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**RESEARCH FEATURE**

Time To Adopt  
Sustainable Fashion

**SOCIAL RESPONSIBILITY &  
ETHICS IN MARKETING**

**IN FOCUS**

Unethical Marketing  
Can Destroy  
Brand Reputation

**PLUS**

**ROUND UP • MY MARKET • THE PRESCRIPTION**



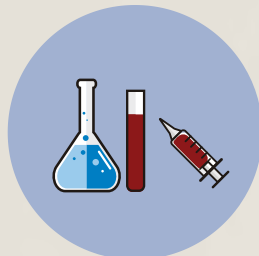
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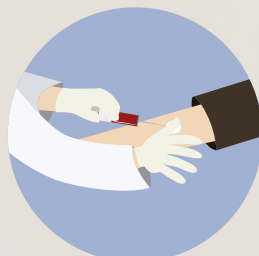
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**QUALITY IN PATIENT CARE**



BEJON KUMAR MISRA | [bejonmisra@theawareconsumer.in](mailto:bejonmisra@theawareconsumer.in)

# If Only We Knew Our ONIONS ...

Even as consumers are crying over elusive onions, unscrupulous marketers are hoarding it and exaggerating the shortage. Here only the profit motive is at work. While our government and opposition are in a slugfest over onions; the consumer is in tears.

**IN THE RACE** for development we had left ethics far behind. Our morals were compromised as we edged into a consumerist society whose sole goal was pursuit of wealth. Greed was the motivating factor and values were compromised. Profit motive had blinded consumers, producers, governments and all. The result was a society that had lost its moral bearing and a world that was bearing the brunt of our rapacious greed. Produce more and consume more was the mantra that saw forests being uprooted, farmlands and wildlife vanishing, rivers drying up and polluted, glaciers melting and temperature rising. The world stands on the brink of disaster, say environmentalists.

The doomsday predictions may be exaggerated, but what can't be denied is that we need to bring back values in our day to day life. Let's begin with ethical marketing practices. Why do we need ethics in commerce? The answer is simple: for the greater good. If organizations are only led by profit-making, we will soon have an uninhabitable world.

Look at the case of onion prices. Even as consumers are crying over elusive onions, unscrupulous marketers are hoarding it and exaggerating the shortage. Here only the profit

motive is at work. While our government and opposition are in a slugfest over onions; the consumer is in tears. Needless to say, onions are raising quite a stink.

From onions to real estate, in every walk of life, unethical practices are impacting economy and development. Scams are bleeding the nation dry. Just reflect, let's say on the housing sector, if the builders had played their role ethically, thousands of homeowners would have been saved the double jeopardy of paying rents and paying back bank loans. They would have been saved the stress of fighting legal battles and the pain of being roofless despite sinking all their savings into a flat. The back-breaking burden of bank loan is crippling consumers and they stare at a bleak future. The government, already hamstrung by a sliding GDP, is expected to provide aid and distressed fund.

If only each of us had played our part ethically...



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Message from the Editor-in-Chief

**POOJA KHAITAN**

pooja@theawareconsumer.in

# Need To Temper TECHNOLOGY WITH ETHICS



**THE RAPIDLY EVOLVING** technology and its expanding presence in our day to day life has brought to fore the need for ethics more than before. Technology is insidiously encroaching upon our personal lives and the fallout is that nothing remains personal. Marketers to government have access to consumer/citizen data and are using advanced technologies like data mining and machine learning to know about the lives of citizens, how they think, what they prefer, what they do, how they spend, etc., to influence their decisions. From purchase decisions to voting behaviors all are being manipulated without us being aware of it. Nothing is sacrosanct anymore. Governments use advanced surveillance techniques to keep tabs on citizens, while hackers are on the prowl for data theft and financial frauds.

One wonders what happened to consumer's right to privacy.

Governments around the world are waking up to this emerging reality and it is heartening to note stringent data protection laws are being implemented. But technology as it advances can subvert laws or circumvent regulations. What we need desperately is a return to ethical society.

Technologists must understand and accept that they have a moral duty towards consumers and ethics should temper all development. Same goes for businesses, government and all those who deal with the consumer.

Ethics is not unidimensional. It covers the entire spectrum of human existence. When profit motive submerges ethics, development takes place at the cost of the consumers, the environment, the economy and the entire planet. Without ethics at the core of all its operation, a business turns rapacious, exploits legal loopholes and shortchanges and dupes consumers. However, for an organization with a strong culture of ethics, where laws fail, it is its principles that keep it on the course.

Organizations must work on establishing a code of ethics and implement it in letter and spirit. And where better to start than with a strong ethics officer as the company's conscience keeper?

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### RESEARCH FEATURE

#### TIME TO ADOPT SUSTAINABLE FASHION



Fashion is among the biggest polluters of the planet. Consumers need to become more aware and join hands with the industry to start a movement for conscious fashion.



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### HORIZONS

#### CORRUPTION STILL RAMPANT IN THE COUNTRY



India Corruption Survey 2019 reveals shocking facts, proves that computerization in the state machinery has not brought in the desired level of transparency and accountability.



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### INTERVIEW



**Shantanu Chatterjee**  
Associate Professor  
in School of Fashion  
& Design, GD Goenka  
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### MY MARKET

#### ETHICS OFFICER: NEED OF THE HOUR



Indian companies need to establish a culture of ethics and for this the ethics officer is a compulsory requirement



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### OUT OF THE BOX

#### TRUST IS THE NEW MARKETING CURRENCY



In the times of digital marketing, the old ways of pushing a product do not work. There is a need to establish deep trust in the potential clients and then move to selling products.



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### IN FOCUS



#### UNETHICAL MARKETING CAN DESTROY BRAND REPUTATION

Good customer experience is the key to successful companies. Indian companies must work on making ethics the foundation of their day to day operations.



RABBI LORD JONATHAN SACKS

(THE DIGNITY OF DIFFERENCE), A BRITISH ORTHODOX RABBI, PHILOSOPHER, THEOLOGIAN, AUTHOR AND POLITICIAN

"Campaigns against corporations have led them to take greater care that their goods are not produced under unacceptable working conditions for starvation wages. All of us, by the decisions we make about how we live and work and travel and consume help to shape an environment. To think and act morally, to do what is right because it is right, influence others; it begins to create a climate of opinion; good like evil, is infectious.

# ROUNDUP



## World's Most Ethical Companies

World's Most Ethical Companies honorees have historically out-performed others financially, demonstrating the connection between good ethical practices and performance that's valued in the marketplace.

### DATA BRIEFING

In 2020, more than **55%** of consumers will consider company values when making a buying decision.



## Why Indian Companies Miss The Bus?

**THE STATE OF** ethical practices in Indian companies is abysmal to say the least if we go by the result of US-based Ethisphere Institute's Most Ethical Companies' list. In 2018, only two Indian organizations made it to the coveted 'World's Most Ethical Companies List' – Wipro Limited and Tata Steel Ltd. These two companies featured amongst the 135 organizations named the 'Most Ethical'. In 2019, 128 companies were recognized for exemplifying and advancing corporate citizenship, transparency and the standards of integrity, and again these two companies have made the cut.

The 2019 list of honorees spans 21 countries and 50 industries. There are 16 first-time honorees and eight companies that have been named to the list every year since 2007.

Ethisphere is a global organization devoted to defining and advancing ethical business practices. The honorees are those companies that are driving positive change in business and society. These organizations have been recognized as role models in ethics and compliance, organizational culture, governance, corporate citizenship, and leadership and reputation.

The list gains prominence as it emphasizes on the importance of organizations choosing the difficult and maybe even less profitable path of being

Upholding  
the moral  
compass

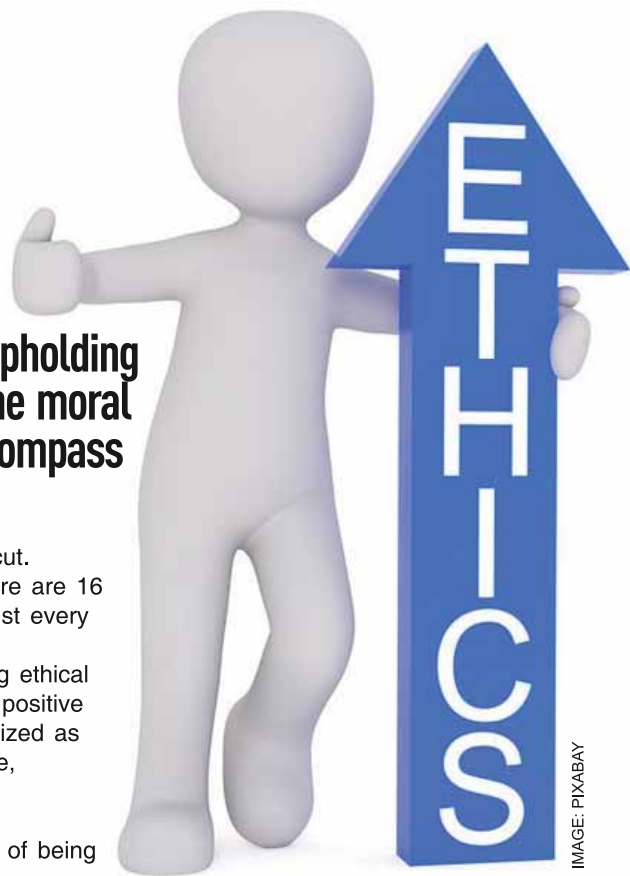


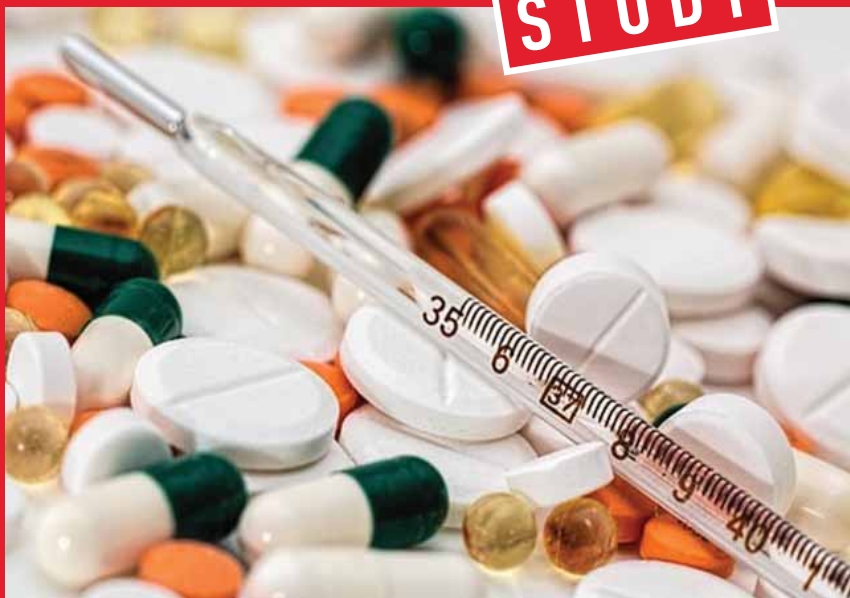
IMAGE: PIXABAY

# Pharma Companies Bribe Doctors To Push Products

**PHARMA COMPANIES IN** India seem to have a plumbed a new depth with media reporting their alleged murky practices to push doctors to prescribe brand formulations. Support for Advocacy and Training to Health Initiatives (Sathi), a public health group, has compiled a report on pharmaceutical marketing practices adopted by pharma companies and reports that these companies exert huge pressure on medical representatives (MRs) goading them to achieve high sales targets through any means.

According to the report, medical representatives have spoken of pharmaceutical companies' rampant use of bribes, including foreign trips, gifts of white goods like microwave ovens, high-end smartphones, jewelry and, the worst, even women. In the absence of a Uniform Code of Pharmaceutical Marketing Practices that has penal provisions for such practices, the pharmaceutical companies are adopting every unethical mean to push their products. Notably, a 2016 proposal to bring in such a code is still to see the light of the day.

STUDY



Holding the Hypocritical Oath to ransom

IMAGE: PIXABAY

ethical in today's polarized world. Ethisphere reports that companies have increased their role in society. "Values-based leadership leaped to the forefront of business strategy, and companies increasingly discussed their purpose in broad, community-focused terms. Diversity and inclusion, investment and long-term commitment, and constructive use of a company's voice are now the hallmarks of what stakeholders are expecting, and investors are rewarding," media reports quoted Ethisphere.

To judge the ethical bent of companies, Ethisphere Institute uses its Ethics Quotient (EQ) framework as the foundation of the assessment process. It "offers a quantitative way to assess a company's performance in an objective, consistent and standardized manner." The EQ is based on scores from five categories: ethics and compliance program (35 percent), corporate citizenship and responsibility (20%), the culture of ethics (20%), governance (15%), and leadership, innovation, and reputation (10%).

The institute shares the assessment of all companies that undergo assessment even if they fail to make it to the list. A look at the list makes it apparent that the

vast majority of the organizations in the list are American.

As regards Indian companies' performance on ethical benchmarks, in 2017 as well, Wipro and Tata Steel were the only two Indian organizations part of the list. Earlier however, in addition to these two, Tata Power Company Limited also featured.

If you are wondering what makes them more 'ethical' than their peers, here is what Ethisphere notes: "...those companies who focus on transparency and authenticity are rewarded with the trust of their employees, their customers, and their investors. While negative headlines might grab attention, the companies who support the rule of law and operate with decency and fair play around the globe will always succeed in the long term."

Organizations that have been recognized by Ethisphere have displayed high levels of involvement with their stakeholders and in their communities around the world. They are involved in improving culture, believe in leading authentically, and are committed to transparency, diversity, and inclusion.

Time Indian companies began measuring up to these benchmarks. ▶

## The survey interviews medical representatives across the country who said doctors accept gifts and are even threatened to achieve targets

The study notes that as per the MRs, their training is more about learning salesmanship and "management of customer (read doctor) relations" than actually gathering technical knowledge on the drugs.

Sathi had conducted in depth interviews with 50 MRs, areas sales managers, allopathic and Ayush doctors and pharmaceutical executives from six cities in 2018 to come up with this report.

The code of ethics of the Medical Council of India prohibits doctors from accepting any gifts, cash, travel facilities or hospitality from pharma companies. However, absence of laws is proving to be a deterrent in controlling corrupt marketing practices.

MRs interviewed in the survey have said hardly 10-20% doctors follow the MCI code of ethics. The majority not only accept gifts but demand these 'incentives' in return for prescribing medicines and other medical products of a company.

The nature of inducements has undergone upgradation with time. Sponsoring doctors at conferences is the most commonly employed form of bribery. Such is the grip of the pharma companies on doctors that in many high value deals where companies pay installments on the purchase of a car or some such expensive item; they even threaten the concerned recipient of the benefit to either achieve the targeted business (agreed number of prescriptions for a drug) or face the consequences, reveals the report. The cash bribes have now transformed to petrocards, credit cards or e-vouchers for online purchases.



Pharma companies closely monitor business brought in by doctors who are taking bribes.

There is also the rampant practice of pushing allopathic drugs to ayurvedic and homeopathic doctors and even rural medical practitioners by MRs in a bid to boost sales.

As is obvious, patient safety is not a concern and doctors are compromising on it by irrational prescriptions and rampant use of antibiotics pushed by companies using these unethical means. ▶

# ETHICAL FOOD ANYONE?

There is an increasing consciousness amongst consumers to adopt ethical mantra of living and that includes food.

**IF YOU ARE** among those who wish to do their bit for the environment, here is something to aid the process. Next time you are out buying a fish fillet at a supermarket or ordering mutton kebabs in a restaurant, you may just be able to use your phones to check instantly whether that fish and the lamb that went into making the fillet and the kebabs respectively was grown through green and ethical methods.

Environmental group WWF and investment firm BCG Digital Ventures, have launched a website – OpenSC <https://opensc.com> – that employs blockchain technology to allow users to scan a QR code on a product or menu to reveal the full history and supply chain of the food under consideration.

## Consumers demand sustainability

Rising consumer awareness on environment impact of the food that we consume has raised their demand for information on end to end supply chain of the products that they consume. Farm to fork is now more than just a concept; it is a real desire to know more.

Retailers too require the information to be able to satisfy the end consumers that the products that they procure, buy and eat, do not break any environmental laws in production and transportation and did not cause any damage to the environment. Consumers and retailers alike want to be satisfied that no illegal and unethical business practices were employed in the entire food chain.

Those who flout environmental norms and ethical practices find it easy to hide behind the complexity of supply chains. While those who are practicing sustainable



IMAGE: PIXABAY

## Did this harm the planet in any way?

production do not get the exposure and consumers remain unaware of the good work that they are doing.

Consumer goods companies are realizing the value of ethics and transparency to attract consumers as are restaurants and other businesses. They are actively providing the information that consumers need to select sustainable products guaranteed as planet friendly, child labour free and free of animal testing. That is to say that the products are totally ethical end to end.

The OpenSC platform allows consumers decipher complexity and see through the opacity of supply chains.

The digital tool that will cover environmental, social and human rights, is looking to attract sustainability bodies and schemes. It also hopes to partner with big corporations and producers.

## Right step

The change of perspective in big corporations is driven by the demand of consumers for ethical products. There is global momentum to do the right things in the interest of the planet. The tool will be handy for customers and personnel at supermarkets and restaurants, as well as wholesalers to access instant information.

*Source: Secondary research & media reports*





## Consumers, Beware

# Here Are Some Of The Ways Unethical Practices Flourish In India

Unethical practices are rampant in every field in the country

**CONSUMER AWARENESS IS** the key to countering the innumerable ways in which marketers shortchange the hapless customer. Guided by profit motive, retailers and service providers prefer to take the short cut and generally it is the consumer who gets the short end of the stick. It makes sense to be armed with the knowledge of the ways that marketers resort to unethical practices. An aware consumer cannot only prevent himself/herself from being

duped, but in the days of social media and tighter consumer protection laws, ensure that the culprit is exposed and thus save many other consumers from being cheated.

But more than that, public needs to be aware of the ways ethical values have been eroded from public life. The slipping moral compass calls for a concerted effort from all Indians to bring balance and ethical principles back in public domain.

Some fields from where ethics has all but vanished are as follows.

### Entertainment

Corruption in technicolor

From movies, sports to politics, unethical practices are rampant in almost every field of public life. In the field of entertainment like films, theatre, fashion, TV, media, etc., there is a lot that is brushed under the carpet. According to some estimates, about 25% of the films made in India are funded by black money. The source of funding are gangsters in many cases. Such is the grip of these antisocial elements on Bollywood that they dictate, threaten and even arrange murder of artists, musicians and other entertainment related personalities, if their whims are not fulfilled. Women actors and artists are mistreated, and the casting couch phenomenon is common. It is a misogynistic world where women actors are also not paid at par with the male counterparts. The #MeToo movement exposed a number of film and media personalities for their sexual misdemeanors.

Groupism, casteism, unfair rivalry, deliberate noncooperation and agitation against rival's films are all commonly adopted unethical means. If payments are arbitrary so are the working hours. Despite unions, actors and artists are at the mercy of the producers, filmmakers and big artists as it is a dog eat dog world. They fear ostracization from the closely-knit community and are allowing themselves to be exploited to curry favors with the powerful people in the industry.

There is scant regard for taxation laws of the country and the film industry folks take the help of the gangsters to launder money. The unethical practices are flourishing because of the unholy nexus of the police, politicians and the gangsters.

## Sports

The sports field has come under the scanner in the past few years over match fixing scandals and the entry of film personalities and industrialists into the field. The days when players donned the color for the pride of their country is long gone. Nowadays sportspersons primary motive for playing is money, fame and power. The sports bodies are roiled in controversies. Players rake in more money through advertisements and endorsements than the sport that they play. India with its penchant for turning public figures into demigods and goddesses is further fueling their hunger. Sponsor companies concentrate only on a few salable and bankable stars for commercial promotions instead of promoting the game.

Sports is today a lucrative profession where if you can make a mark your stars are bright. It has become an arena for investment for the rich who buy teams and where players are auctioned. Sports is no longer serving national interest. Worse is that sports that cannot be commercialized like cricket and football suffer utter negligence. Sportspeople in such fields lack sponsorship and with meagre government grants they eventually fade into oblivion.

Sports awards also generate more controversy than national pride in the achiever, as winning an award is now more to do with looks and reach than actual acumen.

Commercialization of sports has robbed it of its morals





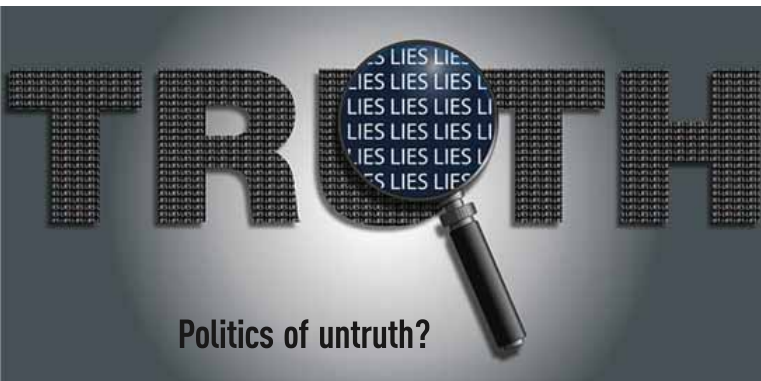


IMAGE: PIXABAY

## Politics

Indian politics has for long been embroiled in controversy and is notorious for corruption. From the days of booth capturing, though we have come to the EVM era, not much seems to have changed. Democratic norms are openly flouted, and politics is controlled by criminals who fund the political campaigns.

An honest and ethical politician is rare in India as such is the system that it sucks everyone into the whirlpool. Election funding has emerged as one the greyest areas in the political field. Huge sums are spent by candidates on their electioneering. Prominent citizens and business community is forced to contribute to party campaigns. Some others do so willingly to keep on the right side of the politician or party and for the assurance that their misdeed would not be exposed once the party comes to power. Most often, the money spent on elections is black money and unaccounted.

Lack of ethics is the bane of Indian politics and responsible for the country's poor development record.

IMAGE: PIXABAY

## Insider Trading

The finance field is also not free of the scourge of unethical practices. Insider trading is routine where trading takes place based on inside information. However, it is illegal and unethical. Many industrialists and executives indulge in insider trading assuring themselves that there is nothing wrong in boosting business. Insider trading generally goes undetected till bulk share trading happens affecting the ownership of a company.

However, insider trading violates people's rights to

equality as it gives an unjust advantage of information to insiders.

Corporate executives and employees possess fair knowledge of their company's performance and growth and hence are in a better position to decide on buying shares. The public, however, does not have this advantage. Company executives can play with the share market creating ups and downs by giving inside information to brokers.

While insider trading does not involve misappropriation, theft or stealing of document; it is intangible, called intellectual property, and damages investing public.

Insider trading is strictly prohibited in developed countries like USA, UK, etc. India too through SEBI (Security and Exchange Board of India) regulates the market. However, the implementation of the guidelines and disciplinary rules leaves much leeway for exploitation by unscrupulous traders.

## Insider trading is unethical



## Conclusion

There is a need to bring strict rules and regulations to curb unethical practices. Also, the implementation mechanism needs to be strengthened to ensure the laws act as deterrents. But rules alone will not be enough unless we as citizens and consumers adopt ethics in our day to day life.

*Source: Secondary research & media reports*



# SUPPORT THE CAMPAIGN



**LOOK OUT FOR THE RED LINE**

**BE RESPONSIBLE**

Medicines such as Antibiotics have a Red Vertical Line on their pack to indicate that these should be consumed only on doctor's prescription. Always complete the full course as prescribed by the doctor.

## SIGN THE PLEDGE.

[HTTP://WWW.CAUSES.COM/CAMPAIGNS/106670-RAISE-AWARENESS-FOR-SALE-USE-OF-ANTIBIOTICS-TO-COMBAT-AMR](http://www.causes.com/campaigns/106670-RAISE-AWARENESS-FOR-SALE-USE-OF-ANTIBIOTICS-TO-COMBAT-AMR)

### Campaign Partners



## Time To Adopt Sustainable Fashion



Fashion is among  
the biggest polluters  
of the planet.  
Consumers need  
to become more  
aware and join  
hands with the  
industry to start a  
movement for  
conscious fashion.



**IN THE BLIND** race after fashion not many of us are bothered to find out or reflect on the consequences of this mindless consumption. In fact, fashion industry is one of the major offenders of business and marketing ethics and hides many a dirty secret under its glossy exterior.

The environmental impact of fashion was glaringly in the spotlight last year when a story broke out on iconic fashion brand Burberry burning almost £30m (\$40m) of stock. It caused outrage as activists and consumers lashed out at the brand. According to media reports, the company admitted to burning unsold stocks of clothes and perfume instead of selling it at a lower price to maintain its exclusive status as a premium brand.

This is but the tip of the iceberg and what the story did was to train the spotlight on the fashion industry's dirtiest secrets. Stock destruction is rampant but not many companies admit to it. The fashion industry, by its very competitive nature, is renowned to be secretive. Not many are aware of the unethical practices adopted – from cruel treatment to animals to using third world countries as production base for cheap labor who often work in inhuman conditions.

Given that the global production exceeds 100 billion garments a year, the environmental impact is of a gargantuan scale and can lead to catastrophic environmental outcomes if left unchecked. According to reports, around 20 pieces of clothing are manufactured per person each year. The apparel industry is multi-trillion-dollar and is being turbocharged by “fast fashion”, a phenomenon that has seen the emergence of clothing



**Your jeans are killing the planet**

IMAGE: PIXABAY

**Average Consumer Bought 60% More Clothing in 2014 Than In 2000, But Kept Each Garment Half as Long**



Source: McKinsey & Company



WORLD RESOURCES INSTITUTE

made cheaply and quickly at more affordable price-tag. Technology led innovation has ensured that fast fashion production and distribution models have shortened fashion cycles drastically, so much so that you can get a garment from the designer within the span of a week instead of having to wait for months. From two a year – spring/summer and fall/winter – now there are as many as 50-100 microseasons. Fashion companies in Europe went in an over drive and from an average two collections per year in 2000 they were offering up to five collections in 2011. Brand like H&M and Zara, hugely popular in India, offer even more. While Zara has 24 collections per year for the fashion conscious, H&M puts up between 12 and 16.

And we as fashion consumers are hugely responsible as on average, people bought 60% more garments in 2014 than they did in 2000!! Worse: we kept the clothes for half as long. Further, 85% of all textiles produced heads to the garbage dump each year; and when we wash some types of clothes it sends thousands of bits of plastic into the ocean.

Consider this: The equivalent of one garbage truckload of clothes is burned or dumped in a landfill every second. As mentioned earlier, washing clothes releases plastics – 500,000 tons of microfibers into the ocean each year which is equivalent to 50 billion plastic bottles. Many of those fibers are polyester, a plastic found in an estimated 60% of garments. Producing polyester releases two to three times more carbon emissions than cotton, and



polyester does not break down in the ocean. A 2017 report from the International Union for Conservation of Nature (IUCN) estimated that 35% of all microplastics — very small pieces of plastic that never biodegrade — in the ocean came from the laundering of synthetic textiles like polyester. Overall, microplastics are estimated to compose up to 31% of plastic pollution in the ocean.

So, while fast fashion has made fashion accessible to a vaster majority, especially in the era of e-commerce, its environmental cost is huge. Our race for trends and fashion is leading to the production of 10% of all humanity's carbon emissions and is a primary source of depleting water resources. The fashion industry is the second-largest consumer of the world's water supply, and a major polluter of the oceans with microplastics. If reports are to be believed the fashion industry emits more carbon than international flights and maritime shipping combined!

Some of the major impacts of fast fashion on planet include:

### Depleting water resources & industrial pollution

Reports say fashion industry is the second-largest consumer of water in the world. To manufacture one cotton shirt, the industry guzzles up 700 gallons of water. Imagine a water-starved region where the same amount of water would provide one person at least eight cups per day for three-and-a-half years.

Your pair of Levi's or Armani jeans, for that matter any pair of jeans, consumes about 2,000 gallons of water in the manufacturing process — sufficient for one person to drink eight cups per day for 10 years.

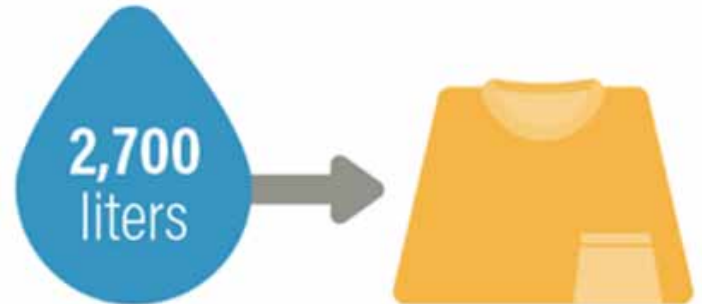
Cotton, the fiber that goes into making both the garments, is a highly water-intensive plant. Cotton is used extensively in garment industry and accounts for about 33 percent of all fibers found in textiles

The story of cotton farmers in Uzbekistan is a sad commentary on what cotton farming over long periods can do to the planet. The cotton farmers' dependence on the Amu Darya and Syr Darya rivers led to the Aral Sea almost drying up after about 50 years. It was one of the world's four largest lakes and today has been reduced to little more than desert and a few small ponds.

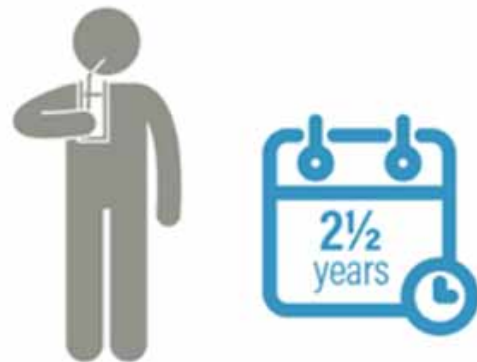
Fashion is not just drying up our water resources, it is also a leading cause of water-pollution. According to reports, textile dyeing is the world's second-largest polluter of water. The water leftover from the dyeing process is dumped into ditches, streams, or rivers by unscrupulous manufacturers flouting all norms. Not only this, it is also a water intensive process using 5 trillion liters (1.3 trillion gallons) of water each year for fabric dyeing alone that can fill 2 million Olympic-sized swimming pools each year.

Further, cotton farming requires heavy use of pesticides and accounts for 24 percent of insecticides

## It Takes 2,700 Liters of Water to Make One Cotton Shirt



## Enough Water for One Person to Drink for 2½ Years



Source: McKinsey & Company

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and 11 percent of pesticides although it uses only 3 percent of the world's arable land.

The clothing production process also uses water at different stages and causes pollution. Reports hold the fashion industry responsible for causing 20% of all industrial water pollution in the world.


### Climate Change

But if reading the above piece on cotton has made you determined to adopt polyester instead, think again. The carbon footprint of a garment largely depends on the material, say experts. True that synthetic fibers like polyester have less impact on water and land unlike materials like cotton that are grown, but polyester and other synthetic fibers emit more greenhouse gasses per kilogram. Hence, your polyester shirt or dress leaves more than double the carbon footprint of a cotton shirt (5.5 kg vs. 2.1 kg). In 2015, textile industries into polyester production released about 706 billion kg (1.5 trillion pounds) of greenhouse gases — this was equivalent of 185 coal-fired power plants' annual emissions.

## Polyester Production is Carbon Intensive



Source: MIT

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### No let up

But there is no respite from this onslaught on the planet in the near future, particularly in Asia where in China and India large chunks of population is set to enter the global middle class with more purchasing power and a growing hunger for branded clothes and fashion garments. This will boost the growth of fast garment industry as apparel spending is projected to grow tremendously.

It is estimated that by 2030, the global middle class will add 5.4 billion people, up from 3 billion in 2015. With more disposable incomes, this class will raise the demand for clothes and goods that are the hallmark of middle-income lifestyles. However, this means that at the current rate of consumption, the world would need three times as many natural resources by 2050 compared to what we had in 2000.

Unfortunately, we do not have infinite resources. The impact of unchecked consumption goes beyond environmental concerns. It undermines the world's economic and social goals. However, apparel companies motivated by nothing beyond their profit concerns, will overlook these warning signals and continue with the traditional unsustainable models with no concerns for the future.

However, there is hope as there is rising awareness among consumers who may boycott these socially unacceptable brands. This may force some manufacturers to adopt innovative new models and work within the boundaries of planetary concerns. Assuming infinite resources in a finite world is not a sustainable business model. Beyond environmental concerns, unchecked consumption will undermine the world's economic and social goals. Some apparel companies will ignore those signals and continue with traditional wasteful business models. Others will embrace innovative new models that

work within planetary boundaries and are a better fit for tomorrow's markets.

### Way forward

Things seem to be changing for the better though. According to a 2019 EU report, 'Environmental impact of the textile and clothing industry What consumers need to know', there is a strong push within the industry to make every phase of production more sustainable.



**Five dimensions of sustainable fashion**

This change is being led by large sports apparel companies and big fashion brands who are investing in new technologies and changing the way they do business, says the 2018 'Pulse of the Fashion Industry' report.

Companies in the mid-price segment are also not far behind and are making improvements. Fast fashion too seems to be following the lead in efforts to become more sustainable.

The change could also be due to the warnings being sounded in the industry that if companies do not change the way they work they may face depleting and even vanishing resource which would lead to rising cost of materials.

However, sustainable business models may not be cost effective for the consumer as reducing environmental impacts may result in higher prices of garments that may force consumers to buy less. Also, if consumers are convinced to buy fewer clothes it would impact the businesses' profits.

To overcome these constraints, various studies have recommended innovating a more sustainable fabric mix that would reduce the use of conventional cotton. Other measures could be working on technologies for sorting and recycling and making washing and drying more

efficient. Increasing energy efficiency and the use of renewable energy in technological processes is another step. Technological improvements may lead to longevity of clothes and as a corollary, the need to buy more and frequently will be low.

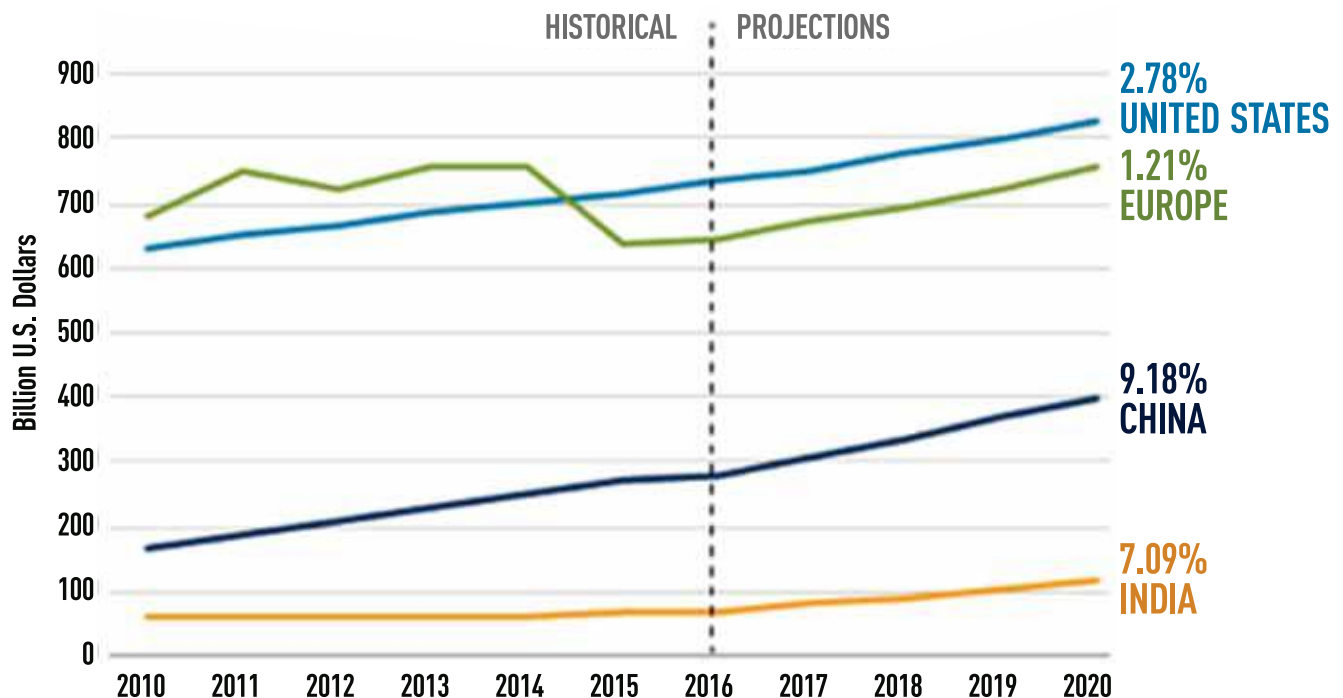
### Wear your clothes longer

Reports indicate that if the number of times a garment is worn is doubled on average, the GHG emissions would be 44 % lower. Though extending the longevity of clothes may not be on the high priority list of the fashion-conscious consumers, there is a rising trend of slow fashion. In contrast to fast fashion, slow fashion is an attempt to motivate consumers to buy fewer clothes but of better quality that would last longer.

The philosophy behind slow fashion concept encourages garments industry to work with trusted supply chains, keep production small-scale, work with traditional crafting techniques that use local materials and create trans-seasonal garments that can last from season to season. Slow fashion involves a change in the economic model that hinges on selling fewer clothes.

However, for slow fashion to become more than a marketing gimmick to sell even more clothes under the

## Historic and Projected Spending on Apparel in Key Markets



Source: Planet Retail (2016)



label, consumers will have to be willing to pay higher prices, else it could threaten the economic survival of clothes producers.

### Hire & Lease

Fashion is evolving into a service model that could increase the number of wears of particular garment. In the sharing economy, there is a demand for clothes that can be hired, especially expensive couture items. Various platforms have sprung up offering high end brand clothes for a fee. Many brands have also entered the fray to offer clothes as a service. In India too some top end brands are leasing their clothes instead of selling them. This is a rip off of the well-established western model of services where wedding and special occasion wear was on offer on rent. There are businesses that operate subscription model of clothes service. In this model, consumers can pay a monthly fee and rent a fixed number of clothing items. Such a model appeals to the millennial generation as it allows them to change their wardrobe frequently without having to spend a bomb on buying new clothes. Subscription model is especially popular with bags and high-end fashion and is catching up fast with regular clothing.

### Reuse, repair and upcycle

Sustainable fashion can be promoted by selling used clothes or second hand by brands in their stores. This would not only make buying them easier but also give the guarantee of authenticity. Long-term warranties and offers for free repair or replacement of a product along with upcycling, etc., can also make consumers hang on to clothes longer.

### Smart fashion of the future

Fashion in the future could be instant and smart, says the 2018 Pulse of the Fashion Industry report. Future fashion would aim to reduce waste dramatically by using smart technology that could adjust clothes to the wishes of the wearer; allow on-demand production at point of sale with newer technologies.

### Circular fashion

Circular fashion is another concept that aims to reduce waste by keeping the products in an extended consumption and production loop. This entails selling clothes once you stop using them as second-hand clothes to someone else or by recycling the garments.

### Making the producer responsible

This could really push reuse and recycling as producers and importers would want to avoid legal repercussions. They would then devise innovative ways to voluntarily collect used clothes in stores and offer a small reward to consumers for returning it.

### Making consumer aware

However, no measures legal or voluntary would be effective unless consumers realize their responsibility towards the environment. There needs to be consistent effort to raise the awareness of consumers on sustainable clothing.

Recent consumer trends indicate a rising awareness on environmentally responsible fashion. But without efforts to make it easy to adopt it as a life principle, it may just remain a fad. Consumers must be convinced that adopting a conscious fashion is easy and beneficial for it to be reflected in their way of life.

### Need for environmental labelling of Clothes

Clothes that have low or zero impact on environment must be labelled so to enable consumer choice. There are companies that are already providing information tags on garments regarding environmental footprint of their products. The information includes CO2 emissions or water use in the manufacture of the garment.

**With more disposable incomes, the middle class will raise the demand for clothes and goods that are the hallmark of middle-income lifestyles. However, this means that at the current rate of consumption, the world would need three times as many natural resources by 2050 compared to what we had in 2000.**

### Sustainable upkeep

Clothes need to be sustainable at every stage. Washing and drying are critical in the total environmental impact of a garment. It is not just better technology but better awareness that helps in better upkeep of clothes. Brands must provide clear instructions on how to reduce the impact of washing and drying clothes.

### Conclusion

We are staring at a catastrophic future and every small step towards sustainable planet counts. A 2017 report from the Ellen MacArthur Foundation warns that if fashion sector continues at its current pace, their share of the carbon budget could jump to 26 percent by 2050.

While some scattered efforts by clothing companies to cut back on textile pollution and grow cotton more sustainably are visible; more needs to be done. In this direction, the UN launched the Alliance for Sustainable Fashion to coordinate efforts across agencies to make the industry less harmful.

Let's pledge as consumers to contribute to this goal.

*Source: Secondary research & media reports*

## Driving A Culture Of Business Ethics

Trust deficit can spell the end of a business in today's connected world and intense competition. There is an urgent need to empower consumers and educate businesses on this imperative.



IMAGE: PIXABAY

Customer is the king/queen.  
Really ?

**IN A MARKET** economy, the adage customer is the king is well known. It is based on the assumption that it is the customer who determines what is to be produced, how it is to be produced and who will produce it. That is to say that the economic wheel spins guided by the customer's whims and fancies. Marketing philosophies say that businesses can disregard the wishes of the customers at the risk of fading away into oblivion. Yet, is the customer really the king/queen of the markets?

If we look around us, across the country we will find a plethora of examples of gullible customers being duped by unethical business practices. So much so that one would be forgiven to assume that ethical marketing is a non sequitur.

### Rising awareness

Consumer awareness is on the rise and the same time companies are vying for the shortening attention span and vanishing loyalty of customers in the digital era. The competition to attract and retain consumers is stiffer. In this scenario, companies need to sit back and ponder if shabby treatment of customers and unethical marketing practices actually translate into profit or, are they pushing the company to an early demise?

Companies must take note of the toughening consumer protection laws and the increasing number of consumer complaints against suppliers of goods and services, as also the growing number of settlements in the favor of the consumer. From builders, brokers of financial products, retailers and travel agents to telecom service providers, none have been spared the aggrieved consumer's wrath.

### Cost of unethical practices

When a vendor makes the customer run around in circles over taking back a defective product, refuses to refund for services not rendered, or when a pharmaceutical company introduces a drug, sidestepping regulatory guidelines of clinical trials, what is the cost of such practices? Is it only the consumer who bears the burden? What about the businesses that function without business ethics? Is there any cost that they pay?

Admittedly, in the short run it is the consumer who has to bear the brunt, but businesses cannot escape the noose for long. Over the long run, repeated cases of disgruntled consumers hurt businesses as today we function in a globalized commercial environment, where customers have access to the internet to vent their



IMAGE: PIXABAY

**In the short run it is the consumer who suffers, but in the long run it is the company's bottom line**



grievances. Consumers are connected digitally, and it does not take long for a bad review to become viral. Consumers also have options and will not think twice before dumping a brand over unsatisfactory services or products.

### Business' thrive on consumer trust

### Trust deficit

Business thrives on consumer trust that build a brand's reputation. When companies indulge in unfair marketing practices to treat their customers unethically, it strikes at the root of their reputation, eroding the trust base. Customer review has gained huge traction in the online world and can be detrimental to a company's reputation leading to declining number of customers as the word spreads. This will automatically have adverse implications for the company's top and bottom lines.

Despite this, companies continue to treat customers with disregard. A prime example is India's tourism sector, notorious for fleecing customers. The mistreatment and duping start right at the airport. Taxis that overcharge, tour guides that misguide, shops that fleece, it's like a festival of duplicity in India that a foreigner tourist encounters.

Indian customers are not spared either. Inflated bills, counterfeit goods, substandard products, undelivered services and much else is the daily story.

Financial frauds are also rampant and though companies can ill afford to lose customer/investor trust, yet they happen with alarming regularity. The frauds in the banking sector have left thousands of investors facing a bleak financial future. Small investors have lost faith in the financial market, and thousands of people including the retired have lost life's savings in the scams.

Real estate is another sector replete with examples of unethical practices. Thousands of homeowners are today fighting frustrating court cases for ownership of flats that they have paid for. Builders have failed to deliver on

target and are now taking the bankruptcy route leaving the home buyers stranded. Builder have diverted funds and the unchecked sale of flats in black has left the honest home buyers in the middle of nowhere without a roof over their head. Flats that have been delivered do not conform to the agreed parameters, inferior materials have been used and maintenance is an issue. All these have led to rising number of cases against the builders which is adding to the cost burden on the consumers.

The exploitation of hapless customers prompts tougher regulations from government with stringent penalties for defaulting builders. This further adds to the cost of doing business. The resultant

cost is borne by hapless consumers even as builders face erosion of sales and profits and consumer trust.

Retail sector is no better. Substandard goods are passed on to unsuspecting consumers. Behind the glossy exteriors of retail stores lies the shoddy story of spurious items, expired food mixed with fresh, fake goods and copies of branded goods. Adulteration is common, measures are skewed, consumers are overcharged or charged for items that should come bundled with services.

Doing business in India is notoriously difficult as businesses treat other businesses shabbily; payments are late, or they may even refuse to pay vendors on unsubstantiated grounds leading to many small businesses folding up.

The examples are innumerable but the conclusion one: trust deficit will impede the future growth of such businesses.

### Missing cultural conscience

Why is corruption so rampant in India? Is there something missing in our culture?

IMAGE: PIXABAY



In any culture, it is the moral and social values of the people that is the bulwark of society. Lasting economic development cannot happen in the absence of values that are the determinants of social action. It requires discipline and not just unbridled ambition that leads to the establishment of a reputed business. The traditionally entrepreneurial classes in India like the Marwaris and Gujaratis displayed a cultural orientation that was built for business.

However, greed set in and profit motive became the sole pursuit of many a business. The moral degeneration in the business classes was fueled by a rapidly rising consumerist culture where morals were sacrificed for quick gratification. The business environment was adversely impacted and India where once business was conducted on one's word, showed a dismal record on contract enforcement.

As people, Indians are not in the habit of perusing a contract carefully or reading the fine print. Be it an insurance contract or bank papers, we are wont to put our signature blindly at the designated spot often prompted by an agent who may not have the best of intentions. Not surprisingly then this poor contract consciousness lands many of us in a soup.

The enforcement machinery is also not given to work on consumer cases at speed and this slow judicial decision and ineffective enforcement of laws, leads to many getting away with impunity.

Another reason for the lack of contract culture is the paltry sum a defaulter has to shell out in compensation. Be it traffic laws or animal rights, the insignificant monetary fines and compensation awarded makes the culprits remorseless. Add to it the fact how cases drag, the cost of litigation and compensations are delayed, the

injured party prefers not to get tangled with the law enforcement machinery.

All this serves to embolden the defaulting parties further.

### Things are changing

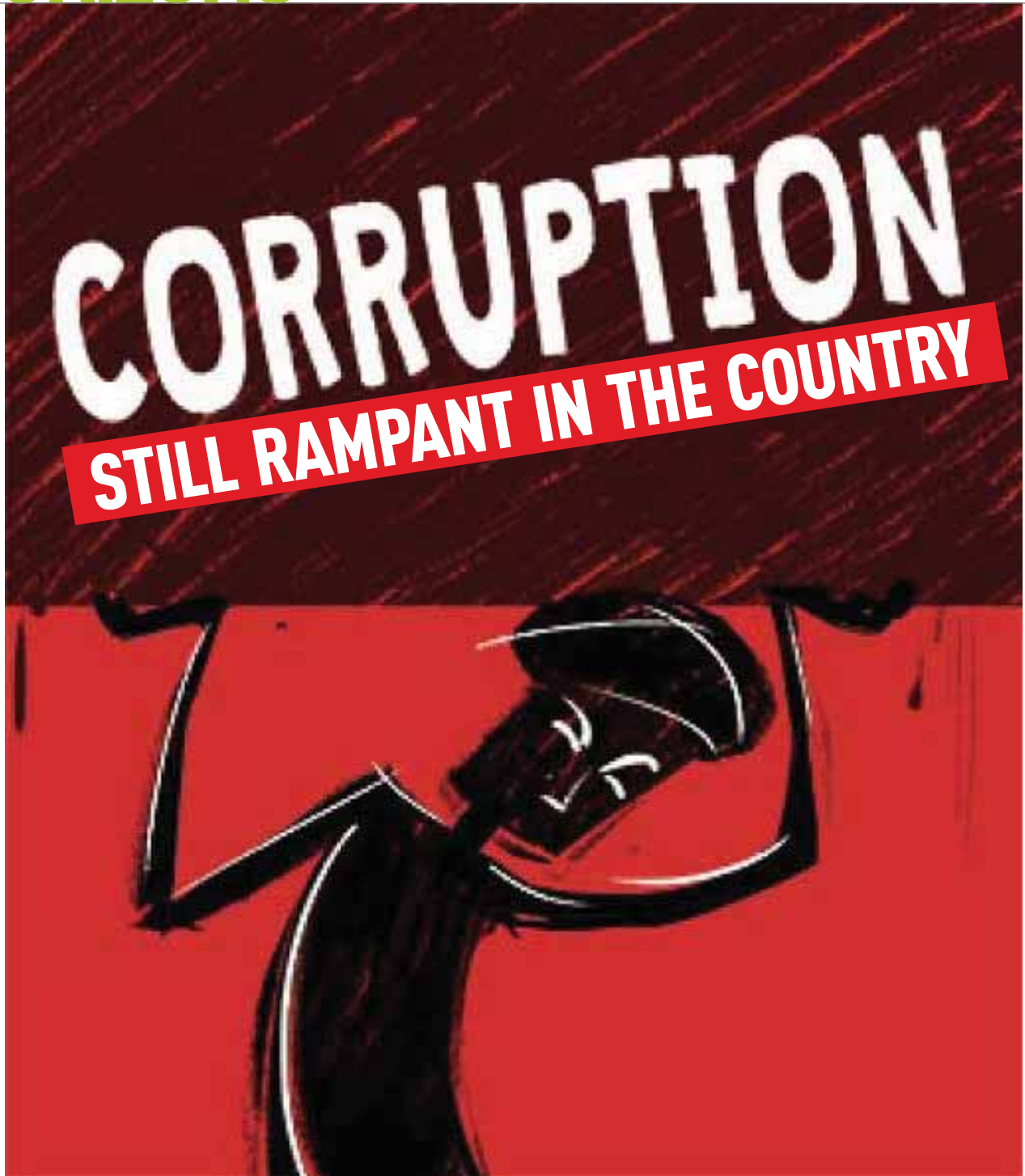
The government has woken up to the need for faster justice and is pushing a digital system of grievance redressal. Consumers can register cases online and the machinery promises quick redressal. Online consumer complaints registration is expected to improve complaint registration by ordinary consumers who would feel empowered once free of all the paperwork offline.

The government needs to toughen regulations in sectors where consumer complaints of unethical business practices are high. When laws are strict and penalties high, businesses may feel deterred to indulge in unethical acts.

But regulations alone have never proved to be effective when we are looking at a total change of attitude. Starting with awareness among consumers to raise their voice against malpractices to their resolution at consumer courts; there needs to be concerted efforts to bring about a system of consumer empowerment. Only when consumers are empowered will businesses improve their act.

Businesses too will need to change their outlook from merely looking at short cuts to improve bottom line to bringing about systemic changes in the company culture where ethics forms the DNA of the organization. This is the only key to sustained growth, which they can ignore at peril in this era of intense competition.

*Source: Secondary research & media reports*



India Corruption Survey 2019 reveals shocking facts, proves that computerization in the state machinery has not brought in the desired level of transparency and accountability.

**#CORRUPT**  
No country for the honest?

IMAGE: PIXABAY



**INDIA CORRUPTION SURVEY 2019**, an independent survey carried out between October 2018 and November 2019 has ranked Indian states according to corruption level. The survey conducted by Local Circles, a social media firm and the Transparency International India based its report on the 1.9 lakh responses from nearly 81,000 unique respondents in 248 districts across 20 Indian states.

While an average of 56% of respondents admitted to paying bribes in 2018, the number has come down to 51% in 2019. According to the survey, 51% of Indian citizens paid a bribe in the last 12 months to get their work done regarding property registration, and in police and municipality departments. However, 24% of the respondents admitted to giving bribes multiple times to access various public services in the last 12 months; while 27% said they paid bribes once or twice. Only 16% respondents admitted to getting work done without paying a bribe. The respondents said cash was the primary mode of payment in all bribery cases.

Notably, 58% of the respondents rued the lack of a functioning hotline in their respective state to report bribery and corruption. They were

also disappointed by the lack of measures taken by the state government to crackdown on corruption and felt that it showed the administration was not serious about tackling corruption.

In a shocking revelation, the number of people who said bribe was the only way of getting work done has increased from 36% in 2018 to 38% in 2019.

The survey just goes to prove that computerization of the government machinery has failed to bring in the desired transparency and accountability in the government departments.

As regards the ranking of states on the list, Rajasthan and Bihar are the worst in the country with 78% and 75% of respondents admitting to paying bribes, while Telangana topped the list in south India.

Rajasthan tops the corruption chart in India, with 78 per cent people in the state admitting to paying a bribe to get work done. Of these, 22 per cent paid bribes several times (directly or indirectly), while 56 per cent bribed officials once or twice (directly or indirectly). "Around 22 per cent of them, however, didn't have a need to pay the bribe," the report said.

Bihar which ranks second had 75% of its citizens admitting to paying a

bribe to get work done. Of these, 50% paid bribes several times (directly or indirectly), while 25% paid bribes once or twice (directly or indirectly). Bribes for property registration and other land issues registered the highest spot with 47% respondents saying they paid bribes to get work done, while 6% paid bribes to Municipal Corporation. 29% of Bihar people had paid a bribe to the police and 18% to departments like electricity board, transport office and tax office, the survey notes.

Uttar Pradesh which ranks as the third most corrupt state in the list had 74% of its citizens accepting to have paid a bribe to get work done. Nearly 57% of people these residents paid bribes several times (directly or indirectly), while 17% paid once or twice (directly or indirectly). A minuscule 3 per cent said they could get their work done without paying a bribe.

Jharkhand tied up with UP for the third spot. Here 74% citizens admitted to paying a bribe to get their work done. All of those who paid bribe had done it several times (directly or indirectly). However, those who could get their work done without paying a bribe formed a bigger chunk at 13% of the respondents.

Telangana snapped up the 5th spot in the list of 'Most Corrupt States in India'. Approximately 67 per cent of its citizens had paid bribes to get pending work completed.

In Punjab 63% citizens accepted to paying bribes to get work done. This placed it at the sixth place in the list, Of those who paid bribes, 27% gave several times while 36% paid bribes once or twice. However around 27 per of Punjab residents managed to get their work done without paying a bribe.

Karnataka, sharing the 6th spot with Punjab, had 63 per cent of residents admitted to paying a bribe to get official work done. Out of this, 35 per cent had to give bribes several times while 28 per cent paid bribes just once or twice. About 9% were successful in getting work done without paying a bribe.



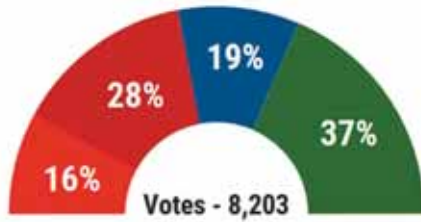
IMAGE: PIXABAY

**Corrupt prefer bribe in cash**

# India Corruption Survey 2019

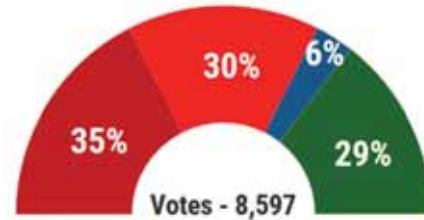
## 51% citizens paid a bribe in the last 12 months

**In Government offices where you paid a bribe in the last 12 months, how was the working of that office?**



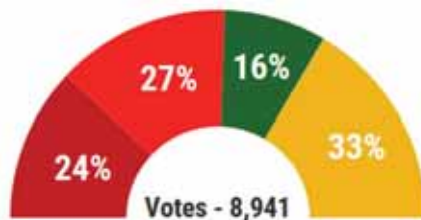
- Computerised and functional CCTVs in place
- Computerised but no/defunct CCTVs in place
- All paper office
- Didn't have the need to pay a bribe

**For the bribes, you or your business paid in the last 12 months, what was the most common mode of transaction?**



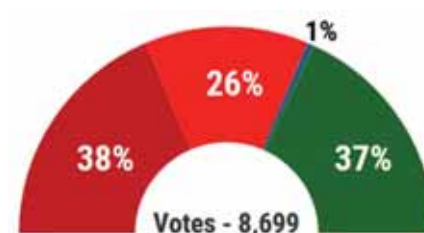
- Cash
- Paid indirectly through an agent
- In kind (gifts or other favours)
- Did not have to pay a bribe

**How many times did you have to pay a bribe (directly or indirectly) in the last 12 months?**



- Several Times
- Once or Twice
- Always managed to get work done without paying a bribe
- Did not have a need

**When you did pay a bribe in the last 12 months, what was the reasoning behind it?**



- It was the only way to get work done
- It would have taken a long time/significant effort without bribe
- I was in a hurry and needed to get ahead of the queue
- Not Applicable (Did not have to pay a bribe)

Tamil Nadu at the 7th rank had 62% citizens admitting to paying bribes to get their work done. Nearly 35 per cent of these respondents had to give bribes several times, while 27% paid bribes just once or twice. Just 8% could manage to get work done without paying a bribe.

The survey ranks Kerala as one of the least corrupt states with only 10% of people admitting to paying a bribe to get their work done. All of these respondents had to pay bribes several times (directly or indirectly). However, half the respondents, 50%, said they got work done without paying a bribe

and 40 per cent did not need to pay a bribe.

Delhi, Haryana, Gujarat, West Bengal and Kerala are the least corrupt states.

Corruption in government administration is rampant. The survey just reveals the tip of the iceberg.

On the global Corruption Perception Index, India improved its ranking rising 3 places to 78 out of 180 countries, as compared to 2018. The report noted that the Asia-Pacific region is stagnating in its fight against corruption given the prevalence of weak democratic institutions and a

lack of laws and enforcement mechanisms.

The Corruption Perceptions Index ranks countries and territories based on how corrupt their public sector is perceived to be. A country or territory's rank indicates its position relative to the other countries and territories in the index.

India still has to work on bringing transparency in its government machinery and making its state machinery accountable and responsive.

*Source: Secondary research & media reports*



# DISPO VAN

THE TRUSTED BRAND  
PROMOTING PATIENT SAFETY

**MADE IN INDIA,  
CURING PEOPLE  
AROUND  
THE GLOBE**



Precision Engineered, Affordable & Easy to use.



## Why



IMAGE: PIXABAY

**A balancing act**

## Is Important In Governance

Public expects its elected government to behave in the highest moral way. Unethical behavior on the part of government officials and elected representatives also impacts governance negatively.

**THE TONE OF** a nation is set by its government. An honest and genuine people-oriented government ensures the highest principles of ethics in governance. Guided by the greater good, such a government works on the principles of justice and fairness. Good governance in India has been envisaged as Ram Rajya. In such a state, the rulers follow the dictum of be good and do good.

To what extent these principles of good governance exist in today's democracy is anybody's guess. The degenerating standards of governance and the leaders has brought to the fore the issue of ethics in governance.

Good governance derives from the ethical principles, practices and behavior of the elected representatives. Governance is the way an organization conducts itself in pursuit of its goals. Governance in a democracy is concerned

with citizens, the way in which it empowers them by giving them a voice. It is the duty of government to effectively and equitably implement the social contract. Governance is a complex and difficult task demanding competent, well informed and caring administration.

Rising education and awareness have ensured that citizens understand the precepts of democracy and good governance and demand ethics in governance from the elected government.

The role of morality is to ensure good governance where moral values, practices and behavior are guided by the highest ethical principles. Morality is not learnt in

the political arena. Rather, each individual imbibes certain moral values

from parents, teachers, religion, society and the environment of workplace.

If we do not elect



**An ethical government empowers its people by giving them a voice.**



### An honest public servant commands respect.

people of high moral character and integrity, we cannot expect good governance.

In good governance, government institutions are innovative, participatory and have a sound policy basis, are open-minded, and distinctly citizen oriented.

### Ways to enhance ethical governance

Ethics and moral values play a prominent role in ensuring good governance. Some ways in which moral values in governance can be strengthened include:

- **Selflessness:** Public servants must take decisions solely based on public interest. They need to put the larger goal of public good above narrow self-interest, financial or other material benefits for themselves or other individuals.
- **Integrity:** Those in public life should take care that they are not under any kind of obligation to individuals or organizations that might force them to take decisions that is not for the public good. Obligations impinge upon the honest discharge of official duties.
- **Objectivity:** Merit should be the only consideration in the conduct of public business, public appointments, awarding contracts, or recommending individuals for rewards and benefits. This calls for high degree of objectivity.
- **Accountability:** Those in public offices must be transparent about the decisions and actions that they take. Accountability in public life is important for ethical functioning.
- **Honesty:** Public servants need to be open about any conflicts of interest relating to their public duties and in case a conflict arises to take decisions that protects the public interest.

- **Leadership:** Leadership dictates displaying a conduct that would inspire others to follow the lead.
- **Sense of oneness with the public:** How can a public servant understand the issues of his/her constituency unless they have empathy for the people? It is essential that the elected representative listen and redress grievances of the people in order to ensure ethics in governance.
- **Responsible and responsive public servants:** Whether it be elected representatives or public officers, they must be able to understand public's issues and ensure that they are solved in the best possible way without compromising the principles of ethics. If possible, they can also suggest amendments to the law to address the problem properly.
- **Participative governance:** If people feel that they are part of the administration, they will have better understanding of the constraints governments face and be more supportive of decisions for good governance.

### What is unethical conduct by public servants

Many times, public servants engage in unethical conduct either knowingly or unknowingly. For the citizens being aware of what amounts to unethical conduct in the government will allow them to raise their voice against it.



### Right must always be followed in pursuit of public good.

#### Theft & fraud

Governments manage crores of public funds and assets worth millions. Land and buildings, vehicles, aircraft, office equipment, furniture, etc., all come under public property. Theft of public property by public officials is a serious issue. It ranges from taking home office supplies to siphoning of millions through fake and inflated bills and accounts.

Fraud is theft by deception or trickery and occurs frequently in public offices with ministers and bureaucracy unjustly making money, getting public property converted



into their name and misusing services. The different ways in which public officials attempt to defraud government and taxpayers is through submission of false expense reports for costs not incurred or, providing inflated bills for services not rendered. Elaborate scams are orchestrated, and large sums of money diverted to foreign accounts from government programs and services.

## Misuse of government property

Misuse of public property by public officials for private benefit is rampant – from using office cars to telephones for personal purposes. Such abuses of government property while not exactly theft, are unethical, as official property should be used only for performing public duties.

## Bribery & influence

India's bureaucracy is infamous for red tape. It appears no work can be done without citizens paying a bribe for it. Persons in authority demand cash and kind benefits for performing official duty. Public officials also use their power and authority to influence people and decisions on behalf of someone who has paid a bribe.

Bribery and influence peddling impact public perceptions of government negatively.

## Conflict of interest

Conflict of interest occurs when a public servant's private interests intersect the official duties and can influence the discharge of those duties. As a public servant, one must maintain complete impartiality and objectivity and at all times act in the public's best interests. Often, public servants give contract for public work to personal companies or organizations belonging to a friend or relative despite better options available. Putting the interests of a particular individual or organization above the greater interest of the public is an unethical act.

Conflict of interest rules exist in many countries which require public officials to declare or divest their business interests prior to taking office. Officials may also be required to excuse themselves from such government decisions where there is a chance of conflict of interest.

## Confidential information

Official secrecy acts are in place in various countries that prevent public servants and elected representatives from divulging sensitive information, such as military/security secrets or personal information about citizens. It is expected that a public servant will keep information confidential and will not inappropriately divulge or use it.

## Improper conduct

Ethical conduct is not limited to a public servant's tenure in office. It is expected to continue post demitting office

**Rising education and awareness have ensured that citizens understand the precepts of democracy and good governance and demand ethics in governance from the elected government.**

as well. Often, public officials grant huge favors to certain private parties and after leaving public service take up office with them in senior posts. Such conduct gives rise to issues ranging from conflict of interest, to improper use of confidential information, to bribery and influence peddling.

Government officials can also take advantage of their employment in government offices later in public employment by utilizing the confidential information obtained in the course of performing official duty. For example, on a future government policy. Such acts

place a company at a distinct advantage as compared to general public in the marketplace.

Connections forged with other officials and public servants can also be used to swing a contract or a deal in favor of a private company. This privileged access to government after leaving office can be of concern especially if a public servant joins a private lobby group and is able influence policy decisions.

In many countries there are laws that mandate former government officials wait a period of time after leaving office before joining a private concern, much on the lines of corporates.

## Immoral conduct

Public servants are expected to behave ethically and morally even in their personal conduct. This covers sexual harassment, discrimination, drug abuse, extra-marital affairs, alcoholism, etc. Public servants are expected to be persons of good moral character and should be worthy to hold public office.

Many countries have a code of conduct for public servants that prohibits immoral conduct that can impact the image and performance of the government or office. This includes, treatment of co-workers, subordinates and seniors with respect, no discrimination on the basis of gender, race, religion, or sexuality, etc.

## Conclusion

Ethics in public servants is demanded by the citizens who expect their elected representatives to display the highest moral behavior in all aspects of life. As the life of a public servant is constantly in the glare of public and the media, it is expected that they also behave reticently in their private life. Several times media has exposed unbecoming behavior of elected representatives in private parties and has caused much consternation to the politician or official in question. Extramarital affairs of politicians grab headlines and cause much scandal. Such behavior erodes the trust of the public in the government. ▀

*Source: Secondary research & media reports*

**“Customers, especially in India, must form effective pressure groups to bring about a strategic shift in organization and influence their ethical behavior”**



## Shantanu Chatterjee

Associate Professor  
in School of Fashion  
& Design, GD Goenka  
University,

tells us why ethical  
marketing is such a  
difficult proposition and  
how we can achieve it.

**Q What is marketing ethics and how is it different from business ethics?**

Ethics and doing business has always been a much debated, complicated subject with no clear answers as the idea of what is “right” and what is “wrong” is highly subjective. There are a lot of grey areas between making money and being absolutely truthful and morally correct towards your customers. Some business' state that they do business in an ethical manner, however whether it is stringently followed is another matter.

Ethical marketing on the other hand is more of a brand philosophy individual companies choose to follow—basically, self-rules that promote honesty and responsibility in their marketing initiatives. Since exaggerating or taking creative liberty is not necessarily breaking the law, these remain more of a set of marketing guidelines to assist companies to evaluate how they would want to reach out to their customers and partners.

**Q Why has marketing ethics gained so much importance in the current era?**

Truth is corporations need to make money. With growing consumerism comes greater competition. Often the eagerness to earn money or stay ahead of the curve leads to unscrupulous business practices which in the long term not only erodes the brand's value but makes the customers skeptical and confused which leads to overall dissatisfaction in the society. There are so many examples of trusted names going bust – banks, airlines, etc. Add to this the entire issue of invasion of privacy and data theft involving Facebook and Google, etc., it has suddenly made people the world over jump in alarm. Hence today, discussing marketing ethics has become a subject of importance.

With the world markets being so closely connected to each other, a social or economic situation in one part of the world greatly impacts the other. So for big brands with a long term horizon it is critical that they follow an ethical model of marketing regarding price, competition, research and advertising.

**Q How is development associated with ethics?**

People prefer ethical companies. Consumers like brands that they perceive are honest, fair and reflect their own moral standards. In this parity market how does one choose between Adidas, Reebok or Nike? Sure looks, price and feel, etc., matter, but also a strong preference for a brand is created by the way it is reaching out to the community. Hence, it is imperative that brand ideas or initiatives resonate with the people. Like the much-advertised Adidas initiative to clean up the ocean of plastic waste and recycle them to create products or Dove using real people instead of touched up models for their advertising. Adversely, a small incident can quickly impact the brand worldwide. Hence, if people trust a brand and believe that they are not only making money but are concerned about the society as well, invariably it leads to better growth and sales.

**Q What are the moral principles of marketing? What are the ethical issues in marketing?**

Ethics are in principle tied to moral integrity. As we know the moral behavior of a brand and brand marketing often operates through blurred lines. These include factors like data collection and the invasion of privacy, deceptive advertisement, misleading comparisons, etc. Brands are usually careful to tread on the right side of the line between legal and illegal.

Misleading claims in advertising do attract some amount of regulations from non-statutory bodies and some brands have been pulled up for false claims or derogatory subject matter in the past. However, since it is extremely difficult to distinguish between infringement of law and deceptive but lawful claims the issue of ethics in marketing ultimately remains a matter of self-regulation.

**Q Whose responsibility is marketing ethics in the company?**

Well really that's difficult to answer. It is at some level every one's responsibility, starting with the marketing manager or head of a function, who can set boundaries of self-regulation which the rest can follow. In doing that a manager needs to be responsible for his own actions to set certain expectations of others and clearly communicate it for the team to follow. Of course in big companies it should flow right from the top starting with the ethical treatment of employees and partners, so that ultimately it comes down to how the company sees its customers and other stakeholders. Some big corporates have now a designated Chief Compliance Officer or an Ethics Manager but in India, I am not sure if this role exists in most places.

**Q There has been a buzz about ethical officers to monitor the moral compass of a company. Please throw light.**

In most big organizations there are programs on compliance and ethics to lay down guidelines for employees to act and follow. An Ethics Manager or a committee for compliance issues should not exist with the sole purpose of keeping the regulators happy. In India, compliance is usually associated with matters of law and risk management. However, it is increasingly being felt that it is critical to uphold the ethical values of an organization for promoting long term prosperity and health. And it needs someone at a very senior position to maintain and manage these values given the fact that increasingly every action is being minutely examined for flouting norms on health and safety, environment, religion, customs, race, societal grounds as well as for transparency in accounting and behavior in marketplace.

**Q How is ethics related to CSR?**

CSR is very different to ethics. CSR activities mostly involve going beyond the law's requirements in protecting the environment and contributing to social welfare. CSR comes under Companies Act, 2013 and every private limited or public limited company in India which either





## Shantanu Chatterjee

is an alumnus of College of Art, Delhi (1992). He started his career in advertising and has worked with some of the leading advertising agencies in India- Lowe, Mudra Communications, RK Swamy BBDO and went on to be a Creative Head at Rediffusion Y&R. His work has won both national and international awards. During a long and fulfilling career he had the privilege of working on several well-known brands; Airtel, Idea Cellular, LG Electronics, Maruti Suzuki, Adidas, Singapore Tourism, Nestle etc. In 2009 he joined Unitech Ltd, which was one of the leading real estate developers in India as General Manager marketing communications spearheading their design, branding and advertising function.

has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit on CSR activities. These activities are seen as an obligation of modern business towards the community or society mandated by policy decisions, while business ethics is more of a conscience of an organization. It is more like a responsible way to do business or earning profits while being committed to and being a part of a better society.

### **Q What role does ethics play in regulating advertising?**

Ethical advertising is all about truthful and responsible communication. Advertising often finds ways to over emphasize or oversimplify the qualities of a product or service. Ethical advertising involves being transparent and clear about your stated objectives and avoid unverified claims, falsifying data, high exaggeration, being offensive towards woman, misleading children, etc. However, advertising and marketing professionals have far too frequently disregarded these while reaching out to their customers.

### **Q In absence of laws or weak enforcement thereof, companies flout various norms that safeguard consumers' rights? How can ethics be enforced then?**

I think we all know matters related to 'ethics' are really difficult to enforce as they are mostly really not flouting any legal norms. India or Indian organizations baring a few have notoriously been lax about ethical manner of doing business or having a consumer centric effort. Many used to claim you can't do business in India without circumventing the law. This is also because we don't have strong statutory regulatory bodies or clear guidelines. In fact, if you look worldwide, even giants like Apple and Google have often had questions raised about their business practices; avoiding taxes worth billions of dollars, stifling competition, treatment of partner employees, etc. The corporates will claim they did nothing wrong. They perhaps just exploited the loopholes in the system.

However now there is far greater pressure on corporates, especially the big organizations – all have several measures to ensure compliance in light of several lawsuits etc. Similarly, a Chief Ethics Officer who can effectively monitor if the organization is following ethical practices or not is going to help. Only if enough pressure can be applied on the organizations through statutory bodies and stronger consumer rights forum will we see a real shift in company policies. Also, people who report violations should be provided adequate whistle blower protection.

### **Q Consumers need to play a bigger role in enforcing ethical marketing practices. What should be their responsibilities to ensure this?**

Consumers now are increasingly aware the real power of reform lies in their hands. All purchase decisions in many ways involve ethical or moral judgement. Ethical concerns about business practices of an organization may greatly influence the attitude towards a brand and the purchase decision of the customer. A change in attitude towards a brand because of any environmental or ethical concerns at a family level or an individual level has the potential to quickly influence others and in this digital age spread across boundaries really fast. For example, concern about testing on animals may severely impact how a cosmetics product is perceived by consumers and the likely immediate impact it will have on stocks and market. There are many instances when public opinion about the actions of a big corporate forced them to review or roll back their products. One recent example is the Baby Milk formula in China which turned out to be substandard. Ultimately public outcry forced millions of stocks to be pulled off the shelves including brands like Nestle. The other was the finding of asbestos in J&J baby talc. Though the company refuted it their markets took a big hit. So, customers, especially in India, must form effective pressure groups to bring about a strategic shift in organization and influence their ethical behavior. ▶

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**Pyush Misra**  
Director,  
Consumer Online Foundation

# ETHICAL TECHNOLOGY



**Technology growth must not be detrimental to humans.**

IMAGE: PIXABAY

Technology is running ahead of the human race and all the regulations that we bring in are in retrospect. There is an urgent need to temper technology with ethics to ensure that it works for and not against mankind



**THE YEAR 2020** will change the way view and work with technology. It will take on the meaning where it would be leveraged for useful purposes. This spin on technology would make its connection to ethics more important than earlier. While technology by definition is amoral; it will be the intent behind technology use that will provide the link to ethics.

As technology evolves, it intersects three circles — smart, legal and ethical. It is within this core that technology would be expected to exist.

In its report 'Predictions 2020 - On the precipice of far reaching change', Forrester states that 2020 can be encapsulated into one word – energy. The report talks of consumer energy where it sees consumers becoming more values-based, “constructing personal ecosystems and forcing firms to take sides on social issues”. Security energy will see industrial and nation-state cyber risks surge and, in some cases, merge, while technology energy will manifest as automation, AI, and robotics move deeper into the organization, closer to the customer, and, more profoundly, into the very makeup and operations of the company.

### Consumers look for deeper meaning

In the past decade it was all about fast delivery, instant gratification, and innumerable choices. But the consumer seems to have reached ennui with this overload of consumerism. Today, the consumers are looking for meaning in their world of convenience. The consumer world has become more complicated and less happy than 20 years ago. The times are tumultuous. Social isolation and wealth inequality are growing, there are serious concerns around climate change, politics seems to have reached its nadir and internet has created a strange monster. In this world, consumers are looking for meaning and want to align their purchases with their values.

Today's consumers look for meaning in their purchases. According to the report what started



**Ethical decision-making requires minimizing not only the risk of data misuse but also that of missed use, that is, of leaving crucial data resources untapped in the global fight against famine, plague and war.**

– Robert Kirkpatrick  
Director of UN Global Pulse



IMAGE: PIXABAY

as a niche phenomenon has steadily gathered pace to become a trend. While in 2017, 52% of consumers said they actively consider company values when making a purchase; it is predicted that that this number would steadily climb to more than 55% in 2020. Notably, it is not just the rich consumers who are looking for value, but also the poor who may not yet be able to align their values to their purchasing power.

Companies seem to be listening. It is forecast that in 2020 they will attempt to fulfill customers' desire. While some will make only cosmetic changes, the successful ones will co-create values-driven experiences with customers and employees. These organizations will focus on authenticity, "both in the values they choose to express and how they express them".

In 2020 we will find the top CMOs taking the responsibility for total customer experience. They will work on strategically planned ecosystem that delivers value to customers throughout their lifecycle. This ecosystem will straddle employee experience, customer experience, brand purpose, creative, and technology.

## Privacy and data ethics bring new challenges

EU's General Data Protection Regulation (GDPR) went into effect in 2018 and majorly changed the landscape of privacy in marketing. This has ushered an era where there is a global shift in power to consumers. Consumer data laws are becoming stricter across the globe and for small marketing leaders retaining access to the consumer data on which their marketing and advertising depend could be a major challenge. Companies that plan to use consumer data in 2020, will need to change their privacy and data ethics strategies. Marketers will have to beware in mind that there are unavoidable outcomes of technologies that are ubiquitous, powerful and disruptive.

Complying with the stricter data laws that aim to prevent exploitation of consumer data will create

challenges for vendors. Since laws everywhere are not the same, it will call for marketers to navigate varying levels of regulation.

As regulations are catching up to address privacy concerns; consumers are becoming smarter on the privacy and ownership of their data. Even as governments look to exploit citizen data, for example through surveillance, consumers are ready to thwart these attempts adopting the numerous anti surveillance and privacy products. As technology offers better products to consumers to guard their data, marketers will be losing access to all kinds of data, from location and facial data to device IDs and IP addresses.

There will be no place for shoddy data ethics. Rising consumer awareness will cost brands their reputation over such practices. Where regulations prove inadequate, consumers will make up for the weak laws. Data sharing that is unethical will make headlines and damage brand reputation. Companies with poor data ethics practices will be exposed and will lose both employees and the market.

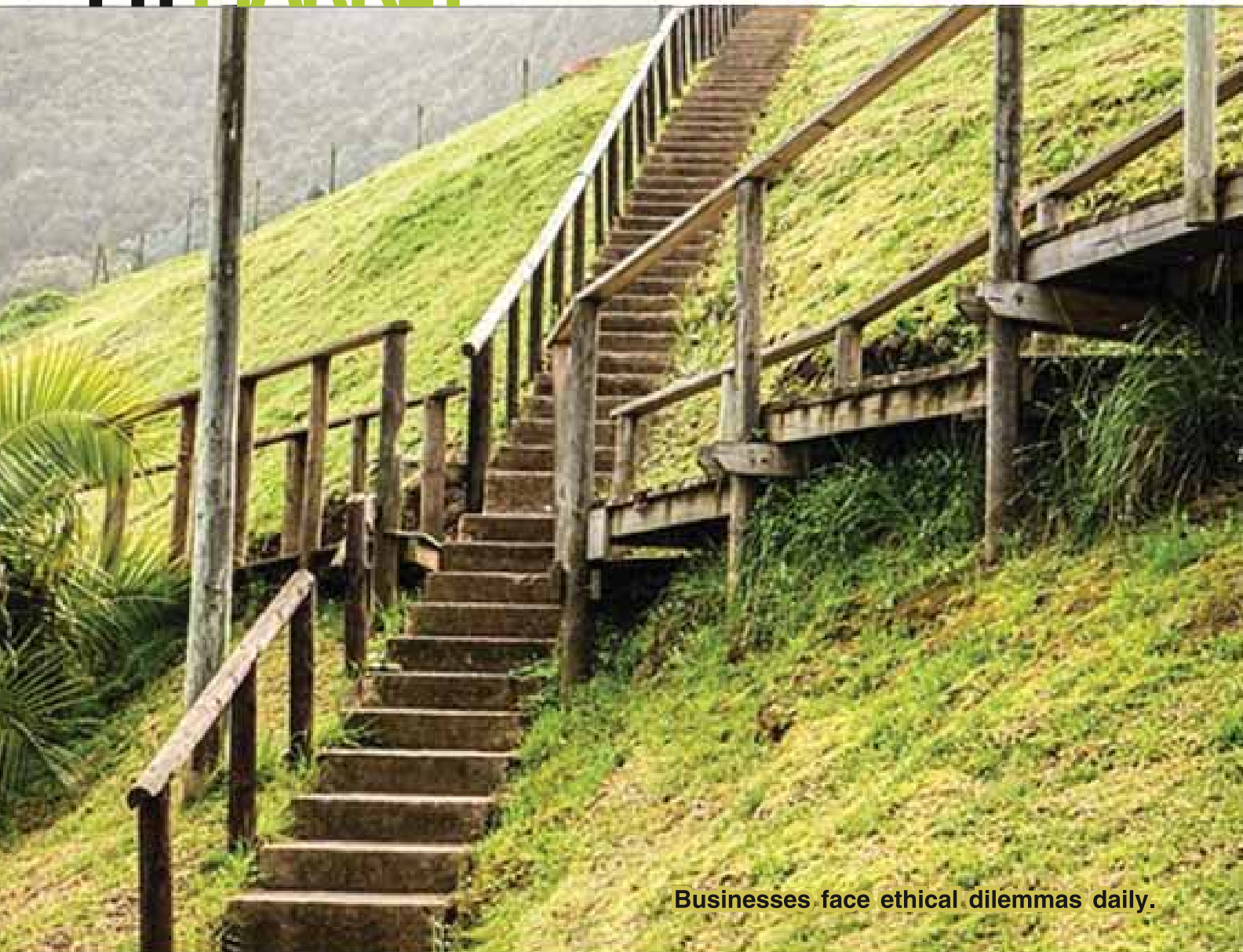
There is a big risk to bad privacy practices. While compliance costs will rise; non-compliance would prove to be more expensive as organizations who do not sanitize their data houses will be alienating customers. For marketers hence the best course is adopting better digital responsibility.

## Conclusion

Consumers meanwhile need to take up responsibility for how they react to technology in their life. Organizations will have to ensure that technology serves useful purposes, and what doesn't need to be pruned. As technology becomes more powerful, the world requires ethically minded technologists who will ensure that it does not become Medusa's head. Organizations will have to discourage the growth of such tech branches that are detrimental to the human race. Further, policy and legislative processes will need to be in step with technology and help define what is acceptable, legally and ethically. ▀

Source: Secondary research & media reports





Businesses face ethical dilemmas daily.

IMAGE: PIXABAY

# Ethics Officer: Need Of The Hour

Indian companies need to establish a culture of ethics and for this the ethics officer is a compulsory requirement



**WHEN ICONIC GLOBAL** giants like Apple and Google often attract questions on their unethical business practices, the case of smaller businesses who escape public scrutiny can only be worse. Apple has been repeatedly in the eye of the storm for the treatment of workers at its suppliers' manufacturing units in China. Google has been accused of using its position as the dominant search engine to thwart competition. Both the tech titans have also been embroiled in taxation controversy accused of avoiding paying taxes in the US by resorting to unethical means like creating subsidiaries in countries like Ireland.

### Understanding the ethical dilemma

Often businesses use legal loopholes to pass off unethical business practices. Dodging law or resorting to unethical means to circumvent it are issues that need to be addressed by the ethics committee or chief ethics officer in a company. Just because there does not exist a law or is not strong enough to prevent an act does not mean the act is ethical or acceptable. Ethics is more a question of the company's moral compass and questions need to be asked before resorting to an act that appears unethical. A company must engage in a realistic assessment to understand the repercussions of an unethical action – what if it was exposed in the media? Will it set a bad precedent? Will it damage the reputation of the company irreparably?

Mining industries and chemical companies often flout environmental norms by resorting to unethical practices. For example, effluents contaminating entire water bodies farmlands and leading to arsenic poisoning and stunted growth among the areas inhabitants, and some such results go on for years without being detected. Environmental degradation and wildlife and habitat damage are the byproducts of mining. But due to lax laws, it goes on unreported and undetected till it's too late. The degradation of reserved forest areas is an open secret as it the unmitigated damage caused to habitat in the name of development.

Legally, any company engaged in such an act may escape the noose due to lax enforcement, but hiding a Jadugudda, a Chernobyl or a Bhopal gas tragedy is not possible. The fall out of such unethical incidents can mean the end of a company.

Among the prominent global companies which have chief ethics officers are construction and engineering company Bechtel Corporation, Prudential Financial and retailer Best Buy

If the Panama Papers exposed the secret tax havens and made government vow to bring culprits to book, companies like Satyam and recently Ranbaxy Laboratories rekindled the ethical debate in India's corporate circles.

Such exposes highlight the need for companies to take ethics more seriously instead of adopting a cursory tick box approach. While ethics officers are still a

generally unknown breed in India, there is an overriding need to appoint one in companies in the changing realities of the era. Some companies do have a detailed code of conduct but it is just a paper tiger. While the code of conduct is taken seriously in the US, in India, this has still to go beyond the concept stage.

Most global companies are addressing issues like diversity and inclusion seriously, but beyond that such ethical issues are inconsequential, buried under bottom line concerns.

Some exceptions to the rule are companies like the Tata group companies that have ethics ingrained into the company culture and have full-fledged ethics officers.

Tata group is one shining example of India's ethical corporate, whose the value system determines the group's high standards of ethical conduct.

### Ethics in detail

In several developed countries, the emerging moral and ethical angles to business have led to the expansion of the role of chief compliance officer to encompass matters of ethics. However, in India the compliance officers are yet chiefly responsible for legal matters. In many companies, the company secretary has the dual responsibility of chief compliance officer and the domain is more concerned with law and finance than any ethics. However, there is a growing need for ethics officers in Indian companies that looks beyond compliance.

India's freeloader culture spreads out to its offices. Such is the penchant for pocketing anything for free that even senior executives reportedly carry home free stationary, tissue boxes and gifts meant for stakeholders. It is not just in poor taste but actually unethical. Getting subsidized office meal packed for home or using office car for personal and family purposes is against corporate policy and ethical principles.

Business ethics principles are universal, however, due to cultural differences there is lack of universality. In India there is a thin line separating legal from unethical. Examples of taking stationary or office provisions home is a common practice, and nobody thinks twice over the ethicality of the action. In countries like the US this would be frowned upon openly. So, an act that may be considered reprehensible in one geography may be acceptable in another and this causes complications in global companies with operations in different countries.

While several global companies have instituted ethics committees in different geographies to work in accordance with the acceptable ethical norms of the region; many others have outsourced the management of such committees to independent third parties. The idea is to facilitate fearless reporting of misdeeds in utmost confidentiality and without inherent bias.

Whether internally appointed or externally managed, Indian companies urgently need chief ethics officers to act as auditors and ensure that the organization doesn't cross certain lines in its pursuit of profit and growth.



IMAGE: PIXABAY

### Responsibilities of ethics officer

Whether mandated by law or not, businesses require an ethics officer to ensure a corporate ethics culture. The responsibilities of an ethics officer require a high level of involvement and ability. The ethics chief has the following important responsibilities:

- **Compliance:** Instituting a culture of ethics is the primary responsibility of the ethics chief. He/she has to ensure ethical procedures are installed and adhered to throughout the organization. Ensuring a culture of ethics is not an easy task as it requires attitudinal changes in the organization. The ethics chief must possess immense power of persuasion and time, as it is a time-consuming process. Not just the employees but the executives too need to be mentored and coached to be able to take ethical decisions and it is not an easy task when faced with easier alternatives. Once ethics culture is in place, the ethics officer will have to ensure ethics compliance in all dealings of the company.
- **Creating and maintaining the ethics culture:** It is the ethics officers mandate to establish and maintain ethics culture commensurate with the vision of the company. He needs create this cohesive culture that acts as the glue holding a company together on its path to success. For this, the ethics team must train executives and employees to display the desired conduct and principles. Training for ethics is a time-

consuming task. The ethics chief will also have to encounter the initial resistance on the part of employees as most may be dismissive about the need for such training.

- **Key knowledge official:** The ethics officer is not just the key knowledge official but also the main contact point for issues on corporate principles and ethics. He/she has to be available to officers, directors, shareholders, employees, customers, corporate trainers and educators, and even suppliers, on any issue that raises ethical dilemma. For public authorities and external stakeholders like media too, the ethics chief is the key knowledge and contact point.

A company that voluntarily creates a position for ethics officer or team displays its willingness to be an ethical business and underscores the importance of high ethical and legal compliance and business ethics for it.

In India particularly with its rampant corruption there is an urgent need for companies to appoint ethics officer to ensure compliance and highest standards of business ethics. Each company will be guided by its internal logic in appointing one who can be either independent or associated with the legal or finance department. The decision will depend on the size, organization and strategic plan of each business.

In this globalized era, the sustainability of businesses is dependent on their culture of ethics.

*Source: Secondary research and media reports*

## TRUST IS THE NEW MARKETING CURRENCY



**It's trust that sells products in the networked world.**

In the times of digital marketing, the old ways of pushing a product do not work. There is a need to establish deep trust in the potential clients and then move to selling products.



**HAVE YOU EVER** wondered why that tiny mom and pop store has a thriving business even after decades? What makes you buy your groceries from the same vendor again and again? Why do you prefer getting fuel from a particular gas station? The short answer is trust. Why we prefer one brand to another, why brands like Godrej and Tata are preferred over others, all boils down to the trust that we place in these brands, sellers and vendors.

Trust is the most valuable and an essential factor in every business relationship. But trust needs to be built, it requires effort.

A Gallup News Services public opinion survey conducted in December 2018 put members of Congress in the US at the bottom of perceived ethical behavior and honesty. A similar survey in India would no doubt give the same results. Politicians are in general perceived to be dishonest. Not many of them spend time and energy building trust in their constituency. Promises and freebies at the time of elections makes them appear fake and manipulative.

Gallup issues the results of a public opinion survey concerning people's views about the degree of honesty and ethical behavior in a variety of professions and occupations in the United States. Its last such survey was released in December 2018. Telemarketers ranked quite close to Congressmen in public opinion. Not surprisingly, 34 percent of the respondents ranked journalists low or very low in honesty and ethics. Given the scams rocking the finance sector, stockbrokers were viewed negatively by 32 percent.

Deloitte International Consulting firm, headquartered in London, UK, released a survey report in February 2019. A global survey of almost 10,500 "millennials" (those between the ages of 25 and 36) with higher education in professional jobs in the private sector in 36 different countries

Only 48 percent of the millennials who were surveyed said that corporations in general operate ethically. Businesses focused on profit making instead of pursuing "socially useful" goals and objectives, did not find favor with a majority of the respondents critical of them.

Millennials see politicians in a much worse light. More than 71 percent of the survey respondents said political leaders have a negative effect on society and social problems. Business leaders fared much better with 44 percent of the respondents saying they have a positive impact on society.

These surveys reinforce the importance of trust in today's

public life. Be it politics or business, trust is the fulcrum.

When businesses mindlessly push products at customers it makes the customer wary and weary. For example, when you are at a local market and a street vendor persistently pushes products at you, you are irritated. You have no intention of buying these products because you know they are either counterfeit or of poor quality. Similar is the case when you are online. Digital marketers send you connection requests and push their products through social media. Such is the hurry that they cannot spare the time to first develop a relationship of trust with the potential customer. The result: potential customer is turned off and pushes the product back.

This is a critical mistake that most digital marketers are guilty of. They do not realize that a product will be sold only after trust has been built.

How can marketers create this bridge of trust? The best way to do it to create amazing content that potential customers can't find elsewhere.

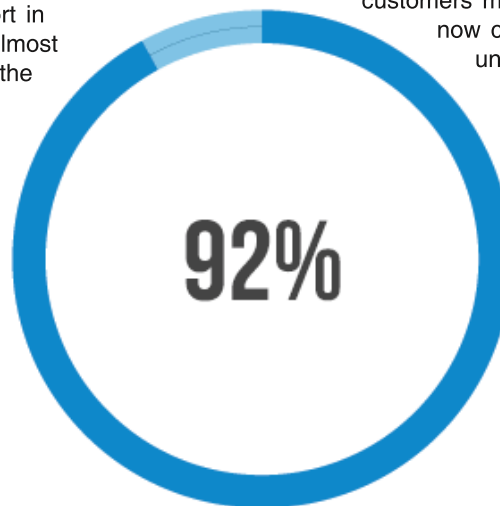
## Building trust

Earlier, companies could build trust in the minds of potential customers through expert endorsers. For example, advertisements selling toothpaste claiming to be the No.1 recommended toothpaste brand by dentists, a top chef claiming to use a particular brand of vegetable oil, a skin expert recommending a soap brand, etc.

This kind of advertising does not work any longer. Various research shows that pushing products on customers may not work as it did earlier. People now consider marketers and salespeople untrustworthy. The implication is that such an approach may actually misfire and that marketers need to invest more in trust creation with potential consumers.

It is even tougher to convince millennials to buy a product as the majority don't trust advertisements. A very small percentage of the youth are actually influenced by a compelling ad. They are mostly skeptical of advertising. Most millennials think of advertising as a spin and are not bothered to pay much attention.

The conclusion is that customers will buy a product if they like the company or brand. Hence companies need to invest more time and effort in building trust. The more the potential buyer likes you, the more they will trust you and invest in your products. Before a company puts out a product, it must create a liking for



**92% OF CONSUMERS  
TRUST REFERRALS  
FROM PEOPLE THEY  
KNOW. - NIELSEN**



IMAGE: PIXABAY

### Create compelling content to win trust.

the brand in the consumers. As simply getting eyeballs for your product is not enough, trust is the currency you must invest in.

So how does a company build trust?

#### By using compelling content primarily

In the past trust was a function of authority. Hence, celebrity and expert endorsement worked wonders to push a product. Those in a position of authority commanded trust – the CEOs in business, doctors in healthcare and marketers in the consumer life. All this has changed. Companies need to earn trust and it takes time.

Compelling content is one of the most powerful ways to earn customer trust. Compelling content is content that:

- Clearly demonstrates the authority and expertise of the author
- Adds significant value and knowledge to the reader
- Makes readers want to share the content with others
- Assures the reader that the author can be trusted on a particular subject

While we are drowning in meaningless content on social media, marketers need to catch the attention of the customer in this saturated, overcrowded market. They must create content that is outstanding, compelling and gripping. Content must establish the company as authority.

It is surprising that in this era of short messaging and shorter attention span it is well-written, thoroughly researched long-form content that helps establish reputation and build trust. Longer posts allow the company to demonstrate knowledge on a subject.

Long posts establish credibility. There is a trend for companies to write advertorials that are well researched and demonstrate the authority of the company/spokesperson over the subject. When say a mining company CEO writes a long form article on the environment impact of mining and how companies can mitigate it, he has attempted to develop an argument and present his side.

Social media analysis has demonstrated that longer posts get more social shares. Social shares are crucial to gaining trust. People share a post when they like it. It is a kind of endorsement by the sharer. When this post builds traction and hundreds, or even thousands of

It has been well established that long posts rank high in Google searches. Take for example Wikipedia, it shows up in many searches as most of its entries are over 7,000 words with excellent references. What this proves is that Google trusts detailed content, a major reason for Google showing Wikipedia pages so often.

To embark on a trust building journey, companies need to develop a specific plan for creating content that creates trust. Here is how you can create content that generates a huge amount of trust.

**audience.** A key first step in developing compelling content is to first determine whom you're writing to. The language of the content must be tailored to the target group. For example, millennials use a different lingua franca. Writing for entrepreneurs would mean speaking about growth and ideas; salespeople would like content that resonates with marketing fundas and millennials are another cup of tea.

**2. What's your niche.** Defining target audience is the first crucial step, and defining the niche is critical. Many tech companies contribute expert articles in niche magazines and write blogs on their own and other websites. Company spokespersons often figure in niche publications earn the reputation of expert in that niche.

**3. Follow the lead.** When you write for social media, it is easy to find viral posts. Once you have identified the niche, look for posts that are trending. It will give you an idea as to what is hot and you can latch on to the bandwagon with your own take on the topic. For example, in the tech niche, trend and forecasts are read widely.

[illegible]

**4. Add value.** For trust-building content, you need to generate content that is valuable to the readers. The advantage of the internet is that most content is online. A thorough research can help you build valuable content. One method to create content is “skyscraper” writing. You just need to find a trending content and then build upon it to create a better, and more valuable version.

By any imagination creating content that creates trust isn't an easy task. It requires creativity, innovative ideas, research and hard work and takes time. But the effort is worth it, for it builds trust with potential customers.

Source: Secondary research & media reports



# Unethical Marketing Can Destroy Brand Reputation

Good customer experience is the key to successful companies. Indian companies must work on making ethics the foundation of their day to day operations.



**For the 5-star review,  
brands must adopt  
ethical processes**

**NO ONE LIKES** be conned. To presume that you can get away with shortchanging consumers would be a fallacy. For sooner than later, customers will catch your game and the fallout could be disastrous.

From slightly exaggerated claims to blatant lies – or whatever lies in between – businesses routinely resort to unethical marketing.

Ethical marketing is about truth and transparency and various studies point to consumers approving of such companies.

In a study conducted by Label Insight, 94% of consumers said they would be loyal to a brand that offers complete transparency. Further, 73% of the respondents said they would be willing to pay more for a product from such a brand.

MarketingCharts, a resource for marketing information and data that tracks trends related to all things marketing conducted a survey of 400 marketers in the US and the UK to find out what they consider to be unethical marketing strategies. The results shown in an infographic illustrating 'What Best Describes Unethical Marketing' showed:

- For 69% respondents, marketing that exaggerates or distorts the truth is unethical.
- For 64%, marketing that targets and exploits vulnerable groups is unethical.
- For 62% said marketing that conceals important information is unethical.
- For 58% respondents marketing that is shaming is unethical.
- 56% respondents said marketing that uses unrealistic or altered images is unethical.
- 56% found marketing that induces anxiety or fear as unethical.
- 43% denounced high pressure sales tactics are unethical.

Unethical marketing can hurt upfront if the consumer recognizes that they are on the receiving end of these unethical practices. They may just decide to take their business elsewhere. If after purchasing a product, the consumer realizes the company indulged in any of these unethical tactics, they may feel duped and take their story to social media, influencing friends and build a chain reaction in the process. The duped customer may just decide not to do business again.

'Ethical and fair business practices in India', a survey report by KPMG in India, published in 2019, speaks of the need for ethical and fair business practices, "especially in these turbulent times". Writing on the turbulent times it says, "Globalization, disruptive technologies, and the current macroeconomic environment have made businesses more competitive and complex. Economies have become more inter-related and interdependent, thereby disproportionately increasing variables that may cause seismic shifts. Companies are

under tremendous pressure to thrive in this dynamic business environment. The continuous onslaught of scandals has been another challenge for the business ecosystem. Not only has it eroded the faith of the shareholders, it has also put every action of the leadership under a microscope."

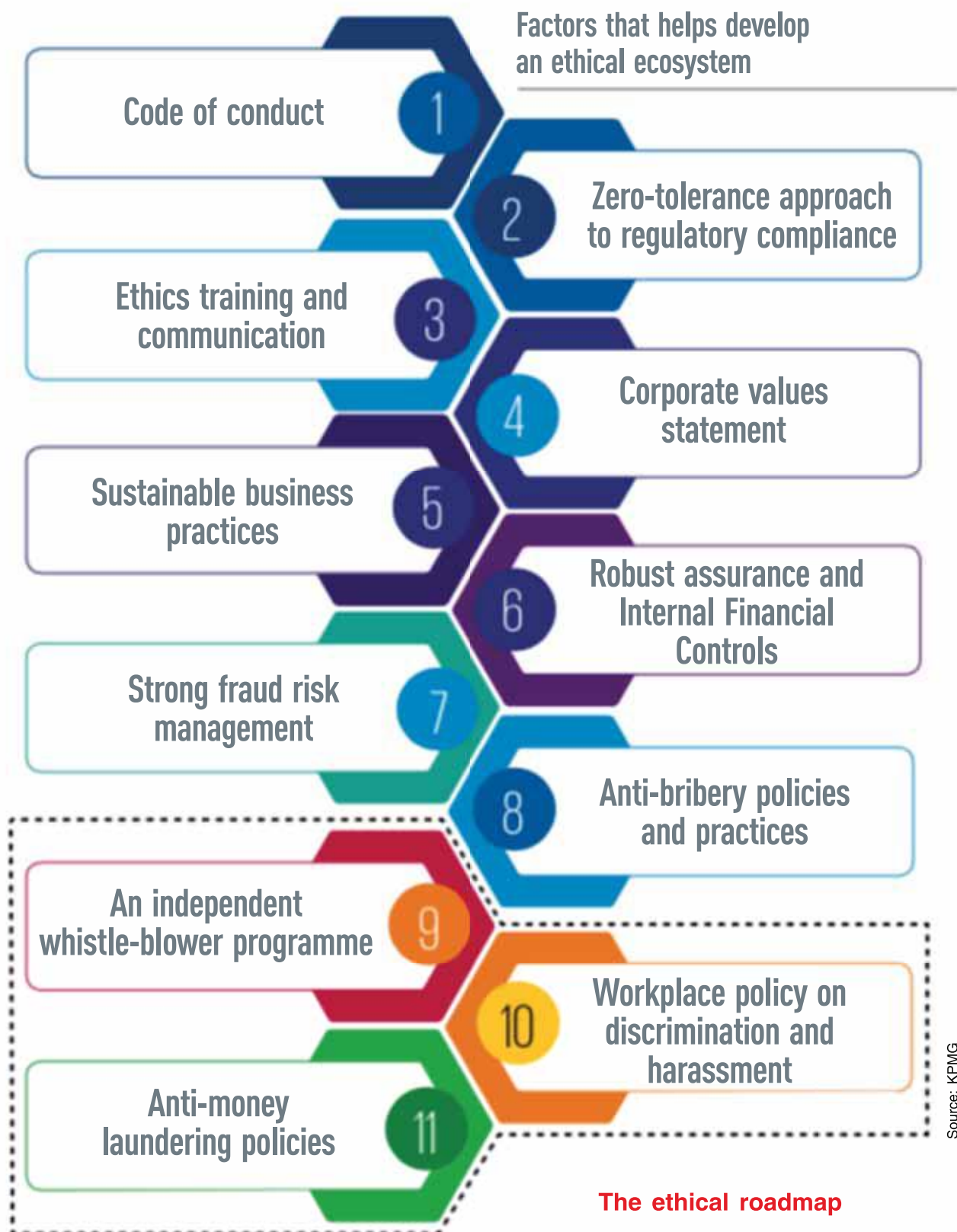
In this world order, the role of ethics is to "oversee the spirit of the law with the expressed intent to do what is right". The will to uphold and preserve the spirit of corporate governance has to come from individuals. These individuals have a strong sense of purpose and are driven by a strong moral compass.

Unethical behavior repays in reputational and financial loss to the company. This makes ethics and compliance both crucial for businesses to survive.

#### Some of the important findings are as follows:

- **82 per cent** of the respondents believe in a positive impact of ethical business practices. This is mostly felt on long-term sustainability and reputation of a company.
- **Cost of implementing** such an ethical framework is the most prominent challenge followed by lack of awareness in an organization.
- **Code of conduct** was considered the most popular building block of an ethical ecosystem, focusing on aspects such as bribery and corruption, conflict of interest, health and safety, etc. However, **20 per cent** of the respondents still lack in having an active monitoring process for assessing compliance to the code.
- While board practices on conflict of interest, independence and diversity were fairly prevalent amongst the respondent group, **board evaluation practices**, especially relating to the use of third party facilitated evaluations and peer review of individual directors **need more traction**.
- Only **60 per cent** of the respondents claimed that their companies **are aware of all applicable compliances**. While **internal expertise seemed to be the preferred choice** for identifying compliances, the utilization of external experts would be critical for adoption of compliance 4 management tools and establishing a robust framework for bottom-up reporting.
- Internal audit is considered an integral governance tool and recognizing the complexities of today's business, impact of technology, volume of data and disruption in operations, increased adoption of auditing automation tools, data analytics and Control-Self Assessment is imperative **to strengthen internal audit function**.
- Though employee background checks and whistle-blowing mechanism were considered **most prevalent tools for fraud risk management**, there is still an opportunity to increase use of data analytics, third-party due diligence and periodic fraud and misconduct reviews.

Our survey revealed the following as building blocks of an organisation's ethical ecosystem, in order of ranking.





**Some of the survey findings were surprising:**

- 25 per cent of the respondents claimed that their companies still do not have policies relating to bribery and corruption
- One-third of the respondents from financial services companies showed negligible progress in implementation of anti-money laundering policies
- Respondents seemed to understand the importance of diversity and inclusion but majorly restricted its context to prevention of sexual harassment at workplace.

**Business ethics and its perception**

In any organization, there are a number of individuals from different backgrounds and varying perceptions, experiences, exposure, etc. Therefore, organizations establish frameworks and policies for business and personnel conduct to ensure consistency and compliance throughout the company. Surprisingly, the survey found in India independent whistle-blower program, anti-money laundering policies and workplace policies on discrimination and harassment are considered least significant for building an ethical framework. However, despite the cost attached to implementing an ethical framework, 90 per cent of the respondents said that the benefits outweigh the cost. It was the small companies that faced cost-benefit equation challenge, as they may not have adequate resources and scalability to put in place a comprehensive ethical framework.

**Board governance**

The tone of a business' is set from the top, i.e. by its board and the chairman. The survey asked the respondents about the already implemented governance practices. It found that certain practices had been adopted before being made mandatory by the Companies Act, 2013. Some others only received a push after the implementation of the Act. The survey found there is not enough adoption of board evaluation practices specifically with regard to: a) Third party facilitated evaluations and b) Peer review of Individual Directors.

**Assurance and regulatory compliance**

Compliance rated quite high on the priority list of the companies. The survey observed that the importance of compliance is proportionate to the penal provisions attached to the regulations. Majority of the respondents were

found to be aware of all the compliances applicable to them. When asked to list their top four regulatory compliances as per importance to their companies; labor and employment related compliances were given the highest importance followed by fiscal compliances related to tax and FEMA. Interestingly, while penalty was a consideration for compliance, respondents also rated reputational damage as the top priority risk associated with non-compliance.

**Values and code of conduct**

Organizations often develop and implement a code of conduct and identify a set of values as their core principle. The survey asked the respondents to assess the success of their ethical frameworks in day to day operations and found a majority of companies have a code of conduct in place. However, in some organizations it was a loosely documented set of core values. It was also observed that the code of conduct is largely applicable to internal stakeholders and does not regulate suppliers and business associates. Importantly, **20 per cent** of the respondents with a formal code of conduct in place did not have an active process for assessing compliance to the code. However, respondents take disciplinary action against offending employees in cases of non-compliance. This includes written and verbal warning, punitive action and even termination of service.

**Fraud risk management and whistle-blower/vigil mechanism**

While corporate misconduct remains a big threat which impacts public investment in companies, organizations still need to implement a comprehensive fraud risk management framework in the company.

**Anti-bribery and Anti-Money Laundering (AML)**

Legislation around corruption is strengthening globally as countries try to improve the ease of doing business and reputation. India has instituted some stringent laws around corruption. These include the Prevention of Corruption Act, 1988 and Prevention of Money Laundering Act, 2002.

Despite the laws, the attitude towards corruption and bribery in the country has been lax. However, it is expected that the recent amendments made to the Prevention of Corruption (Amendment) Act will strengthen anti-corruption penal provisions. Once the regulatory environment is strong, companies will have to ensure that they are following the laws in letter and spirit.

The survey meanwhile found that a staggering 25 per cent of the respondents saying that their organization does not have policies and procedures against bribery and corruption.



IMAGE: PIXABAY

**Compliance is high priority in Indian companies.**

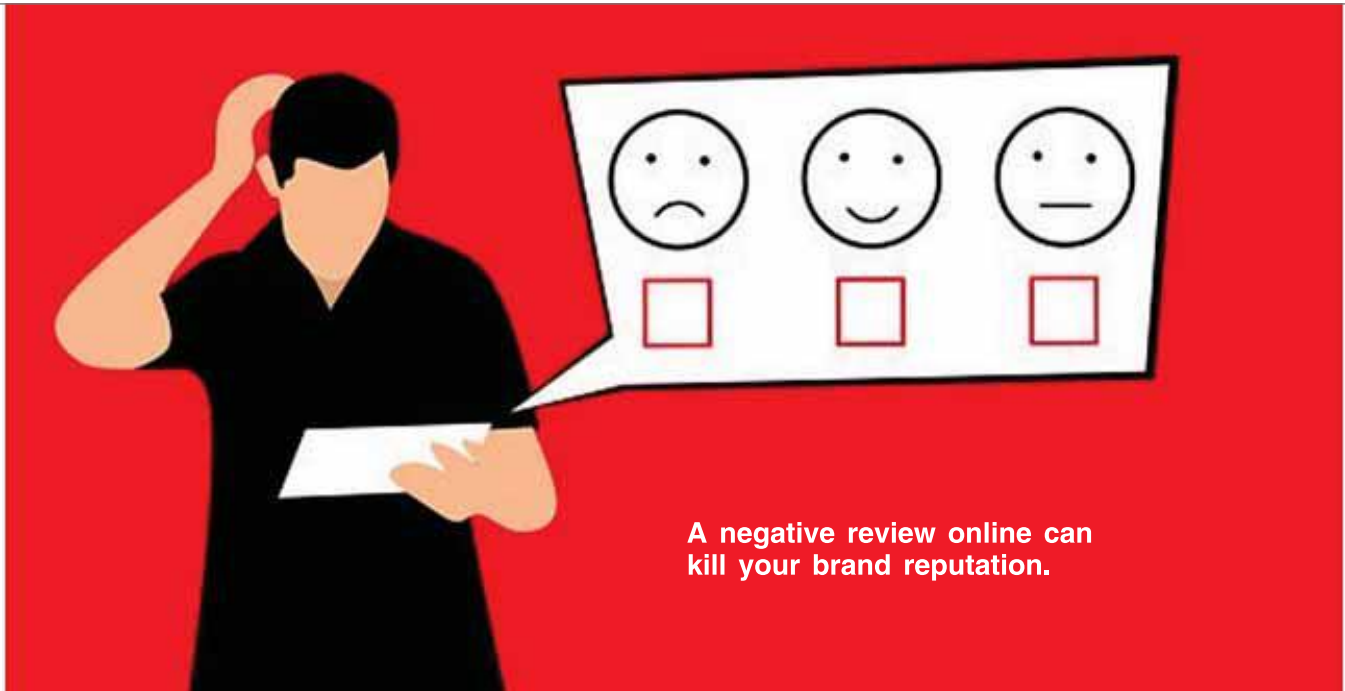


IMAGE: PIXABAY

## Diversity and inclusion

Diversity and inclusion as a trend have gained importance in recent years with LGBT rights movement gaining traction. According to LinkedIn's Global Recruiting Trends 2018 diversity is a key trend and companies that have embraced diversity, inclusion and belonging are performing better in their industries. While in developed countries diversity and inclusion are dominating the trend meter, corporate India still has not accepted it in spirit.

The survey results showed that most organizations understand the importance of diversity and inclusivity, however in practice it is limited to policies and trainings in the aftermath of the Prevention of Sexual Harassment at Workplace Act (POSH, 2013) and recent effect of #MeToo movement.

## Health, Safety and Environment (HSE)

Organizations also need to extend their vision and commitment to employee health and safety. A strong policy in this regard would go a long way in avoiding considerable business costs pertaining to injury and illness exposures. It will also build the company reputation in markets and among stakeholders. It has also been found that companies which invest in robust health and safety management systems have significantly improved business performance – including stronger share market performance.

In India, the health and safety function has evolved with time, majorly after the adoption of Companies Act, 2013, the report says.

## Conclusion

Business ethics has never been an easy subject. In fact, it is one of the most complicated and contentious issues in human history. While the relationship between doing the right thing and making money has been of much

academic interest for long, the final decision to follow an ethical roadmap lies with business leaders.

Undeniably though, good customer experience is partly dependent on the confidence and trust that a customer has in a company. Customers expect and even assume that an organization they are dealing with is totally transparent and honest. Hence, when they find exaggeration or distortion of the truth by a company, even slightly, it assumes significant meaning.

Organizations need to factor in the consumer's ability to fight back against unethical marketing, especially in this age of social media. The customer's voice has grown louder and has the potential to start a high decibel campaign against the defaulting company. Organizations can ill-afford to cross the customer, as it may lead to a public relations nightmare.

Earlier, it was the buyer who needed to be aware of being taken for a ride. The trend has reversed, as today a company must beware of taking the consumer for granted. A customer today has the option of walking away to another brand, and there are plenty of them in the highly competitive marketplace. Walking is still fine, but if a customer chooses to talk it may do more harm than imagined.

Your brand could be the next viral message and so your misdeeds – seen by tens of thousands, or even millions of netizens.

Organizations must understand that transparency is key, and reputation is the company brand. Unethical marketing messages and poor customer experiences can destroy a company.

The time has come to act more ethically towards your consumers and broadcasting this transformation to the world. Your marketing practices and ethical advertising will do the job. ▶

Source: Secondary research & media reports

# Business Ethics

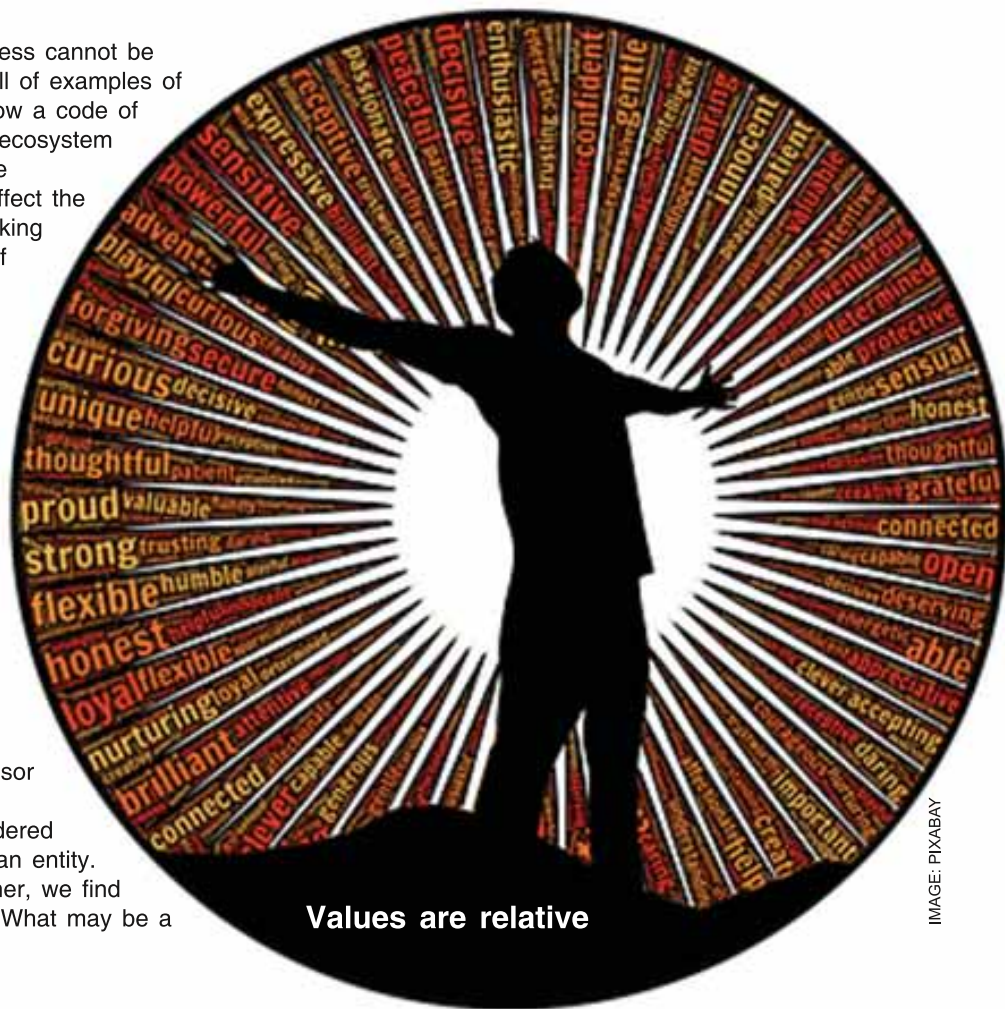
# LEADING THE MORAL COMPASS

Businesses that have made profit motive secondary to their ethical principle are not just respected and revered but are also among the most profitable corporates thanks to the goodwill of the people.

**THE IMPORTANCE OF ETHICS** in business cannot be overemphasized. Corporate sector is full of examples of owners and promoters who did not follow a code of ethics and ended up ruining the entire ecosystem – banks, suppliers, and employees. The repercussions of these scandals also affect the wider public. Take for example the banking scams in the recent corporate history of India. While the real culprits escaped abroad, the hapless depositors in the country have been left behind looking for relief. That is not to say that there aren't any ethical businesses in India. There are some really outstanding examples of ethical businesses and a look at them reveals a superb mosaic of excellent corporate practices. Let us first distinguish between values, morals and ethics and try to decipher the complexity of business ethics in India.

## VALUES

Things with intrinsic worth in their usefulness or importance to the possessor are called values. Thus, values are principles, standards, or qualities considered worthwhile or desirable in a person or an entity. However, values are not absolute. Rather, we find values are relative on the moral scale. What may be a



## Values are relative

IMAGE: PIXABAY



personal value to one individual, may not be for another. The question that we need to ask in the context of values is: “Good to whom?” For often this “good” is a matter of opinion or taste, or is dependent on an individual’s culture, religion, habit, circumstance, or environment, etc. The only absolute is the value of life. Life is not just universal and objective value; it is also a dual value: we value our own life and the lives of others.

## MORALS

Morals make us protect life – our own and of others. They make us respectful of self and others. All moral values, such as truth, freedom, charity, etc., are aimed at protecting or enhancing life of all. Moral values need to be constantly put through the lens to ensure that they are on life-protecting mission. As moral values when followed in extreme can degenerate into negative values. For example, courage without wisdom is foolish; someone’s extreme commitment can turn into fanaticism and honor, like the exaggerated family honor, can be self-righteousness, conceited, and lead to disrespect for others. It can also have tragic consequences. What distinguishes morals of a rational person from that of a fanatic is the respect the former has for universal life value.

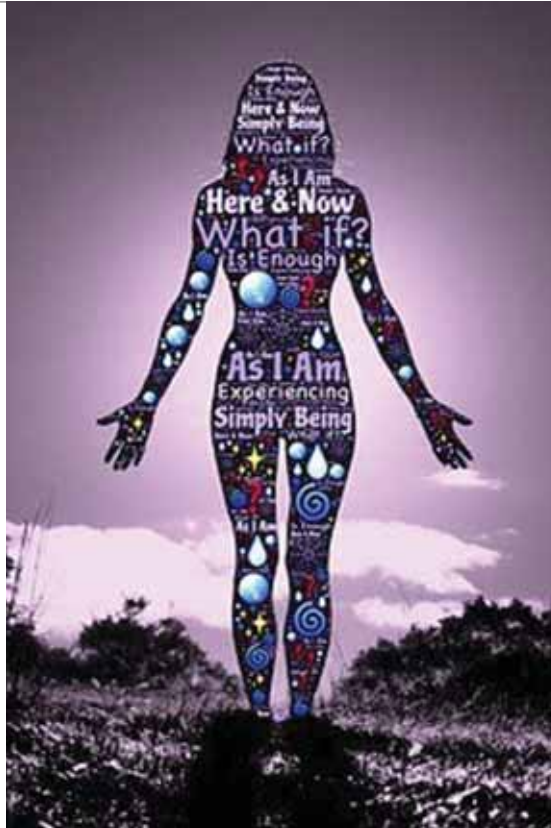


IMAGE: PIXABAY

**Morals make us protect life – our own and of others**

## ETHICS

Moral values in action are ethics. When a person knows the difference between a right and wrong and chooses the right it is moral. But when he/she courageously chooses it even in face of danger or hard dilemma, it is ethics. Ethical decisions are hard, they require some sacrifice on the part of the individual taking the decision. Hence, being ethical is an imperative. The complex interlink between the three is as follows:

Values teach us to protect life and respect it; morals teach that it is wrong to take a life; but it is ethics that teaches us to sacrifice one’s life in the line of duty.

## Business ethics: A tough path

From the above analysis it is clear that business ethics is not easy. While it is the foundation

of any successful business; an organization needs to put selfless motives like serving society, employees and stakeholders above promoters or owners. However, once an organization has demonstrated its ethical backbone it will earn the respect and loyalty of consumers.

In order to become such an organization, a company will need to nurture three essential qualities – a) making ethics more important than business itself; b) instituting



IMAGE: PIXABAY

processes that demonstrate business ethics as the bedrock of the organization; and c) instituting a culture of business ethics so that it becomes a way of life in the organization.

In India, Tata group has earned a formidable reputation for its business ethics. Organizations for whom business ethics has become more important than the business itself attains an iconic stature in the country.

Tata group demonstrated its ethical temper when in the aftermath of 26/11, unmindful of the multi crore damage to its own property, Ratan Tata, the then Chairman, offered compensation to

every single person who was affected in the attack including the roadside vendors outside the hotel. That group also took care of the education of children of affected families and provided free medical facilities for survivors and dependents at Tata hospitals for the rest of their lives. The group took up the responsibility of education of 46 children who were affected by the bomb blast but survived. A Trust for the rehabilitation of the victims' families was also set up. Ratan Tata personally visited families of each of the 80 employees affected in the bomb blast.

The generosity of the Tata group established its credentials as an ethical business group in indelible ink.



**Subordinating the profit motive for social good is business ethics**

A TVS group company called Sundram Finance has shown what ethics means in service sector. It serves all its senior citizen customers in ten minutes flat.

They are not harassed with needless questions and are also given free financial advice. Such is the response to its ethical stand that it has over Rs 2,000 crore in fixed deposits, mostly from senior citizens. It is not because the financial institution offers very high interest, but because of its attitude and services. It credits

interest into bank accounts one day in advance, if the 1st of the month is a holiday. Not surprisingly, it has a huge network of borrowers, who also repay dues on time. TVS is an acronym for Trust, Values and Service. The organization is certainly living up to its name.

The ethical principles run through the entire TVS group. In all its factories, each employee is given a small gift at the end of the day, maybe a small biscuit packet, a packet of banana chips, or potato chips and so on. It's care and share principles has resulted in third generation employees also working in the group.

In Chennai, there is the Murugappa group that has a history of never having bribed a single official.

**Values teach us to protect life and respect it; morals teach that it is wrong to take a life; but it is ethics that teaches us to sacrifice one's life in the line of duty.**

WIPRO group and its chairman Azim Premji are also renowned for their ethical stand even at the cost of rubbing people the wrong way. Premji offended his fellow capitalists when he declared that the rich people should pay more taxes. He justified his stand in several interviews. WIPRO is well known for its philanthropic activities. The group has spent over Rs 900 crore in Karnataka and Andhra Pradesh on education and healthcare initiatives. Such is Premji's moral fiber that he sacked a trade union leader on the spot in Mumbai over a false bill for Rs 20. He remained undeterred in the face of a big union strike that followed and ran for six months demanding the reinstatement of the sacked employee. Premji's response was that he would rather close the office than reinstate the trade union leader.

Transparency in all dealings is its mantra. Such is their drive for transparency that no transaction, howsoever small, is done in cash. TVS group also follows this policy of only cheques or bank transfers.

These companies are also known to deposit taxes on time.

Other examples are Asian Paints and the Hero group, well known for their quality of business ethics.

Companies that have instilled business ethics in their DNA stand out among their competitors, attract customers and retain their loyalty. Profit for them is a secondary motive, yet because of the trust the market and stakeholders have in them they are among the most profitable corporates in the country and even globally.

There is no substitute to business ethics. ▀

*Source: Secondary research & media reports*



AI is raising  
ethical concerns

IMAGE: PIXABAY

# The Ethical Quest of Tech

In 2018, Deloitte surveyed 1,400 US executives knowledgeable about artificial intelligence (AI). The report, surprisingly, found 32% respondents ranking ethical issues as one of the top three risks of AI. A few years ago technology like AI had no ethical concerns.



**THE RAPID ADVANCEMENTS** in technology have brought to fore a new concern for business – ethics. Automation and artificial intelligence (AI) have changed the world as we know it. A 2018 report by Deloitte based on the survey of 1400 US executives found that 32% ranked ethical issues as one of the top three risks of AI.

Surprisingly, just a few years ago no such risks were identified. The data driven era has today changed the perceptions and the situation is rapidly changing as progressive enterprises have begun to think seriously about the ethical implications of AI.

These new concerns have given rise to a new position in organizations—the chief ethics officer – who is deluged with work. Companies are in the process of defining this role which is known by different nomenclatures – chief trust officer, chief ethics, compliance officer, to name a few. The role still doesn't have a proper job description, but that flexibility itself is challenging.

While in most organizations the need for an ethics officer, especially in finance, rose from a need to ensure compliance with regulations and rules and steer the company on the path of good governance, a few avant-garde companies realized the potential of this role to help steer corporate values more broadly and oversee everything from fair trade practices to ensuring AI algorithms are unbiased and consumer data is not compromised.

## Ethics as a management principle

While ethics is becoming a new management discipline, the focus is still on making the company the No.1 revenue earner rather than the No.1 ethical company. Tech companies are reeling under recession and their priorities are certainly not ethics.

The reason for lack of ethics as a benchmark in the tech industry is also the fact that ethics was not a necessary fiber in the fabric of computing. While in professions like law and medicine regulations ensure that ethics remains a high priority, this has not been the case with tech managers and companies and there is no impetus to behave ethically.

But things seem to be changing with some high-profile tech companies working to create their own code of conduct and devising rules for ethical behavior in the company. Mind you, this is not easy by any yardstick as technology by nature tends to be invasive.

Several companies, however, have ventured into this uncharted territory and are appointing ethics officers who have a wide mandate – they are required to develop the framework to promote ethical and humane use of technology.

The mandate covers everything from ensuring fake news does not spill out to concerns for the environment. As regards AI, the ethics officer will have to ensure that it is not used for nefarious ends. Companies are working out a set of principles on AI and ethics that mainly lays down the tenet that AI's purpose is to benefit society, avoid bias, and work with privacy principles, etc. Tech companies are now reviewing their products against these set parameters before going to market.

## Companies must think ethics

Big companies can think of ethical considerations when working with emerging technologies like AI, but for small companies still working their way through digital transformation, ethical considerations raise considerable challenges.

Most often, ethics officer has to work on basic precepts like providing guidance and awareness on ethics to the entire company, changing the corporate culture and handling cases of misconduct.

However, in tech companies that are working with machine learning, AI, and predictive analytics ethics of data handling and protection becomes critical. It is important to see that data is protected as the market becomes competitive and companies look at ways to use data to get an edge over the competition. It's important to formulate clear policies around data use and protection early on to avoid issues later.

## Companies under scrutiny

Companies are increasing facing scrutiny from customers with questions ranging from where goods are sourced, how they are manufactured, whether they are environment friendly, whether the company has an inclusive culture and works with justice and equality in the treatment of employees and customers, whether it fulfills its obligations to the community through CSR, etc. Stakeholders want to know how companies market their products to consumers and if the company is an MNC, whether they treat their

## Should a technology be used at

[illegible]



customers alike everywhere or is the company discriminatory; does it manipulate people and is it following the laws.

These concerns form the various parts of the ethical framework of a company. Ethics officers are also looking at complex philosophical frameworks that aim to measure happiness and suffering, assess if there is any potential harm to individuals, and how a decision may impact the virtue of the company.

If a company has sound ethical foundation, then bringing in a technology like AI into ethical framework will not be disruptive to the entire business. An ethical issue surrounding a new and emerging technology will be effectively addressed if the thinking on ethics in a company is already advanced. Hence whether it's AI or big data the existing ethical framework will suffice to steer the company on the righteous path. A new technology would not need a rethink on ethics or a new ethical concept.

Companies that are facing questions on customer privacy when they bring in new technology need to not only ask how a new technology can be used for the benefit of the business but rather whether the new technology should be used at all if it raises such concerns.

While the ethics officer can advise on the ethical risks and strategies to mitigate the same, it is beyond his/her role to mitigate risk of machine bias. The ethics officer can advise the C-suite on whether a decision regarding a new tech is appropriate and give an insight into the ethical risks around it. But that's it.

### all if it raises concerns on ethics?



IMAGE: PIXABAY

The Brookings Institution in a report delineates the main ethical dilemmas around AI:

- **Weapons development and military applications:** The use of AI applications in war and military activities is being decried around the globe. While companies like Google have a policy against its use in war and military operations, other companies are using it profitably in the field.
- **Law and border enforcement:** AI applications in law enforcement area are again being denounced as unethical as emerging technologies, such as facial recognition software can be used to target minorities or immigrants.
- **Government surveillance:** Governments across the world are using advanced technology to mute dissidence. Advanced surveillance technologies using AI are impacting citizen privacy and compromising their data.
- **Racial bias:** AI applications have been demonstrated to show racial bias when recognizing faces.
- **Social credit systems:** This is another way to harass and intimidate citizens. In China, the government is using AI in its social credit systems. Citizen data on their social media use, tax payment, behavior, etc., is being used to rate people's creditworthiness, travel, school enrollment, and government positions. Those with high scores are given special benefits, while those with poor score are discriminated against.

But it's difficult to predict all the challenges in the future. We need to be forward-looking and will have to identify ethical issues as they emerge. The way AI is evolving it is impossible to predict what dilemmas we will face in the future.

### The job of the future

While most of the discussions around AI and ethics appear academic, the scenario is fast are changing. The role of the chief trust officers being ranked alongside other more technical ones in the jobs of the future. It is being predicted that by 2030 philosophy graduates will be in heavy demand to bring understanding to AI and ethics.

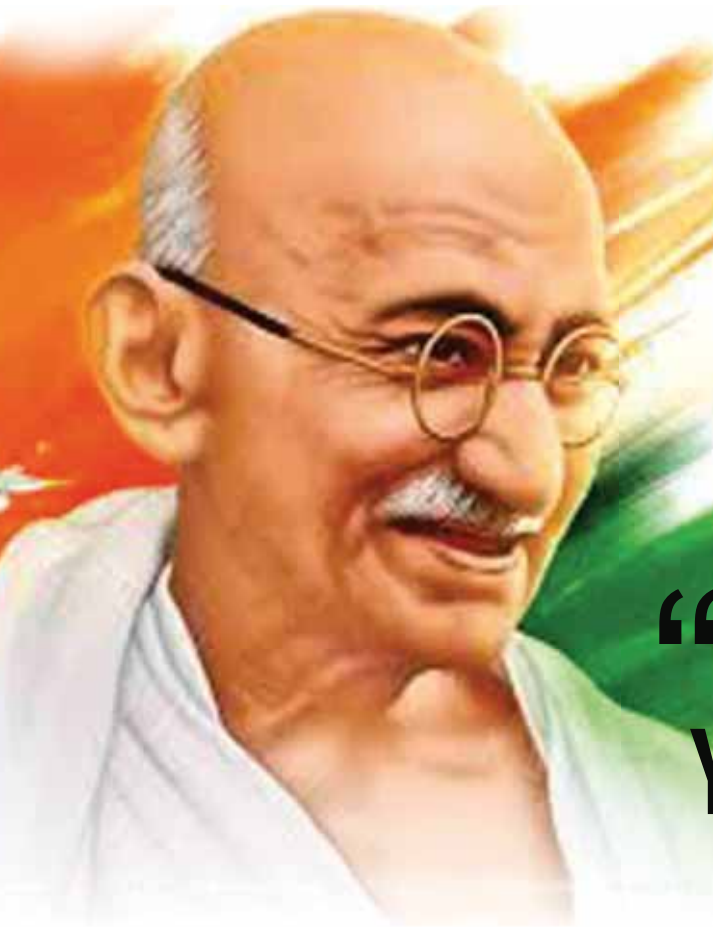
In short, humans have their work cut out keeping up with humanoids as AI becomes more and more intelligent.

Ethical questions will soon define business models. For example, self-driven cars are expected to take a moral decision in case they are going to crash. When robots become more human with their attributes how will they be expected to handle the ethical dilemmas that humans face?

Companies will need an ethics chief to guide through these tough decisions. As technology becomes more advanced, ethical dilemma could span not just choosing between right and wrong, but between life and death.

We need to be prepared. ▶

Source: Secondary research & mediareports



एक कदम स्वच्छता की ओर

**“BE THE CHANGE  
YOU WISH TO SEE  
IN THE WORLD”**





# ADOPT ETHICAL MARKETING FOR SURVIVAL

The future of a business depends on how ethical it is as consumers increasingly look for companies with credibility and ethics as its footprints.



**ETHICS MAY BE** a scarce commodity in our politics, but increasingly consumers are seeking products that measure up to their conscience. Lifestyle choices are now being dictated by the need to preserve the fast depleting natural resources and the principles of ahimsa. With organizations like PETA working for animal rights and environment concerns being raised on a plethora of platforms, the ordinary consumer has transmogrified into a conscious citizen of the planet who want products that guarantee no animal testing or that they have been grown organically without harming the environment. From ahimsa silk processed without killing the silkworm to cosmetics that certify they have not been tested on animals, food that has been grown responsibly to automobiles that subscribe to mandated emission standards, consumer demands are consistently pushing producers and retailers to become sustainable.

Following the straight and narrow path is not difficult. It just needs the willingness on the part of every business, from the smallest kirana store to the largest multinational conglomerates, to choose to be straight, transparent and fair with their customers. The bonus of adopting ethical culture in the organization is that it becomes a branding tool to attract customers. If carried out with perspicacity, ethical marketing can be the most commercially successful advertising for the product or brand.

Corporations and retailers need to realize that unethical marketing is not a guarantee of more sales or lower advertising costs; rather it can prove to be more damaging in case of expose which can cost millions in reputation damage control and may even ruin the business.

## What ethical marketing means to consumers?

In simple terms, ethical marketing happens when companies apply ethics to the marketing process. They thoughtfully examine marketing issues as they relate to moral judgment. A business that is socially responsible and culturally aware and sensitive is demonstrating ethical marketing practices.

Companies globally are adopting fair trade, which is an example of the impact of ethical marketing. For consumers, the most popular ethical measure of a company is fair trade practices adopted by it. Fair trade involves a consumer paying a guaranteed price to a small group of producers who promise to practice sustainable and ethical marketing, for example, they pay fair labor prices and conserve the environment.

However, the downside of the increasing glamour of ethical marketing for consumers has led to the rise of unethical businesses who utilize ethics as a front for shoddy business practices. They claim to be responsible and spin environmental yarn, but it's all a sham to dupe customers.

These unscrupulous business' have made the consumers wary of such ethical claims, which is harming

many brands that are actually ethically conscious due to consumers shunning their products.

According to various research, though many marketers have attempted to use the 'green card', two-thirds of consumers respond to ethical claims related to people more than to the environment.

## Understanding unethical marketing

Consumers must be able to distinguish unethical marketing practices to avoid being shortchanged. According to experts though unethical marketing has the ability to take on many iterations, almost all types are branches of six main forms.

- **Surrogate:** The most common form of unethical marketing is surrogate advertising. Marketers adopt this method to avoid regulations forbidding advertising of certain products like alcohol and tobacco. Marketers use surrogate advertising to remind consumers of products without being direct.
- **Exaggeration:** This kind of advertising involves making exaggerated claims about the attributes of a product or what it promises to deliver. For example, fairness creams, weight loss products or products that promise hair growth, height increase to virility and libido. The false claims also be about the popularity of a product, for example claiming it to be No.1 product or the most bought product, etc.



- **Puffery:** When brands employ puffery, they make subjective claims about a product that puffs it up. For example, statements making claims as the best tasting coffee, lotions that make your skin softest, etc., which cannot be confirmed.



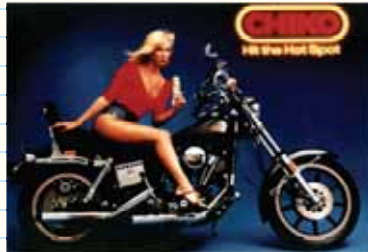
- **Unverified claims:** In this form of unethical marketing companies promise to deliver results without any scientific evidence to support their claims. Such



advertising falls in the category of unverified claims. The most common type of such commercials promising stronger, shinier hair or softer, fairer skin do so without sharing the scientific basis for such claims with buyers.

- **Stereotyping women:**

Women models are used to promote cookware to men's underwear. Such advertising portrays commodifies women and portrays them in a negative light or as



objects. This sort of advertising promotes stereotyping women as objects and sustains a sexist culture.

- **False comparisons:** Energy and health drinks are most commonly portrayed in comparison to a competitor's

product. We have seen this kind of advertising done by Bournvita and Complan, each claiming to provide more nutrition,

increase height of children, etc. In such advertising a brand makes false or misleading claims about competitors' products. It is a false comparison.

## How companies can adopt ethical marketing

Just possessing the intent to do right or the knowledge of doing the right thing is not sufficient for businesses to become ethical. Ethical marketing involves making choices that can boost the public reputation of the company; it is a powerful way to connect with consumers. If you are not doing it right, it may give the company a self-congratulatory image that can be counterproductive.

Ethical marketing tools enable businesses to assess their marketing strategies. It involves making strategic decisions, say, whether the marketing focus should be on increasing profits or to polish an image.

Once a business has reached strategic decision, it can take steps to modify its current strategy. It may involve minor changes in how the company was operating till then.

The first step to ethical marketing entails a thorough corporate analysis by the business concerned including an analysis of customers and marketplace. The company must decide to pursue ethical marketing, it must decide which ad features to follow. The business ad campaign must deliver and strike a delicate balance between sustaining truth and persuading the customer.

Companies can take the help of the Ethical Positioning Index (EPI), an innovative tool for differential brand positioning. The EPI helps companies determine their brand's ethical positioning by blending a brand's identity, image, personality, awareness and communication with a company's ethics, beliefs, values and customs.

## Creating a core ethical marketing plan

Companies can follow these five steps to developing an ethical marketing plan. In each step, concerned teams would need to address certain questions and discuss how to formulate their own unique ethical marketing profile.

1. **Clarify:** This is the first step to developing an ethical marketing plan. Businesses need to first determine exactly what is to be decided. The next step requires devising a complete range of alternatives. Then discussions on these alternatives to eliminate illegal and improper choices must take place to find at least three ethical options. In this stage the last step

Going ethical is a  
multi-pronged strategy

IMAGE: PIXABAY



involves a thorough examination of each option to determine which values are involved.

2. **Evaluate:** In this stage companies need to evaluate the three options to find out if any of these require sacrificing any ethical principle. Facts must be separated from beliefs, theories and rationalization dispassionately and then credibility of sources must be reviewed. An analysis of alternative with benefits versus risk must be done.
3. **Decide:** In this stage a company will need to determine which option is not true: evaluate viable alternatives and prioritize values. Once this is done, it will need to assess who will be harmed by this decision the least and who will be helped the most. A worst-case scenario analysis must also be done.
4. **Implement:** Once the choice has been made, in this stage a company deciding to go on the ethical marketing path will now need to develop a plan for implementing the choice. Herein, it will also need to find ways to maximize benefits while minimizing costs and risks.
5. **Monitor/modify:** In the final stage a company must monitor the effects of the choice and be ready and willing to modify a plan or change course. There is also the need to adjust to supplementary perspectives as they become obtainable.

As regards the consumers, they can always check the ethical temperature of a company with the Ethical Scanner. It is a free application with immense powers. A potential customer can check if the manufacturer is responsible for harming the environment or mistreating the workforce. All that it requires is scanning the barcode, and lo! In case the company has a shady record and there's a story, the Ethical Scanner will link to the report. In case there is no such story, a customer can quickly submit a link, and thus allow other users to learn about the ethical business.

## Conclusion

In today's era of net savvy consumers, knowledge is easy to gather online. No company can hide behind posturing, as it can be easily exposed. This makes ethical marketing critical for a business' survival. A business that lacks ethics is perceived as lacking a moral compass, its products become suspect and its corporate culture one lacking community concern. Once a company is outed on its lack of ethics, it loses credibility. Once credibility is lost, a company may find its customer base vanishing and even if it survives the loss of reputation, it would be at the cost of huge resources.

*Source: Secondary research & mediareports*

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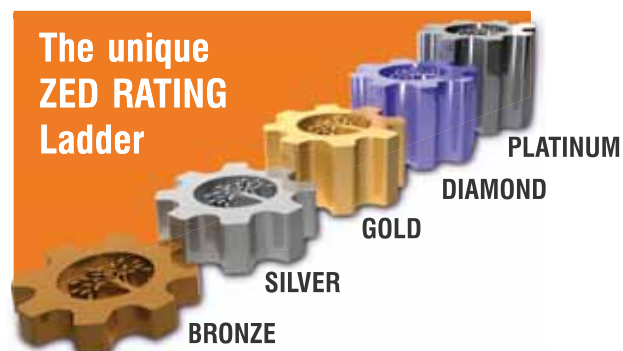
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## Certification Scheme

A roadmap to  
World-class manufacturing



### HIGHLIGHTS

- ⚙️ A scheme by Ministry of MSME, Govt. of India
- ⚙️ Certification on the systems and processes of MSMEs
- ⚙️ Handholding MSMEs towards world class manufacturing
- ⚙️ Special emphasis on MSMEs supplying to Defence Sector
- ⚙️ Direct subsidy to participating MSMEs
- ⚙️ Creating a credible database of MSMEs for OEMS/CPSUs/Foreign Investors under "Make in India initiative"
- ⚙️ Quality Council of India (QCI) to function as the NMIU (National Monitoring and Implementing Unit) of the scheme

"Let's think about making our product which has 'Zero Defect'; so that it does not come back (get rejected) from the world market and 'Zero Effect' so that the manufacturing does not have an adverse effect on our environment"

**SHRI NARENDRA MODI**  
Hon'ble Prime Minister



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