

Is a Thai Business Code of Ethics Needed?

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Throughout the ages ethical codes of all types and kinds have been promulgated by peoples of many different nations, cultures and ideologies. Their pervasiveness and persistency surely indicate that many believe they are of value. The Hippocratic oath, generally taken by students receiving their medical degrees and regarded as an ethical code for the medical profession, has been in existence for several thousand years. In the United States its tenets are often ignored because the legal environment is seen as hostile and a potential threat. Graduating students of Thai colleges and universities take solemn oaths, often in the presence of the Royal Family, to act with honor responsibility, respect for others, etc, etc, etc. I'm sure they were sincere when they made their protestations but what happens to these ideals and idealists? Some of the misguided ones are in the jungles but most have been absorbed by the business community. The pundits say that the difference between the idealistic liberal student and the pragmatic, conservative businessman is 'five years, a wife and two children.' Meaning? The dependent student can afford to be an idealist; he is protected, coddled and impressed with his moral superiority. The businessman, on the other hand, has duties and responsibilities; he can't afford to be idealistic; he needs to protect and coddle his family; he feels impelled to switch rather than fight.

Looking at today's world we cannot help but notice that ethical and legal standards are far from uniform. They are as

varied as snowflakes and this diversity would present a herculean task to anyone who tries to codify ethical standards for business on an international basis. The pressure to do as 'they do' is enormous. The Chamber of Commerce of the United States says, "The ethically run company is at a severe disadvantage if it has to compete for business against firms that achieve an 'edge' through bribery."¹ Unhappily this often seems to be the case. Need it be?

The U.S. business 'payoff' scandals of the mid-seventies are a case in point. Some U.S. companies were, it seems, guilty of blatant acts of bribing government officials and various company agents, but many others were simply following accepted local custom and standards of behavior. Laws against these improprieties, as seen through the eyes of the U.S. Congress, quickly followed.

Since then the U.S. has fruitlessly been trying to export its brand of business conduct. The Japanese and Germans, among others, must find this exercise of Carterism (pious folly) and post-Watergate morality amusing – and profitable. It has long been known that you cannot legislate morality unless the public has demanded it. On the other hand, Japanese convicted in the United States of stealing trade secrets were welcomed home not as the unethical thieves that they were but as returning heroes. What really happened to ex-Premier Kakuei Tanaka and the Lockheed millions?

The U.S. Securities Exchange Commission once charged that Boeing had

secretly funneled \$52 million to officials of countries that included: Egypt, Iran, Kuwait, Nepal, Saudi Arabia, Honduras and South Korea. The Dow Chemical Company reportedly said that they had passed up a potential billion dollar petrochemical complex in the Philippines because a confidant of President Ferdinand Marcos demanded a 'fee' of three million dollars.²

A Harvard Business Review article pointed out that its readers were in favor of ethical codes but that they preferred general codes to specific ones.³ Does this imply that everyone needs a loophole or that ironclad codes are impossible to write? I would assume the respondents to the survey felt that it would be next to impossible to write a specific code of conduct in any reasonable length document. The American Military adopted a specific, short and simple code of conduct following the Korean War. Unfortunately it is also of questionable value when an enemy adheres to no moral or civilized code of ethics. Perhaps the key survey revelations, as pointed out in the article, were that public disclosure, publicity, and, a concerned well-informed public are the most important factors in bringing about a higher ethical standard of conduct. They also indicated that increased professionalism in management through education and governmental regulations were useful factors for eliciting desired ethical behavior.⁴

We know that in a free society if the public commands ethical business behavior, businessmen will listen and obey. They are, after all, a part of the whole body and they receive their sustenance from society at large. They who fail to heed Society's Commands will not long endure. Business must accept those standards of behavior that are deemed necessary by society or perish.

It seems to me that when we discuss or write about a 'code of ethics' we are often too dogmatic or else too condescending. All of the world's great religions and teachings contain the basics for right ethical conduct but to many of us they are looked upon as ideals attainable only by saints and

enlightened ones. They are not seen as practical guides for day to day business conduct. Nevertheless there are men of high integrity, businessmen who, in their daily lives, try to follow the great teachings. They are often extremely successful.

Here in Thailand, Buddhism is the dominant religion. Buddhism is a gentle religion, a passive one, its precepts of right living, right thinking, and self denial are admirable and certainly if followed would be a highly acceptable code of conduct for all mankind. The Ten Commandments and Christian dogma can also serve as a guide to right living as would Islam or Confucianism. Therefore, to me, personally, there is no particular need for a code of ethics in business. The maintenance of Confucian 'jen' or its Western counterpart the Golden Rule: "Do unto others as you would have them do unto you⁵" sums it all up. If we all followed the Golden Rule or 'jen' there would be no need for a business code of ethics. Be that as it may, the Church and the Wat, in and by themselves, do not have the power nor are they set up to enforce their tenets. Indeed the gentle Buddhist would find the act of enforcement repugnant. Many others who ascribe to Christianity, Buddhism etc. treat it, as mentioned, as an ideal -- an unattainable one that is impractical or unworkable in the dog-eat-dog world of business. After all they say the communist and many others look upon religion, any religion, with disdain Mao Tse-tung said that religion was the opium of the masses. So a code of business ethics, divorced from any religious affiliation, that can be embraced by the business world at large may be useful. When everyone knows and plays by the rules, uncertainty is decreased, and business decisions become less expensive and easier to make.

Any code would naturally need to reflect the desires and needs of that segment of society within which it is supposed to operate as social pressure is probably the most effective way to elicit right actions and would be needed to effectively enforce it. A society that does not identify itself with a

particular code can hardly be expected to help enforce it. If public disclosure and publicity coupled with a concerned informed public are truly the key elements in ensuring successful code implementation then the public must see it as meaningful. Here in Thailand there seems to be great reticence to name names and to call a spade a spade. If true this reticence will certainly be an impediment to meaningful enforcement and thus the effectiveness of any code or law. A friend and colleague of mine () is always trying to get me to temper my writings. It goes against the Thai sensitivities; or, it is not nice to name names, he says. Don't write that company X uses sharp business practices or that company Y is a cheat, stupid or both. Well, I, for one, think we need to publicize and we must criticize sharp business practices and unethical conduct, how else can the public be made aware? Any code, any law, to be effective needs enforcement and penalties for those who choose to violate them. Refusing to name names and to call a spade a spade and moralizing in the third person is being a toothless tiger -- all roar and no bite. Conversely, social pressure, peer disdain and ostracism are known to be effective in eliciting 'right' conduct; a person group or society that is known as 'all bark and no bite' is ignored. This said, we are of course not calling for witch hunts nor for engaging in innuendo or malicious gossip. These are serious breaches of ethical conduct.

Currently, the ethical environment of Thailand has a set of generally accepted standards and ways of doing things. These standards may not be codified by law as a matter of fact they may be contrary to the law but for the group to which they apply they may, in fact, be stronger than any law. Any code of business ethics that does not take into consideration the existing set 'as it really is' is doomed to failure; it does little good to try to impose an outside set of standards on an indigenous group who feel that their ethical conduct is good enough. Would, or could, a code of ethics not

enforced by law and/or supported by the public and government put an end to the 'hua'? Would it stop private schools from demanding tea money? Will a business code of ethics stop such practices as hoarding (sugar) or shipping substandard products (tapioca, tuna) abroad? No. A code without an enforcement mechanism is like an uncooked potato; ingest and you may feel full and satisfied but an uncooked potato gives no sustenance; likewise a code without sanctions will yield no dividends. The solution to these problems transcends a code of ethics. We need to address the entire social environment. The political-legal and business sectors are inseparable and an ethical code embracing just the business community of Thailand would, it seems to me, be an ephemeral thing. An informed public, increased professionalism in management through education requires a continuous and long range educational program. The youth need to be taught those aspects of ethical conduct considered valuable to society. Companies need continuous training programs to indoctrinate its employees as to the need for ethical operation. To be effective these cannot be one shot efforts or handled on an adhoc basis.

Expanded world trade and the increased interdependence of nations seem to dictate that ethical business codes go beyond a particular nation's borders and that the international and local, exporting oriented companies, should be at the forefront in drafting and implementing a code that will eventually be applicable to all. Of major concern, to use an old cliché, is that we may already be a day late and a baht short in attempting to establish a proper ethical business setting. As the Chairman of the U.S. Federal Bar Association subcommittee on white collar crime, August Bequai, put "Bribery and corruption make democracy less efficient and undermine the people's confidence, In the long range, you can reach a point where the system has lost so much respect that the people don't trust it." Has Thailand reached this point?

A code of ethics has apparently been promulgated at the BBC Bussinessmen Conference) which is affiliated with UNIAPAC (International Union of Christian Bussiness Executives, an organization with members from 28 nations and headquartered in Brussels Belgium.) This code tracks quite closely to a model outlined by Father John W. Clark S.J. some years ago.⁵ A modified version of this code could be used as a starting point in drafting a code for Thailand.

The ITT company which was involved in the scandals of the seventies has an Ethics Code which says in part:

"Each ITT system unit will obey the laws conform to locally accepted standards of good corporate citizenship in each country in which it does business."

"The ITT system in its relations with governmental agencies or customers will not directly or indirectly, engage in bribery, kickbacks, payoffs or other corrupt practices."

One certainly cannot take exception to the ITT Code. Its actual methods of operation?

As I've indicated in Thailand, and elsewhere as well, we cannot divorce the ethical environment from the rest of the social setting especially the political-legal one. Governments are afterall large consumers, usually the biggest consumer in society. They also have the power to tax which is the power to destroy. Few today would not agree that successful long-term growth of a nation requires a close cordial relationship between government and business. In the U.S. an adversary relationship over a number of decades has had its effect. We see the Germans and Japanese bypassing the U.S. in many areas. Their governments work in concert with their business sectors. Unfortunately an adversary relationship also seems to exist in Thailand. Business and government officials often seem to be working at cross-

purposes if not at cross swords. Kun Amaret Sila-On, the articulate assistant general manager for marketing of Siam Cement, writing in the Nation on 2 December 1980, had this to say: "In Thailand, for example, government administrators have been taught that their main duty is not the management of the economy, but to check the vicious tendency of business and industry to make excessive profits." Kun Amaret is of the opinion that the government believes any profit is too much.

Kun Boonchu Rojanastien the Deputy Prime Minister says that he hopes Thailand can emulate the success of Japan Inc. His theme: Thailand inc. requires both the business and governmental sectors to work in harmony. Kun Boonchu calls for sacrifices, cooperation and coordinated team work. A coordinated team effort does seem called for and drafting a code of ethics aimed at just the business community may be too narrow an undertaking. Thailand could probably make better use of a government-business code of ethical conduct. Corrupt government officials looking for kickbacks and the like make it practically impossible for business executives to act in a 'right' manner. This situation is unlikely to change in the near future as government workers, especially the professional staffs, are grossly underpaid as compared to their private sector counterparts. We can all make sacrifices for the future development of the Nation but not to the point where our families starve. We also need to be convinced that it will be a team effort and that everyone shares in the sacrificing.

I have often discussed corrupt government practices and low government pay with my dear friend Dr. Yasert Wonthonglua. He holds both an M.D. and a Ph.D. in economics and was a member of parliament as was his combatative, but dear, father before him. He takes the position that raises in pay will have no effect on corruption. I usually take the more optimistic view. I believe that if adequate salaries are paid and the practitioners of

perfidy are then tracked down, weeded out and severely punished, an ethical modus operandi can be established. Because of the current inadequate wage structure however, I do not now advocate severe punishment for most penny ante grafters -- I am in sympathy with many of them -- only the big fish; I find them an anathema. The government sector is not the only one that engages in underhanded dealings, What does it cost to get a child admitted to most well-known private elementary or high schools? I can't count the number of times local merchants have tried to fleece -- sometimes successfully -- this fat farang.

In summary, I would say that a code of ethics is needed but we need ethical conduct more. The promulgation of a business code of ethics may be premature as Thailand's social development is perhaps not at a stage to warrant a special code for local businesses. An ethical code to be effective must be enforceable we need to cook the potato. Violators must be both punishable and punished -- by law or social ostracism. A code of business ethics needs a concerned well-informed public which in turn requires that wrong doers be publicly identified. Currently, the average citizen is not informed and is ill-educated as well. His Buddhist teachings also temper effective societal action. The business-governmental sectors are the more developed and capable sectors. They need to take the lead but there exists an adversary relationship between these two. I believe this antipathy is rooted, at least in part, by their different mind sets. The Chinese, confucian pragmatic business sector vis-a-vis the Thai, Buddhist bureaucratic government sector. This stratification is now breaking down but it still has a way to go before a more fruitful working relationship can be established between the two. These realities, as I see them, do not auger well for an effective code of ethics for business at this time. The unanswered question in the second paragraph of this paper is for the business community at large to respond. How they

individually answer it will determine whether or not a code of business ethics can be made to work. Who is going to be first?

At this point I would suggest that the Thai leaders in the Code for Business Ethics movement take several actions: First, to study the current business-governmental ethical standards as they really are and not as they are touted to be by philosophical claptrap. Second, to draft a Code of Business ethics for the international business community to include the multinationals and the Thai firms that engage in international trade. Third, to begin a dialogue with the government to develop a unique Thai Ethical Code for business Relationships that will be enforceable by law with stiff penalties. Fourth, to support significant pay raises for the governmental professional staffs so as to raise their income level to approximate parity with the private business sector. Fifth, to work with the government and educational institutions to ensure ethics are taught less esoterically. Perhaps a study of existing codes of ethics explained in simple concrete terms would be more useful than philosophical discussions of theory and morality. Lastly, after a code has been promulgated within the business sector a special symbol might be developed for business letterheads. This symbol would be used by those who subscribe to the business code of ethics. The symbol would serve as both an advertisement and as a calling card. Most businessmen know the value of advertising and more importantly they know that ETHICAL BUSINESS IS 'GOOD' BUSINESS.



1. *U.S. News & World Report*, Vol. LXXXV No. 9, September 4, 1978, "Drive to Curb Kickbacks & Bribes by Business."
2. *Ibids*.
3. S.N. Brenner & E.A. Molander, "Is the Ethics of Business Changing?" *Harvard Business Review*, Vol. 55, No. 1 pgs. 57-71, Jan.-Feb. 1977.
4. *Ibid*.
5. The Bible, Math. 7:12; Luke 6:31.
6. John W. Clark, S.J., "RELigion and Moral STANDards of American Business men" South-Western Publishing Co., 1966.

Facilities

- constantly improving and expanding

The College has always had a basic policy to improve and expand its physical as well as its educational offerings as quickly as funds could be made available. A new high rise gymnasium, cafeteria cum classroom building is rapidly being completed. Now in their embryonic stages the audio-visual center and computer facilities are certain to be further expanded and improved. The library is constantly being upgraded and volumes added through direct purchases and, more importantly, by generous gifts.

Future Plans

- Institute of Management

Coupled to the building of buildings plans which now (funds forthcoming?) include a Chapel and a twelve story new academic building ABAC has ambitious plans for adding a graduate school of management. We hope to soon have a more energetic faculty enrichment program and a more expansive scholarship program for deserving young Thais from the poorer classes. Plans of this nature, of course, do not come cheap and unfortunately we do not have any endowment nor do we receive any Governmental assistance. Since we do not seek any return on our investment other than to see our students succeed stock issues are out of the question. Funds therefore come mainly from tuition and fees (less than US \$400 per year) and gifts.

Management

- a strong professional team

ABAC believes it has a strong management team. Its owners, the Brothers of St. Gabriel can call on more than three quarters of a century of Thai educational experiences in administering to the needs of the Thai. The College is under the general supervision of a Board of Directors consisting of leading businessmen, government officials and several well-seasoned brothers. Our general management team is headed by Bro-

ther Martin P. Komolmas the President. He is ably assisted by Brothers: Claude Petiteau, Bancha Saenghiran and Damrong Kitsemret. These Brothers have decades of administrative/educational experience. In addition, Dr. Srisakdi Charmonman, and Dr. Kalaya Sophonpanich give handsomely of their time, energy and expertise in helping with the computer curriculum and in long-range planning. Finally, we have our past president Dr. Choop Karnjanaprakorn, the former Minister of Science and Technology and prior Rector of the National Institute of Development and Administration (NIDA), as a special active consultant and member of the Board of Directors.

Most members of the teaching staff have advanced degrees, mainly from universities in the United States and in the United Kingdom. In addition, most of our top administrators teach a course or two a year as they believe that current, firsthand teaching experience gives them excellent feedback as to past decisions and affords them valuable insights on how to further improve the College's academic environment. It's ABAC's policy to employ a mix of professional educators from other universities and successful businessmen and government officials on its part-time teaching and advisory staffs. Men such as Dr. Fredrick Ayer, Director of Research for Cathy Trust and Mr. Manu Leopaibrote, the Director of Thailand's Productivity Centre and Dr. Thamnoon Soparatana, the Charman of the Department of Economics of Ramkhamhaeng University and many others add immeasurably to the quality of instruction. Students learn firsthand from these seasoned successful men that the 'real' world of business and the academic program of ABAC are in harmony

