

Honesty, Integrity and Reliability

Concepts and applications of honesty, integrity, & reliability

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Honesty is not just being truthful and not lying. Deception, misleading, exaggeration, willingly avoiding sources of truthful information, ignoring, withholding information etc are all different forms of dishonesty. Lying may be defined as willfully conveying false information (and/or information believed to be false by the communicator) by any means such as gesture, speech or in writing. When one communicates information which one believes to be false, but in fact is true, then also one is lying as the intention is to lie and deceive. Deception is pretending to possess certain knowledge which one does not have, and giving views, advice/consultancy to a client. A manager should not misrepresent or exaggerate his knowledge as it is deception arising out of vanity to impress, or out of greed to gain money or gain other benefits. A sales manager, praising the (unsubstantiated) superior properties of a product and making false claims of superior performance is a deception. Withholding negative aspects of a product, for example poor safety record and design deficiencies of a product, is also deception.

Integrity is strict adherence to ethical code of conduct and may be described as ‘qualified honesty’. For example, practice of integrity may sometime require withholding

information as in the case of maintaining client professional confidentiality. Consider a case where a new client has requested information about an earlier client from Advertising Company or Engineering Consulting Company, and this information may be useful to the former, but may sacrifice the commercial interest of the latter. Withholding information in such a case cannot be considered dishonesty. But giving the information is against maintaining client – professional confidentiality and any such action can only mean lack of integrity. The Professional Manager, under such a circumstance can refuse to give the information on the basis of integrity and client professional confidentiality. Integrity with honesty can refuse to divulge confidential information, on the basis of professional ethics.

Honesty is an important aspect of manager’s code of ethics. It has its roots in our religious and moral traditions which emphasize honesty. Services rendered by managers require honesty. They should be objective and truthful in their professional reports & consultancy, and must not exclude information on harmful consequences of an action done or proposed, even if such exclusion is requested by the client.

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Professional Manager's testimony and public statements should not be exaggerated, but be objective and truthful as decisions may be made on the basis of the same.

Honest professionals with integrity should not associate with or let their names be used by others including organizations engaged in fraudulent and dishonest jobs. They must honestly disclose factors which may endanger the public and environment, while giving expert opinion. They have a responsibility to ensure that the public, administrators, clients, employers and such other recipients of their professional reports, data, analysis and views make informed decisions regarding application of technology, understanding the benefits and also of harmful consequences if any. Professional managers and entrepreneurs should advise the customers on product quality and safety without concealing any information, so that the customers make informed decisions.

While 'honesty is considered to be the best policy' it may not be so always, under all circumstances. Concealing the truth, or even telling a white lie (not causing harm to others) may be the right thing to do in some rare circumstances. For example, concealing the knowledge of where about of a good and honest person from a criminal who is looking for him to harm him. Let us consider another example: John is a young process inspector in a chemicals manufacturing plant and got the job with the help and training of Mr. David, the Factory Manager. Mr. David is well recognized for his professional management and upholding values of professional ethics. However, a serious blunder of releasing a fair amount of toxic chemical effluents before treatment occurred in his department for which he must assume responsibility. Mr. John in the process of daily inspection came to know of it immediately when he tested the

outgoing effluents. John is supposed to report the incident, a serious lapse on the part of David. But reporting it will be against the long-term loyalty and trustworthiness. Reporting the matter to Mr. David and taking immediate corrective action preventing harm to community and environment may be an appropriate action. The objective is not to expose and harm David, but to uphold one's responsibility to protect the community & environment. But not reporting the incident and not taking corrective action, to avoid harmful consequences to Mr. David is unethical.

Client professional agreements

Professional Managers provide third party inspection, Market summary, Consultancy, Audit and such other professional services. In such cases the sensitive/confidential information provided by the client and information generated by the consultant during the specific work are protected through confidentiality agreements. The manager's code of ethics requires strict compliance to such agreement. For example such information in the case of one client should not be revealed to another client. The manager must refuse to break such confidentiality even under threat, or under monetary or other types of inducements. But professional manager's responsibility and obligation for the safety of the public must be taken into account. Hence one may break confidentiality with prior intimation to the client and reveal to public information which will impact the safety and wellbeing of the public and environment.

For example, a car owner is planning to sell his old car and buy a new one and gets an offer from the car sales agency. He employs an automobile engineer to inspect his car and make an assessment of a marketable price. While doing so, the engineer finds a serious flaw in the axle of the car which he believes is a

safety issue besides reducing the marketable value considerably. After giving his assessment, he reports it to the car sales agency on his own. This act is a breach of confidentiality. Engineers should not make public or reveal to third party, information, facts and data obtained in a professional capacity without prior consent of the client or employer. However he/ she may inform the sales agency, with the client's permission or advise the client to do so directly.

Take another example. An engineer was engaged by a client, car design & production agency, to carry out a design audit of their new car, just before releasing to the market. During the design audit and analysis of test data, the engineer finds serious design flaws in the brake systems which may cause accidents under certain road and driving conditions. Although the audit report made a recommendation that the design should be modified and tested for the road safety with respect to the brakes, before releasing to the market, the engineer learns that the client firm has no plans to do so. Should he go public with the information as the owners of this new car may have a safety problem, for their lives and those of other road users. Here, the engineer's higher responsibility to the public safety will need him/her to break confidentiality, but with prior intimation to the client.

Non disclosure agreements (NDA)/know-how transfer etc.

When two firms negotiate to collaborate, or purchase know-how of a product or to amalgamate, merge etc, information is exchanged on the basis of NDAs. Both parties, and managers involved are bound to maintain confidentiality of such information exchanged.

Know-how purchased from the licensor should be used only for the licensor, and it should not be transferred to others unless

rights for transfer to third parties are specifically mentioned in the know-how transfer agreements. Managers involved in the knowhow utilization should adhere to the terms and conditions of such agreements, and act as per the intellectual property rights.

Intellectual property rights

Intellectual properties are generated through research design and development. It may be a product or technology and is protected in many ways such as trade secrets, patents and copy rights. Most companies make their engineers/scientists to sign agreements by which all such trade secrets, patents, copyrights etc are the properties of the employer organization, even though these are developed by the employee engineers/scientists. Even in the case of organizations which share the IP rights with the employee inventors/designers the right to sell/ transfer etc vests with the organization, the employee sharing only the sale value and royalties. As per such agreements and also as per code of ethics, engineers/scientists are to act with integrity and loyalty to the employer organization in IPR matters. Also employee engineers and managers who were not the contributors to the inventions/designs will also have access to such vital data and information, if they are involved in the application of such inventions/designs/technologies. They should not reveal such data to others, except with the permission of the IPR holding organization.

Gifts, Bribes & Extortion

Gift is something given as a present by one to another. Giving and receiving gifts is part of social life. One should not go to the extreme view on code of ethics, and forbid accepting gifts, and attending social functions where the managers may meet their vendors & clients. Accepting gifts from or attending a dinner hosted by an established vendor, if it is done in

the interest of strengthening/improving the existing relationship for the benefit of the manager's organization and in the larger interests of the customers, and not for the personal gains, then it cannot be against the moral code of conduct. However, it is desirable to avoid such action with respect to new vendors, and also for existing vendors just before finalizing a new contract and from a vendor whose services have been unsatisfactory with respect to quality, delivery schedules, cost etc. The value of the gift is also a factor to be considered, as a high value gift maybe given by a vendor with an intention to influence, and may get categorized as a bribe. It is a good practice to report receiving of gifts to the H.R. Department. In some organization, high value gifts received by individuals are retained for organizations usage or sold off by the organization and the money realized is used for charitable purposes.

Bribe is a payment in cash or kind or service with intent to corrupt the receiver's judgment and win favours which the giver does not deserve with justice. Such payment, even if not meant for immediate undeserving and unjustifiable favours, will be considered as bribe as the giver in such a case is just cultivating a relation with the receiver for future exploitation. Bribe is often given to gain unfair advantage over competitors. Payments made to facilitate or hasten certain actions from the receiver, such as release of payments against legitimate invoices, clearance of goods, through customs etc sometimes referred as greasing/oiling the palms are also bribes. Giving and or receiving bribes is against the professional code of ethics. Anyone who accepts bribe is sure to corrupt his/her professional judgment, degenerate professionally, morally and spiritually and will bring disreputation to the profession and to his/her organization. A corrupt officer taking bribe will violate one's obligations to

the society, environment, employer, client etc and act illegally and immorally exposing one to the risks of exposure and legal action.

Extortion is demanding and receiving payments in cash, kind or in service, by someone, from another by the threat of action or in action. An officer making demands before the award of a contract to a duly selected vendor, or for releasing payment against invoice for goods supplied and accepted are examples of extortion. The giver is at the mercy of the receiver/extorter who has no legal or moral right in raising such demands. Black mailing is also a form of extortion. For example, threatening to expose a corrupt official, or some other official misconduct which the extorter has proof for, and demanding favors in the form of money or award of a contract ignoring other bidders is extortion. Exposing the corruption is legal, and is in public interest, but motive here is gaining benefits, by threatening to expose the misconduct and hence it is a form of extortion.

Extortion is against the code of ethics. It is immoral and illegal. It is so even if the manager/ official practicing extortion is not favoring the giver by accepting inferior quality or paying higher price etc and this may not affect the interest of his employer/customer. The official, empowered with decision/action may choose to delay the award of a contract or may cancel the tender (negative action) for which a firm has been chosen legally as per terms of the commercial practice. Paying extortion demands in such a case may be in the interest of the firm. It does not influence the professional judgment of the official receiving it, and hence does not result in acceptance of product or service of inferior quality, thereby not affecting the public or customers. The firm also does not gain any unfair advantage over others. But extortion is corruption and being associated with corrupt practices and encouraging the same is against the ethical code of conduct._____●