

On Values and their Behavioural and Material Implications

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When individuals act in accordance with certain ethical values material advantages of various kinds tend to flow for the society as a whole. For instance, when individuals are by and large honest then the society is able to avoid enormous wastage of resources which otherwise would take place in the absence of honesty. Corruption leads to wastage of resources in at least two different ways. Under corruption the linkage between decisions and relevant considerations breaks down resulting in misallocations of various kinds. When more competent persons are passed over and less competent persons are appointed because of corrupt and unprincipled decisions by those in charge, there will be loss of efficiency because of lesser competence of those appointed and also because the more competent persons will not have appropriate opportunities to make use of their expertise, resulting in non-realization of their full potential. Furthermore, by rupturing the relationship between merit and desert, corruption channelizes investment on the part of concerned individuals in relatively unproductive directions. A second example is provided by behavior in conformity with the principle of speaking truth. Truth-telling on the part

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of individuals brings about tremendous reductions in social costs of acquiring information and doing things by diminishing or doing away altogether with the need for verification of information and supervision of activities.

Thus behavior in accordance with certain ethical principles is instrumentally valuable for the society. From an analytical point of view it is important to distinguish between two kinds of situations which can give rise to behavior conforming to an ethical principle. An individual might act in conformity with an ethical principle because she/he values the principle for its own sake. One behaves honestly because one thinks that behaving thus is the right way of behaving. One does not tell lies because doing so, other things being equal, will make one less happy compared to when one is telling the truth. When an individual values an ethical principle for its own sake, we will say that she/he has internalized the principle. It is, however, possible for behaviour to be in conformity with an ethical principle without the person having internalized the principle in question. If the circumstances are such that behaviour in violation of the ethical principle will result in a worse outcome for the individual compared to the behaviour in conformity with the principle then even if the person does not value the principle for its own sake she/he will find it in her/his own interest to act in conformity with the principle. If penalties for taking bribes are severe then one can expect even potentially very dishonest persons to behave honestly.

A person who values an ethical principle for its own sake will suffer diminution in well-being if she/he acts in violation of the principle. In other words, a person who has internalized an ethical principle will incur internal costs in case of behavior violative of the principle. On the other hand, someone who does not value an ethical principle for its own sake does not face any such internal costs. Such a person can be induced to act in conformity with the ethical principle only by making behaviour violative of the principle unattractive by imposing sufficiently high costs on such behavior. Thus, in one case the

costs of behavior violative of the ethical principle are internal as well as external and in the other case only external. This difference in the nature of costs has important implications from the perspective of efficiency and other social desiderata.

In most cases, persons who have internalized a particular ethical principle can be expected to act in accordance with the ethical principle on their own, without any inducement or threat of punishment. If for the purpose of a social objective it is important that individuals behave in conformity with a particular ethical principle then such conformity will in most cases be costlessly available if individuals subscribe to that ethical principle. In certain circumstances such conformity can be obtained even when individuals do not value the ethical principle for its own sake by instituting an appropriate set of rules and regulations.

In connection with rules and regulations designed to induce particular kinds of behavior on the part of individuals two important points need to be noted. First, designing of appropriate rules and regulations and their implementation and enforcement require resources and consequently are not costless. Secondly, it is not always the case that one can find a set of rules which would induce the desired kind of behaviour on the part of individuals. Indeed, it would rarely be the case there would exist a set of rules which would induce the individuals to act in conformity with a particular ethical principle notwithstanding the fact they do not value the principle intrinsically.

Thus we see that when individuals value certain ethical principles for their own sake, i.e., intrinsically, then there are some unintended consequences of a positive and material character; and on the other hand when behaviour in conformity with these principles is generated by incentives and penalties then some of the positive consequences either do not obtain or obtain to a lesser degree. In other words, when a certain kind of behaviour

is the product of non-materialistic motives we find that as a by-product it is conducive to material gains also; and on the other hand when the same behavior is the product of materialistic motives, the material gains tend to be smaller compared to the former case.

Internalization of moral values has another very important consequence which we now discuss. It would be helpful if we first discuss the point in terms of an example before considering it in general terms. Suppose a person holding a job of public nature where she/he is expected to perform certain tasks and deal with general public is committed to the ethical principle of honesty. Such a person of course will not take bribes or embezzle public money, assuming that he stays true to his convictions. The really interesting question is whether shirking of work on the part of this individual is consistent with his commitment to honesty. At one level one might think that as long as this person is not taking bribes and not embezzling public funds he will be true to his commitment to honesty, regardless of whether he does his work, for which he has been appointed, diligently or not. But a moment's reflection will make it clear that it is not the case that the ethical principle of honesty has no implications whatsoever for the way an individual performs the tasks that he has been appointed for. From a certain standpoint it can be argued that if a person accepts the full salary that goes with the job but does not perform all the tasks for which the salary is supposed to be the payment then a part of the salary is obtained under false pretenses. There can of course be countervailing factors like salary not being commensurate with the amount of work which is expected. The point which is being made is not that commitment to honesty necessarily implies that one will be committed to performing all the tasks for which one has been appointed in a particular position. Rather, the point is that an ethical principle like honesty is bound to have implications for what the person concerned thinks about his duties relating to the job in question. In sharp contradistinction to it, if the honest behaviour is generated by appropriate rules involving incentives and penalties, then while the decision that the individual will make

regarding how well to perform with respect to the assigned tasks will be influenced by the incentives and penalties, the resultant honest behaviour per se cannot possibly have a bearing on the decision.

Now, whether one considers an organization or society at large, for smooth performance of myriad of functions which are required it is essential that individuals who have been assigned to perform these functions discharge their duties faithfully. If individuals are committed to the fundamental ethical principles like honesty etc. one can expect that by and large they will perform their assigned tasks in the required manner. In the absence of internalization of these ethical principles it is unlikely that the individuals will perform their assigned tasks appropriately unless there is external intervention. As noted earlier, in some cases interventions might be able to make the individuals perform their assigned tasks; but these interventions will require resources which otherwise could be used for material benefits. In other cases, however, it will not be possible to devise a way by which the individuals could be made to perform the assigned tasks as required for proper functioning of the organization or social institution in question. Thus one will have to settle for an imperfectly working organization or institution as the case may be. But this means that certain organizational or societal objectives will be unattainable. An excellent illustration of this is provided by the institutions of justice. It is immediate that unless judges and other important functionaries are committed to the ideal of justice and are able to transcend their self-interest while performing their assigned tasks there is very little possibility of legal and judicial institutions being able to realize the objectives for which they are created.

We restate the above important point emphasizing the crucial significance of the ethical for the material: In contemporary societies almost all social institutions find their justification in objectives which are predominantly materialistic in nature. From what has

been said above it is clear that the successful functioning of these institutions depends on individuals performing their assigned roles. While in certain contexts it will be possible to make individuals perform their assigned roles, even when they have not internalized the idea of doing so, by appropriate incentives and penalties, it would not be possible to do so invariably. Thus, in the absence of internalization of the idea of doing one's duty it would be well-nigh impossible for most institutions to realize the objectives for the attainment of which these institutions supposedly exist. Furthermore, in the absence of commitment to certain fundamental ethical principles it is not clear why an individual will internalize the idea of performing the tasks assigned to him. Thus it seems that even for the purpose of attaining purely materialistic objectives, internalization of fundamental ethical principles by individuals is essential.

Once it is recognized that it is the realized social objectives, and not the objectives conceived in theory, which play a crucial role in influencing the normative makeup of individuals, the significance of the fundamental ethical principles becomes even more clear. As we have seen above, in the absence of the requisite ethical principles, the outcomes which will generally obtain will be quite different from what they would have been had everyone performed the assigned tasks in the required manner. The divergence between the desired outcomes and actual outcomes, if persistent over a long period, can bring about a complete transformation of one's understanding of the very objectives for the attainment of which the various societal institutions are supposed to exist. Such a transformation in turn can have further negative consequences. As the normative makeup of individuals in general can be expected to be closely related to the institutional structure of the society and their normative implications, non-realization of important values at the social level can only result in the dilution of corresponding and related values in the normative makeup of individuals. This in turn can only aggravate the problem of institutions not delivering the desired outcomes.

Thus in the light of the above discussion we arrive at the following paradoxical conclusion: If in a society individuals on the whole value ethical principles for their own sake then the institutions designed for objectives of materialistic kind tend to function well and deliver the results expected of them. On the other hand, if individuals are primarily motivated by self-interest and will act appropriately from the standpoint of what is required of them for proper functioning of social institutions only when there are inducements for such behavior, if at all, then even the institutions designed for material purposes tend not to function properly and fail to deliver or deliver only partially from the perspective of desired material goals.

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