

BEIM-CIB Round Table on Business Ethics



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A Report of Malaysia's first Round Table on Ethics

“We all know the way. It is leaders however that go the way and then show the way.” Puan Shahreen Kamaluddin, a renowned author and



Advisor – Fellow of the Institute of Public Relations Malaysia, made this profound statement while addressing a gathering that had come to participate in Round Table discussion on Business Ethics. This

statement deftly summarized the spirit and intent of Malaysia's first Round Table (RT) on Business Ethics.

Organized by Business Ethics Institute of Malaysia (BEIM) and Caux Initiatives for Business (CIB), this RT held at the beautiful Majestic Hotel in Kuala Lumpur on March 26, 2015 witnessed the participation of 32 persons who came for just that – to encourage one another to pursue this path. A path that not only made business a sustainable model but makes a positive impact on society at large and the environment.

Welcoming the delegates from the 23 organizations that had participated in this RT, J D Lovrenciar, Executive Director of BEIM called on the Director of CIB, Sarosh Ghandy to introduce CIB and share a bit of its work especially in the context of the Malaysian RT.



“Ethics goes beyond just dealings with money,” stated the septuagenarian who had vast experience in industry, retiring eventually a MD of TELCON a Tata Group company that

manufactured heavy equipment machinery. “It is how one can lead with love rather than fear,” he continued, setting the tone that raised the bar beyond just ethics in financial dealings. He then shared the need to be proactive in our approach where we ask – “What can I do for you?” rather than “What can I

expect from you?” Such an approach, Mr. Ghandy elaborated, “Could potentially change the whole environment. Instead of having a large number of adversaries, we could have a large number of colleagues who *can* work and *would want* to work with us.”

Handing over the baton to the Moderator of the Round Table, Vivek Asrani, MD, Kaymo Fastener Company a Small and Medium Enterprise (SME) in Mumbai, Vivek set the expectations of the



deliberations straight away – “We can leave from here with lots of sharing of experiences and we can walk away inspired.” He then went on to pose the first question that was to be the focus of the first part of these discussions – “Why is it difficult for business to be ethical?”

Interestingly the wide gamut of responses not only kick-started the deliberations into a lively discussion but it also revealed two distinct camps. Below are some of the views that were shared in response to this query.

- We live in an unequal world hence it is for companies to decide how to engage in business with its competitors.
- Being unethical can hurt business in the long run. Though it is not easy to walk this path in the face of the competitive environment we operate in, (as this involves making some tough decisions), in the end it pays off to be ethical.
- It is not difficult to be ethical.

This last view then raised the immediate query: How many believe it is easy to be ethical? Surprisingly 50% raised their hands but clearly the house was divided. A healthy expression of views then came to the fore:

- “Start-up businesses face the immediate challenge of financial pressures. It becomes difficult for an entrepreneur to stay along the

straight path with sustained delays and other challenges. Thus the need to survive often forces one to resort to unethical practices,” said one.

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- “While it is an issue of survival, there are sufficient examples of companies that have shown that it is possible to be ethical while still remaining competitive,” said another continuing, “It is not possible to hold a stance of being ethical on one day and not, on another. Most companies that remain ethical survive.”
- Statistics have shown that the companies that remain ethical have grown 400% in a span of 10 years. The unethical companies tend to vanish after 18 years while the leaders of these business houses don’t last beyond four years.
- The media unfortunately, in an attempt to sensationalize news often, only reports the unethical practices that go on. The good business practices often go unreported. Citing a couple of examples the speaker then revealed how he had encountered a few small business establishments that sold their products with a very small profit margin because it met their needs. “It is a classic, exemplary story that does not show up in the columns of media reports,” he concluded.
- There are entrepreneurs that want to be ethical. However the processes are lengthy and very time consuming. Hence it becomes difficult to sustain the costs due to such delays.
- It is difficult to be ethical and survive.
- There is a difference between ethics and morality. When government makes things difficult, it forces even the moral to be unethical.

This prodded the Moderator to question:

Who is responsible? On one hand there is the expectation that the government should create the

proper environment to do business. On the other, the competitor is always there to do what you are not. So is not business also responsible for the state of corruption in the nation?

Is corruption an enabler for growth?

By show of hands, again close to 50% agreed with the view that businesses tend to rationalize that one needs to be pragmatic in the face-off with the ethical dilemmas.

- ‘Runners’ provide a service. They can help speed up the process of clearance or permissions in far less a time than one would take if one did the work oneself. It is very easy to rationalize that we are hiring “professional service” to serve their ends. The dilemma is: Is it ethical?
- Facing the reality on the ground, establishments need to factor in the time required for permissions as part of the cost of running a business.



- Corruption is like cancer. If allowed the first few times, it soon becomes part of the business culture.
- “However,” countered another, “there are situations when one is faced with injustice. What is then on the mind of the businessman is how to cross it.” Backing this with an example, the speaker cited the time when he had a business that manufactured food supplements. All these supplements had to be certified by an authority in Malaysia equivalent to the FDA. “However,” he rued, “the waiting period ranged from two to five and a half years.”
- “We have 18 factories in Malaysia, three in

Indonesia and one in China with close to 11,000 employees,” shared a senior representative of a leading production business house. “However for us,” he continued, “ethics is non-negotiable. We emphasize that we need to walk the talk and stand firm. This is not only in our operations in Malaysia but in other countries as well.”

**Practicing ethics does not mean
different standards at home and work.
You cannot practice ethics at home
and not at work and vice versa**

- Comparing corruption to a leak in a ship, one delegate recounted an incident where an MNC was charged with serious malpractices globally. Since one of the officers of this delegate’s company had been implicated in one of the charges, the CFO of the company needed to take quick and serious cognizance of the matter. “It had the potential to seriously damage the reputation of the company,” said the delegate before concluding, “No matter how small the leak is, it cannot be ignored. Sooner or later it would sink the ship.”
- “Challenges with ethical issues not only affects small companies but also big businesses,” said another officer of an MNC. He then went on to cite a couple of incidents to show how he had to take a stand and how it was backed up by his superiors. In one case he narrated how he had to make 25 trips to the authorities to obtain permissions to put up billboards for the company.

- Practicing ethics is easy. However it is important that this practice comes from the top. Giving the example of the Chairman of Top Glove Company, the delegate went on to say that this has now become the culture in the company.
- Disagreeing with the fact that ethics should start from the top, another delegate responded that “it must start with oneself. Do what you need to do right, correctly and efficiently. Its outcome is that it brings everyone to a place where there is a lot of positive energy.”
- Practicing ethics does not mean different standards at home and work. You cannot practice ethics at home and not at work and vice versa, was the view of another.
- Bringing a philosophical view to the discussion, one delegate responded that there are three principles that an individual can hold to: (i) Accountability, where we bring ourselves to account; (ii) Personal Value, where we ask ourselves, ‘What is the point of it all if after all the money we are still unhappy,’ and (iii) Trust. Naming the multinational, Enron, the delegate stated that it was very difficult to regain the trust once lost.
- There is a cost to being ethical. The question is – Are we willing to pay the price?

Summing up the first part of the deliberations that took over an hour, the Moderator, Vivek Asrani then called for a short coffee break saying, “Having now looked at the challenges in doing business ethically, when we return, let us turn our attention to solutions. The question we would now look at is: What does it take to be ethical? What are the good practices that one can imbibe?”



(L to R): Dato’ Pardip Kumar Kukreja, Alan Kirupakaran, Bharat Avalani, Ong Ewe Hock

It did not take long to elicit responses. A slew of proposals came streaming one by one. The following is a list of some ideas shared.

- There is a need for greater transparency in the process.
- Creating awareness into the procedures and requirements is important. Ignorance leads to fear. Therefore awareness helps set systems into place.
- Support from trade bodies will go a long way in helping this cause.
- “There is a need for proper enforcement mechanisms,” said one.
- “The eco-system of the company must be such that it encourages best practices,” responded another.
- “Raise the income levels of lower level officials,” appealed a third.



(L to R): N S Loh, Mohd. Shah Hashim, Eric Hoo Saw Ho, Sasidharan T., Augustus Gerald

from those in Singapore.) Such guiding principles help employees who could otherwise rationalize when confronted with tough choices forcing them to often make wrong decisions; (vi) respect the individual and (vii) appeal to the higher value in the other.

- We need to change our mindset that being ethical is a difficult thing. While it is true that there is a price to pay, we need to look at the positive impact in our decisions. Listing a few positives that come from such an attitude the delegate went on: (i) companies that take a stand and give their people a voice find that there are many who want to identify themselves with such an organization; (ii) Small creative actions make a big difference. Backing this statement with an example he went on to share how an organization dealt with the issue of some staff members that repeatedly reported late to work. Recognizing that this indiscipline affected delays in response time, the organization took a creative step that made a big difference. It delayed their salaries by 4 days. When questioned on the delay, the appropriate department responded that while legally staying within the law (that disbursements should be made before the 10th of each month), there was need to ensure that discipline be restored to their work culture.
- Communicate regularly the core values to all stakeholders.
- Make ethics strategic to the organization.
- Leadership must walk the talk. Ethics must be respected by all senior Managers. Proper training to all staff is imperative. Ethics must

Paying tribute to the late Lee Kwan Yew, Singapore’s first Prime Minister, one delegate said, “His upright and transparent governance set the tone from the top. He did a fantastic job. Today, Singapore has a culture of ethics because of this

- What was encouraging was that there was a genuine desire by some to find solutions and therefore the suggestions kept pouring in.
- Individual decisions in making the right choice are important. Therefore (i) we need to stick to policy; (ii) avoid potential conflict of interests; (iii) recognize the pressures of life, aspirations and the desire to rationalize; (iv) examine if there are inefficiencies that we can remove; (v) prepare separate awareness campaigns within the organization that varies with the country in which business is done. (The awareness needs in Malaysia, for example, are different

be in one's heart and not worn on the sleeve.

- Political will from the government can ensure clean, transparent governance. The tone must be set from the top. Paying tribute to the late Lee Kwan Yew, Singapore's first Prime Minister, one delegate said, "His upright and transparent governance set the tone from the top. He did a fantastic job. Today, Singapore has a culture of ethics because of this."

- Learn from others. Imitate the policies of big organizations that set a high standard. Adopt compliance policies of international companies like Nestle, Scholastic Publishers, etc. setting a two-year period to comply. "Our company did this," shared Tam Wah Fiong, Chairman,



Thumbprints Utd. "And though we started small we were determined to go beyond compliance of the law. We set standards that went much beyond." Proof of the amazing

journey from a small printing firm to a huge full-fledged state-of-the-art establishment that prints material for several countries across the globe is now evident for all to see.

- Going through an awareness course with business establishments must be a pre-requisite before issuing licenses. This is because a lack of knowledge forces many to resort to buying their way out on account of non-compliance.
- Corruption has two sides. While we keep criticizing the system, we need to first examine our own position.
- Educate all employees on the importance of working in the company with integrity and honesty. Recounting the strategy at Thumbprints Utd., the Chairman of the firm stated how this education is taken very seriously by the company. In addition he shared that commendations are given when employees do well in this area of ethics. "Such practices," he concluded, "has helped in the company's zero tolerance reputation for corruption."
- Cultivate ownership with employees. Individual coaching helps employees understand that

policies are in place not only because *they need to* but because *it is good* for them. This 10% training has yielded a 90% impact. Bringing home this point, the delegate shared how they explain to their employees that complying with safety standards is important because it is good for them.

When you give something from fear it is a bribe. When you give it from love, it is a gift

- We need to build the individual value system. This in turn helps constitute the value system in society. Elaborating further, this senior officer shared how he witnessed a couple of Japanese picking up litter following a football match in a stadium. It was a culture that they grew up with and practiced wherever they went. Recounting another example he related the story of the cop from New York in the real-life film where on surviving a fatal shot from a gunman who fled leaving him with stolen goods was asked, 'You could have easily pocketed some of the wealth. No one saw you and no one would have known.' The response from the honest cop was: *God saw! My mother taught me not to take what is not mine.*

- Listing a recruitment process at Top Glove, a firm that boldly states its intent all over – at the entrance, on its desks, over the doors – the senior Manager said that (i) applicants are required to tick off the core values from a list of 20 options, that they felt were important. "If integrity is not one of these that are ticked, it revealed that the candidate did not have this quality as a priority." (ii) badges are compulsory for everyone on the premise, starting with the Chairman. The badge again states the intent clearly – "To Prevent and Against Corruption: Be Honest, No Cheating" Stating that this two



Eric Hoo Saw Ho
Dy. GM, Top Glove
Corporation Bhd.

Ringgit badge though small in price has a huge intrinsic value. (iii) a 'Shame List' is shared with Head of Departments and all employees; (iv) suppliers are mandatorily required to sign every six months a letter agreeing to the policy of non-corruption and that they are black-listed in the event of them trying to bribe an employee.

- We need to use love as a leadership paradigm. The message is simple, 'When you give something from fear it is a bribe. When you give it from love, it is a gift.'

"Wow!" exclaimed the Moderator, Mr. Asrani as he recapped the solutions that businesses could consider in making their businesses ethical yet competitive. Taking this discussion to its conclusion, he then asked delegates to pause for a minute and write down one or two take-aways from the deliberations. Needless to say, there was an outpouring of sincere sharing; simple, small decisions that so many of the individuals who gathered for this BEIM-CIB Round Table in Kuala Lumpur shared. Here are some of these take-aways:

- "I would like to take-away from here the belief that ethics is an act of love and would like to practice this in my own organization," said one.
- "Ethics has an impact when the change begins with oneself. Hence I would like to make this my take-away," said another.

The sharing continued:

- I will stay true to the values ingrained in me. I would also like to, with my position and influence, see how the system can make more accessible its services to the common man.

- Small actions make a big difference. While we all have been inspired by the stories of others, I would like to start making my own stories.
- "How can the message of ethics be taken out of this room?" This is my take-away.
- I would like to review my company's Vision and Mission Statements along with its Core Values so that it's not just lip-service.

Living ethically is like a journey. We cannot change what mistakes have been made in the past but we can correct our course from now on with the aim that our actions will bring change to ourselves, society and the nation

- Living ethically is like a journey. We cannot change what mistakes have been made in the past but we can correct our course from now on with the aim that our actions will bring change to ourselves, society and the nation.
- I would like to leave this meeting by asking, "Do I have the will to make a difference in the areas that are in my control?" It is the small steps that matter and I would like to exercise the choice to start to make a difference; to go beyond analysis to taking specific, small steps.
- I would like to introduce training to all my staff and write down SOP's of Multinational Companies that we could emulate.



- I would like to review the ‘performance score-card’ with the consideration of “how” were the results achieved by making ethics an important factor in the “how”.
- I would like to pass on to the younger generation the three “A’s” – Awareness, Advocacy and Action. I would also like to see how inspiring stories and case studies can be documented for their benefit.
- The world is not made up by my company or a billion other companies but by how I conduct my business. That will truly make the difference in this world which has been given as a gift to humanity.
- Ethics is often seen as an elitist term. It does not mean anything to the shop-floor worker. The thing I want to take away is how I can convince my colleagues and workers the importance of being a better human being. All aspects of love, fear, ethics, values, etc. are then taken into account when we become better human beings. Elaborating further, this distinguished delegate said, “The test of this is how I feel. If I feel happy, it would indicate that I have made a correct decision. If I have doubts, it could mean that something is not quite right.”
- It is our deeds, not words that will stand the true test of time.
- I promise to introduce a 30 minute sharing on ethics in all my training sessions.

Concluding the deliberations, Vivek Asrani shared how grateful he was to have ‘taken away’ 30 new friendships that he had made this day. “We may not have changed the world outside by sitting here,



but if it has changed us inside then the Round Table has been successful,” he said simply before handing over the microphone to the Executive Director of BEIM, J D Lovrenciar.

The BEIM-CIB Round Table on business ethics would not have been possible but for the generous and timely sponsorship by the Institute of Public Relations Malaysia (IPRM). Inviting Puan Shahreen Kamaluddin, who represented the organization on

behalf of the President, Dato’ Haji Ibrahim Haji Abdul Rahman, the eminent author of a couple of self-empowerment bestsellers rose to share what a pleasure it was for IPRM to host this occasion. Sharing a few reasons why this event meant much to IPRM, she spoke of how (i) the vision and mission BEIM and CIB were very close to those of IPRM; (ii) playing a collaborative role in creating awareness and support for ethics was important in business; (iii) the support of such initiatives could encourage business enterprises adopt a strategic communication perspective in Corporate decisions by hiring Public Relation Professionals who were now to be recognized as licensed professionals. Concluding a short speech, she said, “Ethics is doing the right thing by the people we work for and work with. At the end, their interests must be top-most in our minds, not just profit.”

Wrapping up the RT with a Vote of Thanks, K. Haridas, Chairman, BEIM thanked IPRM for their generous contribution as hosts of the event and the Honourable Minister in the Prime Minister’s office, YB Senator



Datuk Paul Low Seng Kuan, who though unable to personally be present, sent his Governance Officer, Alan Kirupakaran. He also thanked the BEIM Corporate CSR Sponsors for Year 2014-2015, namely, Paradise Cars Sdn Bhd; K-Link Sdn Bhd; Lava Protocol Sdn Bhd; Telekom Malaysia Berhad; and Thaimoli Sdn Bhd.

“Mother Theresa was once asked by anti war protestors for her support.” Mr. Haridas then went on to quote her response. ‘I am not so much anti-war as I am pro-peace.’ BEIM likewise, is not purely anti-corruption but more pro-accountability, transparency and pro-ethics. He again stressed in his concluding remarks that the aim of BEIM is to inspire individuals to start somewhere and be pro-ethics.

“We do not want to talk about corruption. We want to professionally deliver. While we need to address what is wrong in society, let us use the creative talent; the amazing potential; the wealth and the possibilities that businesses have, to bring ethics to the forefront of the nation.” ■

