



56th Annual Convocation

Address by Prof. Errol D' Souza, Director, IIMA

8th May, 2021

Mr. Kumar Mangalam Birla, Chairman of the Board of Governors, IIMA Board Members, my faculty colleagues, Officers and Staff of the institute, family members and friends of the graduating students, graduating students, Ladies and Gentlemen. Greetings.

Without doubt it has been a most eventful year. During its course I have reminisced often as to whether it can be characterized as the most momentous experienced by participants in long duration programs at the institute. My limited memory of our institutional history recalls that the PGP batch of 2002 experienced a turn of events that could as well be construed as extraordinary. In 2001, on Republic Day, they experienced an earthquake of 6.9 on the Richter scale. It resulted in the death of more than 20,000 people in our state and injury to more than 150,000. There was damage to many buildings on campus and students were accommodated in makeshift tents. Then in 2002 riots engulfed the city smack in the middle of placement season and many recruiters were reluctant to come to the city for interviews. Faculty and students were intimidated in a peace march outside the gates of the campus.

Some of us from the institute had participated in a peace meeting in the Gandhi Ashram. The meeting was disrupted by hooligans who proceeded to beat up the participants in the meeting. One person – a photographer covering the event - was hit badly and was bleeding. Near us, was a prayer meeting taking place of a group of Gandhians. Despite the mayhem around them they continued their prayer meeting as though the happenings around them were non-existent. My appeal to some of them to help fetch water for the wounded photographer went without any response.

I believe that the Gandhians in that meeting were relying on cues from the overt reaction of others in the group. Every member of the group was unclear as to what has taken place in the nearby peace meeting and as to what the ramifications of the event were. To figure out what course of action to follow each looked to understand how others are reacting to the situation. But others in the group are doing the same thing. Each then observes purposeful inaction and infers that the placidness of others is due to a belief that they do not perceive the situation as an emergency that requires intervention. Being part of the group has somehow contributed to a lowering of the sense of personal accountability and deindividuated its members. We become indifferent to others suffering and intervene less when there are others around who could do so. That is disturbing because it means that even when we agree as to what constitutes wrongdoing or to what requires us to act, in practice, we may not act on that knowledge.

The bonds of loyalty to an organization or group makes demands on persons to support each other in every way. Identity cues in the workplace often help employees define and make sense of who they are and if they come to believe that there is congruence between their values and those of the organization they develop a strong sense of identity and experience pride to be a part of the organization. Organizations that demonstrate positive treatment towards their employees often have personnel who manifest high levels of commitment and emotional attachment to their workplace. Both identification with an organization and high commitment foster loyalty and organizations that nurture loyalty tends to have affiliated values such as honesty and benevolence. Their employees demonstrate good citizenship behavior and a strong inclination to help others in the organization. Loyalty activates moral traits which motivates people to behave ethically.

And yet there are instances where we experience the dark side of loyalty when those who are loyal to an organization act unethically mainly for the benefit of their in-groups. We have many instances of such deviant behavior. Accountants often misrepresent firm performance for the benefit of shareholders and clients. Or the corporate elite may collude and engage in fraud. In Enron for instance the CFO, CEO and the auditor, Arthur Andersen, colluded to write unrealized future gains from trading contracts into current income statements thereby giving the illusion of higher current profits. Troubled operations of the company were transferred to special purpose entities to keep them off Enron's books and make its losses look less alarming than they were.

In sports too we have witnessed unsportsmanlike conduct as widespread doping programs have been uncovered in running, soccer, professional baseball and cycling. I recall being numbed when one of my favourite sportspersons, Lance Armstrong, was called out for the use of dope in the US Postal Service cycling team. The team started out with testosterone but soon graduated to the more powerful EPO – erythropoietin – that stimulates the creation of red blood cells which boost performance by about 5 per cent, or, roughly the distance between the first place in the prestigious Tour de France and the middle of the pack. EPO can be detected in the body for a number of hours after being taken – called the “glowtime”. During this time the cyclist needs to avoid meeting with the dope tester. The team used their cell phones to tip each other off whenever a tester appeared in Girona, the town in northern Spain, where the cyclists were training. Cyclists were required to drink large amounts of water or inject themselves with saline solution in order to accelerate the fading of the glow. The team doctor, Michele Ferrari, used small micro doses injected into the vein to help reduce EPO glowtime.

In the military and police force there are many instances of loyalty fostering cultures of crime by demanding members silence to others' transgressions which have sometimes involved the physical abuse of local civilian populations during a deployment. One of my favourite films titled "A Few Good Men" is about such behaviour. It is based on events that took place at the Guantanamo Bay naval base in 1986 and showcases the tension between loyalty and following orders versus being ethical and following one's conscience. One of the marines who does not match up to his fellow marines and had poor relations with them attempts to get transferred out of the base by bypassing the chain of command. While the marine's executive officer advocates the transfer be initiated the Base Commander orders that the marine be trained to become a better marine. It is suspected instead that a "code red" order which is a form of a violent extrajudicial punishment was issued and the marine who put in a request to be transferred was murdered. The two accused marines who are loyal to the unit maintain their silence and claim they were doing the bidding of the Base Commander who is eventually skillfully prodded into admitting the truth. They are eventually cleared of murder but are dishonorably discharged for unbecoming conduct. What they did wrong was to fail to defend those who were too weak to fight for themselves. These examples force the realization that when we have salient group affiliations we are more willing to forgive bad behavior and group identification can result in unethical action and out-group hostility.

Evidently loyalty not only works to ensure people identify with their groups but it also induces a fear of exclusion. In the Enron or US Postal Service cycling team case it is possible that loyalty to the group or organization increased the psychological stakes affiliated with competition and increased the proclivity to act unethically. Competition involves groups in rivalry with each other over scarce resources, and if the stakes involved are high, it has the effect of inducing a proclivity to act unethically as their loyalty primes them to act for the benefit of the group. When the outcome of competition is emphasized and the leadership pushes for obtaining results loyalists may not hesitate to be dishonest even when they have no instructions to break the rules as they view it as benefiting the group to who they owe their loyalty. Their identification with the organization is so high that it blinds them to shady practices. And those at the top of the organizational hierarchy who are expected to stop wrongdoing identify more strongly with the organization and are unable to see the unethical practices as being wrong. Dear Students, doing what is fair is often in conflict with showing loyalty. In many selection committees at academic institutions and in public organizations I have witnessed how doing what is fair – promoting an employee based on talent and performance – is often in conflict with rewarding loyalty – in this case promoting a longstanding employee.

The downside of loyalty is that it promotes too much of good citizenship behavior where people do not voice their concerns and that proves detrimental for the group. In today's scenario that has been characterized as a VUCA world there is an increased imperative for organizations to encourage voice as it is differences in perspectives, thoughts, and insights that often enable decision makers to avoid blind spots and find creative ways to address problems. I have been fortunate to experience decision making in situations of unexpected twists and turns during my earlier years as a mountaineer. In that world no matter how much preparation and planning you have done there is always a change in weather or an unexpected seemingly insurmountable rock or ice face, or the thin air causing a reduction in cognitive functions and the athletic capacity of the body to operate under extreme cold and strong winds. The lesson I learned on an expedition with a team of renowned mountaineers to a 7,385 metre peak which was at that time the highest unclimbed mountain in the world was that climbing in big teams where the decision making is hierarchical and top down is a mediocre way to approach the task of getting to the summit. I believe that the 1996 fiasco on Mount Everest that got made into a famous film was due to just this error in the design of the organization's method of addressing the tasks required to summit the peak.

Rob Hall, the leader of the expedition had summited Everest four times. He is perhaps the most selfless and courageous climber ever who never gave up in his attempt to save the life of a fellow mountaineer even though his team at base camp advised him to leave his companion as it was the only chance to save himself. Hall had stressed the importance of obeying his orders to his team, of how his word is absolute law, and that he would not tolerate any discussion whilst the team is on the mountain. He was doing what was the standard thing to do which is that when decisions are to be executed there should be nobody compromising the implementation by expressing dissonant views, especially when the leader is experienced. The problem with this was that information vital to making decisions never got aired. For instance, one of the climbers was a pilot with extended experience of deciphering cloud formation. He realized that the wispy clouds he was seeing were thunderclouds, which meant they should head for safety, but since his instruction was to follow decisions and not to have a hand in making them he did not speak up to the guides. Another climber at an oxygen cylinder dump was informed by a guide that there is no oxygen available. He nevertheless checked and found the cylinders to be full. The guide's regulator had most likely become obstructed with ice causing him to wrongly conclude the cylinders were empty. Despite realizing the guide was wrong the climber did not press the point even though that information was crucial for the safety of those descending the mountain. Hall radioed in at that dump about a need for oxygen and was wrongly informed that they were all

empty. Lacking oxygen, he still strived to save the life of a fellow climber in need of assistance, an almost impossible task at that altitude without oxygen supply. He eventually perished. Critical information was never shared and people did not speak up when it mattered. Volatile and complex situations require critical information for constructive decision making but the method of running the team deprived them of the benefit of that vital ingredient during life threatening events. It can, and in this case, it did result in disaster.

The issue is important enough that it may be stated bluntly. For organizations to survive turbulence they require agents who feel free to speak up and offer suggestions without those actions being seen as threats. There are benefits to loyalty as it relates to benevolence and good citizenship behavior. At the same time as we have seen it blinds us to disquieting truths. If we want to avoid situations where people just go along with the crowd and do not act on behalf of the organization regardless of the cost, we need people to be just and fair. Being just requires us to prioritize that we safeguard ourselves and the organizations we are part of against the worst possible outcomes. This requires environments where people feel free to offer suggestions and opinions without the fear of being ridiculed or penalized in some form. This is a requirement today as well in our social and political spheres. As we are expounded the virtues of forms of loyalty such as patriotism we need enabling environments that allow us to be critical of blind adherence to this noble principle when it is used divisively or in a manner that is discriminatory. Our calling should be to act justly and public institutions should protect us from the fear of reprisal, which is what they have been designed for in the first place. Jimmy Lai correctly stated that “Fear is the most inexpensive and convenient way of ruling and controlling people”. An organization or society that allows people to feel excluded or threatened and where people do not speak freely and share their thoughts is one that is caving in from its reach to ensure the greater good for all.

I pray as did our national poet Gurudev that you work for and live in societies where the head is held high and the mind is without fear. May you be fair and just in your dealings and may you prosper and as you do so may you extend yourself to promote the good of humanity. Congratulations to you, your loved ones, and family members, as you step out of here as ambassadors of the institute. We are already proud of your forthcoming achievements and are anticipating the unique paths you will tread and the achievements under your belt that will be beneficial to you and to humankind. We look forward to your visits to the campus and to learning from the experiences you share with us. You have navigated choppy waters at the

institute over the past one year. Go and give out the very best that only you are capable of. Take care and all the very best always to you and your families.