

CIB on wings



May 2016

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Initiatives of Change
Caux Initiatives for Business

Dear Readers,

Caux Initiatives for Business was delighted to support the efforts of Business Ethics Institute of Malaysia (BEIM) when they hosted the second Round Table following the one that was successfully conducted in 2015. Lt. Col. Allan Burby (Retd.) represented CIB and moderated the event that was held on April 5, 2016 at Kuala Lumpur, Malaysia.

This report prepared by BEIM provides you a glimpse of the challenges and pain issues discussed; the dichotomies expressed; a few best practices that were shared and some solutions to solving the pain issues that were discussed.

Since the report itself is fairly large, we have consciously chosen to defer other updates to the next issue.

We sincerely hope you will enjoy reading what follows.

Mrs. Ishika Banerjee



Post Round Table

Executive Summary

Business Ethics Institute of Malaysia (BEIM) organised the second business ethics Round Table (RT), Malaysia on the 5th of April 2016. Hosted by the Institute of Professional Development (IPD-OUM) of Open University Malaysia, the event was held at the Open University Malaysia Campus in Kuala Lumpur.

Themed “Business Ethics for Business Excellence”, this 2nd Round Table brought 28 captains of industry, government, professional institutions and academia together.

The half-day deliberations that ended with a Luncheon were moderated by Lt. Col. (Rtd) Allan Burby of Caux Initiatives for Business (CIB), India.

The Executive Summary

This executive summary is presented under the following sections:

- (a) Section 1: Introduction
- (b) Section 2: Challenges/ pain areas and issues
- (c) Section 3: Points to ponder
- (d) Section 4: Best Practices and success stories
- (e) Section 5: Solutions to resolving challenges/ pain areas and issues
- (f) Section 6: Concluding remarks

Section 1: Introduction

1. The President / Vice-Chancellor of Open University Malaysia, YBhg Prof. Dato’ Dr. Mansor Fadzil delivered the Welcome Address. He expressed that this meeting would focus on how to create a healthy platform for further discussion on business ethics and highlighted



YBhg Prof. Dato' Dr. Mansor Fadzil

the importance and relevance of business ethics for Malaysian business industries despite its sensitivity. He held that all companies and organizations should take notice of the current landscape in our country and move towards an organizational approach that thrives on accountability, transparency and conscientious best business practices. Prof. Dato' Dr. Mansor Fadzil emphasized the importance of

businesses and individuals subscribing to ethics towards achieving successes. He also commended on how BEIM has played a crucial role in deliberating and engaging relevant industries in promoting business ethics.

2. The Chairman of the BEIM, Mr. K. Haridas Nair invited the delegates to actively participate in the focussed group discussion around the theme of the RT as he introduced the Moderator and handed over the session.



3. Lt Col (R) Allan Burby, from the Caux Initiatives for Business (CIB), India performed the role of moderator for this event. He was ably assisted in this role by BEIM's Secretariat, namely, Mr. J. D. Lovrenciar, Executive Director, Tengku Adrian Tuan Ismail, Honorary Secretary, and Mr. Sanda Kumar, Member.

4. With a view at promoting equal participation by all delegates, a few "terms of engagement" were communicated.

5. The RT deliberations orbited around two key questions. These were:-

- What are the challenges, pain areas and issues that we are confronted with in operating business ethically in Malaysia?
- To resolve the stated challenges / issues, what are some ways in which we can address them; what solutions in terms of best practice



Moderator - Lt. Col. Allan Burby (Retd.)

can we share in order to sustain an ethical business in Malaysia? Are there any success stories?

“Salient points of view/questions/perspectives” that emerged during the RT are summarised in the following pages.

Section 2: Challenges / pain areas and issues

1. Challenges in operating an ethical business in Malaysia:

- In Malaysia, it's really mostly about “who knows whom” in operating a business, rather unfortunately.
- Breaking rules is quite the norm for several people; urges the question – “For who are these rules meant?”
- We seem to have forgotten that we need to be God fearing. “Ethics is moral behaviour”.
- How we treat foreign workers coming to work in Malaysia, is an issue.
- When value system rots, everything looks hopeless. Although ethics starts from our homes, we tend to stray along the way. – The “Panama sheets” recent revelation in the news was cited.
- Gross inequality between pay scale differential of persons at the top versus base of organisational pyramid.
- Aren't we hypocritical in our practice of appointing some people to senior positions in the organisation (ex-Govt officials), when our CSR status determines that we must practice fairness based on meritocracy. (Refer Ethics codes)
- Our KPI in operating a business reflects profit always as the first performance parameter. Isn't there a need for balancing this pursuit with the ethical priority?

- Racism & “minorities” – two contemporary issues in Malaysia. What must we do to address these divisive lines between communities?
- Trust Deficit with top management. “Lip service rather than the genuinely committed word” – Need to relate to what is happening today.
- There are too many layers of control & reporting in business operations that takes too long to get things done. Mechanism for operating a business in Malaysia is difficult.

Section 3: Points to ponder



K M Lee, Managing Director, Top Glove Corporation Berhad MD

Compliance through enforcement versus Ethics through commitment & enablement? Which is the better pathway to adopt in operating a business and why?

A few basic/fundamental dichotomies/ paradoxes were shared in context:-

1. Can we truly improve ethics? Is it not binary in terms of one either demonstrating it or not? Either one has it or not, isn't it?

2. Is there a grey zone in business?
3. Apathy versus Action. There is always a choice; do we choose to just stand by and remain mute spectators or do we commit ourselves to action?
4. Profit versus profiteering.
5. Greed versus Need.
6. Bottom Up approach: People activism and movement as a force for good, from the base of the pyramid in a country / nation / organisation. E.g. “Mahatma Gandhi leading the non-violation mission” to free



Assoc Prof Dr Richard Ng, Director Institute of Professional Development OUM

India from British rule. (last century).

Section 4: Best Practices & Success stories shared at the RT

1. By leveraging technology in Malaysia, one is able to obtain a passport in 45 minutes.

2. Building a better culture by benchmarking with a country like Japan. Integrate traditional

values with religious values. In Japan, over 20,000 companies have been sustainably operating for more than 100 years. Can we learn from them?

3. In Japan, education on morals, values and ethics commences at a very early age in the homes & schools for children. They learn and practice:
- (a) Respect for elders.
 - (b) Respect for others.
 - (c) Respect for environment.
 - (d) Respect for the poor.
 - (e) Honesty. (Eg. If one loses a camera or a purse, the chances of finding it are very high in Japanese society).
4. The “badge” of “No Corruption – No Cheating” by “Top Glove”, the world’s largest glove manufacturer with its head office in KL. This company has a committee to monitor, investigate and address any case reported/detected about corruption & cheating. The company also convinced the police force in Kuala Lumpur to wear the badge for two years, as a sign of commitment against corruption.
5. At “Top Glove”, there is a “cradle to grave approach” for ethically operating the business with all stakeholders. This is achieved by (a)

Tone at the top and (b) effective systems and processes.

6. At “Top Glove”, the priority for loyalty is set as follows:-

- (a) Firstly, loyalty to Customers.
- (b) Next, loyalty to the organisation.
- (c) Next, loyalty to each employee.

7. Story of a vendor offering to pack 90 instead of 100 gloves in a box while packaging, was shared. He also offered to under invoice the company as an inducement. The company refused to do business with this vendor and two years later the same vendor returned to accept the terms and conditions of the company.

8. The “Top Glove” practice of Learn > Acquire knowledge and > showcase/ Tell by all employees, in all domains of the business.

9. Ethics starts with yourself. “Raise your voice promptly against a situation that is not fair”. E.g: the scenario of passengers at an airport delayed by about 7-8 hours for flight departure. One passenger raises his voice and slowly but surely, others join in to accomplish a fair outcome from the airline.



*Mr Sivanganam Rajaretnam,
CEO, Malaysian Institute of Management*

10. Example of a CEO, leading with a “no-gift receiving” action before creating a company policy to this effect.

11. Ethics is about the promises that we make & the need to ensure that we keep.

- Ethics is much more than just bribery & corruption.
- Words should be one’s bond.
- One must develop the courage to stand up to unethical actions.
- E.g. of receiving a packet of “Chinese Tea” from a vendor was

shared.

- Best practice of a systematic induction process in a company was shared

- (a) A lot of material on business ethics should be provided to enable a better understanding of the subject and how it impacts business.
- (b) Undergo an ethics certification test. (all employees)
- (c) Receive an ethical performance scorecard. (organisations)

12. The three levels to deploy business ethics in an organisation are:

- (a) Level 1: Enforcement
- (b) Level 2: Culture for promoting & nurturing ethics.
- (c) Level 3: Help people understand the difference between discerning “right from right”, as also “right from wrong”.

13. The practice of “Quiet Time: as an effective habit to reflect/introspect, connect, correct & re-direct.”

14. There is always a higher price to pay, when one chooses to either receive or pay a bribe.

15. Story depicting the conscious choice of refusing a local project because of undue and inappropriate expectation by a senior official in Malaysia. This experience was shared by a start-up company, barely three years old in Malaysia.



*Mr Ong Ewe Hock,
Assoc Consultant, Christie Associates Malaysia*

Section 5: Solutions to resolving challenges/pain areas and issues

16. We need to view business strategy and operations holistically from a mindset of “the purpose of business beyond profit”.

17. Effective checks and balances should be encouraged, to monitor

and act upon transgressions by persons in seats of power in Malaysia.

18. Trusteeship means trusting the rich to look after the poor.
19. Reputation in business means –
 - (a) Doing the Right thing
 - (b) Repetitively
 - (c) Consistently in a similar manner

*Trusteeship means
trusting the rich to look after the poor*

20. Ethics in business and culture are intertwined; hence complementary and interdependent.
21. The necessity for consistently and repetitively communicating the values system to the multiple stakeholders in an organisations business ecosystem.
22. Gifting – giving and receiving: What is legitimate to receive or give? What is kosher in one culture could differ significantly in another. We therefore need to be aware and sensitive to these differences.
23. “We become what we tolerate”. What does a policy of intolerance/ zero tolerance for unethical conduct in business practically mean?
24. Question posed by a delegate to BEIM: Can we look at an awards system and mechanism to award a company that practices a high level of business ethics, sustainably?
25. A booklet about business ethics by the Malaysian Institute of Integrity was shared, by a delegate.
26. In some colleges, there is a concerted effort to educate the young.
27. Humility costs nothing but fetches everything.

28. The investment fraternity for business involve the (a) Environment, (b) Social and (c) Governance cornerstones.
29. The 4 key concerns of United Nations Global Compact operations are:-
 - (a) Human Rights
 - (b) Labour
 - (c) Environment and,
 - (d) Anti Corruption.

Section 6: Concluding remarks by the Chairman, BEIM

The Chairman of BEIM, Mr. K. Haridas Nair thanked one and all for sparing their precious time to participate in this 2nd Business Ethics, Round Table, Malaysia.

His concluding remarks included the following points:

He thanked the President/ Vice-Chancellor of Open University Malaysia YBhg Prof. Dato' Dr. Mansor Fadzil for graciously helping BEIM to host the 2nd Round Table at the campus. He highlighted that academia has a significant role in ensuring that future



K. Haridas, Chairman, BEIM

generations are engaged appropriately in Business Ethics so as to promote sustainability and it is in this context BEIM is very happy to be associated with OUM.

In expressing his gratitude to the Moderator, Lt. Col. (Rtd) Allan Burby, he reiterated BEIM's partnership with Caux Initiative for Business (CIB) that enabled Malaysia with this second Round Table. CIB is engaged on an international endeavour and BEIM remains grateful for their support and encouragement. BEIM also regularly participates in the biennial

CIB International Conferences and these remain a critical resource platform for us here in Malaysia.

Launch BEIM's Five Petal Ethics Award certification process

In response to the question as to what BEIM does from one Round Table to the next the Chairman reiterated what delegates heard from Mr Sashidaran of Zinfoway Technologies – who is the founder of an IT solutions provider company. BEIM aspires to help companies move forward on the road to establishing an ethical business culture.

BEIM is interested in assisting companies walk along the Ethics road and in so doing helps them in establishing their Code of Ethics. Zinfoway Technologies is an example of a new company moving in this direction following the first Round Table in Malaysia.



Mr Sashidaran of Zinfoway Technologies

Mr. Haridas provided a brief insight into the various initiatives by BEIM. These included:

- The BEIM “Five Petal Ethics Award” was developed in consultation with KPMG Risk Management and Consulting in Kuala Lumpur.
- A two day “Business Ethics for Business Excellence” training programme that is being finalised, this year.
- A revamped Website that came to fruition courtesy the corporate goodwill of Lava Protocols Sdn Bhd – a member of BEIM.
- Through the new website and IT tools and expert assistance now made available by Lava Protocols, BEIM is soon to venture on a Membership Drive.

The Chairman extended a personal appeal to the delegates present to take up the offer to become Corporate Members of BEIM and to adopt BEIM under their Corporate Social Responsibility programmes.

Ethics matters to BEIM and from the last round table to this one we have done some work. With the personnel that we have and the financial support that we receive we have done the best we can. We continue to reach out to our target audiences in society.

We publish “Ethics Watch” twice annually and hopefully this year we will publish three issues.

We plan to launch BEIM’s “Five Petal Ethics Award” a certification process this year that will recognise companies that journey along this road. The entry stake to get one petal is to become a Member of BEIM. However as they proceed the criteria requirements scale up to recognise a Company’s commitment to the cause of Business Ethics. Institute a clear Code of Ethics in your business and you earn the second petal. Appoint an Ethics Officer and you get the third. Send your staff to

*Humility costs nothing
but fetches everything*

regular talks, seminars and training programmes facilitated by BEIM and you become eligible to earn the fourth petal. The fifth petal is based on an external audit conducted by KPMG Risk Management & Consulting. This audit evaluates the effectiveness of your business ethics reach and the extent to which you engage on similar lines with all of your stakeholders, in the business value chain.

Later this year we are hoping to launch BEIM’s Ethics Training programme. This two day programme “Business Ethics for Business Excellence” aims to inspire participants to find a commitment and involvement with Business Ethics within their organisation. This would help build the culture of Ethics integrated with the business by both increasing the awareness and consciousness for the same within an organisation.

BEIM believes that Ethics is an important and significant focus area

in fact a priority that spells the very basis for a sustainable business. There are two key aspects to this belief namely “doing the right thing” and “doing things right”. The first is about leadership and example. Ethics must be driven from the top and when this happens it has an impact through the entire organisation. Doing the right thing must be exemplified by the conduct and character of the leadership. This will then provide both the inspiration and example for the organisation to follow through.

The second namely “doing things right” is about establishing the culture within the organisation. This involves articulating the core values within the organisation and this is put in place through the Code of Conduct; Code of Ethics; determining the boundaries, clarifying the expectations, the pledges, compliance requirements; whistle blowing rules; fair labour practices; gift giving and receiving to mention a few focus areas. This will add character and important muscle to the notion of responsible Corporate Governance and Transparency.

*Two key aspects: ‘Doing the right thing’
and ‘doing things right’. The first is about
leadership and example*

Businesses have the capacity, the financial resources, the human resource talent and the leadership potential to contribute towards making a difference. This is where the company or industry contributes to the larger context of societal and nation building. We need role models and the example cited from Telecom Malaysia and the leadership provided by the Chairman and the culture of quality and excellence that is modelled by “Top Glove Corp”, as a lighthouse company provides us with hope for the future.

When we look far out and see a tree what we identify are the trunk, branches, leaves and possibly fruits. What we do not see are the roots. The quality of the tree is directly related to the nurturing and nourishment that is provided to the roots. In a similar vein we are all

involved in two journeys an outer journey and an inner journey. It is through this inner journey that we nourish our sense of purpose and enhance our commitment, discipline and focus. In silence we are all given the opportunity both to realise ourselves and contribute to the desired change meaningfully.

Silence as a resource is free and when we devote time daily in quiet we develop our moral and ethical muscles. We start with ourselves and tap into empowering values and internalise these in our own lives. We develop our capacity to walk the talk. This is what is meant by Ethics on two legs and such role modelling has a compelling impact on any organisation.

This work is voluntary. We hope to add more services and opportunities, going forward. Promoting Business Ethics must be rooted in conviction and a commitment to walk the talk. This is not a popular idea but a valued journey for any Company that is searching for sustainable excellence and quality.

Over the next few weeks you will be hearing from us sharing news information and inviting you to visit our website. We solicit your inputs and your contribution and most of all we need you to shape the future direction of Business Ethics in this nation.

In thanking all those present and participating in the 2nd Round Table, the Chairman reiterated how much BEIM counts on the delegates' support.

