A hand is shown holding a globe of the Earth. The hand is positioned on the left side of the frame, with fingers wrapped around the globe. The globe is the central focus, showing continents and oceans. The entire image has a dark red, monochromatic color scheme.

GURU GUIDE

with
Vidusha and Anton

in conversation with
Gayani Ranasinghe

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**BEING AN ETHICAL
BUSINESS**

A QUICK INTRODUCTION TO THE GURU GUIDE

The 'Guru Guide' is an attempt to refine decades of hard-earned expertise into succinct, simple and practical advice.

It is NOT meant to be an exhaustive exploration of a topic: rather, pointed areas of focus which can only be discerned by a practitioner. It is not meant to be a generic set of advice: it is advice from battle-hardened professionals who have had a lifetime of experience and proven track records.

The Guru Guide has a pre determined format:

- ✓ It aims to understand a topic/ area of focus
- ✓ It aims to give tools to help you navigate the area
- ✓ It also gives contexts and examples: so that you can customize it to suit YOU

Exploratory, intimate and insightful, the Guru Guide aims to bring to you a wealth of expertise which can only be possible through veterans whose varied and in-depth experiences offer unparalleled insights.

The brevity and simplicity is by choice, and design. Focused on Executives and Managers who want to get quick tips and techniques, who are eager to improve their craft

and trade : the Guru Guide aims to offer 'little nuggets' of advice and importantly, simple tools, which will enable practitioners to up their game and benefit from expertise which may be hard to find in a hurry.

INTRODUCING



**VIDUSHA
NATHAVITHARANA**

Vidusha is currently the Destiny Architect at High5 Consultancy and Luminary Learning and the organization's founder. His areas of expertise are with strategy facilitation, HR strategy development and Leadership Training. He has conducted assignments in 15 countries regionally and consulted for the World Bank, the UN as well as some of the top corporates in Sri Lanka and the Region. He is also a member of the board of directors for Chrysalis, a social enterprise working to empower women and youth by fostering inclusive growth in Sri Lanka and elsewhere.



**ANTON
THAYALAN**

Anton is a multi-faceted professional who has had over two decades of hands-on experience in process improvement, change management and strategic management, and currently works as the Chief Evangelist of Luminary Learning and the Transformation Therapist of High5 Consultancy. As the former AVP at HSBC DPL Anton won accolades for his superlative work there: and won the prestigious HSBC Group Service – Global Talent Management Member two years in a row. Anton currently works as a consultant focusing on efficiency and productivity improvement and process optimization for local and regional clients.

INTRODUCING GAYANI RANASINGHE

I (V) met Gayani as a client at MAS Active, where she was an executive in the Social Compliance unit. It was easy to see that Gayani never viewed compliance as a 'tick in the box' exercise; she was deeply committed to the ethos rather than the standard and considered it a journey rather than a destination.

Even as a young executive - with little formal authority to call her own - she quickly gained a reputation for being hugely committed, passionate, and above all, practical in how she approached the whole process. Rising through the ranks to become a manager in the unit, Gayani, with her Senior Manager Eranthi, was able to bring the best of class practices and frameworks to the MAS Active division, and it is

no exaggeration that this was considered one of the best Nike production units in the world.

A lawyer by training, but a social activist by passion, Gayani runs a consulting unit and has made it her mission to make Sri Lankan businesses synonymous with ethical practices. Her approach to her work is based on her deep conviction of doing the right thing, and her consultations are almost always in helping organisations understand the business case for ethical business.



A BUSINESS BEING ETHICAL - REALLY ?



I understand the skepticism, but here's the drill - ultimately, being ethical as a business makes perfect business sense. Most of the time we think business is at the cost of ethics and social responsibility, but if you look at it, doing the right thing isn't actually a business cost, it's an investment. Realistically if you do the right thing, you won't have messy legal issues (which costs a lot of money), accidents (which also costs money in the form of lost time off work), employees will be more engaged (attrition is also another huge cost to inhibit) and it builds a huge reputation for the business with all stakeholders (which enables you to attract better quality customers overall). So, isn't doing the right thing an investment?

In the short-term, taking a few shortcuts might look like a good idea, but it never lasts and almost always comes back to haunt you. There is such a thing called 'Corporate Karma' too and if you really do your homework, organisations that do the right thing generally outperform those who constantly veer off the law as well as socially accepted norms of ethical practices.

Ethics and business go together: in fact, it makes all the sense in the world if you want to really look at it from a long-term perspective.

ISN'T BEING LEGAL ENOUGH ?



That's a very good question. Most businesses try and dodge legalities or try and find loopholes around them and that's the first mindset change that is required in being ethical. The smart thing to do is not find grey areas to ensure laws are circumvented, but to understand that the laws of the land are there for a purpose and honour them. The law is the law, and whether we like it or not, we are duty-bound to ensure they are upheld.

However, simply being compliant with the law isn't honestly enough for a business. Remember: businesses are *WITHIN* societies and not outside of them. So, don't we need to be a little responsible too? The notion that the business is there purely to maximise shareholder profits is something that the world overall has moved away from, conceptually and also practically. It's about time we moved on too, and embrace the responsibility businesses have to people, the wider communities, and also society at large.

BUT ALL THIS IS FOR BIGGER BUSINESSES ISN'T IT ? WHAT CAN A SMALL COMPANY DO ?



This actually is another myth. How can doing the right thing be applicable based on the size of the company? Ensuring laws and regulations are followed, ensuring we are responsible citizens, that we grow overall stakeholder value and live by principles and values - does any of them sound as if they are pegged to the size of the organisation?

So even if you are a startup, start with ethics in play, rather than focusing only on the business idea or the business plan. Most of the time, if you get your guiding principles right at the outset, it becomes so much easier when you grow. This way, you are proactively ensuring your business is ethical, rather than waiting to scale and do it simply because your customers demand it.



STEP 1 : MAKE SURE THE BASICS ARE IN PLACE



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Your first step is to make sure all the basics are in place, and that the laws and regulations are always adhered to. For this, you need to ensure there are mechanisms inside the workplace to keep abreast of changes to the law and how it impacts the policies and procedures you already have in place.

Next come the basic HR policies and procedures that ensure there is equity, fairplay and a workplace free from harassment, abuse and malpractices. Having a policy and a procedure is not the be-all and end-all of things, but it is a start. You need to have policy frameworks because without them, there really isn't a legitimate rule book for conduct and management practices, nor the ability to take action when required. So first ensure your frameworks are in place.

TOOL 1 : LEGAL AUDIT



A legal audit is a careful and systematic audit of ALL the laws and regulations applicable to the business and assessing whether the organisation is compliant or not.

Another important feature of a legal audit is to assess if the organisation has proper frameworks and controls in place to ensure ongoing compliance to the laws and regulations and if there are gaps in the control mechanisms.

A legal audit enables an organisation to ensure they immediately correct any lapses, and also ensure there are robust systems in place to prevent further lapses in the future.

It is recommended to do a legal audit annually.

STEP 2 : THINK ABOUT BEING RESPONSIBLE, NOT JUST BEING COMPLIANT



Once legal compliance is in place, it is important to look beyond simply being compliant with laws and regulations, especially if you are interested in growing the business and attracting the right talent.

It is vital that the organisation is responsible, not merely compliant, therefore look at how the organisation can become socially responsible. Observe how you can minimise any negative impacts on society and the environment, adopt HR practices that enable employees to be empowered and truly reach their own potential and above all, maintain a work-life balance. Ensuring that the organisation is not a slave driver is critical and it genuinely helps foster healthy relationships with the total employee population.

The key is this: focus on having productivity through people, not at the cost of people.

TOOL 2 : ETHICAL STANDARDS

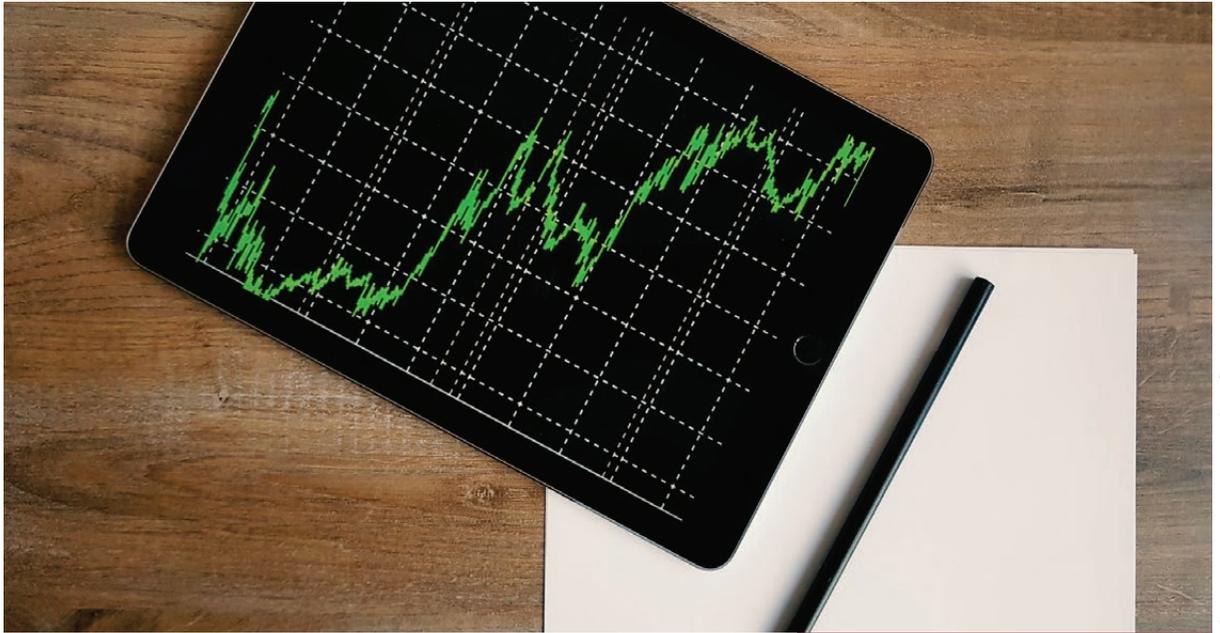


Image by Free-Photos/Pixabay

There are several ethical standards that you can subscribe to, here are some of them :

- » The Ethical Trading Initiative
- » SA 8000
- » WRAP
- » Global Compact

You don't need to get certification but observe the elements in these standards and look at how you can adopt some or all of them within your business. You will notice that almost all these requirements have common elements, though the preconditions may vary from standard to standard.

So take a look at setting up the minimum standards based on what is relevant to your industry or business and see how they can be continuously improved upon. Remember this is a journey, not a destination, so start with the right intention, and then continuously upgrade.

STEP 3 : CHARTER YOUR OWN COURSE



Standards in place? Continuous improvement ongoing? If so, now take a look at how you can really be the trend setter...

Here are some ideas :

- » Notice how different industries adopt their best practices and bring them to your business
- » Go through journals and periodicals that showcase what different industries are adopting as cutting-edge practices and try and incorporate them into your business
- » Look at having a think tank and invite both civil society players and NGOs into the conversation; their insights will be very different to what businesses think, so you can gain some invaluable ideas through them.

The key is this: ensure you're always looking at new ideas on how you can make your business more responsible on all fronts, and towards all stakeholders.

TOOL 3 : TAKE THE BUSINESS BEYOND COMPLIANCE



Look at how you can build in an ethics-based strategy and turn that into one of the pillars of the overall business strategy. Ethics-based strategies can enable the clear differentiation of an organisation as an employer brand.

Very few organisations can boldly declare that they are responsible and truly live it and being able to be credible in this aspect enables a huge value addition in the employer value proposition.

Remember, employees do look for something beyond money when joining an organisation and being able to be part of an organisation that is more than profits helps build a great sense of loyalty and pride within an employee population.

SOME FINAL ADVICE

» Don't wait to be shoved

Many businesses give excuses to postpone ethical practices, like saying "So-and-so is a giant in the industry, but they don't do it so why should we?" Or "This is the industry practice, why should we be any different?" I like to answer this by simply saying, don't worry about what the industry players are up to, especially in terms of ethical business practices. Many businesses never take their own initiative to be ethical, and most businesses are almost always forced or shoved to adopt ethical practices.

The shove may come from your customers, a media exposé etc., and almost always the demand to be ethical is instantaneous. When a business is forced to be ethical, it is a monumental task. The situation may come at a time that is not conducive for your business, and it may be the worst time to rectify years of inaction. So why wait till you are shoved? It's your business, be smart and pick the right time for you; start your ethical journey at a pace that you're comfortable with and chip away at it.

» Your ethical journey is never a straight path

Don't worry if your ethical journey seems like a seesaw ride. It takes time for ethical practices to bear fruit, and sometimes it is important to take the scenic route to truly understand what practices work for your business. Don't be discouraged if an ethical practice that you believe in fails at implementation. Failure is a great teacher, and it will only help you to understand better what suits your business. Take time to study the industry's best practices and reach out to organisations that are more ethical to better understand implementation issues; that way you can minimize or at least be ready for challenges that may crop up.

» Naysayers will always be there

When you embark on the ethical journey, you will meet many business owners who will tell you to abandon ship. Remember that they may not have the best interests for your business at heart. Being a change agent in your industry is going to cause a ripple effect, and many industry leaders would not want your business to upset the existing ecosystem because that would mean that they too may be forced to change their practices. Be ready for this, and soldier on in your ethical journey.

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