

MBA



SSI

Learning Outcomes

- Discussions on the current status on Ethics & Governance in Business
- The Agency Theory
- The Enlightened Shareholders-Value Approach
- Mendelow's Matrix
- Sustainability & Alignment
- Global Standards
- KPMG's Audit
- GMI, GRI, AA1000, SA8000 & ECS2000

Economics of Irresponsibility?

- Implications on
 - Economics
 - Health &
 - Environment

The Forces of Destructive Competition

- Discuss...

The Agency Theory

- Whom are the business managers responsible to? Different stakeholders...

What is Required?

- Robust Regulation
- Alert Corporate Governance &
- Stronger Ethical Guidelines

Alignment is the Key!

- Ethical Guidelines & Corporate Governance Principles should be Aligned & Integrated with our Corporate Strategy Formulation & Implementation Process

No Roadblocks, Please!

- Business Ethics should not mean a set of Constraints & Impositions!
- The challenge is to balance Profit maximisation & Corporate Governance
- The pace has increased since the coming of Joint-Stock companies

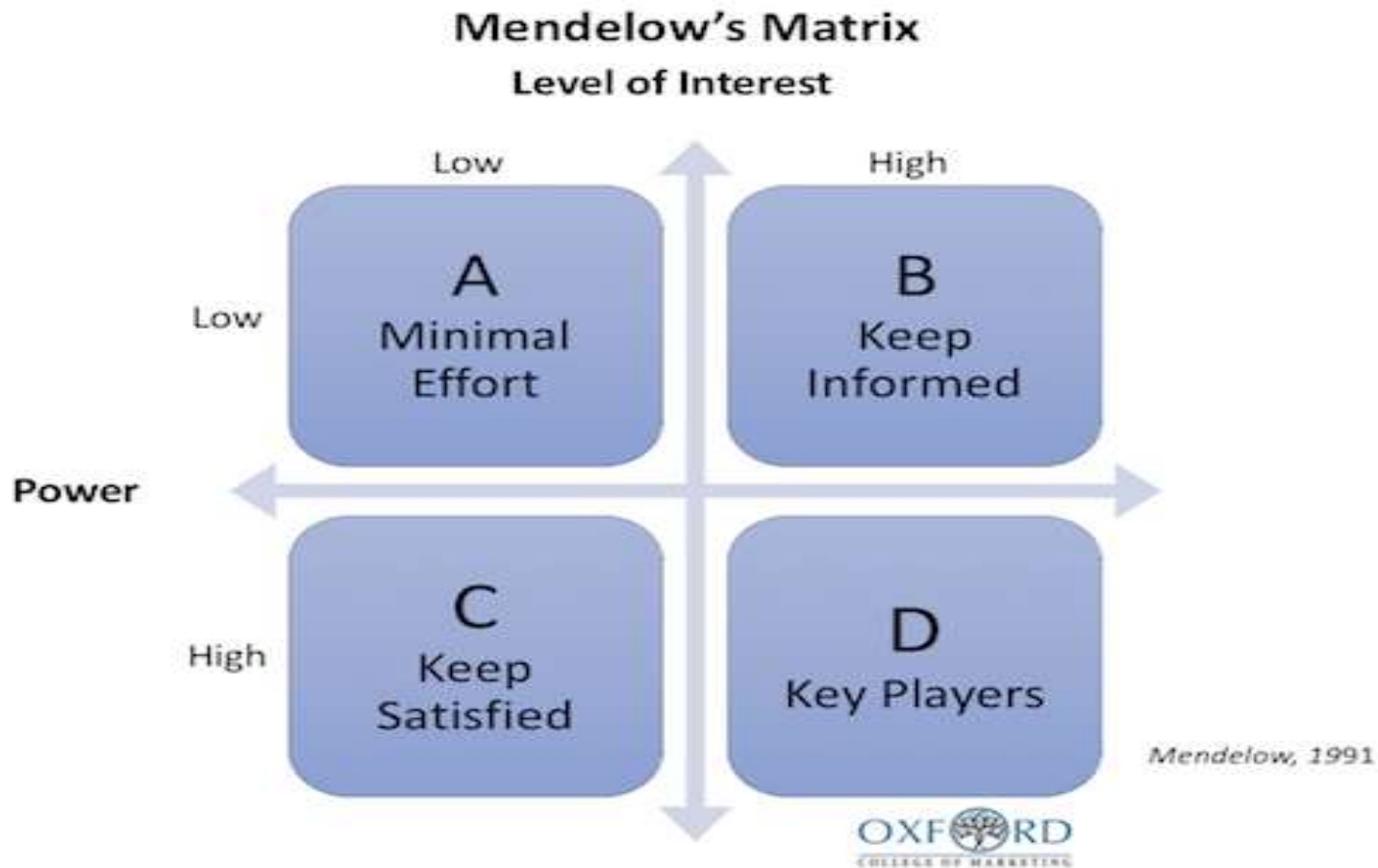
Businesses were suspects!

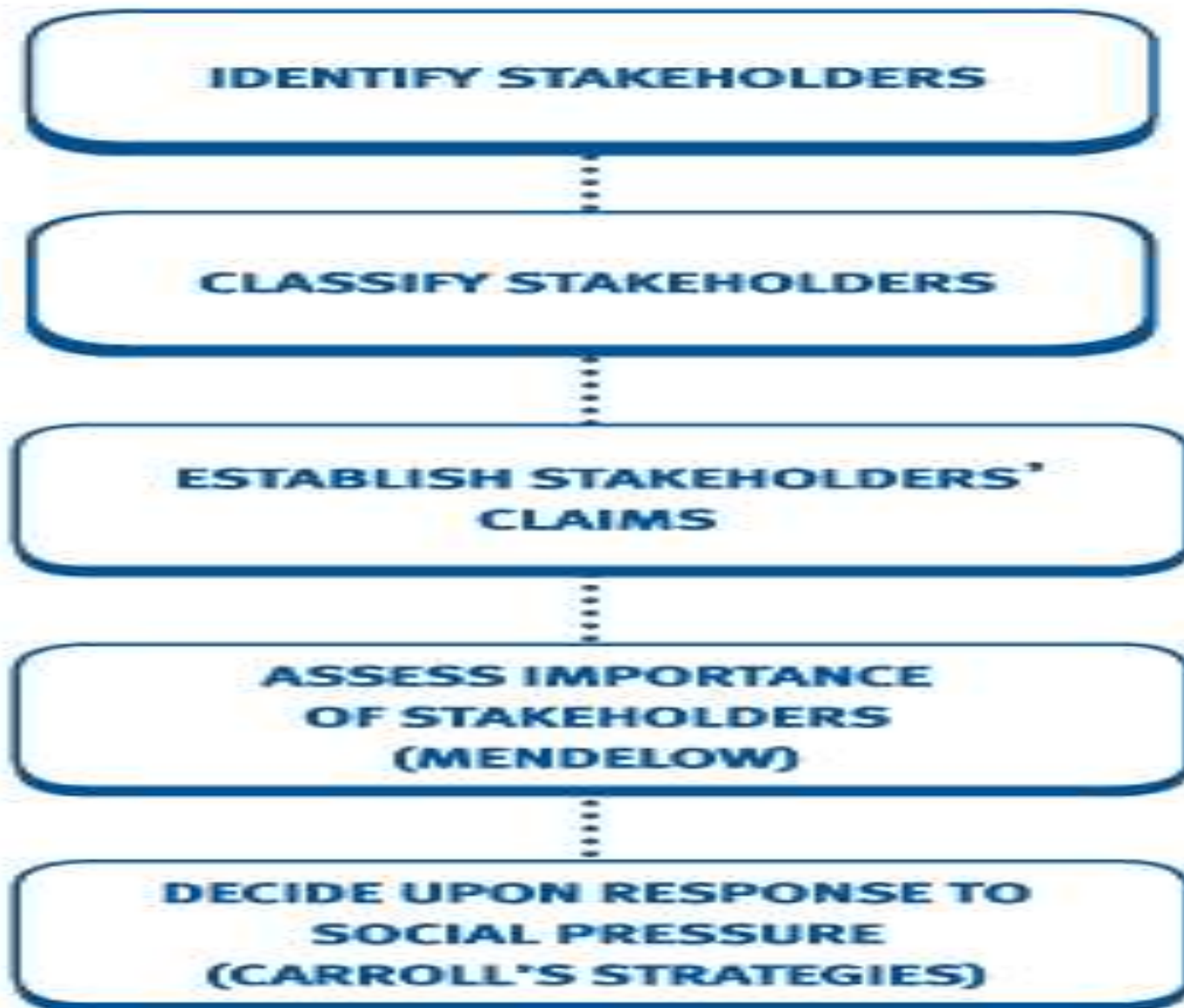
- Businesses were always suspects in our last century literature across the globe

A New Approach

- The Enlightened Shareholder-Value Approach
- The Pluralist Approach

Evaluate!





Sustainability

- Sustainability is the Key!
- Carbon Disclosures Projects
- The Equator Principles
- The Kyoto Principles
- The World Business Council for Sustainable Development
- World Economic Forum Global Corporate Citizenship Initiative
- The Business Leader's' Initiative on Human Rights

A Few Points to Ponder

- Senior Executives becoming more Responsive due to external stakeholders' pressure
- Huge losses due to financial frauds
- Unparalleled increase senior executives' compensation packages in corporations

A Few Points to Ponder

- There is a major gap between CSR Deliveries & Market Expectations
- Governments in under-developed countries reducing their insistence on CSR & Governance initiatives compared to short-term national financial gains (Divide between commitment levels of Developed, Developing & Under-Developed Countries)
- Not very credible monitoring on Ethics & Governance

A Few Points to Ponder

- Governments' contribution is very limited worldwide
- But the concept of Reporting is Growing!
- KPMG conducts an audit every 3 years since 1993 (G 250 Companies)

A Few Points to Ponder

- Great Initiatives & Reporting from corporates in Japan & the UK
- Many companies have integrated CSR reports with their financial reports
- Several corporates have started coming out with Annual CSR Reports

A Few Points to Ponder

- Generally, senior executives consider Corporate Reporting as central & important consideration in decision making
- The gap is definitely reducing between Corporate Response & Consumer Expectations

GMI

- New York based GovernanceMetrics International's in-depth reports on 2000 global companies
- The Global Economic Ethics manifesto is a self-regulatory moral framework

AA1000

- AccountAbility's 1000 Series of Standards

GRI

- Global Reporting Initiative

SA 8000

- Social Accountability International

ECS 2000

- Ethics Compliance Systems