

**THE HUMAN HEART CRIES FOR ETHICS,  
THE BOARDROOM CLENCHES ON PROFIT,  
OUR CHILDREN CONFRONTING US ON THE STATE OF THIS PLANET!**

*ARE WE CHASING A MIRAGE OF SUCCESS? ARE WE SLEEPWALKING INTO PROGRESS?*

*By*

*Firoz Abdul Hamid*

## **PREFACE**

*Of all the properties which belong to honourable men, not one is so highly prized as that of character.— Henry Clay, statesman, orator, politician (1777-1852)*

### **In Search of Ethics in Business**



When I was invited to write on the topic of Ethics in Business by Institute Integrity Malaysia (IIM), the first thing that crossed me was - - where does one begin? Defining ethics and seeking consensus? **The consensus (if reached) has to be universally accepted ethics that cuts across creed and culture, sovereignty and markets, traditions and ideals.**

One then has to overlay these principles has to be applied across the different needs of industries and sectors serving the varied demography in the diverse setting of countries with distinct political and economic requirements.

We then move into the argument of where does ethics or its teachings begin, who sparks this, who is liable and responsible for it, and how does one enforce ethics? **Can you legislate ethics? That is like asking can you legislate a person's character.**

The discourse on Ethics In Business, which I have tried to address here, is only the tip of the iceberg, given the remits of this paper. There are numerous components and parameters that contribute to ethics inter-alia:

1. How does **gender** affect ethics or does it;
2. Treatment of workers and **labour** ;
3. The role of **watchdogs** as an oversight and their limitations;
4. The role of governments and **policymakers**;
5. **Media and Ethics** is a huge topic that warrants research in and of itself;
6. **Civil society's** role in ethics and building ethics in businesses and the agenda of civil society;

7. The role of **education** from the dinner table to the boardroom;
8. The revolving door and **lobbying culture** between public and private sector;
9. Then there is **ethics across specific industries** from energy to finance, to Islamic finance to medical industry and this is a non-exhaustive list;
10. The roles of **international institutions** and what that should entail in instituting ethics across businesses;
11. How does one address **leadership issues** such as narcissism in leaders and of those with power and authority;
12. Role of **morality** in corporate governance and ethics and the difference between the two;
13. The merits of **Corporate Social Responsibility** as a tool to building Ethics In Business and not a tool for evading tax;
14. How do you **track** ethical behaviour? What are the standards?
15. Can you **legislate** and regulate character by law?
16. Role of **faith and religion** in business ethics?
17. The role of **politicians** in enabling and disabling ethics in business

The list above is only an attempt to address areas that need a serious discourse which is not available in countries like Malaysia as yet - - or at least not openly and publicly done by all parties concerned with a leading body/institution/person able to converge the divergent views to arrive at some consensus.

This discourse needs to desperately begin, with able people who have the understanding of the subject and the disposition to bridge the differing and opposing views. **Efforts have been made to set up institutions, bring in people from private sector into public sector and the likes to address corruption and corporate governance. This formula has yet to be proven to be effective in Malaysia. The discourse is much bigger. Corruption is the end product of lack of ethics. The method perhaps of addressing and weeding out bad behaviour in society needs to be redefined and transformed in Malaysia. This needs to begin from top down and bottom up across all sectors of society.**

My proposal - - Bring in capable individuals who can develop what it will take for Malaysia to achieve its economic and societal goals through imbuing sustainable practices called - - - ETHICS IN BUSINESS. People with no fear or favour to anyone!

This discourse is urgent as we only have to read the cries in the media that are cries for ethics from the man on the street in an environment where the boardroom is clenching on profits. If we do not address these cries, we will have our children confront us on the state of this planet and our role in diminishing its state.

There is a Greek proverb which reads - - **A society grows old when old men plant trees whose shade they know they shall never sit in.** This world is not inherited from our ancestors but we borrow from our children. Thus what we leave behind for them, will define how the stories of the two generations will be told!

*Firoz Abdul Hamid*

## **FORMAT OF PAPER**

*This paper has not been written in any specific academic and/or public style. It has been written as an amalgamation of the interviews I have done with leaders from various walks of life thus far for my Column "Ethics In Business" which is carried by 3 international media, by the grace of the Almighty. Their quotes are highlighted in **blue**. All quotes highlighted in **blue** are pieces of my own work and the full interviews can be obtained in the link I have provided within the Reference.*

*I have also done extensive desktop study and only quoted relevant pieces. I have also included insights which I gathered in the course of my 20 something years interaction with leaders from across the world.*

*At the end of each Chapter/Section I have attempted to highlight proposed next steps.*

*The last Chapter highlight some key proposals which I collated in the course of my career and interaction with public and private sector leaders.*

*As described in the Preface this writing only scratches the iceberg of the subject - Ethics In Business. It is a topic that warrants extensive practical work.*

*It is my sincere hope this paper will spark that effort and won't be see the dusts of many reports that has graced this country with a better way forward for its generation.*

*Thank you*

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### **REFERENCES**

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## 1. EAT BEFORE YOU COME

*"The greatest homage we can pay to truth is to use it." —Ralph Waldo Emerson*

Michelle Obama turns 50 on Saturday, 18 January 2014. An Australian newspaper that carried her upcoming birthday bash commented, *"The need to demonstrate frugality may have been the reason for the letters "EBYC" at the end of the invitation: guests have been advised to "eat before you come" to the party, which merely promises "snacks & sips & dancing & dessert".* Associate Press reported, *"Guests to the bash at the White House have been advised to EBYC - "eat before you come" - in a sign of the administration's attempts to guard against any appearance of extravagance in continuing tough economic conditions."*

This on a day that saw the French President, François Hollande, accused of an alleged affair. On a normal day in France, this affair as most French papers have commented, would have been another day in France. The Financial Times reported on 12 Jan 2014, *"The timing could hardly have been worse. Headlines alleging that François Hollande was having a secret affair with a film actress erupted just days before the French president is to make one of the most anticipated public appearances of his struggling, 20-month old presidency.....Now awkward questions about his private life threaten to overshadow an occasion that will also be closely watched by France's European partners, anxious that the eurozone's second-biggest economy should not become a drag on the continent's post-crisis recovery"*

On our own home turf in Malaysia, recent spades of reporting on private government jets to the lowering of the price of "kangkung" to allegedly lavish ministerial events saw online media enthusiasts and readers spill their gut on the state of affairs in the living conditions

### **Possibly the best cartoon of this century**

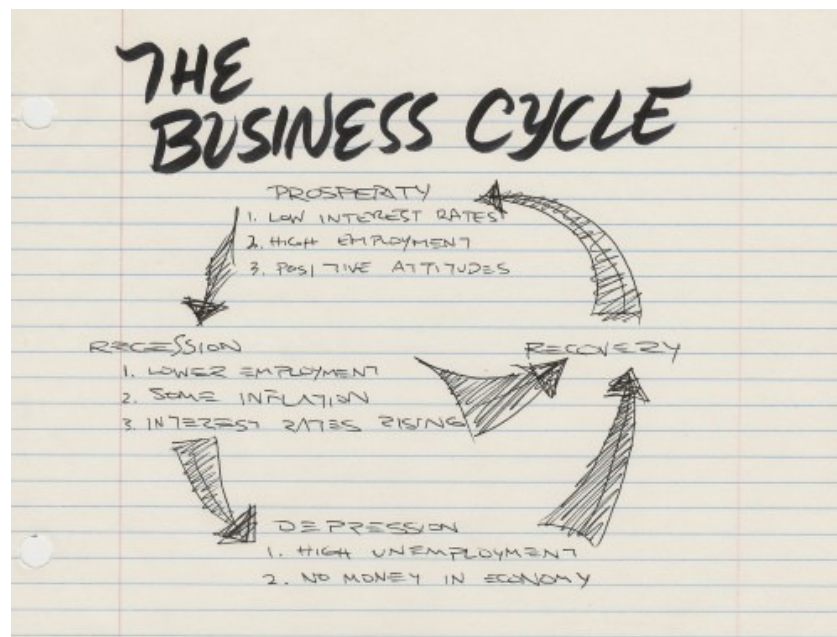


**I personally would suggest government. They never go to jail.**

for the man on the street. This brings me to a caricature which I once used when I worked for the Office of the Chief Secretary to the Government of Malaysia in my daily media monitoring to all Secretaries General. The caricature (insert) in and of itself sums up the many cynics that make the general public today - - globally.

## Following the Prophets

It has been said that the **oldest business cycle in the history** of mankind was probably developed in the time of Prophet Joseph (Peace be upon him). When the King had a dream about seven lean cows and seven fat cows and sought for its interpretation, Prophet Joseph (PBUH) would advise the King what we would today term as macroeconomic model and business cycle. Joseph advised him to keep a part of the grain sowed in the good years in the grain house as an investment/savings for the ensuing bad years. In essence the advice, if taken literally in today's economic principles, simply says: In the good years, slow down your growth (or GDP), i.e. save as an investment for inevitable bad years. The Czech economist Tomas Sedlacek eloquently argues this case in his *The Economics of Good and Evil* model.



**Much of the economic crisis today is not due to lack of growth. In fact many have argued it is due to too much growth. In an all-consumerised world, we seek our freedom through debt.** We create things to serve us only to find we are enslaved to what we created. This can be seen in finance, technology, food, and the list could go on. We push our economies beyond the plateaus of what consumers can realistically and logically consume and sustain. In the most “idiot-proof” levels of my own understanding, and if I were to use the principles of Prophet Joseph (PBUH) in today's global economy, the role of economists is not to chase GDP and/or growth. Instead they should be advising politicians to decrease the amplitude of business cycles so that we do not overspend in good years (i.e. not pump up growth) to save for the bad years. So trim growth in good years not amplify!

As simplistic as this theory may sound, unwittingly we live in a world that pushes the envelope on competitiveness and growth beyond the means and capacity of human consumption and sustainability to remain “relevant”.

In a nutshell the notion of “Eat Before You Come” to any events that bear public funds is the call of the day. **The public are in no mood to see funds - - public or private - - splashed when famine and poverty are not receding but rising across the globe,**



one billion people are going hungry when another one billion suffering from obesity, unemployment of the educated is rising with no end in sight, planet being wrecked in the name of progress yet progress convincingly seem like recession and inflation each day that sees the sun rise. This is laced with heart wrenching diplomatic conflicts and war that is tearing families and communities apart - - - all in the name of what exactly? These sentiments, I dare add are not only confined to Malaysia, but are felt across all grounds that bear humanity today albeit dressed in different cloaks and garments.

So firstly, those with microphones and in positions of responsibility need to be ultra sensitive of their actions and their words. Their words need to be tailor made to the times. The hardest part of any leadership is not leading but in being in touch with reality, seeing things as they are and not as they wish it to be.

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### **Proposal 1 - - THE LESSONS FROM PROPHET JOSEPH (PBUH)**

- 1. Businesses and Leaders need to be sensitive of the times they are steering in. All actions - - especially in bad and down times are seen through a microscope by the world.**
- 2. In good times reward the masses.**
- 3. Get the actions befitting times.**
- 4. Have speech fit sensitivities of the times. Failing which the leader loses credibility. The organisation loses success sustainability.**

## **2. AND SO THE STORY OF MY COLUMN**

**"If you once forfeit the confidence of your fellow citizens, you can never regain their respect and esteem."** - *Abraham Lincoln- 16th U.S. president and liberator of the slaves (1809-1865)*

In April of 2013, after 24 years of working in public and private sectors across industries globally and locally, I felt the exhaustion that pushed me to define the purpose of why we do what we do every day. I had the choice of continuing the grind with no focus except to make lots of money and have a good and comfortable life and be out of touch with reality, or cut back on everything and redefine my own small and meagre contribution to humanity before I leave this journey which I have been blessed to have been given. After much soul searching and prayers, I decided a short break would do me good. A break that would critically reflect on my journey and what next. A break that would have me face myself first and foremost and then the world for where it stands today.

In that time, I started a column titled "**Ethics In Business**", initially carried by a successful online business media that covers business in ASEAN and the GCC. In my opening piece back in April 2013, titled "Are We Sleepwalking Into Progress" I quoted an unpublished poem by Robert Frost a well known American poet on the 1919 inflation which reads (the fuller version herein):

*The pain of seeing ten cents turned to five,  
We clutch with both hands fiercely at the part,  
We think we feel it in – the head, the heart,  
Is someone cutting us in two alive?  
Is someone cutting us in half?  
Is someone at us cutting us in half?  
We cast a dangerous look from where we lie  
Up to the enthroned kings of earth and sky  
They know what's best for them too well to laugh.*

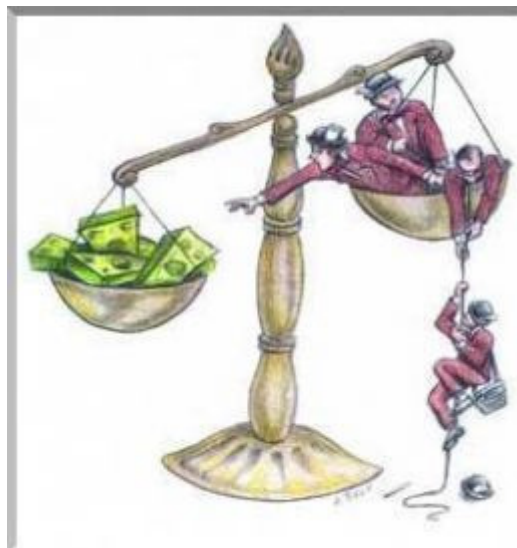
This poem moved me and I was overcome quite a bit by its candidness of reflecting the state of where humanity stands today globally.

I first heard it in a live talk by a leading Scholar in California when he spoke about business ethics. I wrote in my opening piece to my Column, *“These words cannot ring truer in a landscape where we are seemingly sleepwalking into losing homes and our life savings. A world where you could walk into work and be greeted by your pink slip, when only yesterday you were probably told you were a star in the galaxies of the workplace. The world of capitalism markets has created more people on Prozac (or similar tranquilisers) in search of their own personal worth and purpose. Even dogs are said to be on Prozac now – a testament of how we treat animals today. Is this what progress is suppose to look like? Does progress leave one billion people in hunger whilst another billion overindulging on food? How can the 21st century tolerate illness due to hunger and poverty and that due to overeating of “super scale” sized food at the same time and on the same planet? Why are people overeating anyway in the first place? Is the food produced for the “life on the rat race” lacking in nutrition that we have to keep eating? Even the basics like milk are no longer pure. We get pasteurised, skimmed, 1 per cent, 99 per cent with many other combinations. Coffee used to just be yes, coffee. Today we have all sizes and designs – it has become an industry unto itself to wake the stressed life we have all subscribed to.”*

### **Searching the Soul of Humanity, Looking for Answers**

My purpose for this Column was to seek insights from leaders from all walks of life on their definition and notion of “ethics in the business” they are either involved in or operate. I wanted to understand their journey and what they were looking to achieve now that they were given a position where from they can make a change and contribute to humanity’s betterment. **Simply put - - I wanted to understand where their hearts were when they left home every day for work.**

***Why you may wonder?***



Ethics is so straight forward and CEOs should understand this by the time they ascend to the rungs of being a CEO and/or a Managing Director or Board of Director. I thought the same, until I interacted with many in my 24 year journey and found that if leaders knew and lived ethics – the world would not be sleepwalking into progress!! The world would not see such heartbreaks and destruction today.

Abdal Hakim Murad, the Dean of Islamic School at Cambridge, wrote in a 2009 article in The Guardian, *“Ours is an age that has made idols of the great banks and finance houses, driven to frenzy by competition amongst billionaires who are kept awake at night by the thought that a rival might make a business deal more quickly than them. A banker who can asset strip companies and throw its employees out onto the street is someone who is in the grip of an obsession that has thrown him beyond of the normal frontiers of humanity.”*

Having been blessed to work with some great leaders in private and public sector over the some 20 years and having been exposed to decision making process, I have searched for answers to questions like – **on what virtues are countries and governments run? To what does it pay homage to? Is ROI and ROE equivalent to Ethics?** Is meeting stakeholder expectations enough to run an ethical business? Indeed what is ethics in business? **Where is our hearts and souls when we leave our homes everyday for work?** What anchors us in all that we claim to do in the name of business, in the name of politics, the people, the environment and of existence itself?

My search led me to starting my Column. By the grace and mercy of the Almighty this Column has opened many hearts and many good doors, through which, I hope I can contribute as the keys to goodness in humanity. **For ultimately we take nothing with us but our deeds, and leave behind only our reputation and credibility for the world to pass a judgement on; for all else passes away!**

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### 3. DEFINING ETHICS, IDENTIFYING ETHICS IN BUSINESS

**“What you cannot enforce, do not command”**— *Sophocles, Greek playwright (c. 496 BC-406 BC)*

Year in year out we have the World Bank, World Economic Forum, IMD in Switzerland to name a few, grading countries' competitiveness and business processes. Yet the most competitive countries are not necessarily the happiest to live in according to the Happiest Country Ranking (another new ranking). **Where does Ethics rank in any of these rankings? How do we evaluate ethics? Is Ethics in Business so nebulous in its concept and form that we shy away from measuring or legislating it? Indeed who should be regulating and legislating ethics? How does one legislate human character for in the final analysis it is humans who are enabling the destruction we sometimes proclaim to do in the name of progress?**

The argument is we have corporate governance standards globally done by the OECD and industry specifics like the financial industry. **Yet with corporate governance standards, we saw galactic failures in the most advanced of countries and regions by our definition of advance.** Yet again the whole notion of what is ethics is brought to the front of centre of the business world.

When I interviewed Professor Tariq Ramadan (left) of University of Oxford and asked him his definition of Ethics, he had this to say:



*“What is ethics and what is applied ethics? Applied ethics is to question the goals of what we are doing. So, in business as in any other types of activities, we always have to question what are the goals and the ends of our activities.... in fact what we have now which is the **Global Ethics – which we are talking about here – is that the world is coming back to this for two reasons – first** because we are facing in business, and in commerce or trade or even in the world today, limits that if we do not respect some principles we are going to destroy the world and even act against*

*our own interest as human beings. So you have a way to come back to ethics because of the way we are treating the world, the universe and even our fellow human beings. **In the world of business now we are losing dignity, we are losing justice; we are treating people as ends not as means which is also something which is essential here.** The second once again which is not specifically Islamic but is in the global ethics is – we are dealing with ethics because of principles which is coming from different traditions, moral, secular or religious ethics and we find that we have things in common. So universal (global) ethics can be based on principles or based on facing challenges of our times.”*

Professor Ramadan's definition cut a different light to our own Chief Secretary's, Y.Bhg Tan Sri Dr Ali Hamsa, (right) when I asked him his definition of Ethics In Business,

*“Business ethics is about doing the right thing for your business’ stakeholders. **Economic and social goals do not have to be mutually exclusive if we consider the importance of striking a balance among different groups of stakeholders** – the board and its shareholders, employees, customers, regulators and government, as well as the greater market and community at large.....**Character in business and markets definitely need to be regulated**, and I believe this is possible through the enforcement of codes and regulations.”*



In the same public sector of Malaysia, the Secretary General of Ministry of International Trade and Industry (MITI) , Y.Bhg Datuk Dr Rebecca Sta Maria commented the following on the definition of ethics after elaborating on a couple of poignant examples to demonstrate ethics failures in business:



*“Hence my simple understanding of business ethics: Doing the right thing, even when no one is looking over your shoulder. **It’s about the big picture, the impact of your business not just on your stockholders, stakeholders and clients, but on the citizens at large. It’s about being concerned about the impact on the environment, not just the bottom-line.** It is not just about creating wealth while complying with national laws and regulations. Ethics also means transparency of your practices, your procurement methods. Being good corporate citizens. “*

Y.Bhg Datin Paduka Saadiah who led and built KPJ Healthcare Bhd for 20 years into a RM 1 billion company before retiring last year had the following to say when I asked about her views on ethics in the medical industry:

*“**Ethics is serving with integrity.** Ethics is giving patients what they really need, without making them pay for unneeded treatment. Having said that, however, I believe we must look at the patients’ bigger picture in ensuring that the patients’ welfare is protected – not only caring for one aspect of treatment but essentially giving holistic care.”*



Datin Paduka Saadiah also said the following when asked what is morally and ethically correct in the medical business:

*“..... ethical principles are derived from moral values. It is quite unlikely that what is ethically necessary will be morally wrong. There are a number areas where morality and ethics continue engender debate. They are often no clear answer. Withdrawing a treatment from a patient who is terminally ill and request that treatment be stopped may be ethically the right thing to do. However morally one may argue that one must preserve life at all cost.”*

The examples quoted above, along with many more which I can continue to quote both from my own work and from works of others, doesn't necessarily address the agreed universal definition of ethics. I brought this up in a recent event I had the honour of moderating. The panel comprised clinical and non-clinical members in an event organised by KPJ Healthcare Bhd which discussed the proposition, **“Can clinical ethics be viewed in isolation to business ethics in the medical industry?”**

I opened the panel by asking what defines ethics.

**Is ethics defined by what is right by law, by faith and tradition, by political and social needs or by our conscience? Indeed what and who controls our conscience? What moves the conscience?**

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**Proposal 2 - - - DEFINE AND ARRIVE AT CONSENSUS ON ETHICS IN BUSINESS**

- 1. Seek consensus on definition of Ethics In Business universally and by Industry.**
- 2. Have competent people lead this consensus.**

#### 4. COMING AT IT FROM ALL ANGLES!

**Leadership at one time meant muscle. Today it means getting along with people.**

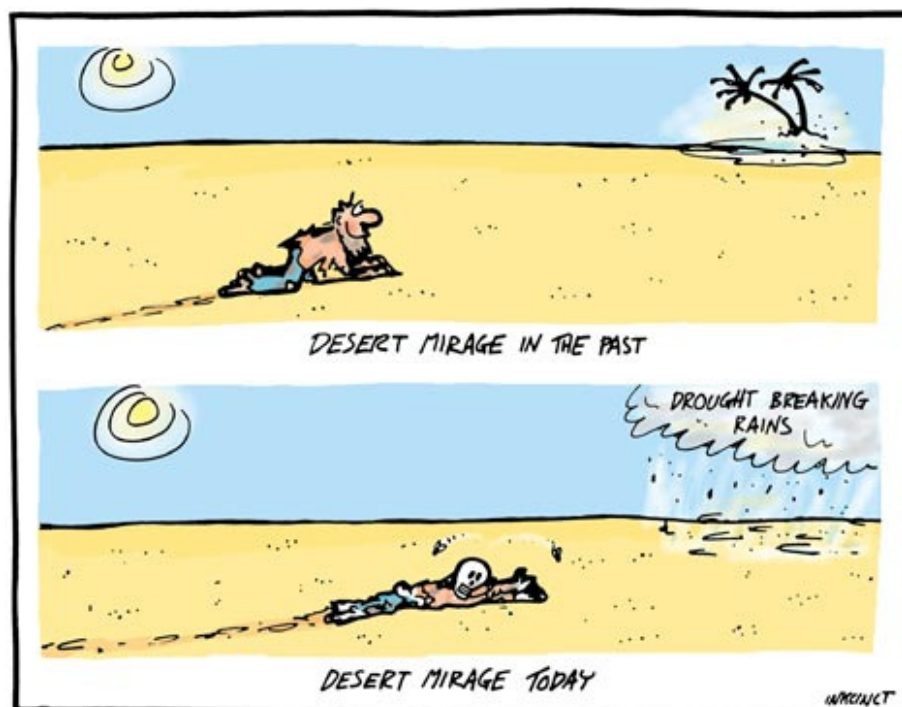
*Indira Gandhi, Prime Minister of India (1917-1984)*

I would argue that the lack of consensus on the definition of ethics has caused many a heartache in lives and governments across the world.

It may be that Country X is defining ethics or rather doing the “right thing” by the needs of the times, or otherwise known as populist drives. Whilst Country Y arguing on true essence of its faith and traditions. Country Z posturing from the angle of law and regulations in its country. And as the saying would go – One man’s Meat is another man’s Poison – there is an obvious gap which needs a mediator to fill in, ratify and seek consensus on.

This is so plainly demonstrated in profit making and cheap labour dilemma. The disaster in the garment factory in Bangladesh summoned many a debate not least that on what exactly is profit and do businesses chase it at all costs? **Can there ever be a convergence between ethics (if we do get to a consensus on its definition) and profit? Can profit and ethics mix? Can we ever have dignified profit?**

Are we all – public and private sectors, policy makers and business leaders - - chasing the mirage of a water in a desert called “SUCCESS” that they haven’t the motivation nor the incentive to debate and reach a consensus on what Ethics is in the making of a business.





Even if there was the motivation from business leaders to seek consensus on ethics, who is moderating and enabling this process at a regional, national, global level?

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**PROPOSAL 3 – LEAD ETHICS CULTURAL DIPLOMACY - - LOCALLY AND GLOBALLY**

- 1. Malaysia can lead on Ethics In Business through its efforts nationally with private sector and public sector;**
- 2. As part of Cultural Diplomacy - - Malaysia can lead on specific Projects that relate to Ethics In Business globally**
- 3. Projects needs to be worked on and defined between public and private sectors as well as media and civil society**
- 4. Cultural Diplomacy On Ethics - - led by Ministry of Tourism with MITI**

**5. WHO LIGHTS THE SPARK - Corridors of Power, Boardrooms or Home Streets?**

**We may pretend we are basically moral people who make mistakes, but the whole of history proves otherwise. — Terry Hands, British theatre, opera director**

In a speech delivered at the European Union IN April 2007, the former President of India, His Excellency Dr.A.P Kalam said the following in his speech:



*“What we need is a carrier of eternal goodness and wholesomeness in human conduct, which is ‘Righteousness’. As we say in India he added:*

***Where there is righteousness in the heart***

***There is beauty in the character.***

***When there is beauty in the character,***

***There is harmony in the home.***

***When there is harmony in the home.***

***There is an order in the nation.***

***When there is order in the nation,***

***There is peace in the world.***

Dr. Kalam further added - *This is true, for the whole world. When we need peace in the world, we need order in the nation; we need harmony in the home, whether in Europe or in India or in any part of the world, the origin is righteousness in the heart. How do we evolve righteousness, in the hearts of every citizen of the world?"*

## **Who Is Responsible For Ethics?**

Dr.Kalam's insights were not far removed from Professor Manfred Kets De Vries' (below) a clinical professor of leadership development, also the Chair of Leadership Development and Organisational Change at INSEAD, France, Singapore and Abu Dhabi who spoke candidly about narcissistic inclinations in leaders and if not addressed could affect the soundness and sustainability of organisations. When asked about where does Ethics begin, Manfred shared the following:

*Having a sense of what's right, and what's wrong is essential for all people in leadership positions. **After all, leaders are merchants of hope—to quote Napoleon.** They speak to the collective imagination of their people to create a group identity. But, as we all know, leadership has its darker side. Regressive forces are always around the corner. As Lord Acton's statement goes, "Power corrupts, and absolute power corrupts absolutely. And given the pressures on leaders, it doesn't take very much. Before they are even aware of it, leaders will be surrounded by Yay-sayers, and lose touch with reality. **Paranoia is said to be the disease of kings. So when you live in an environment that does not promote value-driven leadership – a society that goes for Band-Aid solutions and shallow appearances – unfortunately people like that will come to the fore. You will create a vicious circle of negativity.** To prevent that from happening, it would be wise that the leader has some kind of wise fool—like the fool of King Lear—who shows him or her reality. Particularly, when they are in power for too long, they may lose touch.*



Dr. Belaid Rettab (below) is the Senior Director of Economic Research and Sustainable Business Development at the Dubai Chamber of Commerce and Industry *shared his views on where ethics in business begins:*



**Leadership is central to ethics in business; it can change an organisation's culture for better or worse. It is very difficult for change to occur within an organisation unless the management is completely on board.** Culture change requires setting the tone at the top and then creating alignment throughout the organisation with the values you espouse to live.

AR. Rahman (below) is an Indian composer, singer-songwriter, music producer, musician, multi-instrumentalist and philanthropist who won an Oscar for his work in “Slumdog Millionaire”. A well known artist who bridged West and the East and worked with people like Andrew Lloyd Weber said the following when asked where morals began:



***I can't talk about piracy and I don't want to. It's a moral thing within you, I can't teach morals to you. It's a conscience thing — if you want to support a musician, buy the music.***

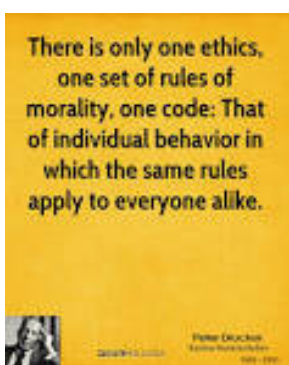
*A.R. Rahman (CNN IBN, Jan 7, 2009)*

With so much insights globally on where ethics should begin, with departments set up to drive corporate governance and ethics - - countries and companies still flounder. **Institutions confuse Ethics In Business with Corporate Social Responsibility.** Datuk Nicholas S. Zefferys, past member of PEMUDAH, the public-private partnership taskforce to Ease Doing Business in Malaysia and the Past President of AMCHAM spoke passionately about ethics across the world today and how it is affecting the character and value system of the younger generation. He said the following in my interview with him:

***‘Training or ethical behaviour comes from one’s personal efforts, the communities within which one engages, one’s parents and the cultural environment. Every community of which we are a part has certain rules, principles and standards..... Parents have a teaching role, for example, when those influences are negative and they have to teach the correct way forward when their children take the wrong path. ....When in adulthood, they take on political, societal and business or corporate roles and even become corporate chiefs, they are influenced by the people around them. However, the weight of these influences can matter little if they are viewed within the context of ultimately ‘getting what I want.’***



Datuk Nicholas further added – “Management guru Peter Drucker says the proof of the sincerity and seriousness of a manager is “uncompromising emphasis on integrity of character. It is character through which leadership is exercised; it is character that sets the example and is imitated. **I am reminded of a young Malaysian who was hired years ago onto a major Malaysian government-linked company to manage contracts with suppliers. He was found out to be demanding 15 per cent of the contract value for himself. When this came up, he was fired. I subsequently asked him, “Why did you do this? I had such high hopes for you in the future of the company.” His reply was, “They all do it at the top of companies here in Malaysia. Why can’t I do the same? I was shaken by the response. But it shows the importance of leadership and the impact on young people’s aspirations and values.”**



Peter Drucker says “the people with whom a person works, and especially subordinates, know in a few weeks whether he or she has integrity or not. They may forgive a person for a great deal: incompetence, ignorance, insecurity or bad manners. But they will not forgive a lack of integrity in that person. Nor will they forgive higher management for choosing him. No one should ever be appointed to a senior position unless top management is willing to have his or her character serve as the model for subordinates.

Interestingly, Daud Vicary the President and CEO of INCEIF (below) said the following when asked about the role of Ethics in the growing Islamic Finance industry – an industry you would expect to be laced with ethics as its founding grounds:

***There is very limited discussion on business ethics for a number of reasons. Firstly, boards are not required to disclose its ethics initiatives to any party. Even if there is, there***



***is no requirement for the practice to be audited. Secondly, there is a wide gap between talking ethics and practising ethics. This is partly due to the scarcity of cases and literature on Islamic business ethics. Thirdly, compliance is the floor of ethics and is possibly complied for instrumental reasons rather than as part of the belief system. It is likely that ethical responsibility is ‘abdicated’ by the board because the Shariah committee is considered more qualified to handle such issues. Shariah governance framework ought to review to incorporate this responsibility as part of the responsibilities of the board. Ethical parlance of the fish rotting from the head is most applicable in Islamic***

***finance. The perception that ethics beyond compliance will be costly is reflective of a mindset that sees ethics as an aberration. This cannot be the mindset of directors, officers and managers of Islamic financial institutions.***

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**PROPOSAL 4 – DEMAND ETHICS IN ALL EDUCATIONAL TRAININGS FROM PREP  
SCHOOL TO BOARDROOM**

- 1. Imbue Ethics trainings and syllabus from prep school to Boardroom**
- 2. Encourage stakeholders to make syllabus known publicly**
- 3. Reward openly Ethical practices**

## 6. SHUTTING THE REVOLVING DOOR - *Nip the Lobbying in the Bud!*

**Relativity applies to physics, not ethics — Albert Einstein, theoretical physicist (1879-1955)**

Without fail all countries and all governments invest in efforts towards enhancing corporate governance and ethics. **Yet there is a parallel way of doing business in some markets and countries, often defined as the traditional ways of doing business.** There is always the quips that this is Country A's way of doing business, Country B's and so on and so forth. "One needs to understand how business is done here to succeed" - - a statement that is still bandied about in many markets. **Therein emerges the LOBBYING CULTURE and the "unethical but approved" way of doing business.** This happens sadly in all industries, all markets, all traditions and most countries around the world.

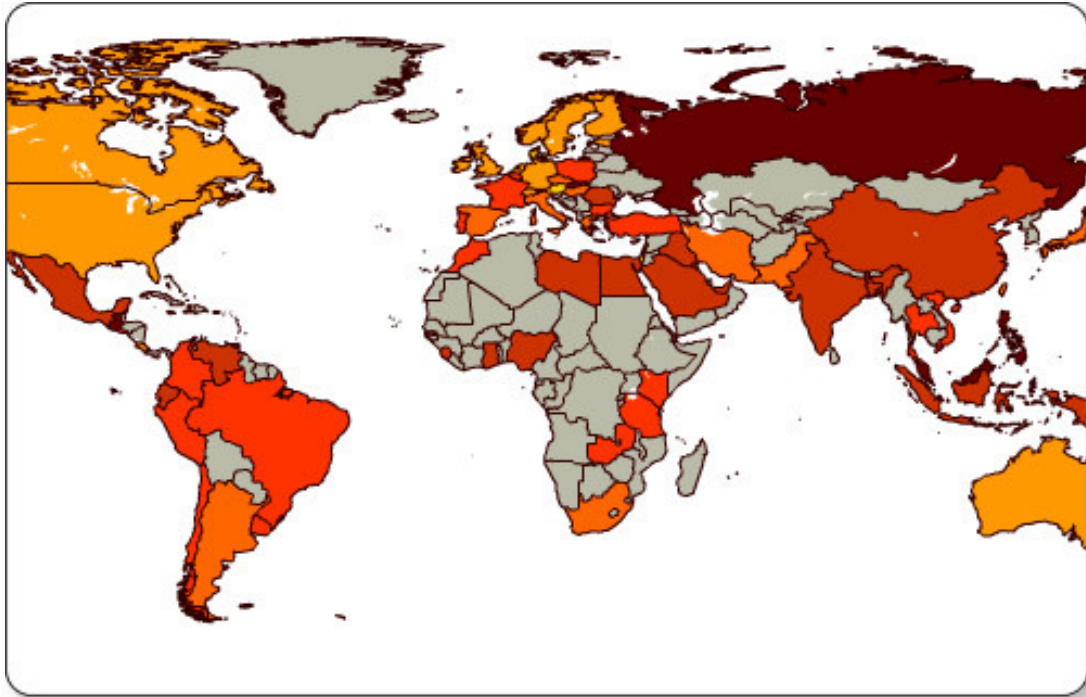
In a recent event with KPJ which I moderated in November 2013 (<http://www.youtube.com/watch?v=Elj6pxBZFGA>), there was in depth discussion on the role of multinational and pharmaceutical and device industries in driving the medical industry. **It is the MNCs and not needs of medicine or the Hippocratic Oath that physicians take that drives the politics and economics in the industry. Sure watchdogs are set up as an entity but the culture of lobbying prevails subtly albeit where leadership of an institution is not vigilant about it**

In cultures where deference to authority is high, i.e. "the Boss is always Right culture" or "Face Saving for Boss" cultures - - truth becomes an elusive index. It becomes a mirage which is spoken about eloquently in drafted speeches by expensive speechwriters but rarely and poorly executed.

### The Culture of Face Saving versus Doing the Right Thing

The Hofstede Power Distance Index (PDI) demonstrates the role of culture in authority deference. The world map below summarises this and for full interactive results please click on link below image. **Professor Geert Hofstede does not provide scores for every country in the world - those in grey we have no information for. The coloured countries all have "PDI" (Power Distance Index) shows where they sit on the scale. The dark reds have high power distance index and Malaysia has one of the highest power distance indices in the world.**





<http://www.targetmap.com/viewer.aspx?reportId=6648>

<http://www.kwintessential.co.uk/map/hofstede-power-distance-index.html>

Some low power index countries are:

- United States: 40
- United Kingdom: 35
- Ireland: 28
- Sweden: 31

Some high power index (bureaucratic and steeped with authority traditions and deference) countries are:

- France: 68
- China: 80
- India: 77
- Brazil: 69

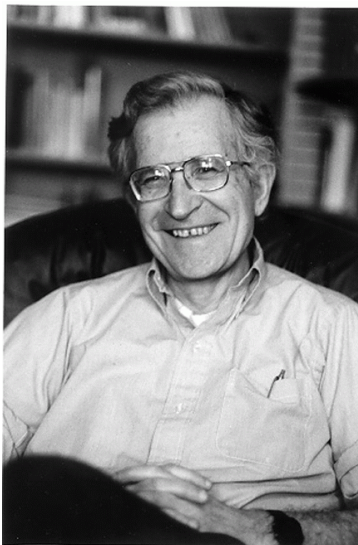
Where the power distance index is high, it reflects a culture of lobbying culture potentially as there will be reticence in organisations to voice disagreements. Instead there will be an inclination to defer to authorities. It is in these times where organisations and countries have the following options to implement if there is serious commitment to institute ethics in how businesses are run in their markets:



1. Change culture of leadership by lowering the Power Distance Index
2. Come down tough on lobbies - - this is where the roles of government and Boards are crucial.
3. All of the above

In an interview with HuffLive on 13 Jan 2014, the activist and thinker Noam Chomsky commented the following about the Obama administration ***"The Obama administration's Trans-Pacific Partnership trade deal is an "assault," on working people intended to further corporate "domination. It's designed to carry forward the neoliberal project to maximize profit and domination, and to set the working people in the world in competition with one another so as to lower wages to increase insecurity,"***

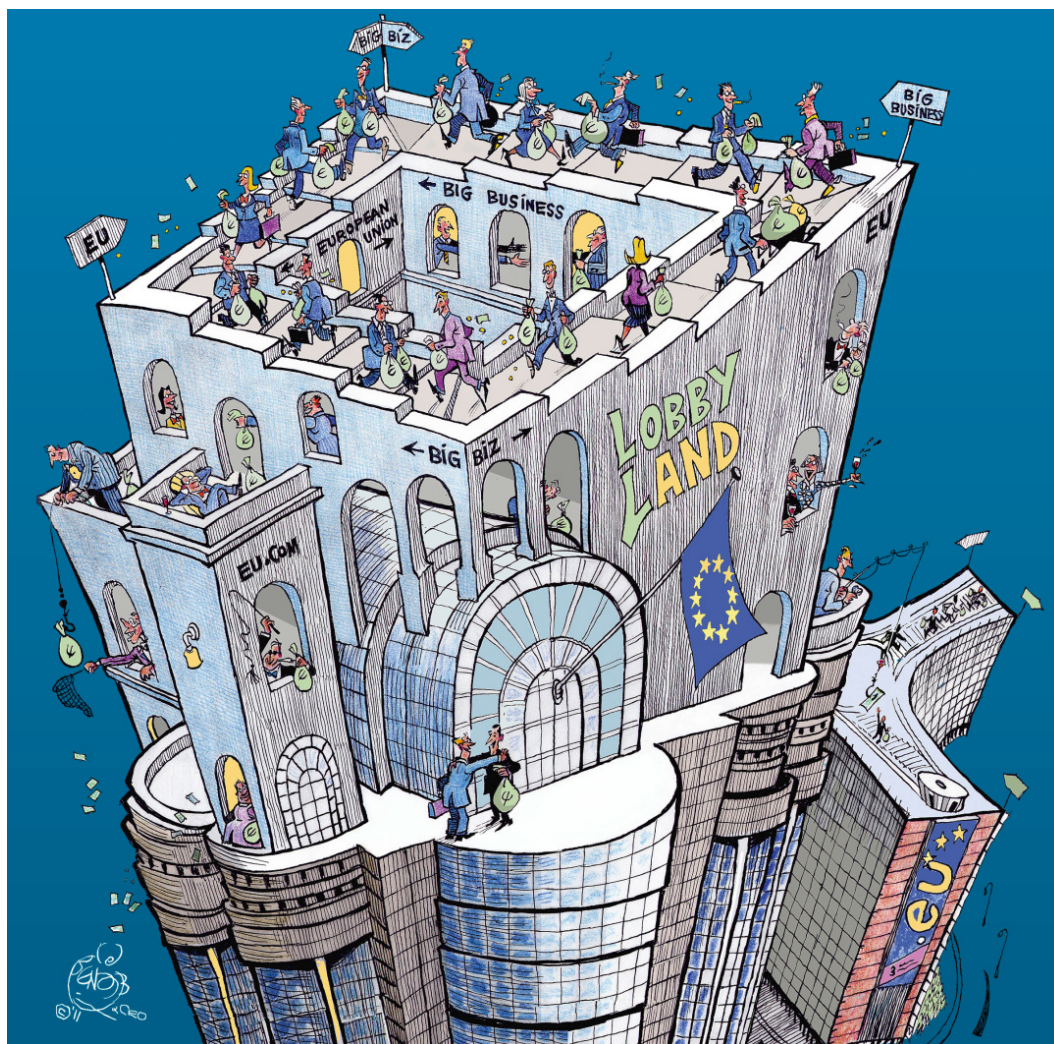
Chomsky argues that **much of the negotiations concern issues outside of what many consider trade, and are focused instead on limiting the activities governments can regulate, imposing new intellectual property standards abroad and boosting corporate political power.** "It's called free trade, but that's just a joke," Chomsky said. *"These are extreme, highly protectionist measures designed to undermine freedom of trade. In fact, much of what's leaked about the TPP indicates that it's not about trade at all, it's about investor rights.*



**Chomsky (above) quipped that of course the administration and lawmakers would want to speed up a sweeping trade deal that may be more in the interest of corporations than the public.**

### **The Lobby Giants**

At the height of the 2008 financial crises and the economic turmoil that ensued in the USA and EU, there were several caricatures done to demonstrate the lobbying culture and the blurring line between public and private sector dealing. The one below captures the sentiments:



World Development Movement – anti lobbyist movement in Europe did a report of lobbying culture in Brussels - - which they term the Revolving Door. They wrote the following in 2011:

*“In September this year a British guy, Parvez Khan went to work for one of the major lobby consultancies in Brussels G+. **No one knows how many lobbyists there are in Brussels exactly, but estimates range from 15,000 – 30,000. But what makes Khan interesting is that he was previously a financial attaché for the UK government working in Brussels and on loan from the UK Financial Services Authority.** So here is someone with experience of working for the UK regulator of the banks is now working for a Brussels lobby consultancy, one of whose major clients is RBS – Royal Bank of Scotland! This is a good example of the phenomenon of the revolving door between public institutions and the private sector, and this week the Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU) of which WDM is a member, is launching a campaign to block the revolving door in Brussels. The European authorities have no transparency about how many officials go through the revolving door, but it is clear to Brussels-watchers that the revolving door problem is serious and makes a major contribution to the cosy relationships between the EU institutions and big business. The revolving door can lead to privileged access and conflicts of interest on a massive scale.”*

The caricature below from their Report discusses how members from an institution - - be it from public or private sectors is recruited into the opposing sectors as a link for lobbying.

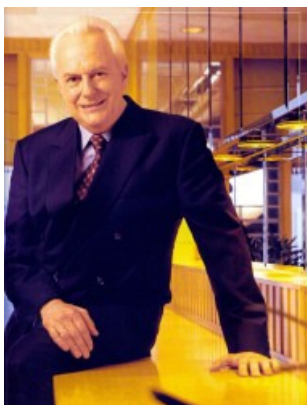


Although retired or those with certain experience are often recruited into organisations for their experience and contacts, but a role to simply lobby needs to be scorned on as it is both degrading for the person recruited and the company for practicing it. **Logic would simply suggest that if one has to lobby, either the system of business in that marker/country is broken and unethical, or the company lobbying hasn't the expertise for a job it is lobbying for.** . In my interviews I asked Tan Sri Yong Poh Kon (below), a former PEMUDAH Member and a Board Member of MACC about policing corruption in Malaysia. He shared the following:

*In the Malaysian case, the watchdog bodies are mainly appointed from civil society and are not on the payroll of the government. ....**A good method to start is hiring and firing – the inability of MACC to hire and fire officers** (this role is undertaken by the Public Services Department) affects its ability to perform and to sanction or promote its officers. **In addition, the post of the chief commissioner should be upgraded to be among the highest positions in the civil service.....There is a limit to what markets can do in instituting sound ethics if large scale flagrant violations are not successfully prosecuted and convictions obtained, leading to grand corruption and state capture.** In the early days of Hong Kong's Independent Commission Against Corruption (ICAC) many letters alleging corruption were anonymous, but now, by building up a strong reputation, the vast majority are complaints including names. Furthermore, three quarters of these complaints result in investigations, and when asked whether the ICAC has their confidence, more than 90 per cent of the public say they do. **In Malaysia, we still have lots of 'surat layang 'or anonymous complaints, and things will change only with increasing confidence in the work of the commission.***



Datuk Nicholas Zefferys (below) said the following of the lobbying culture in the USA



***“The number of lobbyists operating in Washington D.C. has increased from around 3,000 in the early 1990’s to over 35,000 today. This quite clearly signals that what can’t be won in the marketplace is won in the political arena to gain business favour. Many retired politicians become lucrative lobbyists. Practicing politicians are reliant upon lobbyists for campaign funding. It is an insidious relationship with little in the way of checks and balances.”***



Datuk Dr Rebecca of MITI (insert) said that all businesses, including civil society are sometimes guilty of lobbying in her response to my interview on the lobbying in Malaysia:

***Just as corporations lobby for rules to be formulated to further their bottom line, the interests of small businesses and the civil society too have an influence on the shape of environmental and labour regulations as well as human rights legislation. It is easy to paint big business***

***as the villain and civil society as driven by altruism. The interests of these groups need not be diametrically opposed to each other. The role of the government is to find the balance among the interests of these groups. And this can find a solution in more engagement, openness and transparency.***

**Lobbying Culture kills competition. It annihilates the ability of all Malaysians, including and especially the man on the street to get a fair share of HARDWORK!**

It is the role of governments and private sector to block this culture. The companies that have been laden with scandals all over the world had well qualified CEOs, and credible Board. Yet it floundered. It floundered not for the lack of knowledge of the industry they operated in but rather they were in a rush. Human greed took over the steering wheels of their leadership and businesses.

**The role of senior management and boards is to ask the piercing questions on methods of tender and procurement. The role of shareholders is to dissect wherefrom and how profits were made.** So as utopian as the calls are to blocking the revolving doors between public and private sectors, they form the path to sustainable business. They form the bricks to building credible leadership and business. They most definitely make the example to dignified profit.

In a Speech to the National Economic Advisory Council (NEAC) Taskforce in January 2011, the former Chief Secretary to the Government of Malaysia, Y.Bhg Tan Sri Mohd Sidek Hassan (below) said the following:



***In our every quest to great change, we miss the small but important determinants that would manifest change in its every element. As Malaysia prepares towards becoming a high income economy, our focus must reach out to the seemingly peripheral determinants for sustainability of that Vision. Whilst the resounding determinant of high income is gross national income or GNI, we must not lose sight of the people who will make and sustain that GNI. High income does not only relate to leather office occupants or Ivy League graduates only. It must apply to “every man and his dog” as is said in the colloquial English term. What does high income really mean to the trader at Chow Kit, or the technology gizmo at Low Yat Plaza or the janitor at Kuala Lipis General Hospital? What will it mean to the waiter at the Marriott or the one at the stalls? Do we increase the pay of one league and not the other? Will the janitor be able to afford a better education for his children? Indeed will his own children have a better future than his or her own?***



#### **PROPOSAL 5 – DESECRATING LOBBIES AND ITS CULTURE**

- 1. Make public what lobbying culture is its unacceptability in all institutions - - public and private**
- 2. Have rewarding measure for desecrating lobbies**

## **7. LEGISLATING ETHICS, REGULATING CHARACTER- - Seriously?**

In my interview with the past Secretary General of Organisation of Islamic Cooperation (OIC), His Excellency Professor Dr Ekmeleddin Ihsanoglu (below), he commented the following when I asked him about the role of media in ensuring ethics in business .His comments were as follows:



*Media can play an important role in boosting businesses transactions and creating new partnerships through advertising, marketing and by shaping the minds of the target audience. Hence, media in their various forms – print, broadcast and electronic – are potential tools in imparting ethical values and morals among businesses. **However, such move rests within the hands of media owners and media professionals whether or not they care much about infusing ethical values in business companies and among entrepreneurs.***

Tan Sri Ali Hamsa (below), the Chief Secretary to the Government of Malaysia said the following to the same question:



***Highlighting such practices will benefit the rakyat (citizens), in that they are informed that the government does not condone such practices, whether in the public or private sector, and a reminder to them that action will be taken against those who go against the rules and regulations of the country, be it in business or other sectors.....In the development of social media such as Twitter and Facebook in the country, the role of the media may have doubled, as the channels of reporting such bad and unethical practice are no longer done through the mainstream media but directly to the authorities through such access. ....There should be a win-win situation between the media and companies and smart partnerships should be developed. The Media can educate the business fraternity through the publishing of news on the best practice they should follow, and which agency they should refer to in order to evade any unethical practices.***

Professor Ramadan (below) of University of Oxford saw the role of media somewhat differently and he said the following when asked on the same question:

*Media is difficult. We need to have codes of ethics for journalists, which is also important. But, you know, specific things which is respect privacy of the people. Anything to do with public which that has to do with your job, with the common interests we have to expose. We should avoid exposing privacy and personal dealing of the people. This is their business. But anything that has to do with money and the public involvement of people – we should say we are not going to let you do that because you are playing with the interest of the society as a whole. And on the other side (government) there is the code of ethics and there is a part of informal things where you are giving the outlines and framework and you are judging on action.*



Tan Sri Yon Poh Kon of Royal Selangor and Board member of MACC said the following on media's role:

*The lack of information to the public is among the reasons why corruption continues and education of the masses is not happening at the rate that it should.....Such restrictions do not apply to alternative media - and with the increasing adoption of social media, online news portals and streaming videos, the landscape is rapidly changing and what could be covered up in the past can go viral in a matter of days.*

### **Litigious Society or Media Based Society for Transparency?**

I bring up the role of media to put forth the argument that instituting ethics or its oversight cannot just be in the form of media projects. **You can't just keep taking society to courts to institute ethics. There are a collection of societal responsibilities that drives ethics in a society, in an organisation, in a country!**

**A "litigious" society leads to suspicion and animosity. A media based society kills the ability of that society to maintain dignity and privacy. Media would be given albeit an unofficial license to pierce into everyone's lives.** Ethics is then practiced not because one believes in it but to simply avoid a fine or a summon. Legislation can control external actions of a person, but no Act or Legislation can control the mind of people.

**Every entity that makes the public and private sector is a BUSINESS at the end of the day.** They all have shareholders and the commitment of the management of those entities is to their shareholders. **This would include media and civil societies that sometimes forget the fact that they too are businesses with ROE and ROI to meet for their investors and shareholders.** It would then beg the question where their loyalties lie, even as we hope it lies with the truth. **But the realities of running a business are that your ETHICS is tied to your LOYALTIES.** Therein lie the big debate on the motivations of those loyalties.

In all my interviews thus far - - when asked about legislating ethics - - the overarching response has been - - **you can legislate processes and systems, you can't character, you can't legislate thoughts, you simply cannot legislate ethics.** You imbue ethics. You practice ethics. You promote ethics through consensus but you cannot legislate ethics.

**The punitive culture of authority has to be reformed if ethics is to be imbued. Culture of deference to authority has to be reformed if ethics is to be instituted.**

**We have CEOs in the same position for over 5 years; that in and of itself breeds a sense of invincibility. If democratic countries are having elections every 4-5 years to change leadership – why shouldn't the private sector demand that CEOs cannot be in the same position for more than a prescribed time?**

The same goes to ALL leadership positions in public sector. When people are placed in a place for over a certain period of time, regardless of the fact the company may have seen good returns during their tenure, it is the continual placing of these people in the same position that with time breeds a sense of invincibility - - - and self righteousness - - - which leads to the many "illness in ethics" we see today in the private sector.

The issues on authority and leadership could not have been better articulated than the following statement from Datuk Zeffreys (below) when I asked him about leadership and greed



***"In one sense, they were all victims of what is called the 'Abilene Paradox'. This requires an understanding of the context of group dynamics at work as to how decisions are made and, also, the quality of communications at work (or lack of it) in this context. When things go wrong in an organisation, it is often because of what is called 'mismanaged agreement' or unchecked agreement. This is an 'agreement' that has not been validated by honest and open consensus of all those involved. All the parties act under the assumption that everyone else agrees to what is taking place, when in reality this is not the case. Consequently, bad behaviour continues unabated based on the false assumption that decisions made are valid and universally accepted. This is the result of the failure of anyone to voice their feelings or reservations about what is going on and, also, there are no opportunities for open discussion. This reluctance to speak out is derived from both a fear of doing so and of being ostracised from the group – in a fear of separation. Anxieties about the risks of open discussion and negative fantasies of what might happen upon doing so lead to mindlessly following the leaderless flock."***



Professor Manfred (right) had similar insights to share on leadership invincibility

**Leaders have to be aware that the moment they are in a powerful position – candour disappears. Candour disappears with authority. You will have yea-sayers around you. And so these leaders lose touch. It corrupts. No party should be too long in the office. You need to create an honest environment where feedbacks and consultation are encouraged.** .....Initially, Alexander the Great had this great support system, which he built around him. He had his “Companions.” He was a great leader as a result. Of course, when he decided to be a god, the feedback system failed. ....**The environment of your workplace and your society breeds the kinds of leaders you create.** .....Industry captains must not be persecuted for showing leadership and courage. **They should be assessed by the soundness of their business and their characters and not how politically affiliated they are to decision makers.**



**Sovereign wealth funds have the responsibility to the public to be transparent in their selection of CEOs for their companies. The past has seen a slew of similar faces leading GLCs in Malaysia.** Whilst there is no doubt the selected CEOs have credentials to place them in those roles, still it begs the question if Malaysia hasn't a pool of resources and talents to see GLCs see a different breed and background of CEO every limited term. This can only enhance the value proposition of those companies and where a new entrant does not perform; at least the country gets to see a transparent process of selection with the “The Man/Woman Win”.

When asked about Sovereign Wealth Funds (SWF), Tan Sri Yong Poh Kon (below) commented the following about imbuing ethics in SWF:



*“As the issued bonds appear to be guaranteed by the government, public funds were involved. **When public funds are involved, full transparency and accountability is required.** In Singapore or Hong Kong, public auctions of government land are conducted routinely to ensure that the state is fully protected in getting the best value for the common good. In the 1MDB case highlighted, it appears that parcels of prime government land were not auctioned but transferred at prices that were below market value, hence public money was involved and the expectation is that disclosure is necessary. The objectives may be noble, but given public interest, more details should be made available in a formal manner and at regular intervals.”*

Professor Ramadan (below) addressed the implementation of Ethics in his interview as follows:



*“I think there are two ways of doing this. The first of course is to deal with the creeds, traditions and sources that people are relying on. For example you can’t come to a global culture or global business or global commerce or global trade without understanding that at the end of the day we are dealing with human beings, in a specific region, in a specific country. We should not only rely on GDP (Gross Domestic Product) to assess success but also on well being, on happiness..... **The Japanese know this well. When the people feel good they are more efficient. Feeling and efficiency are important. Feeling in cultural terms are based on feeling good about your beliefs, feeling good with your principles, feeling good with your cultural traditions.** So this is one side. The other side is, another way to convince them is – just look at the world today and you need to deal with nature, the environment, global warming, poverty and all these..... We can convince the powerful people, or the executive side of the political spectrum or the financial spectrum or the economic powers that at the end of the day this is going to help you. **Not to think of it from the perspective of ethics OR profits, but think of it from perspective of dignifying your profit.**”*

In 2012, Sauli Niinistö, President of Finland and John Key, Prime Minister of New Zealand topped the Government and Regulatory on Transparency International Corruptions Perception Index.

For Heads of States to top the list it is a reflection of the state of their markets, the state of the private sector. For even though they were voted for Government and Regulation, that vote on regulation cannot be if its manifestation was not seen in the larger spheres of the market and business arena. A point of learning for many countries.

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### **PROPOSAL 6 – MAKE PUBLIC RULES OF ETHICS IN PUBLIC AND PRIVATE SECTOR**

- 1. Seek for organisations to make public their Ethics Programme - - and how this is different from Corporate Governance and Corporate Social Responsibility**
- 2. Review roles of leadership tenure in public and private sector (public companies)**

## **8. GOVERNMENTS ARE NOT ELECTED TO RUN BUSINESSES**

***"To live for a universal end is not merely desirable, but necessary, and forms the basis of moral action." – Shakespeare – Merchant of Venice***



**"OF COURSE IT'S ETHICAL! IT'S JUST BUSINESS ETHICAL INSTEAD OF ETHICAL ETHICAL."**

Paul Simon had a great song and the lyrics are as follows:

***Who'll be my role-model  
Now that my role-model is  
Gone Gone  
He ducked back down the alley  
With some roly-poly little bat-faced girl  
All along along  
There were incidents and accidents  
There were hints and allegations – Paul Simon, You Can Call Me Al***

## **Government – The Role Model**

**This is about role model. The setter of standards. Governments must be the role models as they are the setter of standards for markets and businesses.**

The principal issue of dealing with governments all over the world today is the issue of business ethics. Business ethics does not only apply in the private sector, but it does abundantly within the public sector. The definition of ‘the government’ here includes all actors, institutions, and processes at various levels – transnational/ national/ regional/ local.

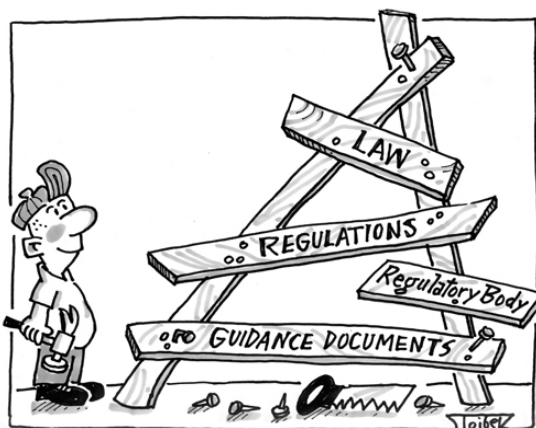
**The ethics with which a government operates - - will reflect in the ethics with which business is done in a country.** As described in my Preface, Ethics In Business is an immense topic that involves all that makes a country. It is not only related to powers in the halls of governments, it involves business, the civil society, the media, citizens and the biases and prejudices with which each and every member of society converge on this topic of Ethics In Business.

We have not even touched on such issues like:

- **Are corporations using their balance sheet powers to influence government decisions? If so is this acceptable?**
- **Is it acceptable to have public officials and politicians suiting on company boards and reigning Chairmanship positions?**

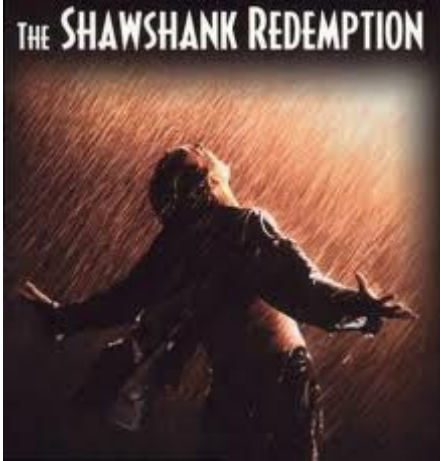
Notwithstanding the fact that the role of governments and public officials is to develop policies and regulations for markets and businesses to operate within a jurisdiction, it jeopardises ethics when this role is extended beyond the remits of policymaking. **That is to say, the jury cannot be the adjudicator and the jury. Business ethics must begin where the law ends.** The role of governments is to develop and establish baseline of acceptable practice in business.

A paper written on Government, Regulation & Business Ethics found in *StudyMode.com*. commented the following on the nature of law and regulations



*“Laws are basically concerned with what the society may deem as appropriate or inappropriate. It’s important to recognize that law is only one aspect of the broader area of regulation of business. Regulation is all about rules governing business behaviour. It includes laws and acts, but also pertains to other forms of formal or informal rule making & enforcement. Originally, most regulation would be issued and enforced by governmental bodies such as parliament/ministries. But, it’s important to*

clearly state that regulation is no longer the exclusive prerogative of the government. It can be delegated to other parties. So, regulation is basically – about certain types of rules, and it operates through governmental as well as non-governmental actors.”



There is a brilliant scene that portrays the effects of institutionalisation in the 1994 film drama “The Shawshank Redemption”. The movie is about how two men in prison, [Andy Dufresne](#) and Red bond over a number of years finding solace and eventual redemption through acts of common decency. There is a scene where Red comments about Brooks, a long time inmate, who threatens to kill another inmate because he's afraid to leave the Shawshank Prison when his parole is approved. Red would say and I quote, **“He's just institutionalised...The man's been in here fifty years, Heywood, fifty years. This is all he knows. In here, he's an important**

**man, he's an educated man. Outside he's nothin' – just a used-up con with arthritis in both hands. Probably couldn't get a library card if he tried. ..these walls are funny. First you hate 'em, then you get used to 'em. Enough time passes, it gets so you depend on 'em. That's 'institutionalised'...”**

Governments need to evolve to be ahead of private sector - - they are the role models to their markets and people. **The tendency to be institutionalised is high in public institutions, and when that happens, we see high walls and heavy doors. We see regulations that are outdated and laws that are inapplicable for the times. We see public officials standing out of touch with reality and politicians taking the brunt of public disappointment. I hope Malaysia will not see this grim picture of institutionalisation.**

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**PROPOSAL 7 – PROPOSALS WITHIN WRITTEN TEXT IN THIS SECTION**

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## **9. IMPLEMENT PLAN B - - - Laying the Next Bricks**

***"I am surprised at three things: 1. [A] man runs from death while death is inevitable. 2. One sees minor faults in others, yet overlooks his own major faults. 3. When there is any defect to one's cattle he tries to cure it, but does not cure his own defects."*** –

*Umar Ibn Al-Khattab, Second Caliph of Muslims (May God Keep Him)*

The following are amalgamation of ideas and works I collated in the course of my career from leaders of public and private sector.

### **I. On how companies must operate on ethics:**

- a. Companies and market must mature into a self regulated environment;
- b. Board of Directors must be made accountable for decisions made for the company;
- c. Selection criteria of Independent Directors must be made more onerous and stringent and requirements made transparent;
- d. There must be a rigorous mechanism and oversight on selection and of Independent Directors – Government could look into developing this
- e. In current scenario, although independent directors are selected to Boards, they may not necessarily be totally “Independent” in their decision making;
- f. A body could be created that would vet and create a pool of certified independent directors;
- g. KPIs of Board must place emphasize on character, ethics other factors beyond just focus on profit maximisation and bottom line.

### **II. On level of government involvement in private sector governance**

- a. Whilst market should self regulate, there must be an oversight on what the ultimate brand of Malaysia should stand for. Leadership need to define this through business and ethics brands. This has to be based on substance, possibly through cultural diplomacy of business and not public relations project.

- b. Government could play a role in defining:
  - i. Model of export based market;
  - ii. Deliverables based on FTA environment;
- c. Market based of equitable wealth distribution for all and this made public by public and private sector ;
- d. Human capital skill development for moving up the value chain; and
- e. Requirement and guidelines for corporate social responsibility, ethics, governance for all industries. There are guidelines on some of these for financial sector and this could be extended to other sectors and industries.

### **III. On risk management and business ethics**

- a. Roles of Risk Management committees in Companies not very clear in all industry. Its expectations are clearly set for financial industry but may not be for all sectors and industries. This should be a purview of Government to further develop;
- b. Risk management for various clusters of market must be developed to prevent gambling on risks that could cause the collapse of a country's economy;
- c. Creativity, research and entrepreneurship should not be subjected to risk management failing which we would impede on growth of human capital skills

### **IV. On building a character based market environment**

- a. Ultimately, the strength of a company and its Board is made of the collective strength of character of its members and no amount of regulation and oversight can create that;
- b. Malaysia should invest in teaching character to its young, its youth, its professionals;
- c. Government could play a key role in building a culture based on character; building leadership based on character in every walk of society;

**V. On Public Service delivery**

- a. Avoid flip flop announcement and measures- this affects sentiments of foreign investors
- b. Ensure good enforcement to gain investor and public confidence on regulations and guidelines announced
- c. Call for further engagement with private sector for better understanding of requirements and expectations from both sides

**VI. Mending and patching loopholes :**

- a. To develop mechanisms to ascertain ACTUAL state of a company beyond that announced and published in announcements and Annual Reports;
- b. To take individual members of an organisation to task on failure and not the entire company when trust and ethics are breached;
- c. Recognize those who do well publicly too as part of standard setting.



## **Ending On Sobriety**

I would like to end this paper with the famous three last wishes of Alexander the Great



*"With death staring him in his face, Alexander realised how his conquests, his great army, his sharp sword and all his wealth were of no consequence. He now longed to reach home to see his mother's face and bid her his last adieu. But, he had to accept the fact that his sinking health would not permit him to reach his distant homeland. So, the mighty conqueror lay prostrate and pale, helplessly waiting to breathe his last. He called his generals and said, "I will depart from this world soon, I have three wishes, please carry them out without fail." With tears flowing down their cheeks, the generals agreed to abide by their king's last wishes.*

*1) "My first desire is that", said Alexander, "My physicians alone must" carry my coffin."*

*2) After a pause, he continued, "Secondly, I desire that when my coffin is being carried to the grave, the path leading to the graveyard be strewn with gold, silver and precious stones which I have collected in my treasury".*

*3) The king felt exhausted after saying this. He took a minute's rest and continued. "My third and last wish is that both my hands be kept dangling out of my coffin". The people who had gathered there wondered at the king's strange wishes. But no one dared bring the question to their lips.. Alexander's favorite general kissed his hand and pressed them to his heart."O king, we assure you that all your wishes will be fulfilled. But tell us why do you make such strange wishes?"*

*At this Alexander took a deep breath and said:"I would like the world to know of the three lessons I have just learnt. Lessons to be learnt from last 3 wishes of King Alexander...I want my physicians to carry my coffin because people should realize*

*that no doctor on this earth can really cure any body. They are powerless and cannot save a person from the clutches of death. So let not people take life for granted.*

*The second wish of strewing gold, silver and other riches on the path to the graveyard is to tell People that not even a fraction of gold will come with me. I spent all my life Greed of Power, earning riches but cannot take anything with me. Let people realize that it is a sheer waste of time to chase wealth.*

*About my third wish of having my hands dangling out of the coffin, I wish people to know that I came empty handed into this world and empty handed I go out of this world".*

*With these words, the king closed his eyes. Soon he let death conquer him and breathed his last. " **(full story quoted from source)***

**In the final analysis we only leave behind a legacy and take the deeds that built that legacy with us to face our Creator. We are all given the free will to define the deeds that would build that legacy**

**-END-**

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*Firoz is a Fellow of Royal Society of Arts. She has two degrees from Imperial College of Science and Technology of London. With over 20 years experience, she has been very involved in various sectors and industries in international public and private sectors and global academic institutions. She started her career by managing multi-million dollar complex large-scale international construction, engineering and developmental projects in Malaysia and the UK. She also worked in the financial industry before serving the Office of the Chief Secretary of Malaysia (Head of Public Service) where she was involved in strategy, communications management and public service delivery. Firoz led and created branding and marketing strategies for new image of countries, companies, institutions, initiatives, products and markets. Her experience has also spanned leading and facilitating organisational change in public and private sectors, developing and implementing communications and reputational strategies for organisations and governments.*

*Firoz oversaw numerous public relations, crisis management and other visibility programmes in public and private sectors including policy branding. She has written for several public sector, national and business leaders in Malaysia and globally. Firoz also worked with global academic institutions including Said Business School of University of Oxford where amongst others she worked on Islamic Branding and Marketing which looked into products and services, companies and countries. In addition she advised the School of Government on development of public sector leaders and positioning of public sector. She was involved in contributing and publishing 4 books in public sector.*

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**15 January 2014**