

Ethics in business
-imperatives & establish process

-'energize' its education

-'lend your hand'

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Mindset

- “Yes, leadership is about vision. But leadership is equally about creating a climate where the truth is heard & the brutal facts confronted. There’s a huge difference between the opportunity to “have your say” and the opportunity to be heard. The good-to-great leaders understand this distinction, creating a culture wherein people had a tremendous opportunity to be heard and, ultimately, for the truth to be heard----- ”Jim Collins Good to Great

Prologue

- Our sensibility needs to be collaborative, communicative & accountable. It should be backed by leadership trust, throughout the organization
- Profit, growth & excellence is an objective. Policies need to be aligned with managing integrity standards, social commitment & longer term sustainability
- Tolerance has to be matched with the truth (contd)

Prologue(contd)

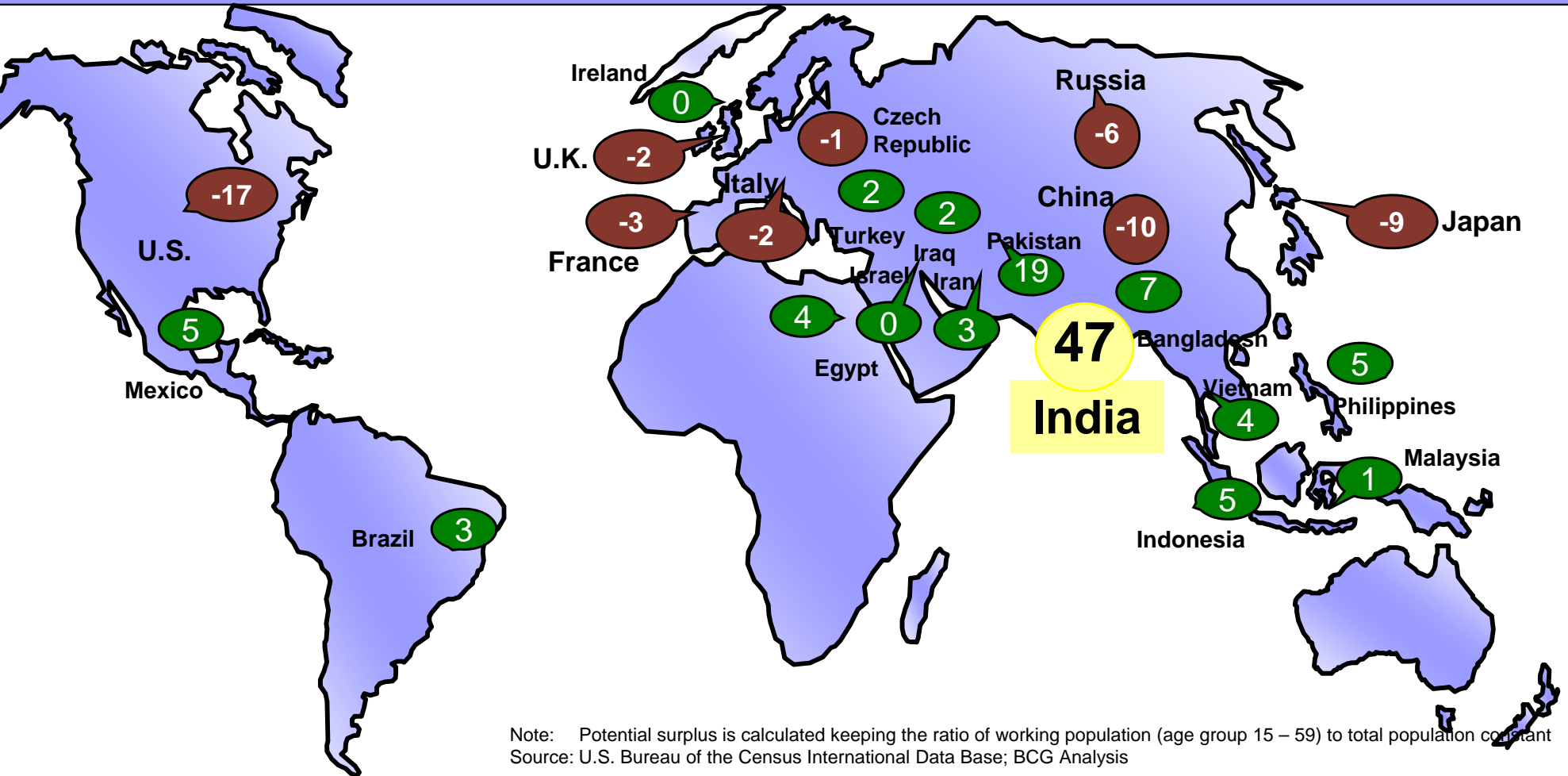
- Laws, transparency & action on violation of concerns are least aligned
- Many areas of conflict of interest ,for example, nexus between business and politicians persist
- At the moment ,there is disregard, that being ethical helps business to prosper.
- We are not ready to say 'no' to corruption
- My theme slides, which follow, are related to process as an enabler for getting the desired results.

Enablers

- Skill & capacity to be robust under conditions of enormous stress & change
- Need for organizational resilience
- Most resilient organization in the world-Catholic church- survived corruption & schism for more than 2000 years
- Imitable set of values
- Institutionalizing it within the organization
- You are the catalyst

Major Trend Shaping World Business

Projected deficit / surplus of working population in 2020 (million)



Has huge implications on labor cost

Surplus - Demographic Dividend or Social Tensions ?

Why organisations should be concerned

- Loss of trust of public in business
- Significance in transition and developing economies
- Reputation and business risk
- Expansion & Growth; Hiring at all levels. Diverse cultures
- Increasing media exposure
- Active Investor community ; short term expectations
- “The risks of being sucked into cycle of corruption”
- Need for sensitizing civil servants for promoting citizens participation in governance

Drivers of Ethics in Business -

Convergence of Business Excellence, organizational behavior,
CSR & Sustainability

Value Drivers:
People
Integrity
Commitment
Excellence

**Successful Integrity
Standards**

**Corporate
Culture**

Legal Minimums

**Organizational
Barriers:**
Lack of trust
Self-Interest
**Unquestionable
obedience to
authority , leading to
deviation**
Narrow-mindedness
Complacency
Inconsistency
Mean spirited

India's dilemma- an emerging nation

- ❖ **Bureaucratic red tape**
- ❖ **Rigid labor laws**
- ❖ **Inability to build infrastructure fast enough**
- ❖ **Present robust GDP growth & “economic momentum isn't unstoppable”**
- ❖ **Huge population that can translate into economic power for China & India. It could prove to be a double edged sword if social, political & environmental challenges are not deftly managed**
- ❖ **Enforcement of environmental laws poor**
- ❖ **Unfortunately, philanthropy is still to move from a footnote to the main text**

Voicing concerns

■ For raising concerns, confidence build-up against fear of retribution or retaliation must be explicit

.... *Appoint internal Governance Counsellors.*

Their role is pivotal, being the focal point of :

- *Contact for communication, as well as a conduit for expressing concerns related to the various clauses of the code.*
- *Whistle blowing not prevalent*
- *Hot lines not introduced*

Senior Leaderships' efficacy : Responsibilities & Activism

Managing Ethics

Build and maintain a culture of compliance

Prevent through proactive ways

Detect compliance problems

Respond by appropriate action

Need for Business Integrity Education Network

Current Challenges

- **Barriers: Certainty of Law.** Independent judiciary do not exist or fail to function properly. The regulatory environment in emerging markets is often very weak and frequently corrupt.
 - **Many new companies entering these markets and segments. Some companies cut ethical corners lowering the level of the playing field for everyone.**

Many key stakeholders are taking an increasingly harsh stance on business integrity malpractice:

- **US Justice Department and the SEC, for companies listed in the US and with major business interests in the US.**
- **In Europe it is OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions**
- **In India, it is Securities Exchange Board of India**
- **Major institutional investors.**

Business Integrity Education Network

■ **Addressing the Business Integrity Gap**

- **Some companies have invested significant resources and commitment to business integrity**
- **=> But raising levels of business integrity cannot be done by individual market leaders. They need to influence the business environment proactively.**
- **Major business schools teach business ethics**
- **=> They do not address the fundamental challenge of how to do business competitively and successfully on the basis of integrity.**
- **A major capacity and credibility gap therefore still exists on this issue.**

Energized reforms in India :

-Greater awareness towards managing integrity standards

- Energized legal/regulatory framework and law enforcement to encourage ethics management : proposed amendments in Corporate laws jointly initiated between government & corporate . Here is an extract :

“The Board of Directors has to exercise strategic oversight over business operations while directly measuring and rewarding management’s performance Simultaneously the Board has to ensure compliance with the legal framework integrity of financial accounting & reporting systems and credibility in the eyes of the stakeholders through proper and timely disclosures ”

Way forward.....

- Dialogue ,communicate, activate process: code of integrity standards, in the government & business
- Initiate networking, on a common platform, with Chambers of commerce ,respective local government & civil society organizations to dissuade corrupt practices