. Finally, the author recommends that a global set of ethics would surely boost the confidence of all the stakeholders in any MNC and would lead to the development of national economies.

Keywords: Globalization, Ethics, MNCs

Introduction

With the rapid pace globalization is gaining momentum, global ethics and Integrity form a cornerstone for an MNC to work efficiently. Ethics and Integrity in the context of Globalization refer to a commitment to moral thought and action in all aspects of how an organization is governed and run. They describe the 'ought's' of how organizations relate to their stakeholders and not the 'musts'. According to Oxford Advanced Learner's Dictionary the word 'ethics can be defined as "moral principle that control or influence a person's behavior". In a nutshell it acts as a benchmark of human comportment. On the other hand the term Integrity is a word that major corporations are apperceiving as the best betokens of describing the fundamental vigor and focus of the value-driven corporation. For instance General Motors tells all of its employees and partners about "Winning with Integrity;" Enron proclaims that a core corporate value is integrity, which means: "We work with customers and prospects openly, honestly and sincerely. When we say we will do something, we will do it; when we say we cannot or will not do something, then we won't do it." The GE Annual Report (2000) proclaims: "Integrity - It's the first and most paramount of our values. Integrity denotes always abiding by the law, both the letter and the spirit. But it's not just about laws; it is at the core of every relationship we have."¹

Ethics and Morality in MNC's- Fundamental Need

Owing to the recent corporate scandals that took a toll upon the image of the Multinational Corporations for instance the Harshad Mehta Stock Scam (1992), it becomes quite imperative to set up a corporate wide code of conduct in such a scenario. The explosive magnification of MNC's has set the stage for global business ethics to be one of the highest priorities over the coming decades. Taking into account the convivial and cultural environment in consideration the MNC's should formulate core ethical goals and responsibilities.

The process of Globalization brings countries more proximate on essential issues which in turn make core values for many ethical issues kindred including fairness, integrity and raising industry norms. Presence of ethical leadership will foster and sustain corporate culture which in turn will govern corporate values thereby setting forth a code of conduct which will meet the highest standards and make the business sustainable. In the current competitive scenario it is paramount to apply ethical values in practical form.

Implementing Global Ethics- A Challenge for MNCs

Owing to the mushrooming of MNC's and the increasing competition in the global scenario MNC's are facing various challenges. Thus ethical and moral grounds should be taken into consideration in order to foster their growth at a fast pace in the social milieu.

A) Self-Control:-One of the major challenges companies face when it comes to ethical issues is the self-control of its employees. Whether it's an ethical issue that is monetary or the one that revolves around adherence to company policy, the reason this is an arduous issue for many companies is because it is out of management's hands. While a company can give its employees rules, policies and other directions, it cannot guarantee that employees will exercise self-control when it comes to ethical decisions.

B) Being an Open Book:-There is a fine line between being open with staff and interfering with any vicissitudes taking place within a company. Sometimes, despite the desire to tell employees everything that's going on, the Company simply may not be able to do so until a certain point in the process. Ethically verbalizing, when changes will affect the staff directly and have an impact on their ability to do their jobs, it's best to verbalize up and verbally express so. However, companies struggle with this because relinquishing an exorbitant amount of information too soon could compromise the process of change.

Resolution- One way to resolve ethical issues is to edify staff on your particular code of ethics and give them examples on how to resolve mundane ethical dilemmas; such as , you might verbalize "if this transpires, then we expect you to do xyz" to give them a clear picture of what ethical demeanor is in your ocular perceivers. Additionally, tell employees what you expect and then give them the chance to show what they can do. Reward those who make sound ethical culls and mete out fair and swift consequences for those who tarnish your company ethically.

Supplemental Considerations-There are many other ethical challenges a company may face throughout its subsistence, from how to handle laying off employees to what to do if you find that the company's financial processes and/or accounts are being illicitly accessed or used. The best way to decide how to approach each challenge is to consider the source of the quandary and how your staff and company operations are affected as a result; the more

rigorous the effect, the more rigorous the penalization should be.

Theoretical Framework

Sundry ethical theories lay the substructure stone for an MNC with regard to its operation in particular. According to Aristotle's virtue Ethics, the fundamental principle laid down is the orientation of man with regard to pursuing excellence and bliss which further depends on character. Since the transcendental legislator (God) has not imposed any laws on us nor has he dictated us by a reason so virtue ethics is not predicated on divine obligations. According to Aristotle veracity, adhesion, stoutheartedness, altruism, justice and equity, goodness and perseverance make a person virtuous. Virtue Ethics thus prove altruism and love not out of moral obligation but out of the motivation innate to the character of good and virtuous people.

According to Utilitarian Ethics, we should do what increases ecstasy for the greatest amount of people. At the ethical level, the utility concept is utilized with the purport of incrementing the salubrity of the greatest possible number. Actions and daily rules of conduct are a way to procure a purport: the incrementation in salubrity. Since the final aim is what authentically is consequential, it justifies all designates. But in the current scenario Utilitarian Ethics is predicated on two set of rules: - 1) Firstly, the ones that guide daily living and are more intuitive and less elaborate. 2) Secondly, the philosophical dimension that analyses which preferential treatments may resist the impartiality criteria.

According to the theory of Contractual Ethics the principle of reciprocity is quite paramount. Rules need to be complied with whether they are selfish or altruistic . It has been subjected to several criticisms owing to the fact that there is no formal social contract in a society. Affection Ethics on the other hand favors intimacy, affection, family and amicable cognations. That is, they fixate on privacy. It is quite homogeneous to virtue ethics because both optically discern people through their character traits.

Global Ethics Vis-à-vis Corporate Governance and CSR(Corporate Social Responsibility)

The Pyramid of Global Corporate Social Responsibility suggests that the MNC should strive to meet the following features:-

- Make a profit consistent with expectations for international businesses;
- Obey the law of host countries as well as inter- national law;
- Be ethical in its practices, taking host-country and global standards into consideration;
- Be a good corporate citizen, especially as defined by the host country's expectations.

The Global Pyramid of CSR and Performance will avail managers cerebrate through in a systematic way the different stakeholder prospects placed on their organizations. It should be apperceived that responsibility implicatively insinuates performance. Anterior research does fortify the contention that managers optically discern the consequentiality of their responsibilities as following this sequence of priorities: economic, licit, ethical and philanthropic.²

Case Study of MNC's in India: Infosys

Infosys one of the pioneers in IT Industry in India is a Corporation which has always stood for ethical approach to business. It has been consistently viewed as the most transparent

and ethical organization by the customers, employees, society and the investor community. Infosys's founder and Chairman Emeritus, N.R.Narayana Murthy, has always been a great adherent and advocate of ethics in business. Forbes Magazine has indited "Infosys is a model of transparency, not just for corporate India, but for companies everywhere..." Infosys's top management always championed the case of ethics in each and every one of its actions and messages, both within the company and outside as well. Quoting Narayana Murthy "Professionalism and ethics are becoming more and more relevant in our quest to become better professionals, in our quest to make this country a better place and this world a better place. And that exactly is the background that we have set out with". Following the ethical code of conduct Narayana Murthy, he stepped down as the Executive Chairman of the Board in the year 1992. Albeit he was invited to join the NDA Ministry around the period 1999-2004, he abnegated the offer because he wanted to go in accordance with the principles of Ethics and Morality.

The Honest and Ethical Conduct of Infosys enumerates that it expects its workers to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working on the Company's premises, at offsite locations where the Company's business is being conducted, at Company sponsored business and social events, or at any other place where you are representing the Company. They also consider honest conduct to be conduct that is free from fraud or deception and consider ethical conduct to be conduct in conformance with accepted professional standards of conduct and compliance with all applicable laws whereas according to the Corporation Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.³

Thus it portrays that Infosys Technologies is a globally venerated corporation that provides best-of-breed business solutions, leveraging technology, distributed by best-in-class people and achieves its objectives in an environment of fairness, veracity, and courtesy towards its clients, employees, vendors and society at immensely colossal. Ethical Values of Infosys Technologies are: Customer Delight; Leadership; Integrity and Transparency; Fairness; and Pursuit of Excellence. Infosys Group engendered perhaps the world's most ethical organization in the world with an incredible ascent on transparency, responsible demeanor and ethical conduct. This has engendered an organization with a distinctive value system and culture fixated on integrity, transparency and responsible approach while pursuing excellence. In integration to complying to the laws of the land where ever it operates, Infosys ascertains transparency and accountability through the adoption of a Code of Conduct and Ethics and a Whistle-blower policy.

Future of Global Ethics and Recommendations

The author recommends the following ethical conduct to be taken into consideration for a Multinational Corporation to foster its growth in the Global Economy:-

- (1) Management must lead by example. Good ethics should be most noticeable at the top. Every employee must be accountable to the same rules.
- (2) A corporate values or ethics initiative must be "sold" and "marketed" aggressively throughout a company. Every forum and medium should be used to spread the good message. Of course, it will only be credible if the company is practicing what it preaches.
- (3) Training must be provided to get everyone on the same page. It's easy to ignore a

motivational speech or pass by a poster, but spending time learning about the issues will have a lasting impact.

(4) Both you and the company must be in it for the long haul. The ethics fervor should extend to the next generation of employees. The longer it lasts, the more ingrained the principles will become.⁴

Thus in order to bolster Global Ethics in future a control should be imposed on the practice of lobbying, the practice of veracity should be enheartened, cost efficacious strategies should be implemented for a more enlightened world. A theme that should reverberate throughout should be the desideratum of more preponderant decision making. Since global intricacy is outrunning the capacity of our current management systems, then incipient decision-making systems may be needed in the future. In order to ameliorate the quality of global decisions there is a desideratum for formalized ethics and decision training for the decision-makers.

End-notes

¹ Mr. Welch also noted in the 2000 General Electric Annual report: "Integrity - It's the first and most important of our values. Integrity means always abiding by the law, both the letter and the spirit. But it's not just about laws; it is at the core of every relationship we have. Inside the Company, integrity establishes the trust that is so critical to the human relationships that make our values work. With that trust, employees can take risks and believe us when we say a 'miss' doesn't mean career damage. With trust, employees can set stretch performance goals and can believe us when we promise that falling short is not a punishable offense. Integrity and trust are at the heart of the informality we cherish. There are no witnesses needed to conversations, nor the need to "put it in writing." None of that--our word is enough. In our external dealings, with our unions and governments, we are free to represent our positions vigorously, in a constructive fashion, to agree or disagree on the issues, knowing that our integrity itself is never an issue. A period of transition is a period of change, and some of our values will be modified to adapt to what the future brings. One will not: our commitment to integrity, which, beyond doing everything right, means always doing the right thing.

² Aupperle, K. E., Carroll, A. B., & Hatfield, J. D. 1985. An empirical examination of the relationship between

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³ <http://www.infosys.com/investors/corporate-governance/Documents/CodeofConduct.pdf>

⁴ <http://www.ipedr.com/vol51/047-ICHSC2012-B10075.pdf>

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