NANAKIAN PHILOSOPHY AND CORPORATE ETHICS

ABSTRACT

Through this brief study, I have touched on a number of points on how Nanakian philosophy can be applied to the corporate world, and have provided an example of a firm that employs such philosophies. It is to be noted that the teachings of Guru Nanak and the following Gurus are not philosophical thoughts and poetry but in fact are frameworks that can be applied to most situations to enhance the quality of the outcomes.

INTRODUCTION

We are in a period of time unlike any other in history. In the midst of a global recession, unemployment around the world and personal debts are escalating. Company share prices are experiencing increased volatility, putting the wealth invested in them at greater risk of loss. Iconic brands and companies that have thrived for many generations have now been wiped out as a result of the economic woes. While many analysts will argue that we are out of the recession, many others will argue that we are on the verge of a double-dip. Most consumers would also argue that their pocket books are lighter, which reduces their propensity to spend, thereby further slowing recovery.

So, how did we get into such a situation? While politics, world events and global economics all have a part to play, one main reason that has garnered significant media attention in the current recession is poor corporate ethics. The Enron’s, Satyam’s and Madoff’s of the world have become the faces of unethical corporate behaviour. Ripped-off shareholders and burned consumers have become the strident voices for more transparent corporate behaviour.

Through this article, I would like to show how Nanakian philosophy correlates with corporate ethics, and how Guru Nanak’s teachings advocate for truthful leadership.

In this article, I will not be differentiating between corporate ethics (the theory and values of ethical conduct) and corporate governance (the practical application of ethical theories and values). I will be using the term “corporate ethics” as the umbrella term for both.

CORPORATE ETHICS

The Canadian Centre for Ethics and Corporate Policy defines ethics and their relation to business as: “...the guiding principles by which people make decisions and conduct their lives. Because businesses are social constructs and make decisions that affect society, there is an ethical dimension to their conduct. Business ethics involves applying ethical principles to the activities of business and to the relationships between businesses and various stakeholders. It applies to a wide range of business activity such as relationships with suppliers, employees, and consumers as well as the overall system by which a company is directed and controlled (i.e. governance)” (Canadian Centre of Ethics and Corporate Policy)

An important clarification is that there is a significant difference between ethics and compliance. Ethics are values that you believe in - values that you uphold because of your own beliefs. Compliance on the other hand is working within the set legal boundaries to obey laws and regulations.
Why Are Corporate Ethics Needed

To many, this may seem like an odd question, as ethics are loosely defined as “good behaviours”. It is like asking, “Why be good?” However, in business, people ranging from CEO’s down to junior employees are constantly under pressure to perform at a high standard and increase profitability. If a person is not performing at a high level and not increasing profitability, then in most organizations, the employer will find someone else to do that job.

This creates an inherent ethical dilemma. How far do you go to protect the interests of others, when your own interests are at stake? Leading to the following clarification intended for businesses and leaders. Perhaps when business people ask why they should be ethical, they have a different question in mind:

What is the motivation for being good?
Is there something in it for them?

It is perfectly all right to ask if there is a reward for being good, but this has nothing to do with whether one should be good. It makes no sense to try to convince people that they should be good by pointing to the rewards that may follow. One should be good because “good” is, by definition, that which one should be.

As for motivation, good behaviour often brings a reward, but not every time. Think about it. If it were always in one’s interest to be good, there would be no need for ethics. We could simply act selfishly and forget about obligation. People invented ethics precisely because it does not always coincide with self interest.” (John Hooker, 2003).

Basic Corporate Ethics

As mentioned earlier, ethics have an intrinsic personal element to them. However, for the sake of this discussion, let us use the following as a basic set of ethics:

Companies will ensure the safety of their products and services.
Companies will encourage transparency and minimize incentives for corruption.
Multinational companies will pay their workers in every country a wage that is sufficient for maintaining a life of dignity. In hiring workers, they will not practice any form of discrimination, and they will accept the principle of equal pay for equal work.
Companies will seek to minimize environmental damage from their activities and will report annually on the progress they have made in this field.

Companies will not conduct business with organizations that refuse to support these ethical principles, and they will report any efforts by officials to subvert or undermine them.

Good ethics – Tylenol - an example

In 1982, Johnson & Johnson, via Tylenol handled a tragic situation so well, that it became a case study in modern corporate ethics. Within a few days starting Sept. 29, 1982, seven people died in the Chicago area after taking cyanide-laced capsules of Extra-Strength Tylenol, the common painkiller that at the time was their best-selling product, and still remains a household name.

Industry experts predicted that the Tylenol brand, which accounted for 17 percent of the company's net income in 1981, would never recover from the damage. But by December that year, Tylenol was back on the market, accompanied by tamper-proof packaging and a broad media blitz. A year later, its share of the $1.2 billion analgesic market, which had plunged to 7 percent from 37 percent following the poisoning, had nearly recovered, back up to 30 percent.

What set apart Johnson & Johnson's handling of the crisis from others? It placed consumers first by recalling 31 million bottles of Tylenol capsules from store shelves and offering replacement product in the safer tablet form free of charge.


James Burke, the company's chairman, was widely admired for his leadership in the decision to pull Tylenol capsules off the market, and for his forthrightness in dealing with the media. In a news conference only a month and a half after the tragedy, he gave a full chronology of what the company had done. "He looked in complete control," said Tortorella.

The moves were costly. Johnson & Johnson spent more than $100 million for the 1982 recall and re-launch of Tylenol. A much smaller recall in 1986, and a second re-launch also ran into millions of dollars.

But Johnson & Johnson's shareholders were hurt only briefly. In 1982, the stock, which had been trading near a 52-week high just before the tragedy, began a roller coaster like rise and fall due to panic selling but recovered to its highs only two months later.
Investors have had little to complain about since then. If you had invested $1,000 in Johnson & Johnson shares on September 28, 1982, just before the first Tylenol episode, you would have $22,062 today, after four stock splits. The company has paid out increasing dividends for 39 years. (Rehak, 2003).

**Bad ethics – Merck Vioxx – An Example**

The opposite of the above example is Merck’s handling of the Vioxx situation that came to the forefront in 2004. The multinational drug company knew in 2000 that its blockbuster painkiller, Vioxx, was causing thousands of heart attacks and deaths, but kept it on the market until late 2004.

Damning evidence that the scientific data clearly showed the dangers of the drug as early as 2000 was published in 2004 on the website of the Lancet medical journal, alongside a commentary from its editor, Richard Horton, which condemned both the company and the US drug regulators for acting out of "ruthless, short-sighted and irresponsible self-interest."

Initially, Merck won praise from the Lancet journal and others when it took Vioxx off the market on September 30, 2004. In the four years since 2000, it had grown to blockbuster status with sales of USD $2.5 billion. Vioxx had been taken by 80 million people suffering from arthritis and other pains.

But the praise was short lived once the first clear evidence that Merck had known the dangers of its drug for some time came from the Wall Street Journal, which published a series of internal company documents and emails. They showed there had been discussion of ways to conceal the increased risk of heart attack that Vioxx seemed to present as early as the mid to late 90s. A document for sales reps on how to field difficult questions was entitled "Dodge Ball Vioxx".

An independent group of scientists published their analysis of all the relevant clinical trial data on Vioxx - which has the generic name rofecoxib - that would have been available to Merck in 2000. “Our findings indicate that rofecoxib should have been withdrawn several years earlier,” said Peter Jüni from the University of Berne, Switzerland, and colleagues. “The reasons why manufacturer and drug licensing authorities did not continuously monitor and summarise the accumulating evidence need to be clarified.”

They also found that patients were at risk after only a few months, contrary to Merck’s statement that problems only occur after 18 months on the drug, and that the risk does not depend on the dose of the drug taken. (Boseley, 2004).

If that is not enough, in 2009 during a personal injury lawsuit filed over the Vioxx scandal, it came to light that from 2002 to 2005, the Australian affiliate of Merck sponsored a phony medical journal. Eight issues of a medical journal, the Australasian Journal of Bone and Joint Medicine were published. Although it gave the appearance of being an independent peer-reviewed journal, without any indication that Merck had paid for it, the journal actually reprinted articles that originally appeared in other publications and that were favourable to Merck. 9 of 29 articles in the journal's second issue referred positively to Vioxx. (Singer, 2009).

Unfortunately, there are more examples like Merck than there are like Johnson & Johnson. The above example underscores the need for ethical behaviour.

**WHY NANAKIAN PHILOSOPHY?**

**Fundamentals**

The magnificence of Guru Nanak’s teachings is that they were relevant not only in the 15th century, but today in the 21st century and onwards. Guru Nanak’s philosophy as enshrined in the Aad Guru Granth Sahib (AGGS) teaches broad behaviours and values that one can apply in their business, social and individual lives, thereby enriching their own lives and those of their consumers, employees, co-workers, and shareholders.

Based on the many aspects of Nanakian philosophy that have been discussed other articles published by the Institute for Understanding Sikhism, as well as the knowledge gained from the AGGS itself, a key note is that a Sikh’s “leader” is God. A leader defines behaviours, while followers try to emulate them.

**SAHIB SADH MITRA**

He is the King, the King of kings, the Supreme Lord and Master of kings.

"Sa/uni1E0Fā sa/uni1E0Fā kar c/uni1E96ākrī parab/uni1E96 sāhib sac/uni1E96ā so/uni25ABe.

AGGS, Jap 27, p 6.

Now, correlate that with a modern corporation. Note, by no means am I comparing a person with God,
I will stress here, the leader in the Nanakian sense, who can keep focus on God and on karam, and purpose, is the ideal leaders. That person will stand tall in the face of corruption and greed, and still drive the ethical values she expects and end up coming out on top. Why?

Gurmukh sāchē kā bha-o pāvai.
The Gurmukh lives in the Fear of the Ever-existing God.
AGGS, M 1, p 941.

With the above established facts and in mind, let’s revisit the earlier question “Why Corporate Ethics?” or put another way. “Why work with the intention of doing good?” Looking at Nanakian Philosophy, we get the answer:

Gur pūre ki chākri birthā jā-e na ko-e. ||1|| rahā-o.
Working for the Perfect Guru, no one goes away empty-handed. ||1||Pause||
AGGS, M 5, p 46.

Sā sevā kī safal hai jīt satgur kā man manne.
Fruitful and rewarding is that service, which is pleasing to the true Guru’s Mind.
AGGS, M 3, p 314.

Satgur sev sabhāi fal pā-t. ||1||
Serving the True Guru, all rewards are obtained. ||1||
AGGS, M 5, p 375.

With Nanakian philosophy as the basis, the motivation for ethical corporate behavior no longer remains a question. Everything you do in this world will be presented in the court of God, and you will be judged according to your “karam”:

Jithai ji-o hosi sār.
But there, in the Court of the God, all beings will be judged.
AGGS, M 1, p 1288.

Bhūl chūk terai darbār.
My mistakes and faults will be judged in Your Court.
AGGS, M 1, p 1330.

Jīnī nām ghi-o-ga-e maskat ghāl.
Jithai ji-o hosi sār.
But there, in the Court of the God, all beings will be judged.
Basic Corporate Ethics and Nanakian Philosophy

Kirat Karo, Naam Japo, Vand Ke Chako

Kirat Karō is one of the Three pillars of Sikhism, the others being Naam Japo and Vaand Ke Chakkō. The term means to earn an honest, pure and dedicated living by exercising one’s God-given skills, abilities, talents and hard labour for the benefit and improvement of the individual, their family and society at large. This means to work with determination and focus by the sweat of one's brow and not to be lazy and to waste one's life. Meanwhile, Simran and dedication to the work of God, not personal gain, should be one's main motivation. Why?

Let us now revisit the basic corporate ethics defined earlier, and add to them with the concepts of Nanakian philosophy:

Companies will ensure the safety of their products and services.

Companies will encourage transparency and minimize incentives for corruption.

Multinational companies will pay their workers in every country a wage that is sufficient for maintaining a life of dignity. In hiring workers, they will not practice any form of discrimination, and they will accept the principle of equal pay for equal work.

Companies will ensure the safety of their products and services. Through Satguru Nanak, may Your Name be exalted and may all of mankind prosper according to your Will (Sikh Ardaas)

Bikh kī kār kāmāvī bikh hī māhi samāhī.
Acting in evil and corruption, people are immersed in corruption.

AGGS, M 1, p 939.

AGGS, M 3, p 36.

AGGS, M 5, p 317.

AGGS, M 1, p 1288.

Bhūl chhuk terāī ċhārībāī.
My mistakes and faults will be judged in Your Court.
AGGS, M 1, p 1330.

Jini nam gīhā-ā-ā ga-e maskat ghāl.
Those who have meditated on the Naam, the Name of the God, and departed after having worked by the sweat of their brows.

Nānak te mukh uje kehī cẖūti nāl. ||1||
-O Nanak, their faces are radiant in the Court of the God, and many are saved along with so many others ||1||
AGGS, M 1, p 8.

Javehe karam kamāvī tavehe falte.
According to the deeds which one does, so are the fruits one obtains.
AGGS, M 5, p 317.

Let us now revisit the basic corporate ethics defined earlier, and add to them with the concepts of Nanakian philosophy:

Companies will ensure the safety of their products and services.

Nanak Naam Charhdi Kalaa Tere Bhane Sarbatt Daā Bhalaa.

As Gurmukh, look upon all with the single eye of equality; in each and every heart, the Divine Light is contained. ||2||
AGGS, M 1, p 599.

Jithai nich samāliī an jithai naḏar ċeři bakhāsīs. ||4||3||
In that place where the lowly are cared for-there, the Blessings of Your Glance of Grace rain down. ||4||3||
AGGS, M 1, p 15.

Companies will seek to minimize environmental damage from their activities and will report annually on the progress they have made in this field.
At the end of 1704 A.D. the young Sahibzadas of Guru and fortune. And he sacrificed fortune at the alter of faith. Little did he know that fate would bring him to a point where he would have to choose between his faith and fortune. And he sacrificed fortune at the alter of faith. At the end of 1704 A.D. the young Sahibzadas of Guru Gobind Singh, Baba Zorawar Singh and Baba Fateh Singh, were captured and bricked alive by Nawab Wazir Khan of Sirhind. When nobody had the courage to cremate the Sahibzadas, Diwan Todar Mal risked his life and took possession of the bodies.

Todar Mal covered the ground with gold coins to get release of the bodies of the Sahibzadas and Mata Gujari.

Immediately a royal order was issued, stating that the last rites could not be performed on Mughal land. The Diwan had to buy land for cremating the Sahibzadas. He ensured that the last rites of the two were performed with full respect. But for this he had lost the peace and prosperity for his own family. Bankrupt and a victim of Nawab Wazir Khan’s wrath the family fled their beautiful home and eventually faded into oblivion.” (Bhardwaj, 2004)

Nanakian-Type Modern Corporate Ethics Example – Toyota

Nanakian philosophy is based on truth. One company that has become a case study for engraining truthful, improvement minded principles in their culture is Toyota. While it is probable that they don’t even realize how closely their corporate values align with Nanakian philosophy, as students of Sikhism and the science of business and management, one can easily see the correlations.

The two focal points of Toyota’s principles are continuous improvement and respect for people. The principles for continuous improvement include establishing a long-term vision, working on challenges, continual innovation, and going to the source of the issue or problem. The principles relating to respect for people include ways of building respect and teamwork.

Core Principles and Nanakian Philosophy

As per Nanakian philosophy, let us see how Toyota’s core principles relate to Guru Nanak’s Philosophy:

CONCLUSIONS

Through this brief study, I have touched on a number of points on how Nanakian philosophy can be applied to the corporate world, and have provided an example of a firm that employs such philosophies. It is to be noted that the teachings of Guru Nanak and the following Guru’s are not philosophical thoughts and poetry. They are in fact frameworks that can be applied to most any situation to enhance the quality of the outcomes.

REFERENCES

   Publishers: Shiromani Gurdwara Parbandhak Committee, Amritsar.  (M = Mahla, i.e., succession number of the Sikh Gurus to the House of Nanak, M
### Continuous Improvement

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<th>Toyota’s Principle</th>
<th>Nanakian Philosophy</th>
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<td>Establishing a long-term vision</td>
<td>The Guru Granth Sahib continually stresses that this body and life are short-lived, often comparing them to how they will pass as if they are a single night. A Sikh is encouraged to think of his long-term goal – merger of the spirit with Waheguru and breaking the karmic-cycle of rebirth.</td>
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<td>Working on challenges</td>
<td>Every step of life presents some form of challenge. Contrary to popular thought at the time, Guru Nanak did not advocate the concept of <em>sanyas</em> – leaving worldly life behind to simply meditate and practice austerities. Instead, a Sikh is to face the world, live within it, and through the core principles of Kirat Karo, Naam Japo, Vand Ke Chako, work to overcome challenges and strive toward building a happy and contented life.</td>
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<td>Continual innovation</td>
<td>The term innovation relates to invention, re-invention and alteration. In terms of Sikh thought, this means continuously working on one’s self to improve their spiritual being, character and the world around them.</td>
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<td>Going to the source of the issue or problem</td>
<td>This Toyota principle implies striving directly for the solution – “cutting out the middleman” if you will. In this sense, Nanakian philosophy advocates the worship of Vaheguru, without the need for complicated rituals or the support of Godmen or other individuals.</td>
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### Respect for People

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<th>Toyota’s Principle</th>
<th>Nanakian Philosophy</th>
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<td>Building respect</td>
<td>This principle implies respect for oneself as well as for others. Fundamental to Nanakian philosophy is how each individual is the same, regardless of gender, caste, color or creed. In this world where divisions are continuously popping up, one who respects all equally, sees God pervading in all, not only gives respect, but earns it in heaps as well.</td>
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<tr>
<td>Teamwork</td>
<td>Teamwork is the culmination of many Nanakian concepts, including Sangat. Sangat is the congregation with others to learn of issues and solutions as per Nanakian philosophy.</td>
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