

TriGunahs and Corporate Good-will

Mounica Tirumalasetty, Dr. Rajiv Prasad
Amrita School of Business, Coimbatore
Amrita Vishwa Vidyapeetham
Amrita University
India

Abstract

The reflection of firm's goodwill represents the stake holders involved in it. The stake holders are the most important assets a firm can ever have. The variation in the priorities given to each stake holder will eventually define the firm's success in that particular industry. This results in bringing the competitive advantage to the firm. Here my study, I tried to find dependence of ethical business practices contribution to the firms goodwill with the help of leading corporate groups in India and their perceived level of goodwill.

Key Words: Tri-gunahs; corporate goodwill; stakeholders

Introduction

The company's strategies and policies are influenced by the values that a company believes in. These values also get reflected in the kind of rewards and incentive systems that the company sets up, its rules and regulations, the way it treats different stake holders like employers, financiers, creditors, suppliers, customers, society, communities, government etc.

All these things put together help a company to build a certain reputation in the market which may be characterized by significant level of goodwill or lack of it.

According to Business Dictionary, "Goodwill is an intangible but saleable asset, almost indestructible except by indiscretion. It is built painstakingly over the years generally with heavy and continuous expenditure in promotion, creation and maintenance of durable customer and supplier relationships, high quality of goods and services, and high quality and conduct of management and employees. Goodwill includes the worth of corporate identity, and is enhanced by corporate image and a proper location. Its value is not recognized in account books but is realized when the business is sold, and is reflected in the firm's selling price by the amount in excess over the firm's net worth".

These values that company have can range from purely economic motive (profit centred), legal, ethical or philanthropic perspectives.

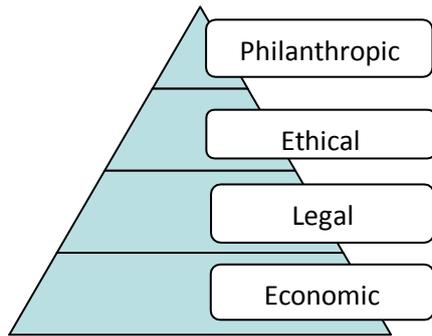


Figure 1 Carroll's CSR

These four can influence the company's management. Typically, it has been found, the companies which function from ethical or philanthropic level enjoy the maximum goodwill. Few of the companies we can consider in this scenario are Tata group, HDFC in banking sector, TVS group, Aravind Eye care in Health care, Infosys and Wipro in It sector. In our Indian tradition, for example Bhagavat Gita talks about *Tri Gunah* (three types of qualities) of human mind ranging from lower level qualities to higher level qualities. These qualities are *Tamas* (Indolence, Indifference, Dull, Inactive, Ignorance, Darkness, Delusion, Suffering, Black), *Rajas* (Passion, Attachment, Result-centric, Restlessness, Destructive, Ego, Selfishness, Anger, Red) and *Sattva* (Equanimity, Tranquillity, Detachment, Purity, Creative, Sacrifice, Conservative, Disciplined, Light, Knowledge, White).

In our study, we are looking at how a company's strategies and policies, ways of working etc are interpreted by the people in terms of those tri gunah. According to Bhagavat Gita, these Tri Gunahs constitute everything in *Prakriti*(nature). The five important elements of nature i.e., Akasha (Sky), Vayuh(Air), Agni(Fire), Jal(Water), Prithvi(Earth) are also linked with the psychological attributes called gunas. Each element is linked with divinity. Ether comes from Sattva, clarity. Fire comes from Rajas and energy. Earth comes from Tamas, inertia. The air comes from Rajas and Sattva, lightness and movement. The water comes from Rajas and Tamas, movement and inertia.

Fire though it-self burns, helps us in fulfilling various activities like cooking, melting, warmth, water purification, cauterizing wounds, communication in remote areas, showing the light, psychological security etc. Air will bring everything to life. Water gives the sense of clean and clearness. The elements of Prakriti Sun as Suryadev, Agni, Pavan are worshipped as pure deities because they are selfless in nature. Indian tradition tries to worship selflessness which forms the basis for all these elements.

Similarly human beings can also project these qualities. Mother Teresa, with her faith and humanitarian work took a big step to change the world. She was like a fountain of love, knowledge and inspiration. Her entire life was spent amidst of downtrodden.

One of the live examples, Mata Amritanandamayi, known throughout the world as Amma, or Mother, for her selfless love and compassion toward all beings. Throughout her life, Mata Amritanandamayi has embraced and comforted more than 34 million people. Amma inspires, uplifts, and transforms through her embrace, her spiritual wisdom and through her global charities. Aravind Eye care is an example of philanthropic company, where we usually see companies with totally profit motive and to earn money.

A company which shows complete disregard of other stake holders, law, rule & regulations such behaviour is called Tamas behaviour. Enron Corporation was an American energy, commodities, and services company. At one point of time, the company's shares reached \$90.75, but after that company went bankruptcy with \$0.67 as its share price because of its malpractices with off-the books corporations. This is how a great company got destroyed over night because of the executives and auditing teams.

The Bhopal gas tragedy, which is considered as the world's worst industrial disaster, has took the lives of 3,787 and a total of 558,125 got injured. The reason for this disaster is stated to be the mixture of water in the methylisocyanate (MIC) unit which is an undeniable sabotage.

Satyam scandal presents a lowdown of the country's biggest-ever corporate accounting scandal. The founder Rama Linga Raju misrepresented the accounts to all it's stake holders which brought down the company in matter of time.

I myself studied in an institution named Amrita Viswa Vidyapeetam, who exhibits the philanthropic behaviour. With the inspiration of Mata Amritanandamayi, there are many professors with doctorate degrees and Ph.D. who came from US and other places, are working as professors and guiding the students without any profit motive. One such person is Dr Raghu Raman, chairman of Amrita School of Business, Coimbatore. He has done his masters in Haas School of Business, University of California, Berkeley. His career path is quite challenging as an Executive Director, Informix/IBM, USA., Vice President of Engineering, Promptu Systems, USA., Entrepreneur-in-Residence, NEC Research Labs, USA. With the inspiration of Amma, now he is working with Amrita without any salary. Dr Harish Kumar, Dr Jay Mishra are few others who are philanthropic beings. The night Tamas, becomes sunrise as Rajas, Rajas passes to day as satva. This is done gradually and alternately. With the continuous efforts and learnings one can reach any stage of human qualities.

Methodology

Identified 10 leading Indian corporate groups in various sectors like IT, Health care, Banking, Retail, Real Estate etc. With the help of people perception on these groups, tried to map their qualities. The qualities were classified into *Tamas*, *Rajas* and *Satva*. Questionnaire was created focussing on the various stake holders of any group, who directly or indirectly influence the corporate goodwill of the company. The various stake holders mentioned are shareholders, suppliers, financiers, customers, creditors, society, government and environment. Each stake holder plays a very prominent role in the company's core activities and reflect the qualities the company projects.

The questionnaire was divided in to two sections in which, first section is intended to collect the perception of the individuals focussing on various aspects whereas second section helps in understanding the perceived delivery of goodwill of the corporate group directly. The scores of each group in terms of the stake holders is calculated by adding the points given to each value in the scale (option1:-1 point, option2:-2points, option3:-3 points, option4:- 4 points, option5:- 5 points). The composite mean score is calculated based on the scale values. Then the corporate groups are ranked in terms of the cumulative points obtained from the above composite mean scores. The comparison in terms of perceived respect of the corporate groups and the aspect based perceived value is taken in to account. Simultaneously, companies are been ranked and categorized into the trigunahs.

A Gunah scale is created based on the scores obtained to the type of Gunah that the corporate groups come under.

QUALITY	SCALE
Pure Satvic	>4
High Satvic & less Rajasic	3.66-4
Medium Satvic & Medium Rajasic	3.33-3.65
Low Satvic & High Rajasic	3.1-3.32
Pure Rajasic	3
High Rajasic & low Tamsic	2.75-2.99
Medium Rajasic & Medium Tamsic	2.5-2.74
Low Rajasic & High Tamsic	2.1-2.49
High Tamsic	<2

Table 1 Gunah Scale

The more the company really cares for its stake holders, the more it enjoys the corporate goodwill. The more the company tries to project that it takes care of stake holders only because it favours its functioning, the more it has Rajas quality and gets considerable good-will. The more the company ignores its stake holders and is deviated towards profits, the lesser the goodwill it can expect. So, goodwill is directly proportional to the spiritual values a firm or a group exhibits.

Results

From Table 2, we can see that the composite mean score for Tata Group is high when compared with other groups based on all the stake holders. The least scoring group is Reliance with 2.861. Other corporate groups lies on the average bar. Second highest scored group is Wipro and third is Sundaram Finance which is based in South Region.

Company/ Aspects	Stock Holders	Suppliers	Financiers	Customers	Employees	Society	Environment	Taxes	Rues & Regulation s	Composite Mean Score
Bajaj Group	3.66	3.64	3.7	3.72	3.71	3.70	3.69	3.69	3.67	3.687
Tata Group	4.5	4.35	4.18	4.36	4.39	4.33	4.23	4.13	4.14	4.289
Aditya Birla Group	3.58	3.57	3.62	3.77	3.68	3.69	3.70	3.68	3.73	3.669
Reliance Group	2.48	2.63	2.78	2.77	2.84	2.89	2.97	3.14	3.24	2.861
Godrej Group	3.46	3.54	3.5	3.63	3.49	3.55	3.59	3.59	3.64	3.553
HDFC Group	3.65	3.6	3.63	3.85	3.71	3.65	3.71	3.67	3.75	3.691
Infosys	3.74	3.66	3.64	3.71	3.73	3.75	3.78	3.63	3.75	3.710
Wipro	3.93	3.86	3.8	3.85	3.83	3.88	3.87	3.79	3.81	3.847
Sundaram/TVS Group	3.82	3.72	3.76	3.78	3.78	3.79	3.79	3.73	3.71	3.766
ICICI Group	3.34	3.32	3.4	3.51	3.73	3.42	3.51	3.49	3.59	3.478

Table 2 Aspect Scores of Corporate Groups

In table 3, the cumulative points for each group based on their aspect score is calculated and ranked accordingly. The cumulative score is calculated by ranking each aspect highest score and adding the scores of each group (rank1 :- 10points, rank2 :-9 points, rank3:- 8 points, rank4:- 7 points, rank5:-6

points, rank6:- 5 points, rank7:- 4 points, rank8:- 3 points, rank9:- 2 points, rank10:- 1 point). The result shows that, Tata group takes the first position followed by Wipro, Sundaram/TVS group, Infosys, HDFC, Aditya Birla, Bajaj, Godrej, ICICI and Reliance groups.

Company/Aspects	Stock Holders	Suppliers	Financiers	Customers	Employees	Society	Environment	Taxes	Rues & Regulations	Cumulative Points	RANK
Bajaj Group	6	5	7	5	4	6	4	7	4	48	7
Tata Group	10	9	10	10	10	10	10	10	10	89	1
Aditya Birla Group	4	10	4	6	3	5	5	6	6	49	6
Reliance Group	3	1	1	1	1	1	1	1	1	11	10
Godrej Group	2	3	3	4	2	3	3	3	3	26	8
HDFC Group	5	4	5	9	5	4	6	5	7	50	5
Infosys	7	6	6	3	6	7	7	4	8	54	4
Wipro	9	8	9	8	9	9	9	9	9	79	2
Sundaram/TVS Group	8	7	8	7	8	8	8	8	5	67	3
ICICI Group	1	2	2	2	7	2	2	2	2	22	9

Table 3 Aspect Ranks

From table 4, we can see that the companies are classified in to Satva, Rajas and Tamas based on their perceived cumulative scores. The distinction in the qualities is observed in the Tata group which is one of the most established groups in India which is perceived to be Satvic in nature and all other groups are perceived as Rajasic in nature. The distinction between these groups is found through their mix in qualities individually they exhibit. The corporate group which is purely satvic score is perceived to be greater than 4, the corporate group which is very tamsic is perceived to be scoring less than 2, pure rajasic is 3 and 6 other types are found who exhibit a mix of either tamsic or rajasic, rajasic or satvic.

Company/Aspects	Stock Holders	Suppliers	Financiers	Customers	Employees	Society	Environment	Taxes	Rues & Regulations
Bajaj Group	R	R	R	R	R	R	R	R	R
Tata Group	S	S	S	S	S	S	S	S	S
Aditya Birla Group	R	R	R	R	R	R	R	R	R
Reliance Group	T	T	T	T	T	T	T	R	R
Godrej Group	R	R	R	R	R	R	R	R	R
HDFC Group	R	R	R	R	R	R	R	R	R
Infosys	R	R	R	R	R	R	R	R	R
Wipro	R	R	R	R	R	R	R	R	R
Sundaram/TVS Group	R	R	R	R	R	R	R	R	R
ICICI Group	R	R	R	R	R	R	R	R	R

Table 4 Distribution of Gunahs

Table 5 represents the overall perceived respect by the respondents which directly reflects the corporate goodwill a group processes. The aggregate scores of the respondents is calculated by

converting the ranks into points ranging from 1 to 10 and aggregate score rank is calculated. The higher the aggregate score the greater the rank is given. The distribution of gunahs based on the aspect ranks is calculated.

Company Name	Company Aggregate Score	Company Aggregate Rank	Distribution of 3 Gunahs
Bajaj Group	1064	2	9R
Tata Group	1384	1	9S
Aditya Birla Group	988	3	9R
Reliance Group	430	10	7T, 2R
Godrej Group	869	4	9R
HDFC Group	742	7	9R
Infosys	747	6	9R
Wipro	773	5	9R
Sundaram/TVS Group	675	8	9R
ICICI Group	523	9	9R

Table 5 Perceived Goodwill and Distribution of Gunahs

From table 6, we can see that, the first five groups which are ranked high in terms of aspect score and direct perceived respect is scored high when compared to the bottom five corporate groups. The ethical business practices of the groups are clearly identified through these scores.

Company Name	Aspect Rank	Aggregate Rank	Comparative Scores
Tata Group	1	1	89
Bajaj Group	7	2	48
Aditya Birla Group	6	3	49
Godrej Group	8	4	26
Wipro	2	5	79
Infosys	4	6	54
HDFC Group	5	7	50
Sundaram/TVS Group	3	8	67
ICICI Group	9	9	22
Reliance Group	10	10	11

291

204

Table 6 Comparison Scoring of Ten Groups

From the results of the tables, we can observe that the ethical business practices that corporate group exhibit contribute to the goodwill. The top five groups which are ranked highest in terms of aggregate ranking when compared with aspect ranks to the bottom five groups, the total of comparative scores shows the goodwill carried.

There is a bias in respecting the older and very famous business houses. Baja, Birla and Godrej though scoring in the bottom five in terms of ethical business practices in aspect scores, figure in to[five when it comes to goodwill among the public. Smaller and regional groups like Sundaram/TVS group which is scoring very highly on the ethical business practices is enjoying relatively lesser goodwill among public.

Conclusion

The study reveals that the corporate groups who follow ethical business practices in their respective fields enjoys higher goodwill and will fall in Satvic category of Gunahs like Tata group. The corporate groups who are following the ethical business practices to an extent and who fall in Rajasic category have a high chance to move to Satvic category by constant improvement and determination. The groups who don't care about the ethical business practices will have a tough time in future and will be subjected to lesser goodwill.

References:

- [1]Wayne Visser (2005). **Corporate Citizenship in Developing Countries: New Partnership Perspective**. Chapter1, 30-37.
- [2]Brijesh Goswami , Vandana Mittal(2013). Business excellence models based on vedic hindu philosophy. *ASIAN JOURNAL OF MANAGEMENT RESEARCH*, 109-111.
- [3]Tan K.C., Wong M.F., Mehta T. and Khoo H.H. (2003), Factors Affecting Corporate Competitiveness and Sustainable Growth: Exploring Vedic Philosophy as a Guiding Force.
- [4]Sharma A.K. and Talwar B. (2005), Corporate Social Responsibility:Modern vis-à-vis Vedic Approach, *Measuring Business Excellence*, 9(1),35-45.
- [5]Subash Sharma(2005), Vedic Integration of transition in management, *Gurukul Business review*, Vol.1, pp.4-12.
- [6]**Mulla, Z.R. & Krishnan, V.R. J Bus Ethics (2014)**, Karma-Yoga: The Indian Model of Moral Development, *Journal of Business Ethics*.
- [7]Narayanan, Jayanth, and Venkat R. Krishnan. "Impact of sattva and rajas gunas on transformational leadership and Karma-Yoga." *Journal of Indian Psychology* 21.2 (2003): 1-11.
- [8]Investopedia. Enron Scandal: The Fall of a Wall Street Darling(December 2, 2016), Retrieved from [Enron Scandal: The Fall of a Wall Street Darling | Investopedia](http://www.investopedia.com/updates/enron-scandal-summary/#ixzz4aWL2V5RD) <http://www.investopedia.com/updates/enron-scandal-summary/#ixzz4aWL2V5RD>
- [9]Robert F. Reilly, CPA(2015). Goodwill Valuation Approaches, Methods, and Procedures. *Financial Advisory Services Insights*. 11-13.