

Values and Ethics in Strategy Implementation in Indian Companies

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CONCEPT OF STRATEGY IMPLEMENTATION

Strategic management process consists of four phases i.e. defining business mission, and objectives, formulation of strategies, implementation of strategies and evaluation of strategies. These phases are linked to each other and each successive phase-provides a feedback to the previous phases. Strategy implementation has become an essential input in the area of strategic management process. Higgins and Vincze said, "Implementation is the process of translating strategic plans into results. It is the summation of activities in which people use various resources to accomplish the objectives of the strategy"(1).

Strategy implementation is concerned with determining the right organisational structure; designing appropriate management systems for planning and control, capital expenditure, information and reporting, review and follow-up, training and development, rewards and punishment, career progression, delegation of power, procedures, rules etc.; choosing a right mix of employees; choosing a right mix of skills and competencies; adopting a right style of management in both strategic and operating areas; inculcating right values and culture within the organisation.

The main objective of this study is to know the role of values and ethics in strategy implementation in Indian Companies.

PERSONAL VALUES AND BUSINESS ETHICS

Value is a view of life and judgment of what is desirable that is very much part of a person's personality and a group's moral(2). Personal values refer to a conception of what an individual or group regards as desirable (3). The Founder Chairman of Hero Honda, Mr. B.M.L. Munjal, emphatically said that the key to success is values based business and further remarked

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that one, who gives up values, can never succeed in business. You need to be clear about your values. The Tata group is well known for its value-based philosophy of management. It has been reported in business press, "Tatas represents values like honesty, fairness, reliability, technological innovation and, above all, Indian-ness. The name 'Tata' has become brand equity for trust, reliability, quality and equitable returns to shareholders".

We have noticed many observations in several companies like Ranbaxy, Hero Honda, Hindustan Lever, ITC, NTPC, Sundaram Fasteners, Wipro, Infosys, which indicated a firm commitment to certain principles and values that characterized them. Such principles-centered paradigm of values and business philosophy constituted their character, identity and the way of doing their business. According to Mr. Azim Premji, "values do not help in achieving success, but also make success enduring and lasting.... They provide internal discipline and help weather the storms and serves as anchors in a sea of turbulence of changes.... Values transmit trust. Trust is not only at the heart of the leadership but forms the essence of relationships." Mr. N.R.Narayana Murthy and Mr. Azim Premji may be considered inspirational role models for their values and leadership styles. Mr. Azim Premji has emphasized six values for himself, which act as guiding principles in the management of his business (4).

1. Honesty & integrity (that leads to transparency and respect)
2. Hard work and smart work
3. Self confidence
4. Humility (people with highest self confidence have the highest humility, because they have nothing to prove to themselves)
5. Persistence (nothing is ever achieved in one go)
6. Passion (Giving your hundred percent in whatever you take up, no matter.

Ethics means a system of moral principles, the basis for deciding right and wrong actions and implies customs, habits, and noble traits in character, discipline, culture and disposition. Ethics is defined as that characteristic which constitutes good and bad human conduct and that which decides what is good and evil, right and wrong, and thus what we ought and ought not to do (5). Ethics is the discipline that examines one's moral standards or the moral standards of a society (6). Ethics is a set of moral principles that distinguishes what is right from what is wrong (7). Ethics is moral principle or standard of human conduct that influence our attitudes and actions (8).

Business ethics operate as a system of values and “is concerned primarily with the relationship of business goals and techniques to specifically human end”(9). “Specifically human ends” mean viewing the needs and aspiration of individuals not merely as individual but as apart of society. It also means realization of the personal dignity of human beings. Societal expectations and pressures from the legal and professional bodies have forced the organisations to be more concerned about their social responsibilities and ethical practices. In 1977, The Financial Times’ annual survey of Europe’s most respected companies identified ethical problems as the key reason for the dramatic drop in Shell’s ranking. The company turned upside down in the aftermath of these unfavorable experiences and thus started correcting itself in order to achieve a sustainable growth (10). Many organisations whose business practices are perceived to be unethical and whose products are considered to be harmful to the consumers (e.g., cigarette), face strong social condemnation. In recent corporate history, the Enron and Arthur Anderson episodes underscore the importance of ethical practices in business. Mr. D.S.Brar, Former Chief Executive Officer of Ranbaxy said that we must provide products and customer service of the highest quality. This is what then ethics and integrity means to us.

A major task of leadership is to inculcate personal values and impart a sense of business ethics to the organisational members. At one end, values and ethics shape the corporate culture and dictate the way how politics and power will be used, and at the other end, clarifies the social responsibility of the organization.

SAMPLE SIZE AND PROFILE

The present study provides a picture of the perceptions of 50 companies about the role of values and ethics in strategy implementation. Out of 50 companies 40 (80%) companies have mentioned that product manufacturing is their main area of business whereas 5 (10%) companies belong to service sector. There are only 5 i.e. 10% companies who claimed for both the areas i.e. manufacturing as well as service. Majority of the companies i.e. 24 are having turnover above Rs. 400 crore per annum. 17 companies out of 50 have shown their turnover in between Rs. 200 to 400 crore whereas only 9 companies are covered under the category of below Rs. 200 crore, it shows the representation of medium and large size companies in the study. On the basis of corporate image as well as performance is concerned, the researcher has received the response from well-known companies like Reliance Industries, Grasim Industries, Indian Rayon and Industries, Century Textiles, Jaiprakash Associates, Vardhman Spinning, Mphsasis BFL, Alps Industries, Indian Oil

Corporation, Bharat Heavy Electricals, Bharat Petroleum Corporation, Alok Industries, Bhilwara Spinners, Century Enka, SRF, Pasupati Fabrics, Newgen Software, Jindal Saw, Dr. Reddy's Lab, Kesoram Industries, Jindal Stainless, Moser Baer India, Radico Khaitan, Pentaloan Retail, Mahavir Spinning, Maral Overseas, Deepak Spinners, Modipon Fibres, GPI Textiles, Pratibha Syntex, Polar Industries, Flex Industries, Premier Instruments and Controls, Hindustan Gum & Chemicals, Samtel Color, Claris Lifesciences, Matrix Laboratories, KEC International, Welspun India etc.

IMPORTANCE OF VARIOUS FACTORS IN STRATEGY IMPLEMENTATION

Ethics and culture of the organisation, environmental forces, strategic thinking, delegation of authority, innovation of ideas and personal values are the important factors which affects the strategy implementation. In this study, the strategists have given the much relevance to personal values with the weighted mean of 4.0 followed by delegation of authority, strategic thinking, ethics & culture, environmental forces and innovation of ideas with the weighted mean of 3.9, 3.6, 3.2, 2.7 and 2.1 respectively (Table no.1). Further, the researcher has classified these factors in three categories i.e. Most dominant factors (4 & above weighted mean), Dominant factors (between 3&4 weighted mean), Least dominant factors (below 3 weighted mean).

Table No. 1. Importance of Various Factors in Strategy Implementation

Factors	Frequency / Weighted Score on Scale basis VI to I						Wtd. Mean	Rank
	VI	V	IV	III	II	I		
Personal Values	09x6=54	08x5=40	13x4=52	10x3=30	04x2=08	03x1=03	4.0	I
Delegation of Authority	09x6=54	12x5=60	11x4=44	05x3=15	07x2=14	06x1=06	3.9	II
Strategic Thinking	03x6=18	16x5=80	10x4=40	06x3=18	08x2=16	07x1=07	3.6	III
Ethics & Culture	13x6=78	01x5=05	05x4=20	08x3=24	09x2=18	13x1=13	3.2	IV
Environmental Forces	04x6=24	05x5=25	05x4=20	09x3=27	10x2=20	15x1=15	2.7	V
Innovation of Ideas	07x6=42	07x5=35	03x4=12	08x3=24	08x2=16	13x1=13	2.1	VI

Source: Personal Survey

PERSONAL VALUES AND BUSINESS ETHICS

98 % i.e. 49 strategists feel that personal values and business ethics are important to strategists where as only one strategist has shown his reservation towards the statement. The researcher is also with the majority of the respondents (Table no.2). Research has already shown that ethics does pay. Since unethical practices cost the industries billions of dollars a year and damage the image of corporations, the emphasis on ethical behaviour in organisations has increased over the recent years (11). Personal values and business ethics are important to the selected strategists and they have commented that these are required at all the levels.

Table No. 2. Personal Values and Business Ethics

Response	Number of Strategists
A. In Favour	49 (98%)
B. Adverse	01 (02%)
<i>Total</i>	<i>50 (100%)</i>

ROLE IN VALUE FORMATION

Chairman-Aditya Birla Group-Mr. Kumar Mangalam Birla said, “The values of an organisation define its character and personality. They guide, shape and influence behaviour and actions. Founder entrepreneur and dominant chief executive played an important role in value formation in an organisation. The founder entrepreneur or a dominant chief executive imparts values and they remain in some form, a long time after that person is not there. As far as opinion of the strategists is concerned, founder entrepreneur plays more important role than the dominant chief executive, which has been proved with the help of weighted score. Founder entrepreneur scored 82 points in comparison to dominant chief executive, who secured 68 points and placed on rank II (Table no. 3).

Table No.3. Role in Value Formation

Persons	Weighted Score on Scale basis II to I		Composite Weighted Score	Rank
	II	I		
Founder Entrepreneur	32x2=64	18x1=18	82	I
Dominant Chief Executive	18x2=36	32x1=32	68	II

Source: Personal Survey

BUSINESS ETHICS VS ORGANISATIONAL MISSION/OBJECTIVES

Business ethics is a specialized study of moral right and wrong because it deals with moral standards as they apply to business policies, institutions and behaviour. Business ethics is a study of moral standards and how these applies to the systems and organisations through which modern societies produce and distribute goods and services, and to the people who work in these organisations (12). Majority of the respondents i.e. 48 (98%) feel that business ethics are associated with organisational mission/objectives whereas 2 strategists have opinioned that business ethics are not concerned with organisational mission/objectives. The researcher also included himself in the majority side and feel that business ethics have to be considered to achieve organisational mission and objectives (Table no. 4). Mr. B.M.L. Munjal said that the key to success is ethical business and remarked that we have never allowed under the table business to come near us.... People say: how is it possible? They say that it cannot be true but we say from our experience that it is possible (to achieve success in business ethically), if you are serious and work with sincerity.

Table No. 4. Business Ethics vs Organisational Mission/Objectives

Response	Number of Strategists
A. In Favour	48 (96%)
B. Adverse	02 (04%)
Total	50 (100%)

Source: Personal Survey

CORPORATE CULTURE VS. PERSONAL VALUES AND BUSINESS ETHICS

The success or failure of organisation depends on corporate culture. Corporate culture is really a system of shared values and beliefs which influences the behaviour of people in creating and delivering value to its customer. It is the task of behavioural implementation to mould the culture of organisation so that strategies are implemented effectively. Corporate culture is affected by personal values and business ethics. This has been accepted by the majority of the strategists i.e. 46 (92%) whereas 4 (8%) strategists have said that the personal values and business ethics do not have any impact on corporate culture. The researcher also would not agree with the comments given by 4 strategists because leadership values and business ethics plays a very important role in the organisation (Table no. 5). Larsen Toubro (L&T) also claims that its success and competitiveness is attributed to its 'very strong value systems

and extremely strong merit oriented culture’. Infosys is also known for its distinct purpose and values and has received numerous awards for its outstanding performance.

Table No. 5. Corporate culture vs. Personal Values and Business Ethics

Response	Number of Strategists
A. In Favour	46 (92%)
B. Adverse	04 (08%)
Total	50 (100%)

STRATEGIST’S PERSONAL VALUES AT STRATEGY IMPLEMENTATION

39 (78%) respondents out of 50 feel that strategist’s personal values play an important role at strategy implementation whereas 11(22%) strategists have not agreed towards the statement. The researcher feels that strategist’s personal values play a very crucial role at strategy implementation stage (Table no. 6).

Table No. 6. Strategist’s Personal Values at Strategy Implementation

Response	Number of Strategists
A. In Favour	39 (78%)
B. Adverse	11 (22%)
Total	50 (100%)

Source: Personal Survey

IMPORTANCE OF STRATEGIC DECISIONS AT STRATEGY IMPLEMENTATION

Both the strategic decisions i.e. values & ethics and economic factors are important at the stage of strategy implementation. Majority of the strategists said that values and ethics is an important strategic decision and secured 77 points as against the economic factors, which secured 73 points (Table no. 7). The researcher also feels that an organisation must follow values & ethics instead of economic consideration. It has been noticed that some companies earn money while sacrificing value systems, which is not fair on their part.

Table No. 7. Importance of Strategic Decisions at Strategy Implementation

Strategic Decisions	Weighted Score on Scale basis II to I		Composite Weighted Score	Rank
	II	I		
Values and Ethics	27x2=54	23x1=23	77	I
Economic Factor	23x2=46	27x1=27	73	II

DEGRADATION OF VALUES AND ETHICS

Discretionary power, bureaucratic interference and political pressure degrade the values and ethics in an organisation. Majority of the strategists said that discretionary power is the main point with the weighted mean of 2.1, which deteriorate the values and ethics in an organisation in comparison to bureaucratic interference and political pressure with the weighted mean of 1.9 and 1.8 respectively. It has been noticed that the people misuse their discretionary power in the organisation and create corporate politics (Table no. 8). Mr. Kumar Mangalam Birla said, "Doing business with a strong sense of values is a win-win game for all. Customers, employees, suppliers and investors trust organizations that live by a clear set of values".

Table No. 8. Degradation of Values and Ethics

Factors	Weighted Score on Scale basis III to I			Weighted Mean	Rank
	III	II	I		
Discretionary Power	25x3=75	07x2=14	18x1=18	2.1	I
Bureaucrats interference	13x3=39	21x2=42	16x1=16	1.9	II
Political pressure	12x3=36	16x2=32	22x1=22	1.8	III

Source: Personal Survey

CONCLUSION

The conclusion drawn from the present study are summarized below:

Strategists have given much relevance to personal values with the weighted mean of 4.0 followed by delegation of authority, strategic thinking, ethics & culture, environmental forces and innovation of ideas with the weighted mean of 3.9, 3.6, 3.2, 2.7 and 2.1 respectively.

98% strategists out of 50 think that personal values and business ethics are important to strategists where as only 2% strategists have shown his reservation towards the statement.

As far as role in value formation is concerned, founder entrepreneur plays more important role and secured 82 points in comparison to dominant chief executive, who secured 68 points.

48 i.e. 96% strategists opined that business ethics is associated with organisational mission/objectives whereas 2 i.e. 4% strategists have claimed that business ethics is not concerned with organisational mission/objectives.

92% of the strategists have said that the personal values and business ethics have an impact on corporate culture whereas 8% strategists were of the view that the personal values and business ethics does not have any impact on corporate culture.

39 respondents feel that strategist's personal values play an important role at strategy implementation whereas 11 strategists have not agreed towards the statement.

Majority of the strategists said that values and ethics is an important strategic decision and secured 77 points as against the economic factors, which secured 73 points.

Discretionary power is the main channel, which deteriorate the values and ethics in an organisation with the weighted mean of 2.1, in comparison to bureaucratic interference and political pressure with the weighted mean of 1.9 and 1.8 respectively.

SUGGESTIONS

The following suggestions can be made from the present study:

At strategy implementation, strategists should accentuate on effective communication, efficacious coordination, and smooth knowledge transmission among various functional departments.

A good strategy may fail to produce desired results, if not implemented properly. As such, well-documented implementation plan must be prepared and that must be communicated to the key personnel who are responsible for strategy implementation.

Strategists must keep in mind the corporate culture and value system at behavioural implementation and may use their discretionary power, may be once in a blue moon because the use of discretionary power would only reflect the gloomy gesture on the part of the strategist.

Founder entrepreneur plays a dynamic role in the values formation that is why founder entrepreneur must have a close touch with the employees of the organisation.

Business ethics may be considered a symbol of success and must be given priority by the organisations.

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