

# Downfall of Values

The recent economic debacle in the United States of America is a mere reflection of the degradation of societal values in the nation.

The traditional definition of an organisation says that it is a group of people intentionally organized to accomplish a common goal or set of goals. It is interesting to note that the definition does not include any mention of the physical infrastructure of the company. Truly, it is people and not the brick and mortar that constitute the soul of an organisation. The key drivers of growth in an organisation are its people and the sole responsibility of its success and failure lies on the shoulders of its employees. Therefore, it is imperative that the economic downfall of the United States must be assessed from this angle as well. On close examination of the social structure of the US, there is no doubt that it has become completely materialistic. A society where men have been turned into machines and there seems to be a lack of any kind of conditioning of the mind. Past citizens of the US were hard-working and committed individuals with strong family values and morality. As a result of their hard work and sense of ethics, they were able to create a tremendous amount of wealth for their country. However, the generations that followed have done an effective job of splurging this wealth. And anything remotely value-based has been dismissed as 'conservative'. The focus on materialism is very high and importance for values, morality, and ethics is completely missing. In-depth analysis is now a thing of the past. False notions of liberalism and autonomy are preached to cloak ignorance. To understand what exactly went wrong in USA, a parallel could be drawn between the behaviour of the US government and any affluent family. The forefathers in the family toiled hard to create wealth for future generations. However, the current heads of the family are insensitive towards the upbringing of their children. This is a cause for concern. The current patriarch runs after making more and more money and therefore has no time for his children. The lack of a 'road-map' for the holistic upbringing of children is hidden behind the garb of 'autonomy'. The parents say that 'we provide complete freedom and authority to our children to decide what is good and bad for them'. It is only when money lenders knock on their door, that parents experience wake up. As is the case of most affluent parents, the need to save face is bigger than the need to get to the root cause of the problem. In order to save image, the parent pays off the debts. The flaws in the children are thus swept under the carpet and life goes on...

Similarly, companies in the US were given complete autonomy and freedom. There was no regulation or cap on the reckless behaviour of people at the helm. Despite the absence of any justification for the insane amounts drawn as salary by the executives, the government adopted an ostrich like attitude, behaving like nothing was wrong. It is only when the 'money lenders' came knocking at the door, that the US government acted shocked and bailed out the companies, using money from its infinite treasury in order to save face. At the same time, the US is completely unaware of the extent of damage and the number of persons they need to pay back. One must realise that an economic solution to the US problem is not enough. The economic solution is only a short term one. There is a dire need for the US to look into the social value system prevailing in its country. Freedom without boundaries will always lead to chaos and that is exactly what is happening at the US. It is important for the US to understand why not a single nationalised bank in India has gone bankrupt. Constant regulation by the authorities and the promotion of social and cultural values has made us conservative, whereas, the US social system has always believed in complete autonomy and looked down upon any kind of regulation, labelling it as 'conservative'. India boasts of a rich cultural heritage and a strong sense of values and morality. Across the world,

Indians are preferred employees because they are rooted to their values. Despite the danger of being labelled 'conservative', they do not hesitate to question and analyse situations. Unfortunately, many employees and organisations in India today, are blindly following the US model - lack of social values and business ethics. These companies should be forewarned about the upcoming dangers.

Another reason for the economic crisis in the US is the attitude practiced and popularised by the MBAs – the toast of the world! The MBA qualification is like the key that opens the doors to almost any opportunity. All the US organisations that have faced the brunt of the economic debacle have boasted of hiring the best management graduates and financial professionals in the world. The question arises – why did these prestigious companies fail, if they had the best minds working for them? For any professional to be successful in the long term, it is important that he/she possesses the right blend of both domain expertise and a strong foundation of social & cultural values. It is important for every professional to have an in depth knowledge of his work and a deep understanding of moral values. Both go hand in hand. Isolation of either leads nowhere. The skewed and selfish thinking of the current MBAs and financial professionals is due to the conditioning they receive.

The market is filled with concerns of a major global credit crunch, which could affect all classes of borrowers. Central banks have started using emergency clauses to inject liquidity into scared financial markets. The real estate markets have plummeted after years of record highs. Foreclosure rates have doubled year-over-year, during the latter half of 2006 and 2007. So what exactly happened in the US, due to which dozens of mortgage lenders declared bankruptcy in a matter of weeks? Sub-prime mortgage is the main cause for this disaster. Sub-prime mortgages are granted to borrowers whose credit history is not sufficient to get a conventional mortgage and against a property not located in a prime area. Often these borrowers have impaired or even no credit history. When banks began lending to sub-prime borrowers a few years ago, it was hailed as a great idea. Suddenly, anyone could buy a house, by putting a little or even no money down. These sub-prime mortgage papers were impressively packaged into financial products and large scale lendings were made through impressive presentations by high-flying MBAs who 'slogged' to achieve 'financial targets'. With great dexterity, they converted ordinary loans into attractive 'financial products' that were repackaged and resold many times. The irony is that while repackaging, everyone only looked superficially at the transactions. No one cared to study the papers in detail. When property prices started falling, organisations were left red faced holding superficially attractive sub-prime packages which did not even cover half the outstanding loans! This resulted in a complete mockery of the liberal and de-regularized outlook preached by the US, leading to the downfall of many giants in the business.

This again points to the completely soulless and callous attitude encouraged by the US. Superficial behaviour hidden under the guise of liberalism. Blood sucking employees who had no loyalty towards the organisation. All they chased was higher salary packages and to achieve this, they showed fake profits. They successfully proved that  $1+1=11$  and not 2. Through these fake projections, the core business was ignored completely and not a single employee bothered to anticipate profits/losses, decide price or work towards selling at an affordable price. In contrast, 'conservative' Indian businessmen have over the years, focussed on the basic principles of business. They have not fallen prey to flashy presentations and superficial packaging. On the contrary, they have 'conservatively' stuck to their core competencies. The Prime Minister of India, an eminent economist himself, has appealed to the corporate world for a serious re-look and rationalisation of the salaries drawn by the CEOs, to ensure an economically safe country. Is the US listening?

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