



# INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

## “Indian companies delivering promises through integrity and accountability”- A study of ethical leadership in creating stakeholder’s value.

Author(s)

**Mr. Aravind.**

Research Scholar, Institute of Management Studies Shivagangothri  
Davangere University, Davangere, Karnataka state, India

**Dr. R. Shashidhar.**

Associate Professor & Research Supervisor, Institute of Management Studies Shivagangothri  
Davangere University, Davangere, Karnataka state, India

**Dr. Paramshivaiah,**

Professor, Department of Studies and Research in Commerce, Tumkur University, Tumakuru, Karnataka,  
India.

**International Business Virtual Conference  
on  
“Ethics and Governance in Business”**

**Siddaganga Institute of Technology**

(An Autonomous Institution affiliated to

Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi)

B.H. Road, Tumakuru, Karnataka

Department of MBA, SIT, Tumakuru

Under the aegis of

**“Centre of Excellence in Management”**

A collaborative venture with

Infinite Sum Modeling Inc. (ISM), USA

## **Abstract:**

In the present competitive business scenario, sustaining the brand name is huge challenge for the companies. Since business performance associated with significant internal and external uncertainties, any irregularities emerged directly dent the reputation, consequently straightaway hit commercial value of the companies. Now a day companies are assessed through holistic ways by potential and existing stakeholders, specifically while investments and business negotiations. In this context any inconsistency [conflict of interest, breach of laws, regulatory violations, gender disparities, inequality, environmental damage and social unrest] results in huge reputational damage and it's highly difficult to regain. Therefore the business leaders are realized that sustaining reputation and meeting stakeholder's expectations are key to success and its very tough tasks for business leaders accomplish unless integrity and accountability are practiced diligently. This article highlights the way resilient leaders running companies with high integrity and system of accountability through building a strong corporate culture, work ethics with powerful governance code, and also emphasis on business leader's perspectives changing from "Business deliverables" to "Value deliverables" through fostering the corporate values with conscious efforts to add border range of value to stakeholders. We have noticed many leading companies shifted their focus towards customer centric, people centric, learning organization, for these to accomplish, businesses must undergo profound structural changes in terms of ethical tone, governance system, Integrity, ownership and accountability driven performance to create strong culture and values.

**Keywords:** Value deliverables, Business deliverables, Irregularities, Social unrest, Ethical attitude, governance standards.

## **Topic Introduction:**

In this section of the article explains basic terminologies used in the title of the article.

## **Indian Companies**

Indian Corporates are legal business entities, register under the Indian company act 1956 and local authority, having their own common economic objectives. In general sense business establishments which are registered with legal name, they operate as per the license in the legal documents. These business establishments comply with applicable laws and regulations requirement, companies directly and indirectly associated with various stakeholders such as Shareholders, Employees, Creditors, Banks, Vendors, Suppliers, Customers, Regulators or law enforcement agencies, Social and Environment concerns to attain business goals.

## **Ethical leadership**

Moral principles that govern a person's behavior or direct in conducting activities, in a simple way ethical leadership means acting according to your moral principles in day-to-day business life and decision-making it's basically emphasis on doing the right thing.

## **Delivering promises**

It's all about purpose of company's existence; it derived from company's mission and visions, what has been proposed, articulated and how company's strategies are navigated to meet stakeholder's expectations.

## **Integrity and Accountability**

Integrity and accountability demonstrate and ensure good people and fair management practices are in place, business practices and management approaches embedded by sense of justification and transparent.

## **Stakeholder's value**

Stakeholder value involves creating the optimum level of return for all stakeholders in an organization. This is a more broad-based concept than the more common shareholder value, which usually focuses just on maximizing net profits or cash flows. The stakeholder value concept still places some emphasis on net profits or cash flows, but it also incorporates the needs of other stakeholders, such as employees, the local community, governments, customers, and suppliers.

## **Study objectives:**

- To measure, an ethical leadership role influence in establishing a resilient culture and value system.
- To explore, the business leaders ethical behavior empowering in delivering promises.
- To evaluate, an integrity and system of accountability benefiting companies and stakeholders communities.

## **Scope of study:**

This study explains, significance of leadership ethical behavior and governance standards hold strong position in the shaping the organization philosophy and culture to encourage integrity enforced roles and responsibilities in delivering the promises through values. Study also emphasis on value driven performance helps in attaining long term viability and sustainable performance are essential in delivering stakeholders exceptions.

## **Methodology:**

This study is a descriptive research and information collected purely based on secondary sources such as discloser database and various public domain sources to figure out how leaders ethical performance and governance standards structured for roles and responsibilities and transparency in business practices influencing and impacting delivering promises.

## **General background and transformation trend of underlying focuses and leadership philosophies:**

In earlier days, corporate success used to measure purely based on economic objectives, primary focus was towards profit maximization and wealth maximization for shareholders. Shareholders objectives had been a core at corporate performance, in this landscape most of the companies used to design business models and performed business operations as shareholders centric organizations, other stakeholders who are equally significant such as employees, vendors, business partners, government and most importantly environmental and civil society have undermined significantly. Now the perspectives changed dramatically, corporate performance measured at 360 degree dimensions by stakeholders in terms of integrity, ethical behavior of leadership team, commitment, governance model, vendor relationship, employee's engagement, regulatory compliance, customer satisfaction, environment consciousness, and social concern are order of the day. In a way to achieving corporate objectives many times corporate leaders have failed to comply with applicable laws, governance standards and disengaged with ethical philosophies which adversely affect the stakeholder's communities. As we acknowledge, the major corporate irregularities taking place in executives' compensation, wealth inequality, discriminations, gender disparity, financial frauds, environmental and social issues. These irregularities not only disrupt the trust and reputation, also companies are continuously experiencing regulatory interventions and penalties. As consequences from last few decades' business leaders' perspectives inherently changed and realized that Integrity, ethical business performance and disclosure

transparency are sense of accountability in business practices, and management approaches are critically important to promote resilience and sustainable performance in attaining stakeholders' confidence. Indeed if a company wishes to run a marathon, it must demonstrate value system integrated in company's business models. As noticed in the present day's core intent of companies shifted from maximization of shareholders wealth or profit maximization dominant driving force to business ideology placing system of accountability, gaining customer's confidence, concerns for employees, social and environmental oriented approaches ahead of shareholder returns. The determination of these priorities emerged pragmatically at a rapid pace, business leaders assuming custodian role to exhibit stewardship at every business actions they endeavor towards stakeholder's expectations. Because leadership team believes more than deliverable outcomes, most important to focus on stakeholder's engagement and sustainability of business operations are essential to long term viability and key to success.

An organization built with the resilient foundation of integrity & ethics are essentially to set strong culture, directions, principles, and priorities to accomplish "Vision". These leads have to be assumed by corporate leaders [such as founders, business executives and senior leadership team] through by setting right standards, principle and values to shield the organization values and reputation in delivering the promises. Leaders demonstrate integrity by inspiring their people in an organization, the reason being people believe leaders because of trustworthy, dependability and behaved consistently under any circumstances. Business leaders who embedded with integrity inspire the followers to develop positive effects around them, create huge impacts on the organization culture.

### **Business leader's perception and significance towards integrity and sense of accountability in performing their roles:**

**Warren Buffet** once said "you are looking for three things generally in a person Intelligence, Energy and Integrity. And if they don't have last one, don't even bother with the first two. I tell them, everyone here has the intelligence and energy, you wouldn't be here otherwise. But the integrity is up to you. You weren't born with it and you can't learn it in school".

**Mr. Anand Mahindra**, CEO and MD of Mahindra and Mahindra. In an interview he stated "Empathy" encompass of ethics, integrity, transparency and all other good qualities that we emphasis in the business philosophy. He elaborates empathy is basically an understanding of the people around you, listening them carefully and step yourself in their position see the perspective in their views, thus I firmly believe, being empathize around our stakeholders enable us to understand stakeholder's expectations and align ourselves business strategies delivering the promises. Anand Mahindra assertively enunciate in business forums and summits, business models that been designed to serve our stakeholders is underlying with commercial objectives and eventually we earn. However can't gain reputation and trust by money, reputation and good governance are key instruments to companies, these must be maintained from very inceptions of the company. Mahindra & Mahindra's corporate DNA is grafted with code of conduct, we display our values through our inherent culture built in by treating and respecting stakeholders expectations. He states "Our business partners intend to continue relationship with us & foreign collaborators prefer us because our expertise supported by ethics, our shareholders persistently perceived that we always do right things and that assured them never let them down, our employees feel the sense of pride in working with M&M, our customers loyalty leveraged by our business practices, quality and trust are front of everything we do". Mahindra and Mahindra group live their values through business operations, our leadership team display credibility by "Doing things are important but doing right things are most important, these can be accomplished only by integrating high business standards in terms of governance practices, ethics and integrity driven performance". By these

leadership ideologies we are experiencing internal and external benefits in our business promises and deliverables.

**Mr. Azim Hashim Premji** is an Indian business tycoon, Investor, Engineer, and Philanthropist; recently he stepped down from chairman of Wipro Limited. Still Azim premji remain as non-executive member of board, and serving as founder of Wipro Limited. Azim premji has been instrumental and a perfect individual of personal integrity and profoundly committed to ethical principled business leader. He acknowledges, in the business operations we change ourselves, business models and business strategies towards challenges and uncertainties we experience in the intensions to serve our stakeholders except our belief, integrity and genuine practices that we have inculcated since from inception. Because these believe system promoting our corporate behavior and supported to reach today's milestones we exist. Hence it is truly essential to continue the conscious effort to aligning business models and strategies backed by good governance guided principle, ethical conscious and legitimacy operations are our strong belief to reach every individual whom we connect. Our business philosophy and leadership ideology will remain the spirit and essence of Wipro.

**Mr. Narayan Murthy**, a legendary co-founder and retired chairman of the Infosys limited, he spent 30 years with the company building strong culture and value driven organization in every successful business model. Narayan Murthy personally a social oriented individual, he has great respect towards value and honesty, he admires his leadership team because every business connection they perform and care fostered all they endeavor in company are deeply rooted with integrity and honesty, he asserts business deliverable we promise to our stakeholders are not merely business deliverable we transform them to value deliverable, that's how Infosys live values every tiny thing we perform. Mr. Murthy global vision is Infosys to be a value driven global reputed software corporation, value driven culture, delivering the best of breed solutions to customers, employee commitment, value enhancement to our investors and share our benefits to social problems through "Infosys foundations" and environmental conscious efforts to protect our planet are core purpose of company.

**Mr. Deepk pareksh** is an Indian business man & the chairman of Housing Development Finance Corporation, one of the leading housing finance company in India. Mr. Deepk states, in the finance business any jurisdiction for that matter building relationship is company's core competency, integrity in handling operations, transparency, accountability and clear conscious effort as we promise in our business practices will pave the way to win confidence and trust in all stakeholders. In the contemporary business circumstances every business leaders require new skill sets, need to aware of international trend for global business perspective. A genuine leader results in sustainable brand equity and reputation these could be experienced only by corporate characterized by strong commitment of integrity, transparency and demonstrate high level of services to stakeholders that ultimately leads to "engagement" we call them "Stakeholders engagement".

**Mr. Aditya Puri**, CEO and MD of HDFC Bank, Aditya Puri name has been featured in the list of world's 30 best CEO published by American financial magazine Borron's. Mr. Aditya puri transformed HDFC Bank from start up into one of the world highest quality bank. He says in one of the candid interview, there are three critical successful factors leader of bank must essential possess, "Vision, Teamwork, and Walk the talk". Being responsible leaders we just need to be true leaders not dictators. Leadership role create do or die situations in company, leaders inspires others internally and externally solely by integrity, transparency, ethical behavior, care for everyone attitude, commitment and concern of stakeholders establish a true leadership. Leadership team holds core responsible for reaching new high in deliverables, we in HDFC Bank every individual work with commitment and sense of purpose philosophy. As a part of leadership team I always pursue and encourage our people to stand well for customer service, Risk mitigation plan for bank and customers, clearly defined governance standards and ethos driven performance always underlying focus to reach operations efficiency.

**Mr. Puneet Chhatwal**, Managing Director and CEO of Indian Hotels Company limited, a subsidiary unit of Tata Group. Mr. Puneet express in an interview, any corporate which are having large number of subsidiaries; need to set up strong governance system in place. This is how Tata group of companies built in; Tata code of conduct has resilient corporate governance; promote transparency in all business practice we conduct with internal and external stakeholders. Our transparency model display credibility of leadership team in all our functionalities, we rooted with ethical and transparency commitment in all the business conducts. These transparency models drives Indian Hotel Company Limited business put our stakeholders integral part and fair treatment at all the dimensions of business operations to serve our stakeholders. He states that company demonstrate strong governance driven business models have sustainable theme around century of experience, hence Tata group of companies holds unique position in the market. The core themes of everything we serve to our stakeholders are governance driven business models, spreading openness culture, transparency and ethical practices driven by value and culture.

**Mr. Mahesh Palashikar** is President and CEO of General Electric Company in South Asia and Chairman of the Board of Directors of GE Power India Limited. Mr. Mahesh says GE group of companies are global presence, GE has diversified businesses in our business portfolios from Aviation, to Healthcare, Renewable energy, Transportation, Oil & Gas, Current & Lighting, Capital and Power generation businesses. We at GE our primary focus must be on delivering outcomes; we don't define deliverables solely by the number of gas turbines, wind turbines, jet engines, or CT scanners we manufacture. The ultimate purpose of our promises is "Children in distant villages who get access to electricity for the first time, the travelers who get home safely and the patients who receive better diagnoses and treatments in the moments that matter most". It is all about our leadership commitment, people devotions at workplace and understanding each needs of our stakeholders, finally we deliver promises through value integration is our passion at GE.

Based on the collective opinions from business leaders, fundamentally leaders demonstrate their value of integrity and system of accountability by honoring the commitments of stakeholders, being fair to everyone around them culture driven engagements, open and direct communications, witnessing the mistakes and self-corrections and giving credit where it is due.

### **Benefits of ethical leadership and sound governance driven performance:**

Behaving ethically, integrity and being transparent in corporate affairs display strong credibility of leadership team also derive huge advantage for the companies. Although primary concern to construct ethical and integrity manners develop humanity and compassion for the stakeholders group, at the same time companies reap following advantages.

- **Creates competitive advantage:** Competitive advantage is a unique attribute, it reflects through the financial and non-financial performance of the company. Competitive advantage enables to attaining strong position and differentiates from the crowd. It is superior position obtained through doing right things in the business process and practices, which would reflect by proper allocation of strategic assets, operating efficiency, achieving consumer confidence, employee engagement and winning stakeholders trust. Ultimately company enjoys competitive advantage by experiencing regular positive bottom-line.
- **Talent attraction and retention:** Ethical compliant, transparent, strong culture driven companies develop resilient brand image in market, which results in employee focused culture and employees are treated with great respect & open involvement approach. Through these approaches companies attract, retain top talent and enhance employee commitment to drive sustainable competitive advantage.

- **Access low cost of capital:** A strongly built ethical corporate demonstrate, system of accountability to establish trust and reputation, which are powerful intangible assets to create solid position in the market. These attributes increase sense of confidence, trustworthy in investors, which leverage companies to attract investment and access low cost of capital from the market.
- **Promote morale and culture:** The companies supported by ethical philosophy create a greater workplace for employee's engagement, because ethical driven organization develops high integrity, strong governance practice and socially responsible approaches to shape resilient culture and enhance morality in workforce. Therefore companies promote stronger work culture, collaborative attitude, free from stress which makes employees to feel happier and become more productive.
- **Enhance the reputation and trust:** Building reputation and gaining trust in the market takes lot from companies' performance; it is very tough task for business owners or leadership team to take that reach. Ethically responsible and strong system of accountability practiced companies are less exposure to frauds, scandals and internal uncertainties, reason being well built companies develop cascading affect in all the matrix of company's hierarchy that defense from uncertainties and shield trust and reputations even in the tough times.
- **Legal and regulatory reasons:** An ethically compliant company experience less regulatory interventions, the reason is ethical philosophy is a voluntary practices build within the organization culture and values, people follow these for the best interest of company, which ultimately benefits stakeholder's communities. These best approaches and preparedness would ultimately benefit companies in the long run when ethical and Integrity conducts questioned by externalities and become a legal enforcement.

### **Indian companies recognition for value driven performances:**

Most of the times companies are thoroughly assessed and recognized by the leadership attitude, organization structures, governance code, culture and value system established within. Significantly by these supporting pillars, companies are measured in terms of business practices and management approaches in dealing with negotiations, collaborations and market realities. Many Indian companies appreciated and recognized constantly through their sustainable performance and stakeholders scores by the way companies operate and benefiting to stakeholder's communities around them. In this context Indian leading companies such as Tata steel, Wipro Ltd, Bharti Airtel, Mahindra & Mahindra, Infosys, Marico industries so on, nationally and globally assessed recognized based on multiple parameters such as ethical ideology, governance structures, integrity, transparency followed in business operations and stakeholder's capitalism.

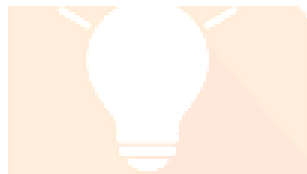
Ethisphere, a global leaders in defining and advancing the standards of ethical business practices, announced the 132 honorees representing 51 countries and 21 industries that have earned the coveted recognition of World's Most Ethical Companies in 2020, who prioritize ethical behavior as a means to improve the world, while enhancing business performance. Wipro and Tata steel have been recognized among 132 by the Ethisphere Institute, as one of the world's most ethical companies. This is truly incredible achievement by Indian corporates.



GET STARTED

# The Methodology Behind the Selection Process

Ethisphere's Ethics Quotient® is a proprietary rating system that collects and objectively scores self-reported data in five weighted categories. Questions included in the Ethics Quotient are periodically reviewed and updated based on changing regulations, expectations, and best practices. Supporting documentation is required for consideration as one of the World's Most Ethical Companies.



GET STARTED

## The 2020 World's Most Ethical Companies® Honoree List

In 2020, 131 companies are recognized for setting the global standards of business integrity and corporate citizenship.

The honorees span 21 countries and 50 industries and includes 14 first-time honorees and seven companies that have been named to the list every year since its inception.

India | All Industries | Number of employees: 33,000 – 171,425



Metals, Minerals & Mining | India | 33,000 | NSE: TATASTEEL

Information Technology Services | India | 171,425 | NYSE: WIT

A report released by BSE Ltd in the year 2018, IFC and Institutional Investor Advisory services suggests that Indian firms are now benchmarking global level high standards. Listed top 10 companies are recognized for best corporate governance practices as the standards improved in the Indian companies from recent years compelled by the changing regulatory dynamics and greater engagement with investors through disclosure requirement compliance, board evaluation, leadership experience and governance standards.





There are yet large Indian corporates from diversified sector such as HDFC Bank, Marico Industries, JSW steel, TVS motors, Asian paints, Hero Motor crop, Adani group, Ambuja Cements etc. are in similar disposition to displaying credibility through Ethical compliance, corporate citizenship and responsibility culture of ethics, high governance standards, leadership and reputation approaches are aligning their business models and strategies to value deliverables through sustainable conscious performance to benefit stakeholders communities.

### **Conclusion:**

We must acknowledge that, in the sustainable world winning stakeholders confidence is a complex phenomenon, it could be accomplished only by show runner's ethical commitments i.e. leadership team, their philosophical dimensions, morality in actions and executions. Leaders lay foundations of ethical breed, integrity in roles and responsibilities, high standard governance codes, empathy in treating human capital and display credibility in business dealing and negotiations. Being ethical is an imperative because human morality drive values, in case corporate leaders inherently pursue these philosophies diligently and honestly, perhaps we surely prevent emerging corporate irregularities and regulatory interventions. We have noticed many Indian companies are respected and recognized due to important aspects of business behavior such as treatment of workforce, community, customers, shareholders and environment, these companies led by amazing leaders, they reached the companies to the new high; those leaders did it just by understanding the people around, their expectations and delivered their expectations through deep commitments and values.

### **Acknowledgement:**

I would like to extend my sincere thanks to **Dr.R.Shashidar & Dr.Paramshivaiah** for their significant insights, valuable comments and suggestions in development of this article.

**References:**

1. <https://business.tutsplus.com/tutorials/what-is-ethical-leadership--cms-31780>
2. [https://www.indiaonline.com/article/news-economy/role-of-pvt-sector-in-tackling-corruption-stressed-113110802952\\_1.html](https://www.indiaonline.com/article/news-economy/role-of-pvt-sector-in-tackling-corruption-stressed-113110802952_1.html)
3. <https://www.entrepreneur.com/amphtml/282957>
4. <https://www.lillyindia.co.in/en/responsibility/working-with-integrity.aspx>
5. <https://www.forbes.com/sites/ashoka/2016/07/06/empathy-not-bureaucracy-makes-organizations-great-leadership-lessons-from-anand-mahindra/amp/>
6. <https://m.economictimes.com/news/company/corporate-trends/wipro-tata-steel-among-the-worlds-most-ethical-companies/the-worlds-most-ethical-companies/slideshow/74686181.cms>
7. [https://www.businessinsider.in/integrity-ethics-principles-value-and-honesty-in-a-startup/amp\\_articleshow/56180483.cms](https://www.businessinsider.in/integrity-ethics-principles-value-and-honesty-in-a-startup/amp_articleshow/56180483.cms)
8. [https://www.worldsmoethicalcompanies.com/honorees/?fwp\\_country=india](https://www.worldsmoethicalcompanies.com/honorees/?fwp_country=india)
9. <https://www.tatasteel.com/media/newsroom/press-releases/india/2019/tata-steel-named-one-of-the-2019-worlds-most-ethical-companies-by-ethisphere-for-the-eighth-time/>
10. <https://qrius.com/indias-transparent-companies/>
11. <https://www.businesswire.com/news/home/20200225005209/en/Ethisphere-Announces-the-2020-World%E2%80%99s-Most-Ethical-Companies>
12. [https://www.ge.com/in/about-us/leadership/mahesh-palashikar#:~:text=Mahesh%20Palashikar%20is%20the%20President,\(GEPIL\).](https://www.ge.com/in/about-us/leadership/mahesh-palashikar#:~:text=Mahesh%20Palashikar%20is%20the%20President,(GEPIL).)