

BUSINESS ETHICS

AN ASIAN PERSPECTIVE*

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TODAY we are going to talk about Underwear! Yours, maybe mine, certainly other people's. Underwear is something we all take for granted even though we in business don't talk about it in polite company unless you are marketing or selling it. But you know it's there – you just don't look at it very often. You do not consider its function other than being utilitarian. You don't think it is important until for some reason it gets uncomfortable. But even then it is doing its job.

Think back to the Industrial Revolution in the West in the early 1800s. One of the principal product developments of the era was washable cotton, along with soap from vegetable oils, and toilet paper. Emphasis placed on vastly improved hygiene, efficacious medicine and better nutrition were the focus then (as they, unfortunately, still are today in too many places in the developing and developed world). So, by the beginning of the 20th century, the common man in his cotton underwear and with frequent baths could live cleaner than the royalty of old. Underwear changed his life, and he lived far better for it.

So it is with Ethics. We all know about ethics. We all take ethics for granted. We do not talk very much about ethics. Ethics are always there. We apply and wear ethics in terms of our thinking, motivations and actions. But occasionally, when doing their job, they too get uncomfortable; or rather perhaps we get uncomfortable with them. Do you take them off and throw them away, as you might do with troublesome underwear, or do you find the source of discomfort and cure the problem?

What are today's revolutions which are changing our lives? They are technology; information; knowledge; communications, globalization and global competition, among others. What guides us in the application of ethics to the new issues presented by these revolutions, and how we deal with them? What keeps us on the right track to prosperity, peace and freedom? My answer is: "the underwear of today – Ethics".

Twelve years ago I presented a paper on Business Ethics and Consumer Choice. In that speech I posited that Business Ethics did not exist. That business ethics were no more than a reflection of the ethics of the people, individually or collectively, who run and use businesses. At the end of the ensuing dozen years I revisited this proposition and have decided to modify my previous stance. I think I was right in concept but I did not project far enough nor consider the common perceptions applied to the conduct of business by businesses.

Thanks to the new life breathed into the old concepts of Corporate Governance and Corporate Social Responsibility (CSR) over the past decade or so, businesses today are developing real and perhaps unique ethics and ethical practices applicable specifically to business. Driven by the consequences of the lack of ethics or the failure to resort to time-tested ethical standards, a multiplicity of scandals has arisen in both the private and public sector institutions. The public and civil society are demanding that governments, corporations and global institutions clean up their acts. They insist that the latter consider the impact of their actions and decisions on all stakeholders, not just owners or those in positions of power and influence. Many words ad nauseum have been written and spoken about Corporate Governance, CSR and Global Governance. They're here to stay, finally, I hope.

Examples of today's drivers, to name a few, are the excesses at Enron, World Com, Tyco, Adelphia, AIG, Merrill Lynch, Arthur Anderson, the US Congress and its lobbyists (e.g., Mr. Jack Abramoff and the "dirty art of deal making" whose clients have given money to at least 195 Republicans and 88 Democrats), the UN Oil For Food Program (e.g., the Volcker panel identifying 2,200 companies in 66 countries accused of diverting US\$1.8 billion to Saddam Hussein's government plus a few governments and political beneficiaries which assisted and benefited from more payments of diverted funds), the outright almost open corruption of Korean, Japanese, Indonesian and Thai senior-most political leaders.

What happened? Why were ethical standards and considerations ignored? What are the ramifications of such greed by individuals and corporates? Are these transgressions to be ignored, excused away, rationalized, and blamed on others or the system or the political environment?

Let's ask a couple of preliminary questions, such as: What are ethics? Are they new or old? Where do we learn them? Are they the same around the world?

A dictionary definition of Ethics is:

A set of principles of right conduct.

Motivation based on ideas of right and wrong.

A theory of system of moral values.

The study of the general nature of morals and of the specific moral choices to be made by a person; moral philosophy.

The rules or standards governing the conduct of a person or the members of a profession.

“Business Ethics” might be defined as applied ethics in a commercial context, in a business setting applicable to those who engage in commerce; still addressing what is right and what is wrong, what ought to be done and what ought not to be done.

In Western culture Plato’s *The Republic* and Aristotle’s *Ethics* both dealt with morals, values, virtues and ethics. But it was probably the great Roman orator Cicero in his last book, *On Duties*, who set out the first practical definition of ethical behavior: “Always do the right thing, because a wrong action, although perhaps apparently advantageous, can never really be advantageous because it is wrong.” The ancient seers in Asia, such as Confucius, came to the same or similar conclusions.

What is the “right thing”? Cicero’s response is simple. The right thing is more often than not that which is the law, i.e. legal. But if the law is not just, then the right thing is that which is honest, open, and fair. Keep your word, no matter the consequences. Tell the truth, whether or not under oath. Treat everyone alike, regardless of station, gender, religion, because they are human beings. All are equal in their humanness, and their humanness gives them the right to be treated with respect and dignity.

Today such respect is extended to the environment – to all fauna and flora and Gaia (first conceived in the West by Plato). Otherwise, these concepts have not changed in over 2,000 years, and for probably far longer than that in Asia.

We know when we do right. We know when we do wrong. There are some, but fortunately not too many, incidences of gray areas of choices between right and wrong and between two right decisions. Those are times of testing the fortitude of your beliefs versus the temptations of rewards for violating your ideals, your moral code. When you get caught in this dilemma, don’t be reluctant to ask for guidance – seek out your corporate compliance or ethics officer or legal counsel. Don’t necessarily rely on your boss to make the decision because he/she may be under the same pressures you are. The bottom line is that when faced with a moral dilemma, we believe, deep down, that we are far happier with ourselves if we always do what we know is right, even if that means we might be poorer or less successful for doing it. That’s dubbed being able to live with yourself – as true in Asia as it is anywhere else.

I searched the Web and found 3,600,000 entries under the heading Business Ethics. Under the heading of “Asian Business Ethics” there were 51 items; under “Business Ethics in Asia”, only 32 entries. How are these numbers significant?

Well, culture plays a role in defining ethical thinking and conduct. While Asia is as diverse as it is immense, some ethical practices are universal, some are not. Some are discussed in the business schools, in other classrooms, in homes, in the work place. Some are researched and written about, especially in English and perhaps other European languages, far more than in any Asian languages. Does this mean that Asians in business are less ethical than their western counterparts? I think not. There is in Asia a common aversion to long written contracts which cover every contingency. In Asia, the prevailing

attitude is that a contract establishes a relationship; eventualities are left up to discussion as the circumstances may require. I know many Asians whose word is their bond.

By contrast, in the U.S. there is a move today to rewrite the ethical rules of the US Congress – they castigate others around the world for not adhering to ethical norms, yet the Congress has been writing rules of ethical behavior for 230 years and still doesn't have it right.

In Asia there are long standing traditions of respect for the family, for elders, for social, educational, family and community networks, with high value placed on relationships, social stability and education. But, to the consternation of traditionalists and the protectors of national identities, change is in the air. Such changes recently are a result of globalization, the Web, satellite TV and communications technology. There is growing adoption in many parts of Asia of what is now world culture emanating from the absorption of western habits, the migration of intellectual capital, cross-cultural and inter-racial marriages, transformations which erode traditions and local and national cultures but which are coincident with the expansion of world economies.

Various religions with differing value systems (such as Christians, Islam, Jews, Hindus, Buddhists, Jains, Confucians, Taoists and Shintoists), thanks to their vast numbers of moderate adherents, co-exist in harmony, most of the time, throughout the Asian continent. There is a pervasive atmosphere of private giving to the poor and to communities, in furnishing social safety nets outside of governments.

Unfortunately, corruption in Asian governments is also pervasive, save a bright spot or two. It takes at least two to play the corruption game – the receiver – the government servant/politician and - the payer – that's the business person. Corruption of government officials and money politics, as well as private-to-private corruption, disrupts progress, impedes economic development, negates sustainable development, encourages the perpetuation of poverty and fosters the lack of education and opportunity. The current Thai government is today facing a crisis of confidence through the prevalence of widespread corrupt practices over the past 5 years and what is perceived as the total absence of ethical and moral principles of some of its key political leaders.

Civil society in Asia is growing in organization, professionalism, members, influence and impact on the decisions of government, businesses and communities. One of their tenets is that business is party to a social contract which requires the private sector not only to act according to what is legal, but also to what is ethical. Corporate Social Responsibility programs and Corporate Codes of Conduct are becoming the norm with employees and community leaders participating in their formulation and implementation. Employers are seeing that formal education and training in ethical practices, duties and obligations are a prerequisite for improved decision-making, enhancing community relations, and are essential for business success. Simply put: Good ethics are good for business.

The US FCPA enacted in 1977, the 1999 OECD Convention Against the Bribery of Foreign Government Officials in International Business Transactions, the new UN

