

REPORT

CIB Round Table in Mumbai

"There must be a conscious shift from emphasis on targets to excellence. Targets are automatically achieved if one focuses on excellence," shared a Managing Director of a company at the CIB Round Table in Mumbai hosted by Siemens Ltd. on November 27, 2015.

Setting the tone of the deliberations in his introduction to CIB, Sarosh Ghandy, its Chairman, said that while the government has a role to play, industry also has its part, one of which is stemming corruption. Recognizing that this cannot be done individually, he encouraged the 39 delegates seated around that it was forums like this that one could use to make a difference. "CIB is not a club or an organization," he said. "It is basically a fraternity or fellowship of people from business and industry where each can draw support."



"What can you expect from this Round Table?" asked Vivek Asrani, MD, Kaymo Fastener Company who moderated the event before elaborating what each could take away. "One, each of you will walk away with at least two or three ideas that you could use in your business; two, you could either be encouraged with the inspiring examples that would be shared or would be able to identify with others who are going through similar challenges; and three, take away at least one decision of change."

Throwing the floor open for discussion, Vivek then asked, "If all of us in business can feel the pressure from outside, why is it that we need to change?"

Here were some of the thoughts that were shared:

- While business in India traditionally hinged on family inheritance and owning of land, the recent years has ushered in IT companies and the likes that have no prior connection to business. What we need now are companies that are established on merit. It is a slow process and often painful, but it is critical if we need to pass on to the next generation something of value.
- If Indian businesses need to gain acceptance with the global community, it is of necessity it changes the way it conducts its affairs. We can already see that the younger generation recognizes this need. They see the way of the western world, the benefits of discipline and ethics.

- It is important that each business develops a culture that is built on ethics. Recalling how business done in earlier times relied heavily on a large cash component, this businessman shared how they took the stand that if they were to be trusted and depended on, it was vital to build a culture wherein all that they did was transparent.
- Business can never be sustainable if the environment in a country is not encouraging. It is like painting one's cabin on a sinking ship. Besides, when the environment is one where corruption is rampant and ease of doing business is questioned, it scares away bright talent. The next generation is hesitant to work in businesses that operate in such an environment. Business is a part of society and it is in its selfish interest that it needs to change—to create a favourable environment—if it is to remain sustainable.
- Businesses in India need to put its energies together to influence government and other stakeholders in society to improve its present rankings on the index of ease of doing business which is currently 138 out of 180. "Why must we celebrate exceptions when we can make it a rule? It is for us to work together to bring this change."



Having looked at the "why", Vivek then turned the focus of discussion to "what" does industry need to change within to create a better country. Below is a glimpse of what was shared:

- It is important for business to set the tone and create a culture that assures its employees that they will not lose their jobs if there is a delay in a project because of ethical hurdles, which one may sometimes need to cross. A code of conduct that permits only clean business and an emphasis to play straight must rapidly proliferate.
- It is necessary for group heads who manage small teams and not companies as a whole to, at the very onset, micro-manage a system of processes taking into consideration ground realities. If for example, one knows that it is going to take an 'x' number of weeks to obtain permission or a license then it is important to take this into consideration while setting targets and creating processes. In the battle between achieving targets and overcoming delays, it is also important for managers to initially hand-hold their employees to ensure that they understand what is to be done and how, if the system is to succeed.

"While it is easy for large corporate houses and multi-national companies to have compliance and a stringent code of ethics because of deep pockets that can



sustain slow growth, how can small and medium-scale businesses survive?" asked one. Another small business firm narrated how he was harassed to the point of being forced to pay or suffer loss. A third, a management firm having contracts with several corporates and MNCs

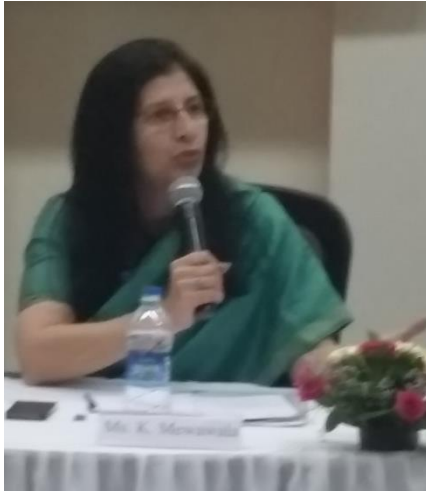
lamented how they were expected to keep up with the statutory compliant certificates that these large business houses demanded and yet in order to obtain them, it required greasing palms.

In response to this, a former law-enforcement officer surmised that it was important that businesses, especially the small and medium ones, come forward to report cases of corruption. Recalling examples of cases that the Anti-Corruption Bureau tackled on complaints he said that not only were the guilty trapped but work was allowed to proceed without harassment. Unfortunately, he lamented that very few businesses take the bold step to come forward.

The discussion continued:

- There is an apparent confusion in the minds of individuals today about one's self-worth and part of the responsibility rests with the way the media and advertising agencies have projected "life". Marketing strategy has taken the all influencing role of making people believe that if one is to have worth then there must be style and status. This has led to a warped sense of aspirations that is often fed by unethical choices.
- The need for transparency in every process is key to eliminate corruption.
- There is power in collaboration. Citing two examples, a Director shared how when a few small enterprises got together they managed to get a corrupt officer transferred. Furthermore, they effectively leaned on the government departments to bring about certain systemic changes. What would have been difficult on an individual level was accomplished collectively. Furthermore, companies, especially those in the chemical industry, can benefit from a collaborative effort of creating say a common effluent treatment plant. Such an exercise of collaborative self-regulation not only makes it affordable for each company but brings collective responsibility ensuring that non-compliance by some will not affect the other stake-holders— like the environment or the local communities— and in turn jeopardise industrial sustainability.
- Classifying corruption into three broad categories—compulsive, transactional and collaborative—delegates were encouraged that while we

are all subject to pressures from the first two, each can build a capability to resist these forms while being careful with the choices we make.



To a question that was posed just before the tea break—"Is industry treating its employees well?"—it was widely agreed that there is a marked change for the better in the way employees are treated today yet at the same time recognizing that organized industry works better than the unorganized section in this aspect. "There is, however, an element of differential treatment," said one. "While emphasizing the words, 'our people' can we relook at what can be done to make their situation better?" queried another. "Just as in a home, it is considered the role of the elders to instil values, there is a need to institutionalize values in industry too," concluded an HR Executive VP. Such training involves expenses and adds to the cost, but it pays in the long run suggested one more before the gathering broke for a sumptuous snack organized by the Siemens catering team.

Focussing the next session of the deliberations only on solutions, it was surprising to find the flurry of ideas that came through. Below is an attempt to capture as many of these thoughts which we hope can be of benefit to the many who read this report.

- Encouraging employees to speak up and bring in their suggestions to better the company paid huge dividends said one as he narrated how his company saved Rupees 10 crores (100 million) by acting on close to 40% of the suggestions that came in. "What skipped the attention of the Managers was noticed by the workers. But these suggestions did not come easily," he shared, "for the workers needed to not only be encouraged to share but they also needed to see that their suggestions were being taken seriously."
- "Detailing processes and standardizing systems; following through with the steps by way of consistent, detailed reviews—can be an effective solution for small and medium-size enterprises," said the CMD of a medium-sized company.
- "Educating employees so as to remove all scope for grey-areas is vital. Bringing clarity through documents and inculcating the habit at least once a quarter—of having everyone in the company from the lowest to the senior-most sign that they have read the rules—has also been very successful in our company," said one CEO. "Besides this, we ensure that the rule applies to all, irrespective of the level of seniority. This is necessary if people are to have confidence."

- “Having an ethics help-line and involving value-chain partners is another solution,” offered another.
- The CMD of another industry submitted a slew of solutions that has worked with his firm: Self-regulation; living a code of conduct on a daily basis; investing at each level on ethics; pursuing a vision driven by humility; and ensuring that the black sheep do not drive the agenda. “There are enough of good people in every organization who need to be proactive to lead the agenda,” he concluded.
- It is important, that all organizations, however big or small, identify the stars in their midst. It is these that take on greater responsibility and become a valuable asset to the company.
- Leaders need to be very cautious that they not only lead by example but recognise that every interaction with their employees is an opportunity to project the right message. If this does not happen, other forms of communication could be ineffective.
- Being sensitive to the inequality that is there in the aspirations of employees is also a necessary beginning to understand the ‘why’ someone has done something. Is there scope for industry to make a difference in bridging the gap of inequality?
- A simple test called the “red-faced test”—to check if a question leaves you red-faced or embarrassed—can prove as an effective tool that each employee can apply.
- “Encouraging each employee to follow a moral compass policy is something we have found useful in our company too,” supported the VP of a multi-national in response to the red-faced test.
- We need to take a stand not to out-source corruption.

In a rare glimpse of honest sharing, the CMD of a company spoke of the emotions that one can go through—fear, shame, guilt—that often floods one’s mind when one has succumbed to pressures. “What we need to ask ourselves constantly is, ‘What is the price I am willing to pay to stand by what I value?’ I have found that the strength comes from constantly, even daily, nourishing the thoughts and convictions that one holds to.”



Highlighting a dilemma that heads of companies often have to deal with, one delegate asked, “To what extent is one willing to pay the price?” Elaborating further he shared that we can bring in personal values into the work place when it comes to ensuring that quality is not



compromised on. However when it comes to taking a decision that is likely to affect the future of the company, it is difficult to take a value-driven standpoint. To that another MD recalled the policy that a head of a very large group adopted. He shared that this Head, while confessing that it was very difficult for her to take ethical decisions at every point of the way, ensured the creation of a '*laxman-rekha*' or a boundary line. She made sure that under no circumstances they would cross this line. Furthermore it gave opportunity to gradually push the line deeper into the space of being completely ethical.

Contributing to this sharing, an MD of yet another company shared what she does in her situation. She said, "I visualize the worst-case scenario. Once that is acceptable, I then have the strength to stick with my decision. A lot of times we imagine the consequences to be much larger than what they actually are."

The solutions to the question, "What does it take for industry to change?" continued:

- Industry must be willing to take ethics outside their eco-system. If each company ensured that its vendors, its distributors and all who make up the company's system follow ethical practices, it would create value-chain partners. It would eliminate the whole gimmick of out-sourcing corruption. Such measures can be instrumental in turning-point change, affecting not just one organization but a whole system.
- "Creating space for employees to share stories—be it of success or failure; with sales or establishment—has been of great help in our company," shared an MD of an SME. "We keep aside at least one session a month for stories and are surprised at how many there are."

- The company's vision must not be on growth and numbers but on larger spheres that it can influence and change.

Providing opportunity, after a minute's silence, for each to share one take-away from the deliberations, it was heartening to hear what many heads of industry decided to take with them to implement.



- "My take-away is to treat my people well," said one.
- "I would like to bring in 'leadership' at all levels," said another.
- Though I come from a company that has a strict code of conduct and is known for ethics, I would like to take initiatives to another level that can affect even those beyond the company.
- I take-away the "red-faced test" and examining the worst-case scenario.
- What I received from this event is to shift my focus from targets to excellence. A focus on excellence pretty much covers the whole gamut of what is required. It also brings ownership at every level.

This last take-away from a delegate is saved for the last because it aptly sums up the deliberation of what business needs to change if India needs to change:

"Personally, we need to walk the talk. The rest are watching us. The onus rests on us leaders to take right steps all the time because others are looking for direction. And while none of us can be 100% compliant, the important process of raising the bar each time is one we must aspire to achieve."

