

A question of ethics

Tarun Das

Sunday Times of India columnist Swaminathan Aiyar often writes in a strong, direct and unambiguous manner. His articles are usually sensible but that was not the case with the one that appeared on December 16, when he wrote in this paper about the Tata Group. It is important to respond because many corporations, especially CEOs, might believe that he is right and the Tatas are wrong.

In September, in New York, addressing an audience of 500 plus, C K Prahalad — the celebrated business strategist — talked about India's future. One key issue he raised was the "moral leadership" India could provide in the years ahead. In a world full of turmoil, where countries and corporations are often tempted to take short cuts, and do so, Prahalad said India could be a role model of a different kind based on strong ethics and values.

Globally, corporations do not generally command respect and credibility from society. They are perceived to be profiteering, cartelising, protectionist, with vested interests. There are strong negative perceptions about corporations and this is a global phenomenon.

Over the years, there has been some change in India. Isolated cases of corporate philanthropy have given way to widespread Corporate Social Responsibility. Corporations have shown a sustained engagement with and commitment to issues such as HIV-AIDS, corporate governance, affirmative action, skills training, social research, scientific research, community development, primary education and public health. Whilst many corporates are so engaged, clearly, the Tatas are in the vanguard. They are seen as a role model. The oasis of Jamshedpur is just one example of their social leadership. These values are the benchmarks for many companies, not only in India, but globally.

On the business and commercial side, Tatas follow the practice of negotiated mutually acceptable acquisitions and mergers. They have said it repeatedly that hostile takeovers are not their policy for growth and expansion. This is a value system of the group, which earns it respect, not hostility. Therefore, Aiyar's

opinion that these values and traditions be dropped is unfortunate. This is not what Indian industry should be known for. In fact, his advice leads one to think of trying to evolve an informal code to be followed by Indian corporations with regard to mergers and acquisitions, the cornerstone of which should be: No hostile takeovers.

If Orient Express Hotels' management has ignorant, uncivilised views, so be it. It is clearly unaware of India's brand value or that of the Tata brand, both of which, today, command global respect. In fact, the Tata brand has helped build the India brand because of the respect and admiration for the Tatas in India and around the world. This respect flows out of the practices and policies followed by the Tatas, not out of thin air.

Such credibility is far more important and far more valuable than being a predator.

There have been earlier occasions when the Tatas have been criticised, questioned and advised. There will be more. Because, the Indian society's expectations from Indian corporations are high in terms of conduct, behaviour, transparency, disclosures and values. In India's strong, noisy democracy with a very free media and about 600 million people living in poverty, corporations need to be looked up to, not looked down upon. Importantly, they need to be viewed with respect and affection, not fear and trepidation.

Indian culture and values appreciate the "good man", the "good company", and not the invader or the aggressor. This is why those Indian companies which are perceived to be ethical and caring of the community, and free of controversy, are appreciated.

Business is not only about accumulating wealth and glory. It is not about growth for the sake of size. It is about being a good corporate citizen. This is the model to follow for corporate India. Orient Express may come and go, but the Tatas will go on forever. So, too, will responsible Indian companies. They will increasingly integrate with the society as caring and committed players in a country where inclusive development is the main mantra.

The writer is chief mentor, Confederation of Indian Industry.

