

# **A Study on Ethical Implications of Buddhism on Modern Businesses**

A Thesis Submitted

To

**Sikkim University**



In Partial Fulfilment of the Requirement for the  
**Degree of Doctor of Philosophy**

By

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## Declaration

I, Nilima Thapa, hereby declare that the research work embodied in the thesis titled “A Study on Ethical Implications of Buddhism on Modern Businesses” submitted to Sikkim University for the award of the degree of **Doctor of Philosophy**, is my original work. Any content or any part of this thesis has not been submitted to any other institutions or for any academic purposes.

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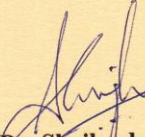
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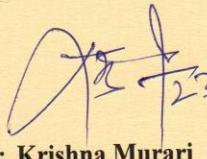
**CERTIFICATE**

This is to certify that the thesis titled “A Study on Ethical Implications of Buddhism on Modern Businesses” submitted to Sikkim University for partial fulfillment of the degree of Doctor of Philosophy in the Department of Management, embodies the result of bonafide research work carried out by Miss. Nilima Thapa under my guidance and supervision. No part of the thesis has been submitted for any other Degree, Diploma, Association and Fellowship.

All the assistance and help received during the course of investigation have been duly acknowledged by her.

I recommend this thesis to be placed before the examiners for evaluation.

  
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## **List of Abbreviations**

<b>Acronyms</b>	<b>Expanded Form</b>
NIT	Namgyal Institute of Tibetology
FNT	Four Noble Truths
NEP	Noble Eightfold Paths
SDT	Social Darwinism Theory
CIT	Categorical Imperative Theory
JRTJF	John Rawls' Theory of Justice as Fairness
VE	Virtue Ethics
HRP	Human Resource Planning
IT	Information Technology
HRM	Human Resource Management
PNB	Punjab National Bank
URJC	Utility, Rights, Justice and Caring Model



# CHAPTER 1

## INTRODUCTION

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### 1.1. Overview of the Study

The present study concentrates on the “ethical implication of Buddhism on Modern Businesses”. This chapter begins by examining the concept of business ethics and the teachings of Buddhism. Further, it explains the ethical issues and practices in different areas of management. The main contribution of the study is to propose a model based on the teachings of Buddhism that can be smeared in an organization to make an ethical decision. This is followed by the statement of the problem and to contextualize the study, a review of important literature related to the subject is presented. Subsequently, the chapter list out the proposed objectives, and the methods employed in the study.

### 1.2. Introduction

The term ‘ethics’ is originated from the Greek word ‘ethos’, which means character, habits or customs of people.<sup>1</sup> Ethics is advocated as moral standards that guide a person in differentiating between right and wrong, good and evil.<sup>2</sup> It is a set of rules and regulations that aids an individual to make the right choices.

Ethics is the foundation for many professions for instance doctors, lawyers, teachers, and accountants to guide their behavior. Likewise, business ethics also imparts a moral foundation for managing businesses.<sup>3</sup> Thus, all the professions resemble some

kind of ethical code to guide their behavior and to restrain oneself from unethical practices.

Business ethics is the application of ethical behavior in a business organization. Fernando, indicates “*Business ethics is the art and discipline of applying ethical principles to examine and solve complex moral dilemmas*”.<sup>4</sup> Kumar & Rai specifies business ethics as the accepted set of moral standards that guide and govern the conduct of business people.<sup>5</sup> The sound ethical code of conduct acts as a guide to both the management and employees for the overall growth and development of an organization.

In the last few decades, the importance of business ethics has increased tremendously due to substantial growth in both organizational and employee misconduct or misbehavior.<sup>6</sup> Some of these acts of misconduct include corporate scandals<sup>7</sup>, corruption, fraud and white-collar crimes.<sup>8</sup> For instance, corporations involved in such kinds of delinquencies are WorldCom, Enron, Satyam, Harshad Mehta, Kingfishers, and Nirav Modi. The list of companies involved in different kinds of unethical practices is very large.

Business ethics is based on the principles of integrity, fairness, and benefits to the stakeholders.<sup>9</sup> In order to make an ethical decision, values and judgement play an important role. These factors help in building an individual belief, perception, attitudes, and personality.<sup>10</sup> The main sources of an individual’s personality and ethical behavior of a person in an organization is largely determined by cultural, organizational, and external factors.<sup>11</sup> However, culture has been formed by various factors such as family, religion, customs, tradition, etc. and among these religions occupies a pivotal position.<sup>12</sup>

Religion is stated as an organized domain that is based on theological dogma, concrete practices, and faith.<sup>13</sup> It is one of the oldest sources of ethics. Religion is the essential determinant of moral values that support ethical standards. Ethical standards are often implicitly assumed or religious values such as those found in the golden rule or what is common across religions are strongly favored as a normative foundation for business ethics.<sup>14</sup>

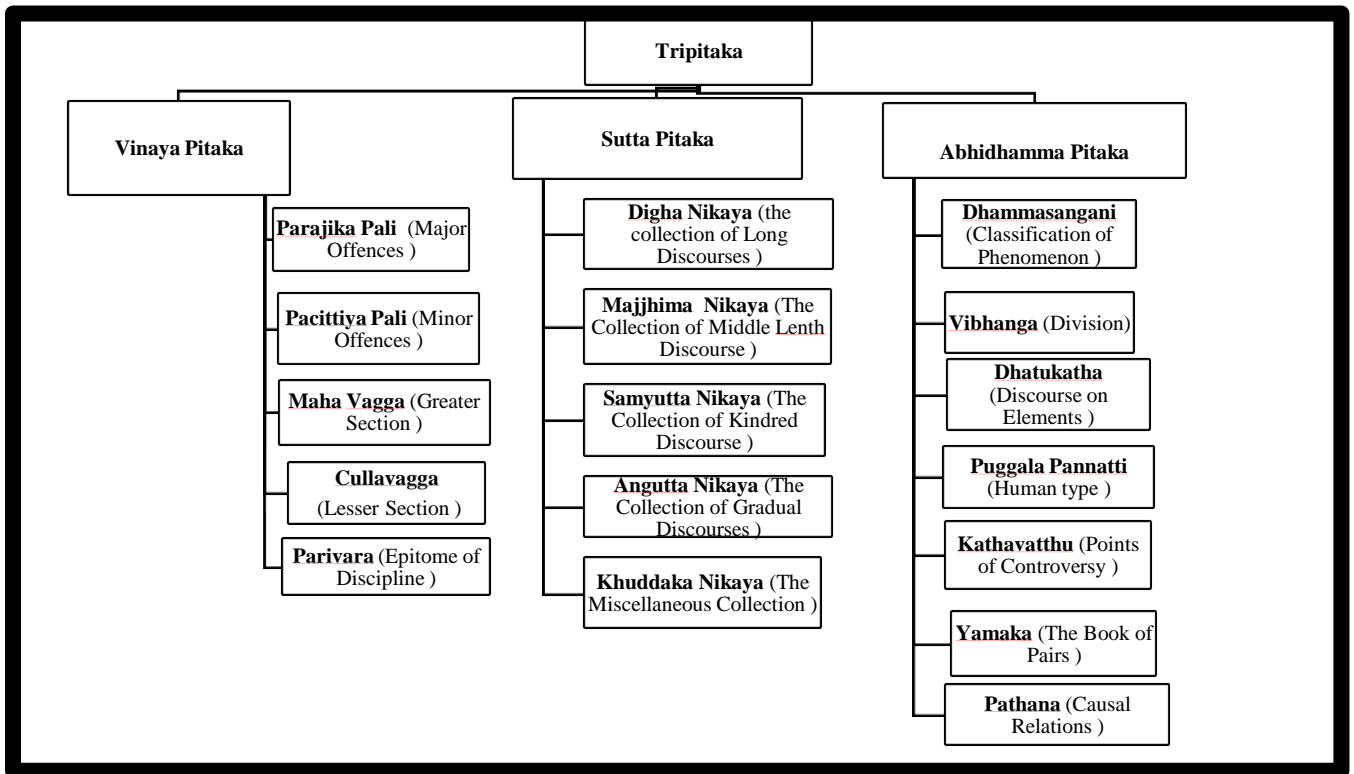
However, the world's major religions universally consider ethics as an expression of the will of divinity, which guides a person in taking the right decision. The major religions such as Hinduism, Christianity, Islam, Judaism, and Confucianism has common ethical principles for instance non-violence, love, compassion, kindness, honesty, truthfulness and contentment. Likewise, Buddhist tradition shares some common ethical doctrines which are similar to other religion such as Christian, Jews, and Muslim.<sup>15</sup>

Buddhism has its own sets of beliefs that are beneficial in shaping up the ethical practices in modern managerial practices. Buddhism embraces a high ethical system that includes the Noble Eightfold Path, the Ten Precepts and Jataka Tales which can be relevant to the twenty-first-century management professionals.<sup>16</sup> There are many text and scriptures of Buddhism which have ethical values and could be very helpful in managing businesses. Today, there are many schools of Buddhism that are being practiced around the world but the present study is based on a Theravada Buddhist tradition. It is contemplated as one of the oldest Buddhist tradition. According to Theravada Buddhist tradition, the religious text of Buddhism is collectively called *Tripitaka* (the three baskets). The *Tripitaka* is further divided into three groups; the *Vinaya Pitaka* lays down the rules for the guidance of monks and general



management of the Buddhist Monastery, the *Sutta Pitaka*, a collection of religious discourses of Buddha and the *Abhidhamma Pitaka*, discourses the philosophical principles of Buddhism.

**Table 1.1 Classification of Theravada Buddhist Text**



Source: Designed by the Researcher

Note\*\*

**Table 1.2: The miscellaneous collection**

Sl. No.	Miscellaneous Collection
i	Kuddaka Patha (Miscellaneous Text)
ii	Dhammapada (Path of Dhamma)
iii	Udana (Verses of Uplift)
iv	Ittivattaka (The Thus Said)
v	Sutta Nipata (Discourse Collection)
vi	Vimana Vatthu (Stories of Mansions)

vii	Peta Vatthu (Stories of the Departed)
viii	Theragatha (Verses fo the Monks)
ix	Therigatha (Veses of the Nuns)
x	Jataka (Birth Stories of Lord Buddha)
xi	Niddesa (Expositions)
xii	Patisambha Magga (Way of Analyti
xiii	Apadana (Lives of the Saints)
xiv	Buddhavamsa (History of the Buddha)
xv	Cariya Pitaka (Basket of Conduct)

**Source: Compiled by the Researcher**

This text offers various tenants of Buddha based on leadership, selfishness, managing stress, moral conduct, ways of making ethical decisions and so on, which can be applied in different fields of business. Buddhism delineates a suitable passage that is referred to as more of an ethical system and explains the perception of Buddhism have on managerial activities in modern organizations.<sup>17</sup> Hence, many studies have highlighted the positive impact of Buddha's teachings on businesses. Buddhism plays a pivotal role in making the decision of the managers in Sri Lanka.<sup>18</sup> A study conducted in Thai organizations by Ermongkonchai advocates that Buddhism inclines in enhancing the ethical culture of an organization.<sup>19</sup> Similarly, Marques provides implications for applying Tibetan Buddhist values at the workplace in America.<sup>20</sup> Thus, the Buddhist perspective is effective to be applied in organizational management.

As no pertinent study has been conducted based on the maxims of Buddha particularly the Four Noble Truth and the Noble Eight-Fold path to solve the ethical dilemma in business. The main objective of this research is to study, how the

Buddhist scriptures particularly Theravadin can be useful in understanding the right way of doing business and in establishing the fact, that doing business ethically is no hindrance in achieving the organizational goals.

### **1.3. Statement of the Problem**

The development of a competitive business environment, free from corruption and unfair practices is of utmost need in many of the world's economies. The development of an economy largely depends upon the performance of corporate houses. Therefore, the development of sound business policies and practices to govern and control business organizations is very essential. But despite the precautions taken up by many of the world's economies, organizations do find themselves engaged in corrupt malpractices such as corporate scandals, fraud, bribery, corruption, and deception. Companies involved in such kind of practices includes Kingfishers, Satyam, Nirav Modi, Harshad Metha and the list of companies keeps on going. Such types of activities conducted by those companies hinder the overall growth of the economy and eventually inclines to a loss for all the stakeholders associated with the organizations.

In modern business, we find ethical issues in various fields of business such as marketing, finance, human resource management, and information technology. Therefore, addressing these ethical issues is a must. Religion plays an important role in guiding people towards a noble path, as such teachings of Buddhism can be incorporated to deal with these ethical issues.



## **1.4. Objectives of the Study**

The objectives of the study are as follows:

1. To study the Buddhist ethics.
2. To study the ethical issues in business management.
3. To make a comparative analysis of Buddhist normative philosophies and modern moral philosophies.
4. To propose a model based on Buddhist maxims for the resolution of ethical dilemmas in business.

## **1.5. Research Design**

### **1.5.1. Nature of the Study**

The research design adopted for the present study is qualitative and exploratory in nature. The methods employed in the study are discussed below.

### **1.5.2. Data Collection Approach**

### **1.5.3. Source of Data**

Primary data for the present study has been collected through an unstructured interview. Secondary data has been collected from the Namgyal Institute of Tibetology, articles published in different journals, websites and the various scriptures of Buddhism i.e. Vinaya Pitaka, Sutta Pitaka, and Abhidhamma Pitaka.

### **1.5.4. Method of Data Collection**

Primary data for the present study has been collected with the help of an unstructured interview. For the clarification of Buddhist concepts and tenants unstructured

interview was conducted among the dharma guru and Buddhist monks (lamas) from Dechen Choling Monastery which is also called (Sichey Tamang Gumpa (Monastery) located in Gangtok East Sikkim.

#### **1.5.5. Literature Survey**

Secondary data for the present study was collected from the Namgyal Institute of Tibetology located in Deorali, Gangtok East Sikkim. Secondary data were further collected from online sources and databases such as J store, EBSCO database management, BuddhaNet, Access to Insight and Dharma Wisdom. Other printed journals and books were also browsed.

#### **1.6. Limitation of the Study**

There are many limitations involved in this study but at the same time, these limitations also provide opportunities for future researchers.

1. The study is limited to Theravada Buddhist tradition. Although there are many other schools of Buddhism.
2. The study is limited to five moral philosophies such as Utilitarianism, Social Darwinism Theory, Categorical Imperative Theory, John Rawls' Theory of Justice as Fairness, and Virtue Ethics for comparative analysis.
3. The present study has propounded a model that is limited to the Four Noble Truth and the Noble Eightfold Path to solve an ethical dilemma.

#### **1.7. Significance of the Study**

The present study will be significant as it applies to the maxims of Buddha in the workplace. Teachings of Buddha can be applied to develop a code of conduct that can help to solve ethical dilemmas in the organizations. Buddha's spirit of teaching the

Four Noble Truths and the Noble Eightfold Path can be utilized as an ingredient to help leaders and managers install ethical correspondence among the employees of the organization. As such, the tenants of Buddha will assist and may act as a guide for future managers to make an ethical decision by minimizing the unethical practices at the workplace.

## **1.8. Style of References**

The present study has applied the APA 6<sup>th</sup> edition for references.

## **1.9. Organization of the Study**

The study is divided into seven chapters including an introduction and conclusion. The organization of the study is discussed below.

*Chapter 1:* The first chapter covers the introduction, statement of the problem, objective, methodology, significance of the study, limitation of the study and style of references.

*Chapter 2:* The second chapter contains a literature review on earlier studies. It is sub-divided under different headings such as Theology and Business ethics, Hinduism and Business ethics, Christianity and Business ethics, and Buddhism and Business ethics. After an extensive literature review, the study has presented a research gap.

*Chapter 3:* The third chapter presents the Buddhist ethics. It has delineated the origins of Buddhism, the evolution of Buddhism, the two main schools of Buddhism and the various teachings or tenants of Theravada Buddhist tradition

**Chapter 4:** The fourth chapter encompasses the emerging ethical issues concerning marketing, finance, human resource management, and information technology. It further, highlights the specific types of misconducts that are relevant in all types of organizations.

**Chapter 5:** The fifth chapter presents a comparative analysis of Buddhist ethics and modern moral philosophy. Wherein the modern moral philosophies applied in this study are Utilitarianism, Social Darwinism Theory, Categorical Imperative Theory, John Rawls' Theory of Justice as Fairness, and Virtue Ethics. The Buddhist ethics employed are Karma, the Doctrine of No-self, Buddha's nature of Loving Kindness and Compassion and the Noble Eightfold Path.

**Chapter 6:** The sixth chapter encloses the model for resolving an ethical dilemma in business.

**Chapter 7:** The seventh chapter presents a summary of the findings and conclusion.

## **1.10. Conclusion**

Ethics has been originated from the Greek word ethos, which means culture, habits, customs, etc. Religion is contemplated as one of the oldest sources of ethics. The world's major religions hold some common ethical principles such as truth, honesty, compassion, kindness, and love. Buddhism also embraces high ethical teachings such as the Four Noble Truths, the Ten Precepts, the Noble Eightfold Path, and the Jataka tales. These teachings are based on leadership, managing stress and making an ethical decision that would be very essential and pertinent in managing today's corporate world.



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## **CHAPTER 2**

### **LITERATURE REVIEW**

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#### **2.1. Introduction**

In this Chapter, the literature has been segregated into different subtopics such as theology and Business ethics, Hinduism and Business ethics, Christianity and business ethics, Buddhism and Business ethics.

#### **2.2. Literature Search**

The articles were searched from some of the major databases, such as EBSCO and the J store. The period was kept open since the initial search on the titles and abstracts of the articles failed to generate any results. Then the key terms were searched throughout the articles. This search generated 200 articles. On perusing the abstracts of those articles, 100 were selected. Then those 100 articles were further refined to 84 articles.

Finally, the selected articles were read manually and divided under the heading such as theology and business ethics, Hinduism and business ethics, Christianity and business ethics, Buddhism and business ethics.

In order to keep abreast of the new research two methods were used. First, I carried out a new literature search using the same key terms in the same databases from August 2016 to September 2019. Secondly, after writing all the chapters, the literature review was further edited and refined in October 2019.

### **2.3. Theology and Business Ethics**

Over the past years, the application of spiritual teachings has increased tremendously in the business and it has become one of the important sources to manage the organization. Generally, all religions hold ethical tenets that guide the behavior of an individual. In modern-day business, the ethical tenets of all religions are applied in business. Some insight that religion contributes to business ethics are as follows:

Religion is contemplated as one of the important antecedents of the ethical beliefs of consumers (Vitell, Singh & Paolillo, 2007).<sup>1</sup> Religion is one of the imperative aspects that have led to the queries of a researcher for a better understanding of ethical judgments and behavior at work (Corner, 2009)<sup>2</sup> (Kolodinsky, Giacalone, & Jurkiewicz, 2008).<sup>3</sup> The ethical standards or the religious values found in the golden rule or the common rule that is found across religions are strongly considered as a normative foundation for business ethics (Brammer, Williams, & Zinkin, 2007).<sup>4</sup> The business endeavors, spirituality, and religious commitment are considered as inextricable parts of a coherent life (Epstein E. M, 2002).<sup>5</sup>

Many people contemplate that religion offers solutions. Belief and practices of religion act as a source of social and spiritual support, hope, a sense of meaning and aids in guiding human behavior (Taylor et al., 2004).<sup>6</sup> During the past decade, people in the workplace have sought to create a connection between their work persona and their religious persona (Epstein, 2002).<sup>7</sup> Almost half of the company representatives in America believe that religious doctrines and values are a fundamental facet of their culture (Cash and Gray, 2000).<sup>8</sup> A study conducted in the Los Angeles workforce to find the values that would matter more at the challenging times to the employees at the workplace. The results of the study indicated that inner-human and inter-human

connectedness a part of spirituality was contemplated as highly supportive (Marques, 2010).<sup>9</sup>

Religion plays a significant role in the Sri Lankan leaders' in making an ethical decision (Fernando & Jackson, 2006).<sup>10</sup> An empirical study was conducted with the business executives in Australia to find the relationship between spiritual well-being and ethical decision making. The result indicated is positively correlated between the spiritual wellbeing and ethical decision making (Fernando & Chowdhury).<sup>11</sup>

To integrate spirituality and religion in business practice could be a way to address the ethical problems that plague contemporary organizations (Gotsis & Kortezi, 2007).<sup>12</sup> Workplace spirituality is referred to as workers or employees seeking connectedness at the workplace regarding their work and to explore their inner selves (Ashar & Lane-Maher 2004).<sup>13</sup> As such some researchers define connectedness based on the workplace is about building interconnectedness with all the people, workplace environment and with all things in the universe (Mitroff & Denton, 1999).<sup>14</sup> Scholars have hypothesized that the notion of connection aids people to move beyond self-interest so that workers would influence their actions on others and inclines to make more ethical behavior (Sheep, 2006).<sup>15</sup> Jackson, (1999)<sup>16</sup> advocates workplace spirituality and the connections expand an individual's understanding and deepen a sense of morality, and helps to make an ethical decision at the workplace.

Workplace spirituality has been examined by more recent research (Gotsis & Kortezi, 2007)<sup>17</sup> (Pava, 2003).<sup>18</sup> It is documented that there is a positive link between one's beliefs and higher ethical attitude in the workplace (Conroy & Emerson, 2004)<sup>19</sup> (Longenecker, McKinney, & Moore, 2004).<sup>20</sup> The survey was conducted between two Southern United States universities, where the result highlighted that religion has a

statistically significant predictor of responses in several ethical scenarios (Conroy & Emerson, 2004).<sup>21</sup>

Karakas, (2010)<sup>22</sup> indicates the three different aspects of how spirituality benefits employees and supports organizational performance based on the extensive literature are i. Spirituality improves employees' well-being, ii. cultivation of spirituality offers employees a sense of purpose and meaning at work, iii. It also provides workers a sense of interconnectedness.

Giacalone & Jurkiewica, (2003)<sup>23</sup> assessed the relationship between individual spirituality and perceptions of unethical business activities. The results of the study indicated that individual spirituality influences the perceptions of an individual in deciding ethical or unethical practices in business.

Gupta, Kumar & Singh, (2014)<sup>24</sup> examined the impact of four dimensions of spirituality such as meaningful work, sense of community, organizational values, and compassion in the workplace on job satisfaction in private insurance companies in Punjab (India). The findings indicated positive relations among all the dimensions of spirituality in the workplace and job satisfaction. Further, a regression analysis highlighted that all the dimensions of spirituality are imperative but organizational values and a sense of community are contemplated as the most significant in terms of the job satisfaction level of employees.

#### **2.4. Hinduism and Business Ethics**

The scripture of Hinduism such as Vedas, Bhagwat Gita, Ramayana, and Mahabharata, etc. upholds ethical teachings that aid in guiding the behavior of individuals.



Indian ethos includes rich and old tradition which is more than five thousand years old in contradiction to the modern management principles which are much more at the infant stage (Bhatia, 2016).<sup>25</sup> The tenets of Vedas guide the actions of a person from the moment of the birth to the moment of his last breaths and thereafter to ensure his salvation (Saraswathi, 2000).<sup>26</sup>

The Vedas and Upanishad are considered as a normative system and have outlined the Vedic management system (Saigal, 2000).<sup>27</sup> The Vedic insights promote the idea of integrating ethics, responsible behavior and good governance in management education with the help of experiential learning, mentoring, spiritual discipline, cognitive learning, and observation (Nandram, 2014).<sup>28</sup> Vedas have a positive influence to shape management techniques and solutions for various managerial and entrepreneurial issues (Kaushal, 2017).<sup>29</sup>

Mahabharata depicts lessons on spirituality and ethics, with the help of dialogue between Lord Krishna and Arjun. The Karma Yoga, Samkhya Yoga, Bhakti Yoga notion of three Gunas have very significant implications in the context of ethical leadership, decision making, time and resource management, and other management techniques (Pandey, 2017)<sup>30</sup> (Nanda, 2016).<sup>31</sup>

The Bhagwad Gita is the most systematic statement of spiritual evolution that bestows value to mankind and it is one of the clearest and most comprehensive summaries of the spiritual thought that have ever been made (Knapp, 2006).<sup>32</sup> Gita offers the proverbs of work which are relevant in modern management style (Rao, 2013).<sup>33</sup> Bhagwad Gita is considered as a complete guide, it helps in enhancing the efficiency and effectiveness of employees in order to achieve the desired goals by outlining the views such as changing the weaknesses of the individual into strengths, sharing

responsibilities, selecting right person in the team, making aware about the challenges in the job environment, the need of charismatic leader who inspire, energize and counsel in dilemma and also initiate to know ground realities (Mukherjee, 2017).<sup>34</sup>

Ramayana provides insights on management teachings that are globally correlative. Wherein Rama and other characters outlines the power of self-control, self-belief, patience, values of justice, equality, anger management, power of making wise decision, determination on the desired goal, importance of being an ethical being and most importantly it has suggested that an individual should focus on being peaceful instead of being blissful (Bendale & Sharma, 2017).<sup>35</sup>

## **2.5. Christianity and Business Ethics**

The application of Christian ethics to business and economics has a long tradition. Christianity is the major religion found in the West and it serves as an ethical framework for many in their personal lives (Kim, Fisher, & McCalman, 2009).<sup>36</sup> While there are various tactics to Christian ethics (Crook, 2002).<sup>37</sup> In Christian ethics, the commandant of love, for instance, love to God and neighbor and the simulated of Jesus' love are contemplated as central (Mele, 2012a).<sup>38</sup>

Christian seeks to live their life both central concerns of business and the general concerns of every day with high morality. The teaching of Christian insists that justice and mercy are practiced towards all the people without any discrimination (Chase, 2004).<sup>39</sup> Catholic social teachings aids in developing a holistic and coherent account of meaningful work which helps in overcoming difficulties at the workplace (Tablan, 2015).<sup>40</sup>

Many business leaders make a decision in their business based on their religious verdicts. For instance, the chief executive of Chick-fil-A closes his restaurant on Sunday in honor of the Sabbath (Weaver & Agle, 2002).<sup>41</sup> Someone with Christian beliefs and unconditional value of life, cannot be careless in the workplace regarding the quality and standards of the products because it is a threat to the lives of consumers or employees (Rossouw, 1994).<sup>42</sup>

Christianity is observed as one of the growing streams in corporate practice. The academic research is fruitfully exploring and implementing the Christian ethic in their daily life (Calkins M, 2000)<sup>43</sup> (Epstein E. M, 2002).<sup>44</sup>

## **2.6. Buddhism and Business Ethics**

Buddhism devours its unique management theory and practice which can be applicable in modern-day businesses.

Buddhism is looked into different perspectives, for instance, some ponder Buddhism as a religion (Pace, 2013)<sup>45</sup>, where some consider as a philosophy (Kalupahana,1976)<sup>46</sup>, psychology (Marques, 2012b)<sup>47</sup>, an ethical system (De, 1984)<sup>48</sup> and some even contemplate an art of living (Hart, 1987)<sup>49</sup> which inclines to contribute an individual's development in terms of morality, mental discipline and wisdom (which is also pondered as the Noble Eightfold Path) (Hart, 1987).<sup>50</sup> In Buddhism, an individual's responsibility in pursuance of attaining enlightenment is to develop the qualities of morality, mental discipline, and wisdom (Rahula, 1978).<sup>51</sup> Accordingly, self-discipline and responsibility of an individual are recognized as important elements in Buddhism(Marques, 2012b).<sup>52</sup>

Buddhism plays an important role in making an ethical decision by managers in Sri Lanka (Fernando & Jackson, 2006). Buddhist belief of no-self is a pragmatic solution to overcome the organizational cross-cultural problems (Neal, 2006).<sup>53</sup>

Zhenqun, (2010)<sup>54</sup> described the norms of The Buddhist Sanga communities which has been implied in building strong business teams. The norms are called “six harmonies” that consist of body harmony, mouth harmony, spirit harmony, discipline harmony, interest harmony and the opinion harmony for building strong teams. Further, the article outlines this concept as a practical way of building strong business teams.

Tse, Tse, Tse, Au, & Tian, (2007)<sup>55</sup> research findings concluded that the Implications of the Buddhist theory of Impermanence bore a high level of relevance in marketing and economics. Also, it claims that the Impermanence belief is one of the essential factors for the company's continual success and also helpful to companies facing downturns in the market.

Gould, (1995)<sup>56</sup> outlines the basics of the Buddhist perspective on business ethics. The paper basically outlines insight on self-understanding and also highlight the exercises for exploring and developing ethical motivation in business by providing some Buddhist insights such as considering everyone as our mother, father, brother or sister, acknowledging the positive actions of others, to blame oneself instead of blaming others, to create space and relax for ourselves, and to use personal growth as a form of mutual empowerment. Further, it has also manifested exercises that commensurate an individual to implement positive ethical practices at the workplace.

Qiu & Rooney, (2019)<sup>57</sup> aimed to investigate one of the important concepts of Buddhism i.e. mindfulness program at the workplace. Primarily, the study has conducted a critical analysis of mindfulness practices at the workplace as a developmental process and further, it has evaluated intending to find potential risks of implying the ethical aspects of mindfulness practices in the corporate world. Considering, the Buddhist perspective of mindfulness training as an ethics-based, longitudinal and holistic path it has developed a four-stage model to illustrate the potential developmental process for participants in workplace mindfulness programs. The model resembles four stages such as preliminary concentration, deep concentration, self-transcendence, and re-engagement to see the impact of mindfulness training on individual participants and organizations.

Liyanarachchi, (2008)<sup>58</sup> explored the relevance of a Buddhist perspective on accounting ethics. The paper is grouped into three parts. Firstly, it has concentrated on ethical issues in accounting concerns. Secondly, it has fortified an appreciation of different people's views on social and moral beliefs. Further, it resembles that appreciation plays a pivotal role in maintaining a harmonious view of ethics in business and accounting. Eventually, it explored Buddhist ethics and the concept of morality and the same has implied as a useful discourse in managing accounting ethics.

Shree & Sharma, (2014)<sup>59</sup> explained the approaches of improving the leader's performance, credibility and ability to lead others by embodying the Buddhist teachings of Noble Eightfold Path. Besides, it has highlighted the requirements for effective leadership such as self-reflection, compassion towards employees, and integrity. The study suggested that the Noble Eightfold Path of Buddhism can be used

as a model and be further tested to provide inputs to organizations to identify and train managers in the eight paths for being effective leaders, thereby developing a positive and rewarding work relationship in the organization.

Low, (2013)<sup>60</sup> aimed at finding Buddhist wisdom as a foundation for socially responsible marketing to promote values for good living. The study has implied the central tenants of Buddhism with a focus on achieving better and smart marketing. Also, the paper has suggested that marketing could be better achieved if it would be practiced through love, compassion, and spiritual discipline.

Spears, (2010)<sup>61</sup> highlighted the application of Buddhist tenant, the Noble Eightfold Path such as Right View, Right Thought, Right Resolve, Rights Speech, Right Conduct, Right Livelihood, Right Effort, Right Mindfulness, and Right Concentration as a tool to reawaken employees and organization. Further, the teachings were implied to reap prosperity not only for earning profits but for building a strong cordial relationship between the employees and the customers.

Santina, (1984)<sup>62</sup> described Buddhism's practical methods in dealing with the cause and effect relationship. The findings of the study state that Buddhist tenants are highly used in solving problems profoundly with proper observation and verification. Further, the paper suggested that Buddhist tradition is very much similar to the western scientific tradition.

Schumacher, (1973)<sup>63</sup> in his book titled ‘Small is Beautiful’, highlighted Buddhist economics as a “Middle way” of development and aims at achieving maximum well-being with minimum consumption. With the help of Buddha's teaching, it further aids



to make better human character through challenging and meaningful labor instead of giving priority on maximizing production and consumption.

Ashtankar, (2015)<sup>64</sup> explored the relationship between Buddhist tenants and the practice of management. Primarily, it has discussed the importance of Buddhist beliefs such as four noble truths, the eightfold path, five precepts, the concept of no-self and the Dharma. Further, it has highlighted the impact of these Buddhist concepts on leadership, team building, personal development, conflict management and managing people in the business.

The Buddhist practice of Vipassana, assist in creating a new managerial quality and helps in sharpening the existing ones. Vipassana helps in improving communication skills, decision making, delegation, conflict management, and also helps to manage complexity, risk and improves empathy (Mehra, 2015).<sup>65</sup>

The Buddhist tenets such as moderation, mindfulness, impermanence, no-self, five precepts, eightfold path, views on team building, value of self-sacrifices for common good, mutual respect, etc. has been primarily implied in an organization for building interpersonal relation, maintaining ethical behavior, emotional intelligence, team building, group harmony, communication, managing conflict, personal development, good governance, etc. (Weerasinghe, Thisera, & Kumara, 2014)<sup>66</sup> (Pendse, 2016).<sup>67</sup>

According to Gould, Buddhism is considered as a system that inclines to enhance the ethical environment of an organization. Further to encourage regarding ethical implications of personal behavior he suggested a set of experiential meditative exercises intending to understand oneself and to recognize the elusive connections between individual actions and external consequences (Gould, 1995a).<sup>68</sup>

Consciousness in the field of business as well as in general has become one of the rising topics of interest because of the mounting unethical practices. Marques, (2012)<sup>69</sup> examined on the element of consciousness from a Buddhist and a non-Buddhist or western perspective. The Buddhist perspective embraces two practices such as the Seven-Point Mind Training and Vipassana to attain consciousness at the workplace. Wherein the Western perspective consists of David Hawkins's works which have been used as the main guide for attaining consciousness. Besides, it has also highlighted the few important Buddhist practices such as impermanence, karma, non-harming, ethics, kindness and compassion, mindfulness, right livelihood, charity, interdependence, wholesome view, collaboration, and fairness. So, the findings of the study suggested that the mentioned concepts are considerate to apply to the students and workforce members for the wellbeing of an individual as in the personal and professional environment.

A survey was conducted at two Metta or Loving-Kindness meditation retreats to examine the psychological effects of Loving-kindness meditation. The results of the study outlined a significant increase in happiness and compassionate love, further helped in lowering avoidance, revenge, depression, anxiety, and stress by cultivating loving-kindness meditation (Alba, 2013).<sup>70</sup>

Kah & Peng, (2012)<sup>71</sup> attempted to identify the shared features of the contemporary business system that are amicable with Buddhist tenants. It has also highlighted a few limitations and challenges that are faced while applying ethics in the business environment. Furthermore, it has assessed the relevance of Buddhist practice as a part of the solution in the business. Considering Buddhist practices such as Personal responsibility, the noble eightfold path as a set of complementary principles, the

Middle path as a state of Systemic Balance, dependent co-origination as the state of understanding to solve the business shortcomings and complications.

Kelly, Sawyer, & Yareham, (2005)<sup>72</sup> explained the list of five responsibilities of the employer and employee. These attributes of the employer may be summarized as follows: i. allocate work according to aptitude, ii. Provide sufficient wages and food, iii. Looking after the sick, iv. Sharing special treats v.give reasonable time off work. The responsibilities of an employee may be summarized as i. being willing to start early, ii. Finish late when necessary, iii. Taking only what is given, iv. Doing work well, v. Promoting a good reputation.

Valliere, (2008)<sup>73</sup> investigated the role of religion in deciding whether to become an entrepreneur and what kind of new business venture an individual should opt for. The study embraces direct interviews of entrepreneurs in Nepal and Canada. The finding of the study suggested that the Buddhist practice of right livelihood acted as the foundational direction for starting any new venture and the Buddhist entrepreneurs suggested that it acts as the guidance for combating situations in day to day operations.

Marques, (2010)<sup>74</sup> described the applicability of Buddhist practices in contemporary workplaces. The findings of the study were supported by the interviews of Buddhist masters, Buddhist practitioners, and extensive literature review. The phenomenological analysis has been implemented to conduct this study. It has presented the SWOT analysis of Buddhist practices in the contemporary workplace. Wherein it has enlisted the strength of Buddhist practices in workplaces which resembles pro-scientific, greater personal responsibility, and healthy detachment while the weaknesses commensurate as non-harming, equanimity, and no

competition. Among the opportunities such as re-educating the world of business, enhancing personal ownership and a healthier society while creating different imbalances, disinterest and stationary development have been comprised as the threats.

Johansen & Gopalakrishna, (2006)<sup>75</sup> described the foundational teachings of Buddhism such as Four Noble Truths, Eightfold path, Five Precepts, KalamaSutta, Sigalaka sutta, and meditation and have highlighted the role of teachings to shape the behavior of an individual at the workplace as a learning practice. Essentially, it has showcased the implication of Buddha's teachings in association with human resource development practice, theory and research. Further is has outlined that 'adaptability' is one of the hallmarks of Buddhism and is a key factor of spreading around the world.

Buddhist ethics such as overcoming desire and greed have an advantage on large-scale consequences and ecological benefits and as such ethics are the foundation of Buddhism on which all other values and actions are based (Swearer, 2006).<sup>76</sup>

Roach, (2000)<sup>77</sup> managed the Diamond Divison at Andin International, a New York-based business, he applied the three principles of Buddhism on business that includes

- i. The business should be successful and there is no harm in earning more money because a person with greater resources can do much more good then the without resource.
- ii. Money should be utilized wisely and keep our minds and bodies in good health.
- iii. We should be able to maintain our business honestly.

He further summarized the Tibetan Buddhist perspective on business: the main goal of business and in fact of human endeavor is to achieve prosperity both in the outer and inner world. So, this prosperity we can enjoy only if we maintain peace of physical and mental health.

Lewis, (1996)<sup>78</sup> describes the religious belief in a Newar Buddhist merchant community in Kathmandu, Nepal. The study is overviewed in two sections, one it outlines the essential tenets by the sample of community and the other one articulates a series of individual portraits which is in a more extended form which has been found among the Buddhist devotees. In addition, it discusses the effects of two especially salient and intersecting variables comprise the respective local Buddhist traditions such as Newar, Theravadin, or Tibetan and various modern ideologies resemble secular thought. The findings of the study showcase that the Newar Buddhist merchant of Nepal adheres the Buddhist belief and ethics as guidance to run their business even though they absorb new technologies and are adaptable to the rapidly changing environment.

The total earnings of an individual should not consider that he owns it. Where it should be distributed in different forms, some of it should be shared with others, some of the shares should be saved for an emergency, some of it should be allocated as a charity for the community. The individual should hold that a person is just a trustee so that a person should not use his earnings selfishly or for unworthy purposes (Kyokai, 2008).<sup>79</sup>

Weerahannadige & Cohen, (2013)<sup>80</sup> examined the role of Buddhism in association with highly skilled women workers' careers in Sri Lanka and has highlighted the complex relationship between women's faith and their career development. The study was conducted based on one-to-one face to face interviews with the sample of twenty-one women workers who were the followers of the Buddhist tradition. Based on the results of the study, it was found that the precepts of Buddhism have helped to develop women's careers. Furthermore, it has provided them the strength to subsist

with the arduous situation at the workplace. It has also perceived that good Buddhist women workers act as powerful to have better career capital. Moreover, they have also used their faith to tackle gender disadvantage in the workplace.

Luong & Nguyen, (2017)<sup>81</sup> investigated the impact of Buddhist ethics on employee performance and the ethical leadership in Southern Vietnam. It has employed the four factors of Buddhist ethics such as honesty, fairness, and equality, humanity and cooperation at the workplace. The survey was undertaken at 95 enterprises with 357 participants in Southern Vietnam. The result outlined that the four main factors of Buddhist ethics have statistically significant positive impacts on individual behavior and ethical leadership. It has also indicated that with the mindsets of Buddhist perspectives, business leaders were able to generate attractive and credible models to manage the followers more effectively and efficiently. Further, it also signified that a positive attitude will devote more effort to achieve business goals with a good ethical system.

Pandit, (2017)<sup>82</sup> in his book titled ‘Buddha at Work’, highlighted the eight leadership lesson from the life of Buddha. The lessons were i. To follow an individual's dream one is expected to feel free by disrupting the natural order of thing, ii. One is expected to be like stirring water, iii. To achieve goal one should not be distracted by criticism, iv. Fair and inclusive, v. For maintaining cordial relationship one must act as a friend rather than a mentor or a boss, vi. Should maintain the skill of self-discipline, vii. Compassionate, viii One should improve oneself before taking heed on others. In addition, the book outlines the methods of managing stress and guidance for handling the dynamic work environment.

The study investigated the effects of Buddhist maxims on materialism. The Buddhist canons of the Four Immeasurables such as compassion, loving-kindness, empathetic joy, and equanimity are used to tame consumers' materialism. The result of the study highlighted that the tenants of Buddhism assist in lowering materialism directly with the help of Four Immeasurables(Pace, 2013)<sup>83</sup>. Kamble & Suradkar, (2017)<sup>84</sup> described the Buddha's endorsement in view of modern managers. The lord recommended managers to be mindful, compassionate, compliant, open-minded, to acknowledge that nothing is permanent or non-permanence. Furthermore, claims that enlightened management is about accepting change, creating harmony with employees and people should be treated with dignity and respect.

## **2.2. Research Gap**

Ethics has become an imperative aspect of managing businesses in today's modern and dynamic business world. Religion is the oldest source of moral values that can help guide an individual to follow the virtuous path. Buddhism has been implied in managing different areas of businesses such as maintaining cordial relationships between employees and employers, building ethical leaders, managing workforce diversity so on and so forth. However, there exists a major gap in applying the Four Noble Truth and Noble Eightfold Path in solving an ethical dilemma in an organization. The study will also provide an insight into a comparative analysis of Buddha's ethics and modern moral philosophies.

## **2.3. Conclusion**

While all the religions hold some or the other kinds of teachings that would be applicable in managing modern businesses. Different scholars have indicated



Buddhism in different ways some ponder it as a religion, a philosophy, psychology, and ethical system and some even considered as an art of living.

The focused review of literature on Buddhism and business ethics indicates that while prior research has found the positive relations of Buddha's teachings such as impermanence, self-understanding, mindfulness practices, the Noble Eightfold Path in improving the leader's performance, Vipassana meditation in managing stress, team building, conflict management, good governance and to be adaptable with the dynamic business environment. But there is no research indicated on applying the Four Noble truth and the Noble Eightfold Path in solving ethical dilemmas in an organization. Hence, this thesis is focused on exploring how Buddhist precepts would help resolve business problems or dilemmas that emerge in day to day business life

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## CHAPTER 3

### BUDDHIST ETHICS

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#### **3.1. Introduction**

This chapter briefly covers the origins of Buddhism, evolution, schools of Buddhism and the main tenants of Buddhism. The objective of this section is to indicate that although there are many schools of Buddhism that are being practiced around the world today this research is particularly based on a Theravada Buddhist context.

#### **3.2. Origins of Buddhism**

In 566 B.C, Queen Mahamaya and King Suddhodana bore a Prince called Siddhartha Gautama in Lumbini (present-day Nepal).<sup>1</sup> As a young prince, he led a luxurious life without being indulged in any kind of hardship or suffering. However, he renounced all his status and material possessions in search of liberation, after he encountered an old man, a sick man, likewise a corpse, and an ascetic.<sup>2</sup> Siddhartha was attracted by the ascetic's demeanor and was troubled with spiritual insights. And for six years he sought salvation by extreme torture and several physical suffering to his body. However, he realized that with such extremism he could not attain liberation and he instigated to follow the 'middle path'.<sup>3</sup> The chronological interpretations state that Prince Siddhartha on the cultivation of insight Vipassana meditation was liable to achieve the three great consciousness such as the knowledge of past lives, the knowledge of dependent origination and the knowledge of eliminating desire and the path of inclining towards to become the Buddha<sup>4</sup> or 'the enlightened one' or 'the

awakened one'.<sup>5</sup> Afterward, he enlightened his disciples on how to lead a virtuous life and helped them to liberate themselves from reincarnation and rebirth.<sup>6</sup>

After the death of the Buddha 2550 years ago, Buddhism evolved in India and then across other parts of Asia.

### 3.2.1. Evolution of Buddhism

Bapat, in his work '*2500 years of Buddhism*', elucidates the evolution of Buddhism after the First, Second, Third and Fourth Councils.<sup>7</sup> The sole objective of conducting councils was to preserve the edifies of the Buddha in its purest and original form.

- **First Council:** After three months' death of the Buddha the First Council was formed. The history signifies that the main motive of holding First Council was made after Subhadda's statement to other monks who were lamenting on the death of the Buddha by stating them to think that it is an opportunity of the death of Buddha to free themselves from the bondage of strict monastic rules. Mahakassapa was alarmed by this statement and subsequently, he conducted the First Council which included the '*dhamma*' (the edifies of Buddhism) '*Vinaya*' (rules particularly for monastic discipline) and '*Abhidhamma*' (pedagogy on all the mental and material elements of the Buddha), which were preserved in purest form.<sup>8</sup>
- **Second Council:** The Second Council was formed after the era of the death of the Buddha. Buddhism's first division has ensued after the Second Council.<sup>9</sup> The division was made between the '*Theravadins*' and '*Mahasanghikas*'. Wherein, the '*Theravadins*' comprised of orthodox monks whereas the '*Mahasanghikas*' included monks who were differed from the rules. The

division of early Buddhist monks formed the two main sects of Buddhism. Later, the Theravada school maintained eleven sub-sects whereas *Mahasanghikas* established seven sub-sects.

- **Third Council:** During the reign of Emperor Ashoka, the Third Council was formed to re-establish the purity of Buddhism. Under the leadership of Moggaliputta Tissa, the Third Council was formed.<sup>10</sup> The significant consequence of this Council was the dispatch of Buddhist missionaries to Asia, Africa, and Europe.<sup>11</sup>

### 3.2.2. The Two Main Schools of Buddhism

The two main schools of Buddhism that are widespread in today's contemporary world are Theravada and Mahayana. 'The doctrine of the elders' or early Buddhist vehicle are the other names of Theravada Buddhism.<sup>12</sup> Moreover, it is also accepted as the more orthodox of the two schools.<sup>13</sup> Basically, Theravada Buddhism is practiced in South and South East Asian countries, for instance, Sri Lanka, Cambodia, Laos, Burma, and Thailand.<sup>14</sup>

On the other hand, Mahayana Buddhism is called 'the great vehicle'.<sup>15</sup> Mahayana Buddhism is predominantly practiced in North Asia. Marques advocated that in the first century Mahayana Buddhism emerged from the early Buddhist tradition meanwhile Bapat argues that there is no such evidence that it has existed after the fourth Council in 100 C.E.<sup>16</sup> Furthermore, it is asserted that only after the birth of Nagarjuna in the second century C. E. Mahayana Buddhism became more popular and gained momentum.<sup>17</sup> The Madhyamika and Yogacara schools are the further divisions of Mahayana Buddhism in India.<sup>18</sup> While, in the second century C.E. Madhyamika school was originated under the leadership of Nagarjuna and Aryadeva. Whereas

Yogacara school was formed in eighth century C. E. by teachers such as Asanga and Vasubandhu.<sup>19</sup>

From then on, in Northern Asia, several other Mahayana Schools have emerged such as the Tantra school of Tibet,<sup>20</sup> Nepal, and China, the Vinaya School, the Vijnanavada School, the Sukhavativyuha School, the Avatamsaka school, the Madhyamika School and the T'ien-t'ai School in China; and Ch'an (Dhyana/Zen) Buddhism and the Pure Land sect in China and Japan.<sup>21</sup>

Marques indicated the three significant elements of Mahayana school are:<sup>22</sup>

- the emptiness of all things,
- the importance of compassion, and
- the acknowledgment that everyone can become a Buddha.

Hence, Mahayanist believed in the concept of '*Bodhisattva*' which means that every individual has the ability and can become a Buddha or enlightened one by guiding others to liberate themselves from the bondage of suffering.<sup>23</sup> Therefore, there is a clear indication of the difference between the Theravada and Mahayana schools. Theravada Buddhism believes and puts greater emphasis on seeking liberation or enlightenment in this life itself without any deferment.<sup>24</sup> Despite being differences both Theravada and Mahayana Buddhism take into account that the Four Noble Truths as the crux of the Buddha's teachings.<sup>25</sup> Consequently, the following sections of this Chapter elaborate on the basic teachings of *Dhamma* and Buddhist ethics for laypersons.

### 3.2.3. The Buddhist Sangha

Sangha refers to a place where all the Buddhist monks and nuns meet together to discuss and listen to religious discourses. The Buddha formulated several rules for the Sangha wherein a separate rule was specified for monks and nuns. To be a member of Buddhist Sangha there were few rules, an individual has to complete fifteen years', a family person should seek permission from their guardians and a person should not have any kind of disabilities.

At the initial stage a novice is required to shave hair, put on yellow robes and should take the three vows which are as follows:<sup>26</sup>

1. To take refuge in the Buddha
2. To take refuge in the Dharma
3. To take refuge in the Sangha.

After taking the three vows an individual is required to observe the ten precepts.<sup>27</sup>

**Table 3.1: The Ten Precepts**

Sl. No.	Ten Precepts
1	Refrain/abstention from killing
2	Refrain from stealing
3	Refrain from sexual intercourse/adultery
4	Refrain from telling false
5	Refrain from alcohol
6	Refrain from having afternoon
7	Refrain from music, dance, etc

8	Refrain from using garlands and perfumes.
9	Refrain from using luxurious beds
10	Refrain from accepting gold and silver.

**Source: Compiled by the Researcher.**

A novice is mandatory to undergo training for ten years and practice morality under the guidance of his teacher. After completing the training period one is accepted as a monk of the sangha.

### **3.3. The Teachings of Buddhism (*Dhamma*)**

The Buddha in the *Mahaparinibbana-Sutta* opined his disciples to take refuge in Buddha, *dhamma*, and *sangha* by taking into consideration '*dhamma*' as their guide in life. '*Dhamma*' consists of six characteristics which are as follows:

- The Buddha expounded all his tenants profoundly.
- It advocated that an individual should realize '*dhamma*' independently through the practice of meditation.
- Without any delay, it inclines to provide fruits to its practitioners.
- The Buddha advocated others not to believe his tenants blindly instead invites people to 'come and see' and experience it for themselves.
- Suggested to practice continuously and
- The wise should understand it diligently for herself/himself.<sup>28</sup>

Thus the meaning of '*dhamma*' in simple terms refers to the law or the principles that help an individual to lead the right path. The 'Four Noble Truths' constitutes '*dhamma*' in Buddhism.<sup>29</sup> The Four Noble Truths is encompassed as the heart of Buddhist teachings. Suffering, the cause of suffering, cessation of suffering, and the

path leading to the cessation of suffering are the Four Noble Truths.<sup>30</sup> As such it has been already indicated before that there is no dispute amongst Theravada and Mahayana Schools about these teachings.<sup>31</sup>

The edifies of Buddhism can also be primarily categorized under the three themes of Buddhism such as suffering, impermanence, and non-self.<sup>32</sup>

The following section of this Chapter uses this framework to clarify Buddhist teachings.

### **3.3.1. The Doctrine of suffering (*dukkha*)**

The first noble truth is called suffering; it basically signifies all types of human suffering or unsatisfactoriness.<sup>33</sup> According to Pio, there is no such word in the English language that exhibits the meaning of *dukkha*.<sup>34</sup> Hence, she indicated that the meaning of '*dukkha*' varies from "grief, misery, distress, agony, afflictions, suffering, discomfort, pain, despair, etc."<sup>35</sup> As stated by the Buddhist teachings, distress, unsatisfactoriness or suffering befalls because of the impermanent nature of conventional reality.<sup>36</sup> Overall, in Buddhism suffering arises because of our attachment to material things that are not permanent.<sup>37</sup> For example, an individual may fall deeply in love with another individual. As we know that the life of a human is uncertain and one day our relationship may end at any time hence being too much attached with a person whose life is uncertain may cause suffering or despair to an individual. Therefore, Buddhism imparts that attachment to material things is themselves not permanent and brings despair or unsatisfactoriness to individuals.<sup>38</sup>

Secondly, the key causes of suffering are desire, delusion, and anger.<sup>39</sup> According to Gowans the term craving is closely related to "greed, lust, envy, hatred and clinging."<sup>40</sup>

Thirdly, Buddhism states the way of eliminating suffering by attaining enlightenment.<sup>41</sup> However, Enlightenment is achieved by eliminating the origins of suffering,<sup>42</sup> which will ultimately put an end to the ‘dependent origination’ or “the wheel of life”<sup>43</sup> of an individual. Dependent origination comprises of the 12 links that bind an individual to her/his life-cycle or rebirth.<sup>44</sup> As Buddhism indicates that it is sufficient to break one of the 12 links to break the life-cycle or rebirth of an individual.

Finally, to eliminate or end human suffering and to achieve liberation it is expounded with the help of Noble Eightfold Path. It is also called a middle path or virtues.<sup>45</sup>

Basically, the sole objective of the Path is inclined to the moral development of individuals in their pursuits to gain liberation from ‘suffering’. The Noble Eightfold Path is allocated into three groups such as ethical conduct, mental discipline, and wisdom.<sup>46</sup> Ethical conduct embodies the right speech, right action, and right livelihood. Likewise, the right effort, right mindfulness, and right concentration impart an individual to develop mental discipline. Therefore, as per Buddhism once an individual develops ethical conduct and mental discipline then an individual will progress to wisdom, which comprises of right view and right thoughts. Based on the above discussion the essential attributes of ‘*dhamma*’ are considerate to the Noble Eightfold Path and it is suggested to follow through the practice of meditation instead of just having an understanding mere at an intellectual level. Under the right view, there are three types of wisdom, for instance received wisdom, intellectual wisdom and experiential wisdom.<sup>47</sup> Hence, the general meaning of wisdom is embodied from other sources such as reading and listening. The literal meaning of received wisdom is



wisdom that is acquired from others by reading books, journals, magazines and by attending seminars, courses or workshops, etc.

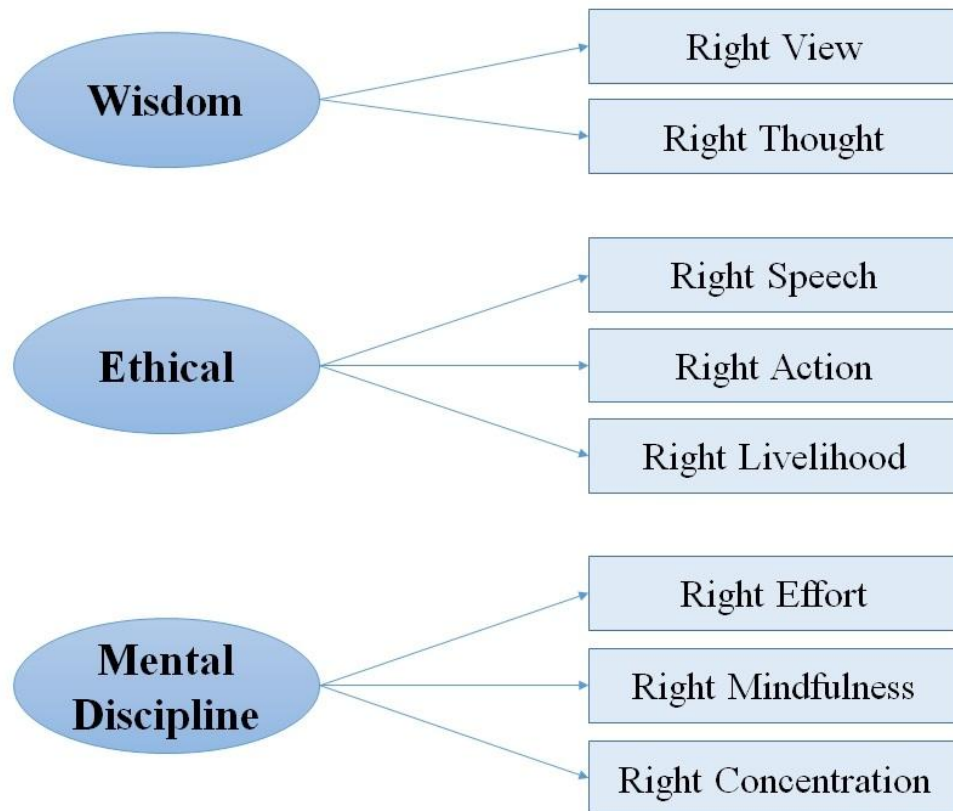
Right effort, right mindfulness, and right concentration come under the head of the Mental discipline of Noble Eightfold Path. Wherein, the Right effort is the effort that makes by an individual in order to avert unwholesome or negative or evil thoughts from arising of wholesome or good thoughts. Hence, the right effort is also referred by some as due diligence.<sup>48</sup> There are four characteristics of right effort such as:

- i. Purposefully preventing an unwholesome state of mind from arising;
- ii. Cessation of unwholesome state of mind which has already arisen;
- iii. Creating good and wholesome states of mind that have not appeared, and
- iv. To progress further the impeccable and wholesome state of mind.<sup>49</sup>

Generally, in Buddhism right mindfulness inclines to emphasis on being constantly aware of one's body, feelings, mind, and bodily-objects.<sup>50</sup>

Right concentration focuses on the four '*dhyanas*', which are also called "trances".<sup>51</sup> These involve four stages with an increasing degree of understanding. The first *dhyanas* help an individual to discard unwholesome thoughts such as lust, desire, passion, and worry. In the second *dhyana* all cerebral actions are released while the characteristics of happiness and equanimity remain. Thus, feelings of joy and happiness still exist at this stage. When a meditator reaches the third *dhyana*, the feeling of joy vanishes, and equanimity arises. Then once an individual attains the fourth *dhyanas*, she/he will lose both positive and negative sensations, such as joy and sorrow. At this stage, the meditator will experience only "pure equanimity and

awareness".<sup>52</sup> Consequently, equanimity (i.e. the ability to maintain a balanced mind) is the highest form of happiness.



**Figure 1.1: The elements of the Noble Eightfold Path.**

**Source:** Designed by the Researcher

### **3.3.2. The Canon of Impermanence (*anica*)**

Buddhism believes that everything that is generated from anything else is considered as impermanent.<sup>53</sup> Hence, impermanence occurs because all possessions or things are developed through cause and effect and are inclined to change constantly. It is also called the 'Doctrine of Karma'.<sup>54</sup> The word 'karma' means an action.<sup>55</sup> Hence, as per Buddhism, to have any effect of karma it has to be supported by intention. As such intention is allied to be either good or bad.<sup>56</sup> For instance, a person unintentionally took someone's belongings by mistake then such action would not be contemplated as

unwholesome action. As the person has no intention to steal it. Whereas if an individual intentionally or by knowingly takes things that belong to someone else then such action would be considered as unwholesome. Hence as per Buddhism, a person's intention would play an imperative role at the time of taking any action and in determining the wholesome or unwholesome action. Although some researchers indicate that impermanence acts as an "optimism for better alternative", as Buddhism believes that change is the only continuous thing in the world.<sup>57</sup>

### **3.3.3. The Doctrine of No-Self (*anatta*)**

Buddhism claims that the desire that leads suffering to an individual is due to one's delusion of self.<sup>58</sup> It is advocated that the belief of 'self' or 'ego' is similar to the notion of "illusory perception."<sup>59</sup>

Hence, as per Buddhism, the existence of 'self' ultimately leads an individual to suffer because the action of an individual whether they are good or evil will ultimately generate karma and in turn bores rebirth. Craving, delusion, and anger are the three causes that bind an individual to the cycle of continuous rebirth.<sup>60</sup> Therefore, Buddhism advocates eliminating those three causes with the help of imbibing wisdom, love, compassion, and generosity. So, Buddhism recapitulates that those who seek to achieve enlightenment are inclined to practice the Path diligently. (*Mahaparinibbana-Sutta, DN 16*). Despite that, it can be assumed that an individual's awareness of 'non-self' results in determining what is ethical or unethical means.

### **3.3.4. Buddhist Ethics: The Discipline (*Vinaya*) for Lay Persons**

The collection of the monastic discipline comprises a set of rules to Buddhist monks, likewise for laypersons it offers five precepts, ethical conduct of the Path, and the

code of discipline such as *Singalovadha Sutta*.<sup>61</sup> Hence, Buddhism emphasizes the importance of discipline as the foundation for attaining liberation for common people.

### **3.3.5. The Precepts**

The five precepts for the morality of laypersons are as follows:<sup>62</sup>

- i. To refrain from killing;
- ii. To abstain from stealing;
- iii. To abstain from sexual misconduct;
- iv. To refrain from lying; and
- v. To abstain from alcohol as it causes intoxication and indolence.

Thus, the five precepts are the minimum and common discipline which are required for lay persons. However, these precepts advocate an individual to abstain from taking life, stealing, deception, and liquor. But it encourages individuals to foster the qualities of non-harming, discipline, harmony and honesty.

### **3.3.6. Ethical Conduct (*Silla*) in the Noble Eightfold Path**

Ethical conduct comprises of right speech, right action, and right livelihood.<sup>63</sup>

Whereas, right speech means abstaining from four types of communication such as false speech, hateful or unpleasant speech, abusive speech and idle speech.<sup>64</sup>

Thus, the right action states that an individual should abstain from taking life, robbery, deceitful dealings, sexual misconduct, and instead one should encourage others to lead "a peaceful and honorable life in the right or ethical way".<sup>65</sup>

Right livelihood is the third component of ethical conduct. Where a person should not engage in those activities that may bring harm or suffering to others.<sup>66</sup> In turn, an individual who follows ethical conduct may abstain from involving in activities such as false speech, cheating or sexual harassment in organizations.

### **3.3.7. The Code of Discipline for Lay persons ('*Sigalovadha Sutta*')**

As per Buddhism the four groups for instance: parents and children, husbands and wives, teachers and students, and employers and employees deserve to be respected and worshipped.<sup>67</sup> Hence, the duties and responsibilities of these four groups have been illustrated in the Buddhist discourse of the '*Sigalovadha Sutta*'. It is also known as the code of discipline for lay persons, wherein it has indicated the 'do's and don'ts to be followed by lay people.

While in this *Sutta*, Lord Buddha has counseled the laypersons to maintain discipline by eluding the four immoralities in conduct, the four intentions of evil actions and the six reasons for wasting wealth.<sup>68</sup> Hence, the four vices of conduct consist of killing, stealing, infidelity and untruthful whereas '*partiality, enmity, stupidity, and fear*' establish the four motives that motivate an individual to commit evil actions.<sup>69</sup> The six ways of wasting wealth comprise: '*drink, frequenting the streets at unseemly hours, haunting fairs, gambling, associating with evil friends and idleness.*'<sup>70</sup>

### **3.3.8. Loving- Kindness (Metta)**

Loving-kindness and compassion are considered the most important daily practice for a Buddhist practitioner in Theravada Buddhist tradition. Loving-kindness is known as *Metta* and *Karuna* as compassion. They are regarded as the first two sets of four qualities which also include *mudita* which is known as sympathetic joy or gladness at

others' success and *upekkha*, which is called equanimity. These are known as the divine abiding or Brahma-Vihara.<sup>71</sup>

Loving-kindness is defined as taking care of others, feeling a sense of unselfish connection with them, and wishing for their wellbeing.<sup>72</sup> Dhammapada (*verse 223*) defines Loving-kindness as:

*“To conquer anger through loving-kindness; unkindness through kindness;*

*Stingy through giving and conquer the liar through the truth”.*<sup>73</sup>

It is also acknowledged as an important type of meditation.<sup>74</sup> The prior research indicates that practicing loving-kindness meditation helps an individual in eliminating or lowering stress, depression, negative thoughts such as anger, fear and also inclines to improve the wellbeing of an individual.<sup>75</sup> For instance, Garrison and colleagues advocated that practicing loving-kindness meditation helps an individual to accept, understand and compassion for oneself and others.<sup>76</sup> Similarly, the other study also indicates that loving-kindness meditation helps one to engender connectedness with an individual itself and others.<sup>77</sup> Thus, it can be assumed that the cultivation of loving-kindness assists an individual to accept and be content with oneself and as well as with others.

Basically, in Buddhism, the main objective of developing loving-kindness is to eliminate 'self or I' by wishing the happiness and wellbeing of all creatures.<sup>78</sup> Moreover, the cultivation of loving-kindness starts with an individual itself. First, a person should love himself and be less judgmental, unhappy, depressed and anxious. Hence, when an individual supple loving-kindness to oneself as well as others by experiencing the nature of reality by practicing mediation then such person may not

adhere to her/his 'self'. Thus when an individual loses the notion of self then she/he may incline to make good decisions which will be advantages to both self and others as well.

### **3.3.9. Compassion (*Karuna*)**

It is contemplated that compassion and loving-kindness are said to counterpart each other because both the practice defines that one cannot wish another's wellbeing without feeling his/her suffering.<sup>79</sup> However, loving-kindness stresses the positive side whereas compassion is said to emphasize the negative side such as 'suffering or anguish for oneself and others.'<sup>80</sup>

Thus, the word compassion is made up of two words, where 'co' means together and 'passion' refers to strong feelings.<sup>81</sup> In other words, compassion means when we see others pain as our own and help them to lessen or eliminate their pain considering as our own. The Buddhist scriptures state that once an individual develops loving-kindness to oneself and others then an individual would gradually spread compassion towards himself and others. The advantages of cultivating compassion consist of lowering and eliminating negative emotions such as anger, fear, and stress.

The blessed one has mentioned the eleven benefits of cultivating loving-kindness in *Anguttara Nikaya V.342*. The eleven advantages of practicing loving-kindness are as follows:<sup>82</sup>

1. A person will have sound or happy sleep.
2. An individual will wake up joyously.
3. Will not have a vicious nightmare.
4. One is loved by all people.

5. One is loved by all non-human beings too.
6. One will be protected by the divine gods.
7. An individual will not be harmed by fire, poisons or ammunition.
8. One will easily achieve the concentration of absorption.
9. A person's demeanor will be tranquil, peace and calm.
10. One will die without bewilderment.
11. One will reappear on the Brahma level after death.

Thus, the consequences of practicing loving-kindness and compassion in daily life ushers to a pleasant and joyous life. Many previous research has found that the cultivation of loving-kindness meditation results in lowering stress, anxiety, fear, and anger and subsequently help in improving the wellbeing of an individual.<sup>83</sup> It is not only with oneself but with all sentient beings. It reaps maximum benefits if it is practiced thoroughly and carefully. So, this teaching is similar to the utilitarianism philosophy, where it defines that the action is regarded as moral if it produces maximum benefits to society and minimizes harm towards society.

### **3.4. Conclusion**

The pure form of Buddhist text and scriptures were evolved after the First, Second, Third and Fourth Councils. The main objective of conducting councils was to preserve the edifies of the Buddha in its purest and original form. Although there are many schools of Buddhism the two main schools are Theravada and Mahayana. This study is particularly based on Theravada text. The teachings of Buddhism are considered as 'dhamma' which means principles or rules which guides an individual to lead a noble path. The teachings of Buddhism highlighted in this chapter are the



doctrine of suffering, Impermanence, No-Self, the precepts, the code of discipline for laypersons (Sigalovadha Sutta), Loving-Kindness and Compassion.

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## CHAPTER 4

### ETHICAL ISSUES IN MODERN BUSINESS

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#### 4.1. Introduction

The current chapter is divided into two parts. The first section of the chapter discusses the emerging ethical issues concerning marketing, finance, human resource management, and information technology. While in the second section, ethical issues common across all disciplines are discussed.

The ethical issue is defined as a situation or problem confronted by an individual or organization which entails diligent investigation and deliberation to make a good or ethical decision.<sup>1</sup> It may arise from different sources such as organizational goals and objectives, lack of integrity, workforce diversity, workplace violence, conflict of personal values and beliefs, etc.

In today's dynamic business environment, many ethical challenges are propping up, and they should be handled in a rational, lucid, and diligent manner. Leaders and managers of an organization should ensure that they abide by the ethical practices of an organization and ensure that the interest of the shareholders, employees, customers, suppliers, dealers, and the government are always protected. Failure to abide by the ethical rules would lead to an organization often being the prey and a victim of numerous scams and scandals. Examples of such scandals include the Enron fraud in 2001, which cost \$ 74 billion to its shareholders and the case of Satyam, where Satyam was found guilty of falsifying revenue and cash balance in 2009.



## 4.2. Ethical issues in the Marketing mix

Marketing is an essential part of a business and is often regarded as the heart and soul of a business. Without marketing, the business would not be able to make any sales, identify consumer demands, market price, and the level of competition in the market. Marketing managers are often under enormous stress to deliver upon reaching their targets, maximize revenue, and deal with the level of competition existing in the market. Owing to the immense pressure of delivering better results, firms are often associated with various unethical practices. Unethical practices have been a very regular phenomenon in the field of marketing today. The subject of marketing has been principally vulnerable to criticism of unethical practices.<sup>2</sup> Some have even pondered marketing as one of the worst offenders of the business function.<sup>3</sup>

The four Ps of marketing are the product, price, place, and promotion. These are the set of tools that the marketers use for implementing their marketing strategy. Necessarily the firms are expected to use these marketing mix tools comprehensively so that it would communicate and deliver the intended value to potential customers.

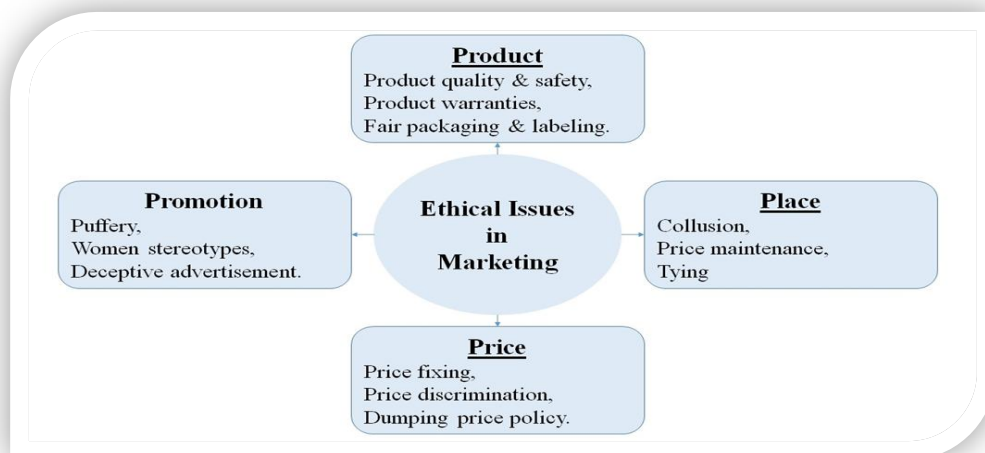


Figure 4.1. Ethical Issues in Marketing Mix

Source: Designed by the Researcher

#### **4.2.1. Ethical Issues Related to Product**

The company's decisiveness while offering products to customers depends upon better quality, safety, packaging, branding, and warranties of the product. Given below are a few examples of the important ethical responsibilities a firm should undertake while delivering the product:

- I. One of the primary roles of a business organization is to provide products and services that are of the highest quality and is a value for the money paid by the customers. Business firms often mislead their customers by tricking them into assuming that the products that they are offering are of the finest quality through flashy signs and advertising. Firms should stick by the standards of the products that are set by their governments. Setting a higher standard of products and services should be the hallmark of the companies.
- II. All the information related to the composition of different raw materials and chemicals used while developing the products should be clearly and correctly mentioned in the products. Companies should not use vague words in the description that will confuse the consumers. Clear instructions, warnings, and correct information regarding the usage of a product should be mentioned by the company in its products.
- III. It is the sole responsibility of the manufacturer to provide requisite information about the products. The information should not be confusing and misleading to the consumers. For instance, companies label their product stating as fat-free, cholesterol-free but in reality, it does not signify any difference. Companies are obliged to mention information regarding the

disposal of products by labeling whether their product offered is eco-friendly/biodegradable.

- IV. Warranties and guarantees which are offered to the customers at the time of purchase of the product should be availed to the customers at the time of need. Whatever companies have mentioned in their documented form has to be fulfilled in no time.

#### **4.2.2. Ethical Issues Related to Price**

Some of the important ethical issues related to pricing strategies are:

##### **I. Price Fixing**

It is a situation where two or more companies come together to agree to sell or buy goods and services at a specified or agreed price. The companies may specify price either at a premium, discount or fixed. This practice is adopted to increase profit margins but at the other end, it hurts the consumers. For example: In the year 2010-14, the govt. found price fixing in car parts and fined Bridgestone \$425 million. The investigation found that 26 companies were involved in price fixing. Basically, it encompassed seat belts, starter motors, and 150 more parts.<sup>4</sup>

##### **II. Price Skimming**

Price skimming occurs when a firm charges a higher price of a product at the initial stage and gradually lowers the price. The main objective of price skimming is to maximize profit and for quick recovery of their cost. This practice is adopted while launching a new product in the market stating its unique nature and features. This method of pricing is harmful and unethical for

the market. For instance, companies like Apple, Nike, luxury cars, consumer electronics, etc. adopt price skimming at the initial stage.

### **III. Price Discrimination**

Price discrimination is a pricing strategy that charges different prices to different segments of customers for an identical commodity. Companies use price discrimination intending to earn maximum revenues from every customer. The synonyms used for price discrimination are equity pricing, dual pricing, preferential pricing, and tiered pricing.<sup>5</sup> For instance, movie tickets in theaters are priced differently based on the class of seats such as -front row, middle row, and upper class. It may also vary based on the day and slot of Showtime.

### **IV. Predatory Pricing**

Predatory pricing bewitches customers by charging very low prices for goods or services to drive the competitors out of the market and to create barriers for new entrants. In 2013, Amazon offered both the printed and electronic books at a price that was way below than what the retailers and book stores were offering. Such a pricing strategy adopted by Amazon threatened the survival of the retailers and book store vendors. The arguments were that Amazon has become such a powerful online retailer that it literally threatens the life of the publishing industry.<sup>6</sup> Similarly, Reliance Jio service, India's largest telecommunications service provider company owned by Mukesh Ambani, also used this tactic in order to attract customer as they charged the very low price at the time of launching their product and it blew all the other telecommunication companies such as Vodafone, Airtel, Idea, etc.

## **V. Dumping Price Policy**

Dumping price policy refers to a strategy undertaken by a company to charge a low price in the international market than the home market. It occurs, especially in the context of international trade where the manufacturers export a product to another country at prices which are lower than the domestic market. The Chinese products that are available at the market are offered at a very low rate as a result of which it becomes very difficult for traditional companies to offer the product at the same price and compete in the market.

## **VI. Price War**

Price war refers to a situation where the competition between the companies is to lower the price of a product. It indicates the state of intense competition among the competitors. In such a scenario if one competitor lowers its price then simultaneously the other will also lower its prices to match with the prices of the competitor. In short-term it is good for consumers where they can take advantage of the low price but it is not good for the companies in the long run. This may reduce the profit margin of the company and can threaten their survival. The well-established firms could get benefit in the long term.

### **4.2.3. Ethical Issues Related to Place**

Ethical issues concerning the place are as follows:

#### **I. Collusion**

Collusion occurs when companies come together to agree to charge the same amount for a product. It is considered illegal as it limits the competition. For example, the butcher's shop may collude and decide that nobody will sell the meat at less than the specified price.

## **II. Price Maintenance**

Agreement undertaken by the manufacturer in order to fix the minimum price of a product and the retailer is expected to sell it at the specified price mentioned by the manufacturer. Since the price is maintained by the manufacturer and passed on to the retailer. This kind of practice is considered unethical.

## **III. Tying**

Tying is basically incorporated by the company in a monopoly situation, where the customers are compelled to buy two products even if they want to buy only one product. For instance, brush with Colgate, glass or bowl with biscuits, etc.

Eg: Bajaj Finserv EMI service – mandatory pay extra amount for a warrantee of 1yr along with the product. Although a 1year warrantee is given at the time of purchase making a warranty period 2years at the end.

## **IV. Exclusive Dealings**

In this case, suppliers may choose to deal with only selected distributors and avoids dealing with other distributors as a part of the anti-competitive motive. Hence, giving preferential treatment to a particular distributor and at the same time neglecting the other distributor is also contemplated as an unethical practice.

Some of the ethical issues found in marketing personnel are <sup>7</sup>

- Accepting bribes, gifts, and gratuities while purchasing and selling a commodity.
- Cheating customers.

- Dilemmas in deciding between short-run pressure from management to meet a sales quota and long-run goals of achieving customer confidence and satisfaction.
- Offering low quality and harmful products to underdeveloped countries.

The American Marketing Association developed a code of ethics for the marketing professionals which are as follows: <sup>8</sup>

- **Do no harm:** This means a marketing professional should consciously avoid harmful actions or omissions by embodying high ethical standards and adhering to all applicable laws and regulations in the choices they make.
- **Foster trust in the marketing system:** This means a marketing professional should strive for good faith and fair dealing to contribute toward the efficacy of the exchange process as well as avoiding deception in product design, pricing, communication, and delivery of distribution.
- **Embrace ethical values:** This means a marketing professional should build relationships and enhance consumer confidence in the integrity of marketing by affirming the core values such as honesty, responsibility, fairness, respect, transparency, and citizenship.

These codes of ethics act as a guiding tool for the marketers, leading them to choose the right action and act accordingly at the time of the dilemma. The established code of ethics assists the marketers to highly value their company's interest.<sup>9</sup>

#### **4.2.4. Ethical issues related to Promotion:**

Promotion involves relevant activities such as advertising, sales promotion, direct marketing, personal selling to inform and remind prospective customers about a particular product offering. The goal of a promotion is to persuade the target consumer to buy or consume the product offering. The sole objective of the promotion is to increase the sale of products or services.

There are several types of promotion which leads to unethical issues:

#### **4. Puffery**

Puffery is a form of advertisement in which the companies make subjective opinions regarding their commodities with the sole objective of attracting more buyers.<sup>10</sup> The companies claim that their products are more superior to others without any evidence. For instance, Horlicks claims that a boy becomes taller, sharper and stronger after drinking it but in reality, a boy cannot be taller, stronger or sharper just by drinking Horlicks. Red Bull, one of the famous energy drink, the advertisement shows that a person after drinking it gets wings. But in reality, we know that after consuming it, wings don't grow on our back. Hence, these are advertisements are based on false and misleading information.

#### **5. Women Stereotype**

Generally, women are showcased, when it comes to the advertisement of household products such as soap, washing powder, detergents, shampoo, etc. Companies mostly sign women for advertising the aforementioned products, resulting in stereotyping the women in our society and limiting them within the four walls. For example, detergent powder such as the wheel, rin, tide, etc.



mostly uses women to promote their product and brand. Atta/flour advertisement also showcase women wherein men too make chapattis at home for the family. Use of women models in products advertisement in Men's razor products.

#### **6. Use of Children in Advertisement**

Companies, in order to increase their sales, use children in their commercial advertisements. The companies take advantage of children's innocence which is considered unethical. Children are used to winning customers' emotions. For instance, set-top box advertisements where children make fun and humiliate men to buy a set-top box stating that *uncle ka t.v. Dabba hai Dabba*.

It clearly shows that the children involved in the advertisement are just to win the emotions of the customers.

#### **7. Advertisement on Bad Habits**

Offensive advertisements, for instance, tobacco, alcohol, pan masala, cigarettes, etc. are unethical and creates a bad attitude toward consumers and society as a whole. For instance, celebrities and sports persons being an idol of many people and in top position endorsing alcohol, or chewing pan masala give a negative impression to the customers as people are so much attached to the personality of celebrities and they tend to follow that behavior as status or prestige.

#### **8. Bait and switch**

It is a technique of selling goods to the customers by stating that the products are sold at a lower price and making customers an impulsive buyer. But when a customer rushes to purchase it, the seller states that the offer has been closed or not qualified. And they try to sell customer similar products at a higher price.

So this is the case of bait and switch, they try to bait by stating offers at first and later they switch customers by showing other products of a higher price.

For instance, these practices are adopted by vehicles, real estate, etc.

### **4.3. Ethical Issues Related to Finance**

Finance is an integral part of a business. All facets of the businesses depend upon an orderly process of finance. Since the main objective of the business is wealth maximization, in order to achieve it, companies should not renounce ethics. Ethics should be taken as a motivator or instigator instead of considering it as a constraint. Everything that a business does has a financial implication. Business involves financial arrangements, so most of the ethical issues in finance are concerned with financial reporting such as fraudulent asset valuation, fictitious revenues, improper or fraudulent disclosures or omissions, window dressing, etc. A financial manager should manage assets and he should be committed to the principles of fairness, honesty, accountability, and transparency.

Some of the Ethical issues observed in the area of finance are as follows:

#### **I. Excessive Trading**

Generally, it is practiced by the stockbroker with the intent to generate and maximize commission from the clients; instead of assisting them to make benefits. It is a type of churning in which the brokers intend to manipulate and gain profits from the clients.

#### **II. Deception**

Deception is one of the prevalent unethical practices in businesses. The salespersons, agents, etc. deceives the public by using different tactics and misleading information for personal gain. For instance, tax-free or no service fee or 0% interest etc. is an illegal practice.

### **III. Fraud and Manipulation**

Companies fail to provide true information and manipulate the price of securities to create a misleading impression or to misguide the investors to buy or sell the securities. Intending to maximize profit, companies window dress or colors the financial aspects to attract the investors. For instance, Satyam scam, a fraud, which misled the market and other stakeholders by lying about the company's financial health. Even basic facts such as revenues, operating profits, interest liabilities, and cash balances were grossly inflated to show the company in good health.

### **IV. Insider Trading**

Insider trading is advocated as any form of trading based on the inside information or non - public information. However, it is considered unethical as it hampers the common public and the advantages can be availed to a minimum only. For example, the insider trading case of the galleon group where Raj Rajaratnam and Rajat Gupta was prosecuted with the help of wiretap. Rajaratnam had allegedly cultivated network to acquire information from the executives of Intel, McKinsey, IBM and Goldman Sachs. These insiders provided him the non-public information.

The Ethical Norms that are expected to be followed by the Finance executives are as follows:<sup>12</sup>

- **Accuracy:** The financial manager should ensure that all the financial records are accurate and fair. He should reflect on the financial condition of the company according to the generally accepted accounting principles.

- **Transparency:** The information about the material fact of the company such as a change in the senior executives, loss or win of a major contract and new product launches should be fully disclosed clearly and understandable to all.
- **Timeliness:** Information should be disclosed in a regular interval to all the stakeholders. So that the necessary decisions can be taken at the right time.
- **Integrity:** A finance manager should possess impeccable integrity. The manager should disclose the information without any biases and conflicts of interest. In order to have financial gains, a manager should not manipulate the stock prices by selectively disclosing or not disclosing the relevant financial information.
- **Confidentiality:** A finance manager should maintain the confidentiality of information related to the firm and clients.
- **Reporting:** The finance manager must report any violation of the code of conduct or ethics.
- **Disclosure:** A finance manager should disclose all personal or professional relationships with the company's customers, suppliers, and employees and should avoid any conflict of interest.

#### **4.4. Ethical Issues Related to Human Resource Management**

Human Resource Management deals with issues related to recruitment, selection, compensation, performance management, training and development of employees. HRM plays a strategic role in managing people in a workplace. If it is managed properly then it may contribute greatly to achieve organizational goals and objectives. The failure of HR professionals leads to employee turnover, incompetent workers, negative publicity, low employee morale and as a whole it will create a negative impression about the organization. The ethical climate and ethical problems within the

organization signifies the strong relationship. It further outlines that the HR managers having a strong ethical climate reports less ethical problems and is considered more effective and successful in dealing with ethical issues.<sup>13</sup>

Some of the ethical issues that are found in human resource management are as follow:

### **I. Ethics in Human Resource Planning (HRP)**

Human resource planning is a method of forecasting prospective manpower by keeping in view the objective of the organization. HRP reviews the manpower need so that the right person with good skills would be employed in the organization. The main objective of HRP is to employ the right kind of employees at the right time and in the right figures so that the goals of the organization would be achieved effectively. The ethical issues of HRP include excessive workforce than the requirements, improper evaluation of excess or scarcity of resources, etc.

### **II. Recruitment and Selection**

Recruitment is the process of attracting prospective employees and stimulating them to apply for the vacant position in the organization. There are two types of recruitment i.e. internal and external recruitments. Selection means choosing a suitable candidate to fill the vacant position in the organization. Here are some of the common ethical issues that can arise at the time of recruitment and selection.

- Recruiting and selecting workers based on nepotism and favoritism is considered unethical. The study found that selecting candidates based on nepotism and favoritism caused manager the most problem.<sup>14</sup>
- Recruitment done based on internal candidates is considered as unethical.

- HR managers should accept cultural workforce diversity. Discrimination based on gender, racial, culture, customs, age, and social status is unethical. HR managers should support equality and plurality in the organization.
- Adjusting job specification based on the suitability of candidates.
- Recruiting excessive employees than the required numbers and subsequently removing them is also a very common unethical practice. It is espoused by the Indian software companies.

### **III. Training and Development**

Training and development is an essential program of the human resource management department. To sustain in today's dynamic environment, businesses have to continuously upgrade employees with proficient training and development programs. Some of the unethical practices involved in training and development are:

- Hiring inadequate or incompetent trainees to train the employees.
- Selecting trainees based on favoritism and nepotism instead of competency and wisdom.
- Conducting training programs to complete the job and make tedious and tiresome training program.

### **IV. Career Development**

It is the responsibility of both the employee and manager to explore the career planning and development in the organization. The manager's responsibility is to create growth opportunities, financial assistance and to build a cordial relationship with the employee to achieve organizational goals. In the same way, the employees should also be aware of themselves and uphold good relationships and manage the reputation of the organization. Employees

deploying organizations' resources for career advancement are unethical and the managers stalling or hindering the growth of the employees is considered unethical.

## **V. Performance Appraisal**

Performance appraisal is conducted in order to evaluate the employees' job performance and is very helpful for the overall contribution of the company. It should not be evaluated for the sake of formality and employees should also complain regarding supervisory biases in the organization. Some of the specific ethical dilemmas allied to performance appraisal are:<sup>15</sup>

- **Use of trait-oriented evaluation criteria:**

Using subjective evaluation is considered unfair as it often lacks reliability and validity of the performance. Making performance appraisal based on favoritism, nepotism and vengeance are unethical. Banner and Cooke suggested the solution for replacing it with the help of the objective-based and standard-based system. Where, the objective-based evaluates performance based on specific, quantifiable and time-oriented objectives. The standard-based appraisal system evaluates performance with the help of key performance standards determined in job analysis.

- **Issues in formulating performance standards and measurement indicators:**

Quantitative standards are given higher importance for measuring the performance of employees in the organization. Whereas the qualitative aspects are often overlooked because of the difficulty in measuring them. This is considered unethical and may end up rewarding the inadequate performers instead of effective performers. Hence, the organization should

use both the quantitative as well as qualitative dimensions fairly and diligently while formulating the performance standards.

- **Using dissimilar performance appraisal systems within the same organization**

There is a common practice of using different performance appraisal systems within the same organization. For instance, one group of people is rated objectively and the other group subjectively, which results in unfair and unethical outcomes. Employees rated under the subjective system can be either underrated or overrated in comparison with the peers in the objective category. However, to solve these dilemmas of using different performance appraisal systems, organizations should establish a standard-based system to maintain consistency in performance appraisal systems.

- **Use of performance appraisal feedback:**

Performance appraisal is the only formal way to communicate to the employee in respect of his /her job responsibilities. The performance appraisal system is compelled to be objective, valid and reliable. It is imperative to measure performance based on an ethical standpoint. If unfair or feeble feedback system is used, then it would result in making employees subject to exploitation, demoralization, and unworthiness.

## **VI. Lay-Offs**

Lay-Offs is a temporary suspension or dismissal of workers. It has become one of the common trends in an organization. This lay-off could be done more compassionately or humanely. However, there are many alternatives to downsizing which are as follows:<sup>16</sup>



- Organizations may minimize the salary of workers instead of replacing from the job.
- For eluding layoffs, an organization may prefer fresh recruitment.
- For skill enhancement of employee's organization may implement retraining and development programmes.
- Voluntary retirement offers to the employees.
- Organizations may decide to reduce the working weeks of the employees.
- Organizations may also offer part time or contractual basis instead of terminating service of full time workers.

## **VII. Wages and Salary Administration**

According to Lasley, HR managers are expected to redress the issues stated below:<sup>17</sup>

- What should be the basis of determining fair wages?
- What should be the limit of an individual's worth?
- What should be the norms in the ranks system?

Before 1991 in India, the wage policies were a socialist pattern such as:<sup>18</sup>

- Minimization of the unfair gap between the highest and lowest wages.
- Maintaining wage inequalities
- Providing the same wages irrespective of job performance etc.

Fairness should be maintained while designing the salary structure of the employees. Otherwise, the outcomes would be unfair and unethical. The positive and healthy reward system should be formulated so that it would encourage and motivate the performing employees. The salary package should be enough or adequate for the employees to manage their cost of living.

## VIII. Ethics in Job Design

The following are the ethical practices involved in Job design.

- i. **Job Rotation:** Job rotation should be done based on similar skills or work requirements. Some unethical issues in job rotation consist of rotating the worker where no such kind of innovative perspectives are present and this may lead conflicts among the workers who are involved in job design.
- ii. **Job Enlargement:** Job enlargement is a horizontal expansion of the job. It expands the duties and responsibilities of an employee. The main objective of job enlargement is to increase workforce flexibility and to reduce monotony. If it is not done properly then it may negatively affect the employee and also the productivity.
- iii. **Job Enrichment:** Job enrichment is the vertical expansion of the job where it gives more satisfaction to the employee by adding the level of responsibilities such as autonomy, authority, and control over the job. The HR manager enriching the job based on nepotism and pressure is an example of an unethical act.

**Ethical Norms:** The following skills are expected to be followed by the HR managers whenever an ethical situation is encountered at the workplace: <sup>19</sup>

- **Less Harm:** The HR managers to make themselves relevant they must with the interest of the employee's. Hence, it is unethical that the HR manager working under the pressure in order to demonstrate their impact on the bottom line.<sup>20</sup>
- **Fairness and Justice:** The HR manager is expected to treat every employee with fairness and justice. It helps in creating a positive ethical climate and motivates the employee to work enthusiastically in the

organization. Hence, the HR managers should formulate policies based on ethical, fair and just to all.

- **Professional Responsibility:** The following are the professional responsibility of the HR manager: <sup>21</sup>
  - i. Enlightening employees regarding ethical policies and standards.
  - ii. Imparting training and education on ethical policies of the organization to the employees.
  - iii. Monitoring the actions of the employees and ensuring that the employees do not violate the laws and policies.
  - iv. Investigating and examining unethical activities that crops up in the organization.
  - v. The HR manager should serve as an ethical role model in the organization.
  - vi. Should create an ethical environment to generate more ethical leaders in the organization.
- **Conflict of Interest:** The HR manager must act with integrity and to avoid any kind of conflict of interest.
- **The flow of Information:** The HR manager is expected to have a smooth flow of information in the organization. It is the responsibility of the HR manager to safeguard and protect the information of whistle-blowers.

#### **4.5. Ethical Issues in Information Technology**

With the advancement of new technology, new ethical issues are also emerging in the business world. There are numerous ethical issues involved in information technology. Some of them are as follows:

1. Computer crimes are unlawful deeds which includes frauds, murders, theft, online harassment, and virus infection. It affects all businesses that depend on the internet to function. According to the report around \$100 billion is the annual cost of cybercrime.<sup>22</sup> The 2017 report of the Asia Fraud Insight highlights that around 48% of the Indian consumers have come across retail fraud.<sup>23</sup>
2. Errors incorporating while handling and usages of data, loss, and theft of data, and algorithm inaccuracy are some of the important ethical issues on the internet. For instance, the CEO of Facebook, Mark Zuckerberg had to appear for testimony before Congress over the use of 87 million Facebook user's data.
3. Different types of tracker internet activities such as websites plant cookies, spy-ware, viruses on visitor's hard drives are the act of unethical activities.
4. Software piracy and counterfeiting are also one of the biggest menace faced by the IT industry. Spamming is the use of electronic messages to a large number of people on the internet and is unethical.
5. Regulations should be formulated on the indiscriminate advertisements on the internet. Those advertisements disturb the work by intruding unnecessary advertisement. It is observed as unethical.
6. Plagiarism is referred to as the theft of intellectual property.<sup>24</sup> Plagiarising content from the internet such as copying unauthorized usage of materials like movie, music, research materials etc. are all part of ethical issues.
7. Hackers are the one who tries to have legal or illegal access to data. There are two types of hackers, for instance, white hackers and black hackers. White hackers are deemed to be good as they work with the organization and hacks

ethically to secure organizations information. On the other hand, black hackers attempt to gain databases of financial institutions and steal customer information and use it to commit identity. Hence they are considered illegal.

### **Ethical Norms and Code of Ethics for IT Professionals:**

Payne and Landry have tried to through light to synthesize the business and IT code of ethics under the following heads.<sup>25</sup>

- **Consistency:** IT professionals should follow universally consistent actions. Wherein they should endorse the consistency of universally accepted actions and ethical principles.
- **Respect:** The law should be respected by IT professionals and should avoid all types of illegal activities. They should also treat human beings with respect and maintain a confidential relationship.
- **Autonomy:** IT professionals should respect the freedom of all rational beings and should accept assignments for which there is an expectation of achieving reasonable results and professionally perform his assignments.
- **Integrity:** IT professionals are expected to maintain a confidential relationship with people served, act with integrity, should guard the employer's interests and advise the employers wisely and honestly.
- **Justice:** The IT professionals are inclined to observe an ethical code, members should disseminate knowledge about the development and understanding of information processing.
- **Utility:** IT professionals are expected to reliance upon the standards of conduct and established the practice, members should use specialized knowledge and skills for the advancement of human welfare.

- **Competence:** The IT professionals are compelled to embrace the high standard of skill and knowledge, members should strive to increase their competence and prestige of the profession.

This section deals with the common ethical issues that are prevalent across all types of businesses. There are “N” number of unethical practices that exist in modern businesses. So, it highlights some of the important and common ethical issues:

#### **4.6. Recognizing Ethical Issues in Business**

Honesty, fairness, and integrity are the three most important qualities that help deal with ethical issues in business.

##### **I. Honesty**

Honesty refers to truthful, fair, moral, straightforwardness, etc. To be honest means to conduct without lying or cheating. Dobson documents that an ethical person having well internal would never sacrifice honesty for material gain instead he would readily sacrifice material gain for honesty.<sup>26</sup>

The significance of honesty in business is stated as follows:

- It establishes a better work culture that gives confidence to the workers to perform in the right direction and ethical manner.
- It creates consistent behavior in the workplace as the workers follow a code of ethics regardless of any type of circumstance. For example – honest employees may manage customers politely.
- It helps to build trust with the customers. Companies spend years building loyalty and trust with their customers and the important ingredient for building trust is honesty.

## II. **Fairness**

Fairness refers to equality, justice and impartial.<sup>27</sup> Hooker stresses that fairness has a very broad meaning.<sup>28</sup> In a broad sense, 'fair' means a decision that appropriately accommodates all applicable moral distinctions and reasons.<sup>29</sup> In some cases, even inequalities and partiality may look fair. For instance, business stores giving preferential treatment to a disabled person, senior citizen, women, and expecting mothers. It is considered perfectly fair though one person or group is benefitting more than another.

## III. **Integrity**

Integrity refers to having strong moral principles and being honest. A person of integrity maintains consistency of standards rather than behaving in a disloyal manner.<sup>30</sup> It is considered that a person with integrity does not deviate from his moral principles. A business leader should be a man of integrity. Integrity is considered as one of the utmost important quality possessed by the great leader in business. A leader should not compromise their honesty and integrity from telling truth even if it is bitter. An individual should have the courage to say 'no' to any of the wrong activity.

### **4.7. Specific Types of Observed Misconduct**

#### **I. Abusive or Intimidating Behavior**

Abusive behavior is defined as to perform wrong and harmful acts upon others with the wrong intention. It is one of the most common ethical problems which are prevalent in the workplace. It has various forms such as being violent, making threats, controlling someone's behavior, putting pressure on someone to do things that are not comfortable, annoying, bullying etc.<sup>31</sup> These behaviors affect the overall health of an organization. According to a research

report, it has been found that 75% of the participants reported witnessing the mistreatment of co-workers sometime throughout their careers and 47% of the participants said that they have been bullied during their careers.<sup>32</sup> The abusive behavior in the workplace may lead to the following problems:

- It increases the stress level of the employees.
- It leads to absenteeism and turnover of employees.
- It immensely affects productivity and motivation.
- It lowers the morale of employees.
- It also affects the goodwill of the company and lowers the confidence of the customer.

## **II. Lying**

In simple words lying refers to an act of not telling truth. Merriam Webster defines lying as the untrue statement.<sup>33</sup> Further, it can be defined as the statement made to deceive others.<sup>34</sup> According to Thomas Aquinas there are three types of lies which are as follow:<sup>35</sup>

- **Malicious lies:** It is told to harm others.
- **Jocose lies:** These lies are told to make fun.
- **Officious or Helpful lies:** These lies are told in order to help others.

The other type of lie which is very common is a white lie. It is told with an intention to refraining from hurting others.<sup>36</sup> For instance, a friend of mine asks for my opinion regarding the new dress which she bought recently, which I do not like, then out of compulsion I would say that she is looking pretty because I do not intend to hurt her feelings through with my opinion.



### **III. Conflicts of Interest**

Conflict of interest exists when a person is involved in multiple interests. For instance, a manager who has a best friend as an employee working in the same organization. This is a conflict as the manager has the power to give promotions to the employee or not. Conflict of interest basically occurs due to nepotism, hiring friends, etc. to avoid conflict of interest an employee must keep his private interest separate from his business dealings.<sup>37</sup>

### **IV. Bribery**

Bribery is an act of offering some valuable things to someone in order to influence them to do something in favor of the concerned person. A bribe may be in different forms such as money, property, flowers, privilege, valuable goods and services etc. Bribery is considered an illegal activity in most of the developed and developing countries. In the US, a small grease payment given to the officials does not constitute bribery but, in the UK, Europe and India it is considered illegal.<sup>38</sup> The Ernst & Young (EY) Report of 2013 highlighted that 50% of the respondents conceded that they lost their business to competitors due to the latter's unethical conduct.<sup>39</sup> Likewise, the study conducted by Transparency International in 2005 stated that 92% of the Indians accepted paying a bribe at some point to a public official to get their work done.<sup>40</sup>

### **V. Discrimination**

Discrimination refers to giving unfair treatment based on gender, religion, caste, political belief, origin, age etc. Discrimination based on a person's political conviction or affiliation with any union is defined as harassment.<sup>41</sup>

The companies should have a proper procedure for dealing with discrimination in the workplace. Companies are expected to take the following actions in case of any reported case of discrimination:<sup>42</sup>

- The complaint of the victim should be admitted and his complaint should be heard with an open mind and without any bias.
- The discrimination complaint should be kept confidential.
- The procedure of the company and rules laid by law should be followed to analyze the incident.
- Based on the submitted report action should be taken promptly.

## **VI. Fraud**

Fraud refers to deceive intentionally or by omission by giving false information for personal gain. Fraud consists of tax evasion, money laundering, procurement, and payment fraud, overbilling, window dressing etc. Fraud is a punishable crime and it may charge fines or punishment or even both. The rapid economic growth has increased the likelihood of fraud.<sup>43</sup> From a legal perspective, fraud is divided into two groups:<sup>44</sup>

- Frauds by the organization: It carries out the legal risk.
- Frauds against the organization: It involves financial risk.

The report highlighted that the misappropriation of assets inclines the most common fraud committed against the organization, corruption and followed by financial statement related frauds. A few examples of frauds include, in 2002 WorldCom was found guilty by following unacceptable accounting practices and for lying about billions of dollars which is considered as corporate accounting fraud, Enron fraud and Satyam case in 2009, falsifying revenue margin and a cash balance of around \$1.5 billion.

**Frauds may be controlled in the organization with the help of the following steps:<sup>45</sup>**

- Maintenance of a good code of ethics in the organization.
- Hiring trustworthy employees in the organization to reduce fraud.
- Continuous Monitor and educating employees on topics related to fraud prevention and detection.
- Hiring a whistleblower would help in lowering the case of fraud in the organization.
- Creating a positive work culture. Senior managers and business owners should serve as a role model with honesty and integrity.

## **VII. Consumers Deception**

Consumer fraud refers to intentional deception by an individual or group to businesses for their gain.<sup>46</sup> The different types of fraud consist of price tag switching, lying to take advantage of discounts related to income and age, returning the used product by attaching a price tag. Such behavior affects retail stores as well as other consumers. For example, Flipkart's largest e-commerce firm in India was cheated of Rs. 1.56 crores by a gang of proxy customers. These customers used to order expensive and light products such as cameras, mobile phones and wristwatches so that they can carry easily. Once the order was delivered to them they used to put stones, bricks and soil in the package and they used to claim that they have been cheated by Flipkart. The company used to believe and refunded the amount to the customers. Hence, later investigation revealed that the Flipkart has been cheated of approx. of Rs. 1.56 crores by the gang of customers.<sup>47</sup>

## **VIII. Insider Trading**

The Securities and Exchange Commission defines Insiders as any officer, director or owner and shareholders having 10 percent or more of the company's securities.<sup>48</sup> With the help of insiders or confidential information, businesses try to buy and sell securities thus impacting the price of a stock. Hence, few people earn a huge amount of profit and insider trading is considered unethical and unfair practices.

## **IX. Sexual Harassment**

Sexual harassment has become a global phenomenon and has various consequences for the victims. Victims are more prone to significant health problems such as mental and emotional stress that can result in depression, lower productivity, employee turnover, fear and also impacts their personal life. A survey conducted by Indian National Bar Association highlighted that 68% of women victims due to fear of consequences at work do not report their harassment to the concerned authority and it further stated that 38% of women confront sexual harassment at the workplace.<sup>49</sup> The government of India has passed the law by keeping in view the increased incident of women's sexual harassment at the workplace. *The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013* protects against sexual harassment of women at the workplace and for the prevention and redressal of complaints of sexual harassment and matters connected therewith or incidental thereto.<sup>50</sup> The organization should define proper policy and rules of sexual harassment for the safeguard of employees. An internal complaint committee is mandatory in an organization where there are 10 or more employees at each office or branch. Within 90 days, the

committee should investigate the allegation of sexual harassment and a report has to be submitted to the employer or district officer. The organization should take appropriate action of the report within 60 days as per the law.<sup>51</sup> For the prevention of sexual harassment at workplace companies should frame a good policy and guidelines by involving employees, managers, and union representatives. The companies should follow the procedures of reports and solutions should be made in the required time.

#### **X. Financial Misconducts**

Financial misconduct is the violation of policies, guidelines, rules, regulation and ethical standards.<sup>52</sup> It has become one of the important concerns in the modern-day business. The best example of financial misconduct is the banking crises of India in 2017-18 where the banks disbursed the big amount of loans to corporate houses without making a proper assessment of risk.

#### **XI. Intellectual Property Rights**

An intellectual property right is a legal protection given to intellectual properties such as invention, design, symbols, music, books etc. The rights can be exercised for a definite period. The works of the inventor are protected by trademarks, industrial designs, trade secrets, patents, etc.

#### **XII. Environmental Issues**

Industrialization plays a pivotal role in the economic growth and development, but on the other hand, it causes harm to the environment. However, the industrial process causes different changes and pollution to the environment. Some of the important environmental ills caused by business and industry are as follows:

### **XIII. Air Emissions**

Industries emit different types of pollutant gases such as Sulphur dioxide (SO<sub>2</sub>), Carbon Dioxide, Nitrogen oxides (NOX), Carbon Monoxide (CO), etc. These gases are harmful to both the public and environment resulting in climatic change, greenhouse effect, ozone hole and increase desert area. The greenhouse gases include water vapor, methane, ozone, carbon dioxide, nitrous oxide and some man-made chemicals such as chlorofluorocarbons (CFCs), hydrofluorocarbons (HFCs), Sulphur hexafluoride (SF<sub>6</sub>), etc. are immensely polluting the atmosphere. India holds the third position in the emission of carbon dioxide after China and the United States. The global temperature could increase from 1.4 degrees to 5.8 degrees if the proper preventive measure is not taken promptly.<sup>53</sup> However, many countries have started taking sustainable steps for environment protection but the development and adoption of the innovative environment changing technologies are socially a complex process.<sup>54</sup>

So, to reduce air pollution, the business license should include guidelines such as flue installation, guidelines to determine the maximum permitted emission values from sources, guidelines for the prevention and treatment of odor hazards.

### **XIV. Water Pollution**

The effluent water discharged from industrial outlets, treatment plants and gutters are polluting rivers, ponds, oceans, groundwater, damage of transport and unsuitable for agricultural purposes. So, this untreated water released from industries is the major cause of water pollution. The business license should

include guidelines such as the treatment of wastewater following its quality, sludge removal, storage of documents and continuous monitoring.

#### **XV. Land Pollution**

Land pollution is the destruction of the earth's land and it is the result of human action. Industries engaged in hazardous material, leakage of fuel and energy industries cause severe damage to human health and the environment. Excessive use of chemicals, pesticides, and plastics has become a peril to the existence of human life and the environment. The land contaminated with toxic chemicals and pesticides causes problems such as skin cancer and affects the human respiratory system. These toxic chemicals reach our body through foods and vegetables that we eat, which are grown in polluted soil.

#### **XVI. Sound Pollution**

The persistent loud noise is not only a nuisance but can harm the life of human beings and animals. High levels of noise contribute to cardiovascular effects in humans and may damage permanent hearing loss. In animals, it can increase the risk of death.

#### **XVII. Privacy Matters**

Privacy is defined as the concern of individuals, groups or institutions to determine for themselves, how and to what extent information about them or other individuals, groups or institutions is communicated to others.<sup>55</sup> It is the secret information or personnel matters of an individual or organization. The best and recent example of the privacy issue in the case of Facebook. As it is one of the most used social networks worldwide. Where a whistleblower revealed that a consulting firm Cambridge Analytical used the personal data for political or commercial advertisement. However, the survey found that 96

percent of popular commercial websites collect information from its visitors. Mark Zuckerberg had to appear for testimony before Congress over the use of 87 million Facebook user's data.<sup>56</sup>

The following are aspects of the privacy which are to be respected and should be made known to an individual:<sup>57</sup>

- i. What information is stored?
- ii. Who is storing the information?
- iii. Who has accessed the information and they have a right to?
- iv. Examine
- v. Correct and
- vi. Limit it.

#### **4.8. Conclusion**

Ethical issue is a situation where an individual has to make the decision consciously through rigorous investigation and deliberation. Different ethical issues could be found in the areas of business management such as issues related to the marketing mix, Finance, HRM and IT. Thus, honesty, fairness, and integrity are the three most important qualities that incline to deal with ethical issues in business. Some of the specific types of observed misconduct are intimidating behavior, lying, conflicts of interest, bribery, discrimination, fraud, insider trading, sexual harassment, Financial misconduct, Intellectual property rights, environmental issues, air pollution, water pollution, land pollution, and sound pollution are discussed.



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## CHAPTER 5

### A COMPARATIVE ANALYSIS OF BUDDHIST ETHICS AND MODERN MORAL PHILOSOPHY

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#### 5.1. Introduction

The Buddha's pedagogy is deliberated as practical and scientific. Basically, the Buddha's teachings are called Dharma. The Four Noble Truth is deemed as the heart of Buddha's teaching. It is perceived that the teachings of Buddha aid an authoritative guide and underlines as the supreme choice of an individual to live and rely upon the spiritually 'awakened' one.<sup>1</sup> The edifices of Buddha are mainly focused to curb down human suffering and to help an individual to live an ethical and peaceful life.

In a similar manner, the modern moral philosophies are comprehended as a guide to an individual and organizations to choose the ethical path. The moral philosophies help to distinguish between right and wrong paths, aids to resolve the ethical issues and dilemmas. Utilitarianism, Virtue ethics, Theory of Justice as Fairness, etc. are few modern moral philosophies, which act as a guiding principle for an individual as well as the organization.

This chapter examines the comparative statement of Buddhist ethics and modern moral philosophies. Firstly, it attempts to explain the Buddhist ethics such as karma, the doctrine of No-self, Buddha's nature of loving-kindness and compassion, and the Noble Eightfold Path. Accordingly, it endeavors to relate the Buddha's teachings with modern moral philosophies. Basically, for this study, the modern moral philosophies such as Utilitarianism, Kant's Categorical Imperative, Social Darwinism, Virtue Ethics, and John Rawls theory of Justice has been manifested.

## 5.2. Karma

In Sanskrit, the literal meaning of Karma refers to an action.<sup>2</sup> The notion of karma considers the ethical implications of Dharma relating to the consequences of moral behaviour. Karma is not a doctrine that is made by God as a system of rewards and punishments but it is related to the natural law or principles. As karmic actions are considered as moral actions. The Buddha defined karma in reference to the moral choices of individuals and the consequences of the acts.<sup>3</sup>

According to Keown, moral actions are of two types transitive and intransitive effects.<sup>4</sup> The transitive effect is perceived in the direct impact of moral actions on others, for instance, when an individual steal someone's property or belongings then someone is destitute of his property. Whereas the intransitive effect is seen in the way moral actions affect the agent. As per Buddhism an individual has free choice or self-determination to perform any actions. It is in the hands of human beings how they make their moral choices and shape their characters and subsequently their futures. Thus karma highlights the importance of human actions and its consequences.

The karmic result implies two words called *Vipaka* and *Phala* which means ripening or maturation and fruit.<sup>5</sup> The metaphor is an agricultural one, an action performed by the doer it may be good or bad is regarded as planting seed wherein sooner or later as per the natural process, bestows certain fruits. Hence, human beings are to a larger extent the authors of their own good or bad fortune.

Karma is mentioned in Dhammapada too, stating that if an individual performs virtuous acts then good results would be ripened. Based on the consequences of our actions, results will be produced. The Dhammapada defines karma as -

*“Based on the planted seed one will bear fruit. Thus, those who do good deeds will garner good results and those who do evil action will reproduce evil results. If an individual plants good seed, then will mirthfully convene good fruit.”*

We have understood that based on our actions an individual will be avail fruitful results or not. According to Buddhism, there are three good roots and three bad roots. Actions that are motivated by greed, hatred, and delusion are deliberated as bad whereas actions motivated by non-attachment, benevolence and understanding are indicated as good.<sup>6</sup> While executing actions an individual should hold the good and pure intention. The most important thing that determines the nature of a karmic ‘seed’ is the will behind an action. In Pali, a will is called *Cetana*. *Cetana* refers to the motive of performing an action, most importantly the intention in performing and its mental impulse which helps an individual to perform good deeds continuously.<sup>7</sup> *Anguttara Nikaya* states the action of karma as ‘it is will, O monks, that I call karma, having willed, one acts through body, speech or mind’.<sup>8</sup> Therefore intentions that are supported by the right action, wholesome act and not harming either oneself or others are considered good.

### **5.2.1. Merit of Karma**

Karma can be either good or bad. Belief in karma states that good and bad actions have consequences upon the doer. As per Buddhism good karma means ‘merit’ (*punya*). One of the best ways for a layman to earn merit is by supporting the sangha, or monks. It can be performed by giving food or alms, robes for the monks, listening to sermons and attending religious services and donating funds for monasteries and temples.<sup>9</sup> In addition merit can be even made by rejoicing on other donors. Where good deeds or actions contribute to good karma and happier rebirths likewise bad



deed contributes to bad karma and bad rebirths. Good intentions and actions are encouraged as it bestows the doer with a peaceful state of mind, pleasant thoughts and happiness. Apparently bad deeds are discouraged as the repercussions of wrong doings will lead the doer with unhappier and unpleasant karmic results.<sup>10</sup>

Just giving or performing some good actions won't lead to better karmic results but "the intention or will" of an individual plays a vital role while performing any activity. It is stated that if an individual performs with good intentions or pure will then, he/she will be rewarded with the highest or supreme result of his action or karma. The Theravadin exponent Buddhaghosa states that an action performed for the purpose of reputation is considered menial. Likewise enacting with the belief of encountering fruitful action is contemplated as an average or medium whereas the most superior action to inherit fruitful karma is pondered to those activities that are undertaken for the sake of the Noble state as a moral duty or command.<sup>11</sup> So, the supreme consequences will be rewarded to those actions which are performed with a good intention and noble action.

### **5.2.2. Karma in Utilitarianism**

The Buddhist concept of karma are much relatable with the utilitarianism, a modern moral philosophy. Utilitarianism theory is propounded by Jeremy Bentham and John Stuart Mill. According to Bentham all actions that maximize pleasure and minimizes pain in any given situation are considered as moral actions.<sup>12</sup> There are two types of utilitarianism i.e. Act Utilitarianism and Rule Utilitarianism. Act utilitarianism states that an individual should contravene his right if required in order to benefit a greater population. In other words, Bentham summed up Act utilitarianism as "The greatest happiness for the greatest number".<sup>13</sup> Thus, Act utilitarianism focuses more on the

consequences of a particular act on the larger population and hence, relies more on the consequentialism. Therefore, this act adheres to the act of benefitting and helping huge population of poor people of the world than the act of gossiping about unusual things. Gossiping whole day would be considered as the wrong act. Hence, act utilitarian focuses more on the consequences and its effect on the larger population. Various scholars have regarded utilitarianism as one of the nearest analogy to Buddhist ethics.<sup>14</sup> Act utilitarianism holds that if an act is amounting a greater amount of happiness, the nature of its effect is regarded as a righteous behavior. Hence, the principle of utilitarianism believes on the consequences of an action that maximizes greater benefits towards the society and action is considered an ethical.

The Buddhist karmic doctrine reflect deeply on the consequences of their moral choices. The utilitarianism believes that right acts are those which reaps good consequences and the notion of karma insights that there is a close relationship between good deeds and future happiness. Hence, the utilitarianism and karma hold similar kind of tenets.

### **5.2.3. Karma in Social Darwinism Theory**

Social Darwinism theory states that only those individual/businesses would survive which obey the natural law of competition. The competent and innovative businesses would survive whereas the incompetent would perish. To sustain in dynamic environment corporate, have to come up with innovative product and services. Likewise, to avail good consequences of karmic action one has to perform good actions. So both the concept is based upon the consequences of the actions.

### 5.3. Buddha's Nature of Loving Kindness and Compassion

Shakyamuni Buddha was born as a prince among his Shakya clan. In contemplation to seek the truth of suffering, Buddha left the comfort of his home and lived a life of austerity. Through the practice of meditation, he attained Enlightenment and preached the Dharma among his fellow men and all human being. He discoursed his teaching out of compassion and loving kindness to all people so that people would get rid of the worldly sufferings.

In *Amitayur-dhyana & Vimalakirtinirdesa* sutras states the nature of Buddha as having great loving-kindness and compassion.<sup>15</sup> The loving-kindness means to save all the people by all means or the aspiration for the true happiness for all beings. Compassion states the spirit of to be ill with the illness of people and to suffer from their suffering. In other words, compassion refers to when an individual sees others pain as their own and help them to lessen or eliminate their pain considering as their own. In Suramgama-sutra, the Blessed one states that "*Your suffering is my suffering and your happiness is my happiness*".<sup>16</sup> Just as a mother always loves and cares her child likewise, the blessed one also cared, loved and manifested compassion towards all sentient beings. After being awakened/enlightenment the blessed one made the following four great vows in order to help all people to reduce or eradicate worldly passion and suffering.<sup>17</sup>

- I. To help and safeguard all human beings.
- II. To relinquish all worldly desires.
- III. To acquire knowledge of all the teachings.
- IV. To attain Enlightenment.

It is said that the four great vows were manifested out of love and compassion towards all people. *Mahayana-Jataka-Cittabhumi-Pariksa-Sutra* emphasis that these vows were the embodiment of love and compassion and the nature of Buddhahood.<sup>18</sup>

*Vimalakirtinirdesa & Mahaparinirvana sutras* stresses that the Buddha's spirit of compassion towards all beings helped to understand the needs of people and based on their needs the blessed one used to enlighten people through his teachings.

This led people to rejoice and obtain faith in his teachings and that acted as a guide and helped people to attain Enlightenment, similar to a mother who understands clearly about motherhood by loving her child and in return child feels safe and secure in the mother's love.<sup>19</sup>

A few examples of the teachings of the blessed one in order to save all sentient beings which have been manifested in *Mahaparinirvana sutra* which are as follows:<sup>20</sup>

- i. Buddha first trained himself to not to kill any living being and he wished that all creatures might realize the sanctity of a long life.
- ii. The blessed one edifies himself to avoid the act of stealing and he wished that all human being might possess everything they require.
- iii. Buddha drilled himself to dodge from committing adultery and he wished that all people might know the blissfulness of a pure spirit.
- iv. Buddha trained to renounce double talk and lies and he longed that all beings might know the joy of friendship or companionship.
- v. The blessed one edifies to remain free from all deception and wished that all people might understand the peace of mind that would follow in speaking the truth.

- vi. The blessed one drilled to avoid from idle talk and wished that all might know the gladness of compassionate understanding.
- vii. Buddha trained himself to remain free from greed, and wished that all people might know the sereneness that would be experienced with this freedom.
- viii. The blessed one edifies himself to lunge ignorance and wished that all people might understand and not bender the law of causation.

The statement clearly manifests the love and compassion of Buddha towards all sentient beings. Further, it can be inclined from the above statement that the Buddha showers his love to all people tantamount to the love parents have towards their children and wishes the supreme blessing for all being. *Saddharmapundarika sutra* states that just as rain spills on all vegetation likewise Buddha's compassion also extends equally to all people.<sup>21</sup> As the sun rises in the eastern sky and disperses away the darkness of the world without favoritism toward any specific area. Similarly, Buddha's compassion also embraces all people to perform good deeds and guides them away from evil. Thus, the blessed one eradicates the darkness of ignorance and aids people to attain enlightenment. The blessed one is considered as a father in his compassion and a mother in his loving-kindness.<sup>22</sup> A human being in their ignorance and greed to worldly desires, often act with excessive zeal but Buddha out of compassion for all people helped people to get rid of negative things and worldly passion.

#### **5.4. Categorical Imperative Theory**

Deontology states that the decisions are to be taken on the basis of universally accepted principles such as honesty, fairness, integrity, justice, nobility, etc. are

considered as ethical or goodness.<sup>23</sup> It is also known as a non-consequentialism or duty-based approach.

The Categorical Imperative theory is one of the most important deontological philosophy. Immanuel Kant was the exponent of this theory. The term ‘categorical’ means universal and unconditional, whereas ‘imperative’ refers to a command that must be followed.<sup>24</sup> According to Kant an individual should act on the basis of his own affairs and should formulate moral edicts to classify the ethical rightness on the basis of pure reason.<sup>25</sup> Kant’s categorical imperatives (CI) are based on the principles of Universalization and Humanity.<sup>26</sup>

Kant’s Categorical Imperatives are the moral obligations that arise from pure reason and a person must adhere to these commands regardless of his desires. Kant states that moral laws are obligatory and binding to all whether a person likes it or follow them or not. It further states that in order to decide any action as right or wrong it can be decided only with one’s intellect instead of making decisions based on religious teachings.

#### **5.4.1. Buddha’s Nature of Loving Kindness and Compassion in Categorical Imperative Theory**

The Buddha's nature can be seen in Kant's categorical imperative theory. Both the philosophical aspect can be matched with each other. The Buddha out of sympathy and loving-kindness enlightens people with his wisdom and helps to attain enlightenment. As a noble cause and command the blessed one edifies people to get rid from the worldly sufferings and aids them to inherit serene and enduring peace as an ultimate end. Similarly, Kant also believed that an action is considered ethical or

good if it is performed with pure reason and with humanity instead of acting or using as a means or for the sake of performing it. So it indicates that Kant's philosophies and Buddha's nature of loving kindness and compassion are identical to each other.

#### **5.4.2. Buddha's Nature of Loving Kindness and Compassion in Ethical**

##### **Relativism.**

The theory of ethical relativism states that there is no universal truth which is liable to apply to all the people at all times. Similarly, Buddha enlightens people based on their abilities. Out of compassion to all beings, the blessed one was able to understand the human needs and accordingly, Buddha would share his teachings and assist people to attain enlightenment.

#### **5.5. The Doctrine of No-Self**

The second sermon on the doctrine of no-self was discoursed by the blessed one to five ascetics namely Kondanna, Bhaddiya, Vappa, Mahanama, and Assaji in Benares.<sup>27</sup> No-self is one of the typical Buddhist three marks of existence, along with impermanence and suffering.<sup>28</sup> In Buddhism, the doctrine of no-self is called *anatta*.<sup>29</sup> Buddhism contemplates that the notion of 'self' or 'ego' is just an "illusory perception".<sup>30</sup> For instance in conversation between the Buddha and Vacchagotta, Vacchagotta argues that Buddha did not deny the existence of self by highlighting an abstract theory of non-self, but instead discoursed a practical explanation of the ways in which we place a false interpretation of the 'self'.<sup>31</sup>

Therefore, Buddhism defines the delusion of the existence of self eventually leads to suffering because an individual's actions such as wholesome or unwholesome would lead to generate karma, which results in rebirth. The three causes for instance craving,

delusion and anger leads an individual to the Wheel of Life which involves a cycle of continuous rebirth.<sup>32</sup> Hence, Buddhism advocates eliminating these three causes by cultivating wisdom, love, compassion and generosity. The belief in no-self canon helps people to be more responsible, encouraged, content and tranquil. Whenever an individual's mind is polluted with greed, lust, and selfishness the thought process will also get affected. So, as a result, the decision made by such individual would be tainted and unpleasant one. But when the decisions are made with good intentions and impartiality would replicate pleasant consequences. In Buddhism, it is believed that everything is liable to change and nothing remains permanent. It is said that having no fixed self is always capable of change for the better.<sup>33</sup> The teaching that no self or I exist within a person is also support for ethics. It is considered that an individual should have the ability to remove self-attachment because it is the basis of a lack of respect for others.<sup>34</sup>

The Buddhist perspective on how one should treat others is as follows:<sup>35</sup>

- i. **Individuation:** There is no permanent Self. As each individual is seen as a combination of changing mental and physical process based on a particular karmic history. So, it means that based on the person's character specific spiritual advice must be amended in order to help them to progress in a better direction or path.
- ii. **Acceptance:** The unchanging self does not hold fix to the good and bad qualities of an individual. So it is said that one should never hold a person down to what he or she has done in the past. It is believed that a person should be always regarded based on the present state and openness to future changes.



- iii. **Self-direction:** It states that any valuable change must come from within as it should be based on individual's self -understanding and personal development.
- iv. **Impartial treatment:** It underlines that everyone has the potential to achieve Nirvana, it may be in this or future life. As all beings based on their karmic result they might inherit different situations which may be good or bad. Thus, all should be treated with the view of equanimity and fairness.

#### **5.6. John Rawls' Theory of Justice as Fairness**

Society constitutes different types of people such as rich, poor, weak, strong, male, female, etc. So, if a representative belongs to a poor section then he/she will formulate rules favoring to poor group only. Accordingly, if a representative belongs to the rich section then he/she will frame rules which will favor his/her section only. So in order to solve this problem, Rawls came up with a solution. According to John Rawls, the representatives for framing the rules to govern the society should not be aware of his position in society. This means that people who are expected to formulate the governing principles for society should be totally unaware about their position in which they are or will be occupying in the society.<sup>36</sup> So, Rawls called this position as the veil of ignorance. Thus these people will be ignorant about their position and they should not be known whether they are poor or rich, male or female, young or old, weak or strong, etc. The person under the veil of ignorance are oblivious about their position in the society and the rules framed by them will be impartial, ethical and fair. As they will not favor or dishonor any particular group in society.<sup>37</sup>

### **5.6.1. The Doctrine of No-self in John Rawls Theory of Justice**

*“As selfish cravings devastate mind likewise weeds destroy fields. Hence, honor to those who are not confined to have a selfish desire.”<sup>38</sup> Dhammapada verse 359.*

The concept of No-Self states that when an individual understands that nothing is permanent then he will become more aware and understands the non - existence of a soul and are liable to be selfless and egoless. Understanding this doctrine helps an individual to become more content and calm. And an individual is liable to respect others in good deportment and aids to make ethical decision. Likewise, John Rawls states that in a society the representative should make decision in such a manner where his positions, status, etc. should be overlooked and only an individual would be more competent to sort a superior decision without any kind of partiality.

### **5.7. The Noble Eightfold Path**

In Buddhism, the supreme goal is to attain Enlightenment or Nirvana. Nirvana refers to perfect tranquility.<sup>39</sup> In other words, it is a blissful state, in which the defilements and passion of human beings are completely vanished by following certain practices, meditation and with the help of the right wisdom. In order to obtain the path of Enlightenment, one has to avoid the two extremes i.e. the first one is to avoid the utmost indulgence in order to fulfill the desire of the body and the second is to abandon the severe ascetic discipline by torturing one's body and mind.<sup>40</sup>

Hence, one is expected to follow the Middle Way in order to avoid the two extremes and to achieve Enlightenment. So, this Middle way consists of Eightfold Noble Path and it has been mentioned in *Dhammacakkappavattana Sutta* as follows:<sup>41</sup>

- i. Right View,
- v. Right Livelihood

- |                    |                            |
|--------------------|----------------------------|
| ii. Right Thought, | vi. Right Effort           |
| iii. Right Speech, | vii. Right Mindfulness and |
| iv. Right Behavior | viii. Right Concentration. |

The Middle Way may be better understood with the help of an example: suppose a log is drifted towards a river to reach its destiny i.e. sea. If the log did not drop or is not taken out by anyone or is not decayed, then it will reach its destination. Likewise, life is like a log that is caught in the great river. So, if a person with virtues have earned good deeds and does not become proud of himself and if a person does not become attached to his evil acts or bad deed then in search of Enlightenment he will not be in delusion nor he will face any kind of fear and such a person is considered to be following the Middle Way.<sup>42</sup> The important part for leading the Enlightenment path is to avoid any kind of extremes and is oriented to follow the Middle Way. The person who follows the Noble Eightfold Path in order to attain Enlightenment will not experience any regrets nor will cherish any kind of expectations. Instead a person would gain willpower and will have an ability to handle any kind of challenges or situations with serene and peaceful mind.<sup>43</sup> As Enlightenment does not exist in isolation but it exists exclusively in the presence of delusion and ignorance. So, when an individual achieves enlightenment automatically delusion and ignorance will disappear.<sup>44</sup> In order to attain the supreme goal i.e. Enlightenment one has to remove delusion and ignorance. To vanish it a person should follow the Noble Eightfold Path or the Middle Way.

### **5.7.1. Noble Eightfold Path in Virtue ethics**

Virtue ethics is founded by Aristotle and Plato in the west.<sup>45</sup> Virtue is defined as good character and the possessor of it is considered as a good human being.<sup>46</sup> Over a period

of time, a virtuous person transforms himself by taking the appropriate choices and adores in virtuous activity.<sup>47</sup> It mainly concerns in building an individual's character. The virtue ethicists ascend questions such as what kind of person should we be? In what way should we live our life?<sup>48</sup> Thus, the virtue ethicists deliberate that if a person is good or a noble one then the good deeds will follow him effortlessly. So, this theory basically emphasis that an individual should aim at becoming good and virtuous person.<sup>49</sup>

According to Aristotle the ultimate or the highest goal of a human being is to be happy or flourish or Eudaimonia. So to achieve this, one has to live a virtuous life. To lead a virtuous life a person should poses or follow the eleven moral virtues;<sup>50</sup>

- |                          |                            |
|--------------------------|----------------------------|
| i. Courage,              | vii. Truthfulness          |
| ii. Temperance,          | viii. Wittiness            |
| iii. Liberality,         | ix. Friendliness           |
| iv. Magnificence,        | x. Modesty                 |
| v. Magnanimity,          | xi. Righteous indignation. |
| vi. Appropriate ambition |                            |

According to Aristotle in order to be good and successful person in the society one should hold the balance of eleven moral virtues. The average or mean of these virtues aids a person to achieve Eudaimonia or happiness. So, he states that the ultimate goal of human being is to have sound and happy life. Aristotle further states that virtue refers to the mean of pleasures and pains that helps an individual to make right judgment. Thus according to Aristotle a person should not poses extreme instead should hold the balance of extremes. He coined it as the Golden mean.<sup>51</sup> To understand Golden mean in a better way, Aristotle states that suppose

while walking in a park if an individual perceives that a strong burglar is burgling an old man by threatening with a gun. What should a person do in this situation? Thus, according to Aristotle first, a person should analyze the situation and should take step. While analyzing the situation an individual should analyze whether he has enough physical power to overpower the robber or not. If yes, then only the decision should be taken to help the old man otherwise instead of directly helping, a person should call for help. Hence, Aristotle defines the Golden mean as courage is the mean between rashness and cowardice.<sup>52</sup>

Thus the virtue ethics exemplifies that to transform an individual into a good or virtuous person one should abandon any kind of extremes and should follow/adopt the virtuous eleven paths that lead an individual to make an ethical decision and to lead a good life. In a similar case, as per Buddhism to become a Buddha or enlightened one an individual should abandon extremes such as an excessive craving for the pleasure of body and strict ascetic discipline by torturing one's body and mind. Thus he assisted to follow the middle way or Noble Eightfold Path as a guideline to live an enlightened or virtuous life.

## **5.8. Conclusion**

This chapter highlights the comparative statement of Buddhist ethics and modern moral philosophies. It has endeavored to explain Buddhist ethics such as karma, the doctrine of no-self, Buddha's nature of loving-kindness and the Noble Eightfold Path. Whereas the modern moral philosophies highlighted in the study are Utilitarianism, Kant's Categorical Imperative, Social Darwinism, Virtue Ethics, and John Rawls's theory of Justice. Both the concept highlights the identical views wherein the Buddhist concept of karma is compared with

Utilitarianism, the doctrine of no-self with John Rawls theory of Justice likewise, the Noble Eightfold Path with virtue ethics. After making comparisons the most relatable or suitable comparison was found between the Buddhist ethics of Noble Eightfold Path and virtue ethics.

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## CHAPTER 6

### A PROPOSED MODEL FOR MAKING SOUND ETHICAL DECISION FROM BUDDHIST PERSPECTIVE

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#### 6.1. Introduction

There is a saying that ‘good ethics makes good business’. Ethical decision making is one of the important aspects of business management. It inclines to assess how and why organizations and their members should act ethically in the organizations. For taking an ethical decision one should keep in mind the three basic things such as benevolence, least harm, and respect for autonomy.<sup>1</sup> While it is not always simple to make a sound ethical decision in businesses. A good ethical analysis seeks to make a systematic process of logical reasoning through an actual dilemma instead of chaotically framing decisions with the sole objective of finding a solution.<sup>2</sup>

The process of making good ethical decisions involves three steps: ethical awareness, ethical judgement, and ethical action.<sup>3</sup> Awareness and consciousness are the two most important aspects that help in recognizing the ethical situation or problem. When an individual is not aware of the ethical aspects, then he/she will unknowingly commit different crimes. For instance, students copying documents or useful things from the internet, teachers, doctors, managers or employees accepting gifts, flowers, and money from the public, downloading different music, movies, etc. are all contemplated as unethical practices. Therefore, to be aware of ethical aspects is the foremost thing in making an ethical decision. After a person is aware of the ethical

nature of the issues then only he is ought to take ethical judgment on the ground of ethical theories or accepted principles. And finally, an ethical action to be followed.

According to Jayawardena, ethical decision making in business ethics management is of two types; behavioral ethics or descriptive ethics and prescriptive ethics or moral philosophies. Behavioral ethics seeks to understand how and why the organization and its employees behave ethically and unethically. Likewise, moral philosophers advocate how organizations and their employers 'ought' to act ethically.<sup>4</sup>

Different models have been introduced and implemented to eliminate unethical practices in an organization. Researchers have advocated various models, for instance, the URJC model (Utility, Rights, Justice and Caring Model), Brady's Janus-headed model and Michael Davis Model to make sound ethical decisions in business organizations.<sup>5</sup>

In some way or the other an individual's character is shaped by their religious orientation. Hence, religion play a major role in making a good decision in an organization. The prior research has found a link between religion-based spirituality and the right decision making.<sup>6</sup> For instance, research conducted in Sri Lanka has indicated a well-established relationship between the religion-based spirituality of business leaders and their ethical decision making.<sup>7</sup> Likewise, the other study conducted in Australia has also found a positive relationship between spiritual wellbeing and executives' ethical or right decision making.<sup>8</sup> Although, only few studies have been carried out on the influence of religions on business ethics, other than the Judeo-Christian view.<sup>9</sup>

Therefore, if we see in the light of Buddhism, ethical decision making is one of the widely discussed topics by the Buddha among his disciples. The tenants of Buddhism are not confined to be accepted as dogma but it encourages to hold the spirit of inquiry, personal testing, and endorsement of its prescriptions.<sup>10</sup> In the *Kalama Sutta* the Buddha has advocated the people of *Kalama* on how to make a good decision when an individual confronts an ethical dilemma. So the Buddha opined to the Kalama peoples as follows:

*“An individual should not solely or simply follow the teachings considering as tradition, personal preferences, culture or respect for the teacher. But, first, an individual should hear, analyze and encounter the consequences and should decide by himself whether the teaching is skillful or unwholesome. If an individual comprehends it as blameworthy or good, then he should inherit those teachings.”*<sup>11</sup>

From the above statement, Buddha advocates people not to believe in his tenants blindly. Instead it should be experienced by an individual himself. Likewise, for making an ethical decision as an individual and organization it should be supported by thorough deliberation, logical reasoning which would be suitable to oneself and others. Thus, Buddhism also inherits pragmatic methods as it deals with cause and effect relationship, inclines to put great emphasize on problem-solving and recognizes the significance of observation and verification.<sup>12</sup> Self-discipline and responsibility of an individual are recognized as an important element in Buddhism.<sup>13</sup> The three main principles Buddha have delineated for making ethical decisions are rationality, humanism, and pragmatism.<sup>14</sup>

The various tenants of Buddhism have been implemented for eliminating unethical practices at the workplace. For instance, Suen, Cheung, and Mondejar developed the

theoretical framework and advocated how Buddhist tenants may be implied to enhance the ethical behavior of construction organizations in Asia.<sup>15</sup> Likewise, Marques caters implications for applying Tibetan Buddhist values in the workplace in America.<sup>16</sup> Since, the studies have not been conducted concerning to the maxims of Buddha particularly the Four Noble Truth & the Noble Eightfold Path in making ethical decision in an organization. So the present study gives insights on making good decision with the help of maxims of Buddha.

## **6.2. The Buddhist Four Forms of Making the Right Evaluation**

Sound knowledge and understanding are the imperative aspects for ethically assessing any decision. The *Kalama Sutta* highlights the four forms for evaluating and making a wise decision.<sup>17</sup>

1. Motivation with wrong views leads to make wrong decisions.
2. The elimination of the wrong perspective leads to right decisions.
3. The consequences of the decision would lead to making the right or wrong decision.
4. To make the right decision an individual should take into account the views of qualified, skillful and experienced people.

## **6.3. Steps for Making a Good Ethical Decision in the Buddhist Perspective**

The researcher has tried to propose a model by citing an example of ethical dilemma and it has been linked with the Four Noble Truths and Noble Eightfold Path of Buddhist teaching for making a good decision in business management in the following verse.

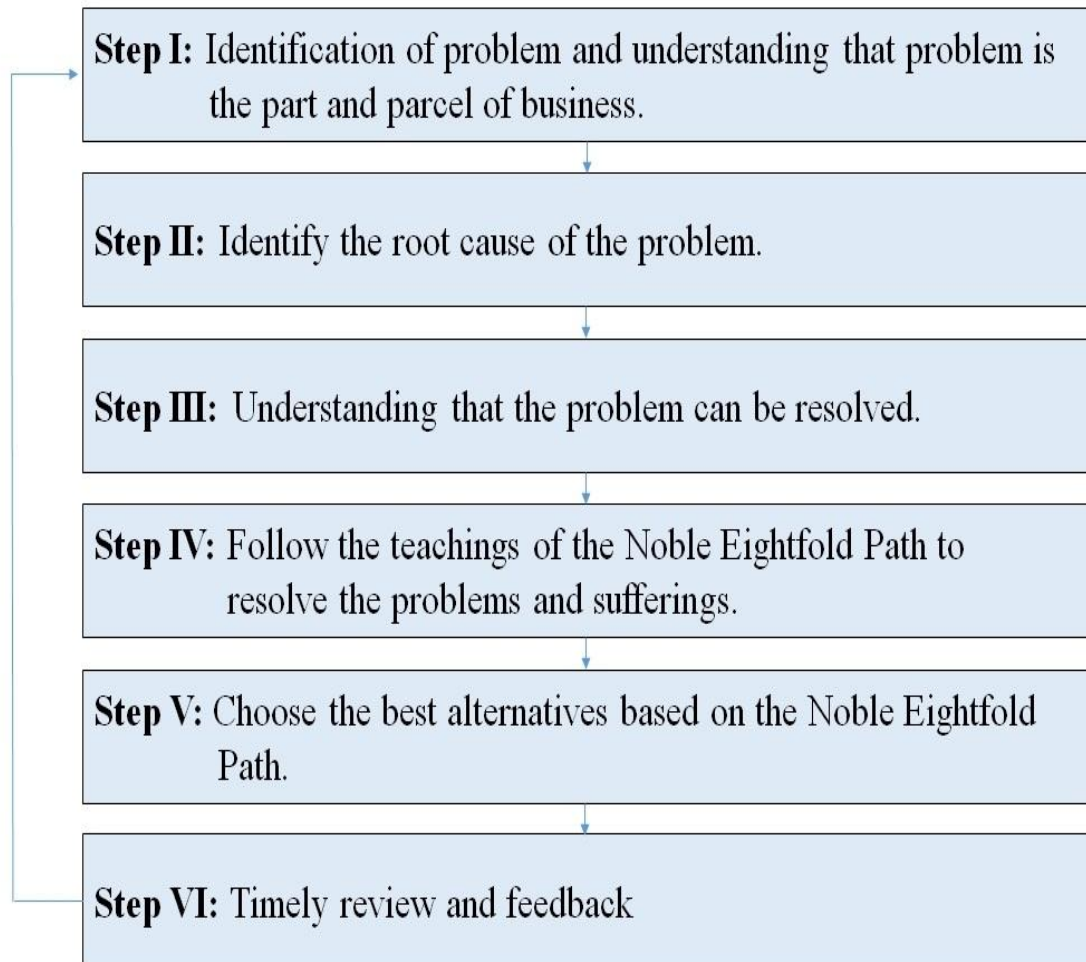
**Example of ethical dilemma:** Sujata is the purchase head in one of the XYZ company. Being the purchase head of a company she had just placed an order of 50 personal computers and two colour printers with a computer company representative. One day, Sujata visits a firm to buy one personal computer for her home. The firm happens to be of the person who supplies computers and printers to the company. The owner of the firm recognizes Sujata and offers her a 30 percent discount on the retail price of the computer and printer since Sujata's organization has recently placed a big order of personal computers to her firm.

Hence, this puts Sujata in an ethical dilemma. Whether to accept a 30% discount or reject the offer?

- i. Sujata may reject the offer as she doesn't feel pleasant in accepting so that it would put her in obligation in the future to purchase from that particular vendor.
- ii. Since the offer is made after the order was placed so Sujata might think that the offer is a goodwill gesture by the vendor and there is no conflict of interest in accepting the discount.
- iii. Sujata may console with the vendor by telling her that she will get back in a day or two. So that she can find out the company policy, law and colleague's viewpoints.

For making an ethical decision in business, the Buddha's heart of teaching the Four Noble Truth and the Noble Eightfold Path has been implemented. Alleviation of suffering is the basis of the Buddha's first teaching. The Four Noble Truth delineate that suffering exists everywhere, it has a cause, it can be cured, and the Noble Eight Fold Path or the practice of balance and awareness is the remedy to end the suffering.

This idea of suffering also applies to businesses. The following are the steps for making ethical decision in businesses.



**Figure 6.1. Model for making sound ethical decision based on Buddhist perspective**

**Source:** Designed by the Researcher

### **Step 1: Identification of problem and understanding that problem is the part and parcel of business**

All the business irrespective of their nature encounter divergent problems or ethical dilemmas. It is an undeniable fact that business does not run smoothly all the time as ups and downs are the part and parcel of business organization. Although, businesses should accept the reality of challenges that exist in an organization instead of

overlooking the problem and choosing other alternatives. For instance, some businessmen could not handle the challenges that appears in an organization and opts for drastic steps. For instance, a billionaire of a Coffee tycoon of India V.G. Siddhartha, a son-in-law of a former chief minister of Kerala introduced Café Coffee Day in 1993. Presently the company has operated 1,740 stores in around 25 cities. But recently on 31st July 2019, Siddhartha committed suicide from a river bridge in the Nethravathi river, Mangaluru. In a suicide note, he mentioned that he was greatly depressed as he has borrowed excessive loans from his friends and other lenders and he could not compensate on time due to which he was harassed and pressurized and could not cope with it and committed suicide.<sup>18</sup> Hence, it can be concluded that the main problem was excessive debt he owed and could not compensate on time. Rather, he took away his own life by running away from problem and challenges surrounding him. While there are companies who have faced the challenges instead of taking drastic steps such as Essel Group's chairman Subhash Chandra owes a debt of about 11,000cr.<sup>19</sup> who did not run away unlike other business tycoons such as Vijay Mallya and Nirav Modi instead the chairman faced it and resolved his business problem.

All types of professions hold some or the other type of pressure, stress, and dilemmas but there are ways to overcome it. It doesn't mean that there is no solution for it and one has to run away from those challenges. Instead, there are ways to overcome it and it is natural to face the problem and ethical dilemma. The next step helps in identifying the root cause of the ethical dilemma or problems in businesses.



## **Step 2: Identify the root cause of the problem**

The root cause of the problem or ethical dilemma that arises in business is all because of excessive cravings and desires. Desires and cravings indulge them in maximizing profits and longing for material success and fame. Thus these longings or desires led business tycoons to involve in different types of unethical practices, such as corruption, fraud, scams, violation of company's policies and principles, misbehavior, crimes, etc. for instance companies involved in such kind of activities are PNB scam, Satyam, Kingfisher, Enron, and V.G. Siddhartha. Although there are many more lists of companies involved in such kind of unethical practices. Hence, prior research in management indicates that when excessive consumption is based on craving and attachment, such delusion results in suffering.<sup>20</sup> Moreover, research has also found that people who are less attached to money are less likely to commit unethical behavior.<sup>21</sup> The details of a few cases have been discussed below:

### **Case 1: Satyam scam<sup>22</sup>**

The Satyam scandal of 2009 brought a magnificent company down due to the greed of its founder and lack of ethics. B. Ramalinga Rajya founded Satyam computer services limited in 1987. The company came into limelight when the founder of the company Satyam led a total scam of 4800 crores. Wherein Raju overstated the company's revenue and profits. Likewise, the top management overstated the profits and understated vastly the liabilities of the company. It was all done to present the rosy picture to the investors and the shareholders as well as to maintain the goodwill of the company. Further, highlighted the increase accounts of the balance sheet with balances that were non-existent. By making fake accounts it also inflated the income statement by claiming interest from those fake accounts. Over the past many years it

has siphoned off crores of rupees by creating more than 6000 dubious salary account. All those transactions were not highlighted in the balance sheets. Hence these activities of Satyam shook the whole market. According to the source, the Satyam scam is reported and said to be a clear case of abuse of power and greed in the hands of a few top-level managements. It was an illicit as well as a highly unethical activity which was done because of the greed for power and money and in turn it cost the trust of people.

### **Case 2: Punjab National Bank scam<sup>23</sup>**

Punjab National Bank was popularly known for having high ethical standards in its work culture. On 29<sup>th</sup> Jan 2018 it shook the whole market by having India's biggest scam of 2.1 billion/ 14356.84cr. The case is about the fraudulent letter of an undertaking that was issued by PNB at its Brady House branch in Fort, Mumbai, making PNB liable for the amount. Nirav Modi a jeweler and designer allegedly organized the fraud. At first, the scam highlighted only technical flaws and kept denying ethical flaws. The business failed due to excessive desire for profit maximization. The scam that not only led loss of PNB financial health but it lost its stock, employee job, customer loyalty, and other banks were also impacted. More importantly, it triggered the sentiments of people concerning to gems and jewelry sector as a whole.

### **Case 3: Kingfisher Airlines<sup>24</sup>**

At one point of time, Kingfisher Airlines was considered as India's largest private-sector airlines. Vijay Mallya served as a chairman of the United Breweries Group and in the year 2005 started kingfisher airlines. He was accused in a money laundering

case wherein he owes 17 Indian banks an estimated amount of 9000cr. To expand its business and to attract more customers he offered premium services such as three-course gourmet cuisine, 126-degree seat stretch out the laptop, mobile charger points in every seat and other unnecessary luxurious things. It also acquired companies such as Air Deccan which was unnecessary due to which the company faced serious cash flows and defaulted in making payments to the employees. But on top of that, the owner of the company Vijay Mallya and other top executives siphoned big amounts of money for their services in the same year. These activities which in turn led many pilots to join other private players and gradually it lost everything and got its license canceled on December 2012. Ultimately it failed due to excessive desire for earning more and extravagant.

Hence, if we analyze the three aforementioned case then the main reason would be ethical lapses due to excessive desire, longing for material things such as success, fame, profit, etc. which resulted in the loss of jobs, poor financial health, customer's loyalty and ultimately the end of their businesses.

### **Step 3: Understanding that the problem can be resolved**

Although solutions could be made from ethical and legal aspects as the businessmen have overlooked the sentiment of society or customers. There is 'N' number of ways for resolving any kind of problem as there is no such kind of problem that cannot be resolved. Every problem consists of a solution but an individual should have the right thought to analyze the situation or dilemmas. To end the business's problem or dilemma one is inclined to eliminate excessive desire, greed, and the attachment for material success and fame. There is a list of companies who come across dilemmas and business problems still instead of choosing short cut methods and unethical

options have sustained excellently in this dynamic business environment by inheriting high ethical standards. Such companies are of great examples, for instance - Tata Steel Ltd. and Wipro Ltd. Hence, this step indicates that there is a solution for every problem and the further step highlights the path to end problems or dilemmas in an organization.

**Step 4: Follow the teachings of the Noble Eightfold Path to resolve the problems and sufferings.**

To end desire or greed, one must follow the noble path. The Buddha suggested that an individual should avoid pursuing the two extremes i.e. to avoid the utmost indulgence in order to fulfill the desire of the body and to abandon the severe ascetic discipline by torturing one's body and mind. The course to be pursued by the business people to eliminate extreme desire is the Middle path or the Noble Eightfold Path and is stated as follows:

- a. Right view:* A person is expected to follow the right view.
- b. Right thought:* A person is expected to follow the right thought.
- c. Right speech:* A person is expected to speak the truth.
- d. Right action:* A person should follow the right action.
- e. Right livelihood:* A person is expected to follow the right livelihood.
- f. Right effort:* A person is expected to follow the right effort.
- g. Right mindfulness:* A person is expected to be mindful and aware of his work.
- h. Right concentration:* A person is expected to follow the right concentration

If a businessman follows the Noble Eightfold Path, then the ethical and other business problems can be easily resolved. Noble Eightfold Path could be very helpful in resolving the ethical dilemmas that arise in day to day business life.

#### **Step 5: Choose the best alternatives based on the Noble Eightfold Path**

This step involves making the best ethical decision based on the Noble Eightfold Path. Different solution will transpire but an individual has to choose the best alternatives. There can be one or many solutions to a given problem. So this step involves to choose the best alternatives.

#### **Step 6: Timely review and feedback**

This step seeks to review whether the problem was properly resolved or not. It ensures that in future such problem arises then one can follow the right path.

Thus, this model would be extremely helpful in making good business decisions, resolving ethical dilemmas, keeping employees' good mental health, sound working environment and eventually inclines to grow business ethically.

### **6.4. Conclusion**

Ethical decision making is one of the crucial aspects of business management. The different models have been propounded to eliminate unethical practices in businesses, for instance, the URJC model, Janus-headed model, and Michael Davis model. While the prior research has indicated a positive link between religion-based spirituality and the right decision making. The Buddha's crux of teaching the Four Noble Truths aids in identifying the business problems or sufferings and inclines to show the ways to eliminate those problems. Noble Eightfold Path has been implied to resolve an ethical

dilemma. Hence, these noble path acts as a catalyst to run businesses smoothly and ethically.

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## CHAPTER 7

### FINDINGS AND CONCLUSION

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This chapter outlines the findings and conclusion of the study.

#### 7.1. Findings

The findings of the study based on chapter 5 and 6 are discussed as follows:

Chapter five presents the comparative analysis of Buddhist ethics and modern moral philosophies wherein the result of comparative analysis highlighted the similarities of both the concepts. Thus the findings drawn from the study are presented below.

1. The comparative analysis was made between the utilitarianism and the Buddhist concept of Karma. Wherein the Buddhist karmic doctrine insights that there is a close relationship between good deeds and future happiness. While the utilitarianism believes that right acts are those which reaps good consequences. So both the notions hold identical viewpoints.
2. Social Darwinism Theory and Buddhist concept of Karma are similar to each other as both the concept is based upon the consequences of the actions.
3. The philosophical aspect of Kant's Categorical Imperative Theory and Buddha's nature of loving kindness's and compassion are identical to each other.
4. John Rawls's Theory of Justice and Buddha's nature of no-self has identical concept wherein both the concept states that an individual should forget oneself or his position so that she/he would make ethical decisions and perform well.

5. Virtue ethics of Aristotle and the Noble Eightfold Path holds identical notion as both the concept states that to endure happiness one is required to follow the middle path and one should not hold any kind of extremes. Where the virtue ethics holds eleven moral virtues as such noble Eightfold path involves Eight paths that lead an individual to garner happiness and blissful state.
6. The Buddha's crux of teaching the Four Noble Truths and the Noble Eightfold Path aids in identifying, diagnosing and solving an ethical dilemma. It also acts as an ethical code for business people to act ethically, and to resolve ethical dilemmas.

## **7.2. Conclusion**

The ever growing competition and the immense pressure to survive and sustain in a competitive globalized economy, have resulted in an increasing numbers of fraud, corruptions and scams. There are a multiple examples of a high profile corruption and scandals that took place during the recent years such as, Satyam, Enron, Kingfisher, Harshad Mehta case, which points out towards the need and importance of ethics in making the corporate decisions. In the aforementioned cases, the root cause for the downfall of the corporations was due to their inability in making ethical decisions. These ethical dilemma, can be resolved by following Buddha's Four Noble Truth and the Noble Eightfold Path.

The Four Noble Truths helps in identifying and understanding the problem or ethical dilemma which is the part and parcel of business. Further it provides orientation for solving an ethical dilemma with the help of the Noble Eightfold Path. Hence this model bestows the noble path to lead an organization in the right direction, which would be very helpful in resolving an ethical dilemma that arises in day to day business life. The maxims of Buddhism are extremely useful and pertinent in ensuring better management, making good business decisions, to run business ethically and maintains a good working environment in an organization. One does not have to be a Buddhist to apply Buddhist practices

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## Appendix

### The Four Noble Truths

1. There is a suffering
2. The root of suffering is desire
3. There is a way of ending suffering
4. The path to the end of suffering is the Noble Eightfold Path

The Four Noble Truths in details:

1. **Suffering:** The first noble truth is called suffering. It portrays all types of human suffering such as birth, old age, sickness, death and all forms of physical and mental anguish. In fact, in life that is not free from desire and passion is always involved with misery.
2. **The root of suffering:** The second sermon delineates the origin or causes of suffering. Desire and greed forms the origination of human suffering.
3. **Cessation of suffering:** The third noble truth states the ways of eliminating human suffering. So, as to end human suffering and to avail freedom from suffering one is inclined to remove the root of suffering such as greed, thirst, desire, ignorance, attachment and all negative emotion.
4. **The path to end suffering:** Finally, this step imparts the path to end the suffering and to achieve liberation through Noble Eightfold Path viz. Right View, Right Thought, Right Speech, Right Behavior, Right Livelihood, Right Effort, Right Mindfulness and Right Concentration.

## The Noble Eightfold Path

1. Right View
2. Right Thought
3. Right Speech
4. Right Action
5. Right Livelihood
6. Right Effort
7. Right Mindfulness
8. Right Concentration

1. **Right view:** To freed oneself from all the superstitions, animism, animal or human sacrifice and inequality of human beings. But one should depend on his/her own powers of pure reasoning. Overall it states that if one's view is wrong than one's determination is bound to be faulty.
2. **Right thought:** It is the foundation of all great achievements provided it is based on the right view. If an individual believes in racial or social discrimination than one's determination is obvious to prove baneful to the world.
3. **Right speech:** Results from right determination and action is preceded by speech. Words free from lies, anger and abuse and slander are the right speech.
4. **Right action:** It refers to abstinence from killing, stealing, indulgence in passions and from drinking intoxicants is the negative aspect of right action. While charity, truth, service and kindness constitute the positive one.
5. **Right livelihood:** Wrong livelihood means those activities which cause suffering to others. For instance, trafficking in weapons, animals slaughter,

human slavery and intoxicating drinks and poisons. As such a monk is not allowed to do any bodily service for a layman in exchange for food and clothing. He is expected to earn his alms only by his goodwill towards others.

6. **Right effort:** Consists in strenuous endeavour by a person for his own mental and moral elevation. A person should first give up his bad habits, acquire new good ones, keep himself free from evil tendencies and promote the good qualities that he may have acquired already.
7. **Right mindfulness:** It refers to the attention paid to the activities and weaknesses of one's body and mind.
8. **Right concentration:** It signifies that to the fixation of the mental faculties on a single object. This ability is useful not only to the spiritually inclined but is essential in all pursuits, whether they are scientific, literary, artistic or religious.

## Photographs

Interaction with Acharya Kunzang Rangdol Tamang at Dechen Choling Monastery,  
Sichey Gangtok.







Interaction with Dupla Gyurme Lama in Sichey, Gangtok

