

How to Eliminate Improper Ethical Codes Build Professionalism & Trustworthiness Inside the Organisation?

by

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Executive Summary

This report details a practical approach of how business ethics are being applied and carried on by stakeholders. In addition, this report is divided into five chapters and each chapter consists of a short summary and real example of different companies to provide concrete explanations in illustrating the points outlined as precisely as possible.

The **first chapter** provides an overview of how code of ethics should be implemented into Bangkok Bank PCL ethical matters in regard to the management team. In the same vein, **chapter two** also outlines how Bangkok Bank PCL should embed the ethical codes into the company but with a focus on employee issues.

On the other hand, chapter three covers the ethical codes of buyers toward their supplier by using iOne and Apple Inc., as an exemplification. Whereas **chapter four** discusses the ethical codes that suppliers should do toward their buyers using Cambodia Beverage Company and its sole distributors as the embodiment.

Last but not least, **chapter five** demonstrates how to apply business ethics among key partners by taking Cambodia Beverage Company to elaborate.

Chapter 1 Management Team, the Board of Director and Investors at Bangkok Bank PCL



Management team plays a critical role as the pillar in the organisation. A strong and well organised management structure undoubtedly leads to a fruitful success for the company, whereas an unstructured or corrupted management definitely brings a disaster to the company. So, whenever unethical behaviour arises inside the organisation it is the duty of every employee to bring this up to the ultimate decision makers in order to eliminate this virus before it spreads and poisonous the entire firm. It is common to see some fail practices of ethical behaviour occur in the organisation among top management such as conflicts of interest, unfair internal relations & unfair treatment, ethical behaviour, nepotism & cronyism, profit share & incentive system, and corporate governance issues. Without further ado, let us take a look at Bangkok Bank PCL, Cambodia Branch (the “BBL”) as a demonstration.

At BBL which is my former workplace also had all of these issues occur as well, just some of them are extreme and some are at trivial level. First issue was a conflict of interest occur which my Marketing Manager’s wife is a Branch Manager at another commercial bank which is considered as our direct competitor, hence it is unavoidably that both of them will have pillow talks that could breach the insider information of our clients. So, i think that there are two options to address this issue which is i) by having him rotate to another function that has less threat in regard to the client’s breaching information and ii) by letting him voluntarily resign from his position and giving him time to find a new suitable workplace.

Second issue was about the unfair internal relations & unfair treatment of the Line Manager in treating some employees more favourably than the others, such as giving better performance review to the “favorite one”. The way that I recommend to solve this is to bring it up to the Branch Manager and provide the underlying reasons of how we perform better than the “favorite one” by our Line Manager.

Third issue was trivial regard to ethical behaviour, nepotism, and cronyism. I witnessed that one employee was punished severely when she did wrongdoings while the other one was left untouched at all when he had done the same thing. Thus, the girl was a hard working person and performed better than that man but at year end, the man ended up getting a promotion while she's not. I later found out that the man was a relative of one of our top management team which is the main reason why that poor performance man got better treatment. The way that i would suggest in solving this is to i) advise that girl to document her work and keep records of her achievement during her services at BBL, and ii) gather evidence of nepotism that she noticed. In doing so, it will be better for her to have a loud voice and ask for what she deserves.

Fourth issue was related to how the profit share & incentive system at BBL works. The profit was made throughout the year by the hard working employee but how it is divided was tragic. Just a little of around 10% profit was shared to all employees but the top management team had taken out 90% of it. Thus, the yearly salary raise was always delayed until March (that should be in January) and the seniority also late to around August. This had discouraged the employee to work hard because they could foresee that they wouldn't get any fraction. So, the way I would suggest in solving this is to i) have transparency of dividing profit to those that had sacrificed their blood sweat and tears for the income of the bank and ii) have a strong HR that could take a priority in the employee welfare not only stand for the employer side.

Fifth issue was the corporate governance issue. And to be more very specific it is about the compensation between the top manager and lower-tier employee (which the gap between these two was 33 times) and most of the employees were underpaid compared to the market. So, to solve this I would definitely recommend BBL to reassess their employee capability each year to give special promotion (the conventional one is around 10% year on year increase) and make sure to give the benefit to the employee comparatively to the market.

Chapter 2 Employee at Bangkok Bank PCL



In every organization, employees are undeniably the main pillars in helping the growth of the company. Employing the wrong person for the job will bring hurdles to the company both time and monetary values. In the same vein, employing unethical employees will damage the reputation of the workplace and infect other ethical employees as well. In my two years experience working as a white collar, i had witnessed quite a few scene of unethical behavior, among other thing, document retention, family members and close personal relationships, unprofessional ways opposite to the job description, conflicts of interest, outside employment or directorships, disparaging remarks, improper use of firm assets, doing business internally, and relationship with suppliers. Let's take a look inside Bangkok Bank PCL (the "BBL") as an exemplification and how we could provide solutions.

Firstly, document retention of the clients were all over the place, which is a fail practice to expose the client privilege info publicly. One way to counter this issue is by having a clear guideline on Document Retention Policy. This policy should advise all personnel on i) how client files should be kept, so BLL must keep a soft copy on the cloud while the original hardcopy to be kept in Safe box, ii) how the unused documents should be handle, and this case BBL shall install paper shredder machine in each department to destroy unnecessary documents, iii) each department head should be held responsible in event of client's info left all over the place.

Secondly, family members or close relationships happen in the recruitment process where my senior is lobbying our Marketing Manager to hire a friend of his with promising capabilities. A practical solution for this case, I would advise the Marketing Manager and HR not to sway in their decision and follow the recruitment process in compliance with the internal policy to prove that this person is truly capable.

Thirdly, in an unprofessional way contrary to the job description which was a case about my colleague that always shows up late for work. To deal with this issue, I would advise the HR & his Line Manager to address this issue early on, by having a private talk with him then discuss what could be done for him to change this bad behaviour; thus, explaining him in advanced about the consequences for tardiness at work that would cost him in money reduction, loss of bonuses, and ultimately get terminated from his job.

Fourthly, conflict of interest in regard to a Credit Officer accepting a gift from a client above 50\$ (which is the maximum amount specified by the bank). Apropos to this case, I would recommend to the HR to obtain this gift from the Credit Officer and include it in the yearly annual party to have a lucky spinning. Doing this would still maintain the reputation of the bank and also avoid the fail practices of the Credit Officer receiving a gift from the client as a bribe to overlook the potential risks from the client that could occur.

Fiftly, outside employment in which one of our colleagues was a tutor at a private school, he sometimes uses the working hour to complete his tasks at the other organization. To deal with this I would suggest BBL to have a clear discussion with him to not take advantage of the firm assets, namely time for his side hustle, outside working hours is completely fine. BBL should also come to agreement with him beforehand in case this bad behaviour continues that should lead to the last resort of laying off that employee.

Sixthly, disparaging remarks of employees bad mouthing the other is very common in every workplace including at BBL. The way to deal with this behaviour is to have a one on one with this particular employee and set forth the disciplinary measure as a warning sign, and if this behaviour continues, BBL should consider terminating this employee out by following the proper policy in compliance to Cambodian Labor Law.

Sevently, improper use of firm assets, at BBL only a few employee that fail to save electricity and paper waste which BBL shall encounter this by promoting the concepts of saving electricity and paper waste, thus there should be a small fine to those that leave the air conditioning or the light open when they are not present. In addition, small fines should be levied to those that print without thinking as well.

Eightly, doing business internally was practiced by a Bill Officer which she advertised and sold phone's cases internally. I think BBL should deal with this by restricting from selling those products during working hours but beyond working hours and during lunch break is fine to sell and advertise these products. However, in case she still does business during working hours, there should be a compulsory rule of not allowing her to do any transaction inside the bank anymore.

Last but not least, the relationship with the supplier which applies to a real case of our Branch Manager is that she has a good relationship with a friend whose business involved in selling electronic devices and then decided to make purchases from his shop in view of trusting relationship with one another. So, I think we could deal with this by having multiple quotations from different suppliers and deciding which one is best to choose from. In this case, shall her friend offer the most competitive prices there should not be any issues to purchase from this vendor.

Chapter 3 Buyer to Supplier, a Practical Case of iOne and Apple Inc.

To establish a trustworthiness of the relationship between a sole distributor to its supplier is very critical for both parties. In terms of suppliers, they have a reputation to maintain and for the buyer they need to make a profit as well. So, we walk through together of how iOne applies business ethic with its supplier, namely Apple Inc., inter alia, in the areas as follow:

- **Business Agreement.** A proper agreement had to be made between both parties face to face or done by a conference call signing ceremony. The said agreement should be arranged by both parties' legal representatives and outline clearly about contents and meanings ranging from introduction of parties, recitals, terms, conditions, minimum quantities, failure to purchase or supply so on and so forth.
- **Brand.** iOne must maintain the good reputation of Apple products not to offer fake or defective Apple's products under Apple's brand name.
- **License.** iOne must ensure that it has obtained lawfull licence from the authority of opening its business and importing Apple's products from the U.S.
- **Products.** iOne must maintain a promise not to make any adjustment to the products without prior consent from Apple, and not to sell the products excessively over the price set by both parties.
- **Period of Pilot Tests.** iOne needs to conduct proper pilot tests according to the procedure of times and places that had been taken. Thus, not to give incorrect results to Apple just for the sake of wanting to import the products that ultimately has no demand in the Cambodia market.
- **Graphic Charters.** iOne must respect at all cost to graphic charter rules such as typography, channel signatures, interior & exterior design and so forth apropos to the [Apple Identity Guideline](#).
- **Pricing Policy.** iOne must not sell over or below the set price agreed upon with Apple Inc., in the agreement because in case of selling over or below the set price would cause a severe impact to Apple's brand image.
- **Business System.** iOne has established a great business system by setting up their own application, namely **iOneCard** which is available on both Play Store & App Store. The app integrated smoothly with online payment (ex. ABA) which offers such a great experience for the buyer. As a consequence, iOne sells quite a huge amount of Apple products and earns a handsome revenue.
- **Survey Report & Business Report.** iOne has to conduct a professional survey report either through agencies or by itself (ex. Customer feedback) and must provide the truthful information to Apple, so that both parties could implement the right strategy in regard to the market trend.

Chapter 4 Supplier to Buyer, a Practical Case of Cambodia Beverage Company to Its Sole Distributor

Cambodia Beverage Company (the “Coca-Cola”) is obliged to maintain its honesty and integrity in doing business toward its distributors. It must not overcross the line and implies failed practices of business ethic toward its business partner. Truth been told, Coca-Cola is the 28th most valuable company in the world right now, so it is even more critical for the company to live up to its name. Hence, Coca-Cola needs to enforce the business ethics apropos to the points as follow:

- **Business Ethics and Compliance Standards & Procedures.** Coca-Cola must ensure that its materials are being sourced ethically (ex. No child labor involved) and its products are up to the highest standard and complied with quality control procedure. In doing so, its distributors are safe to sell its products nationwide.
- **Confidential Information, Distributor Certification of Compliance.** Coca-Cola must maintain its client's privilege of not to share their information to other parties for personal gain. All transactions made and information of clients that had been shared must remain hidden.
- **Policy.** Coca-Cola must practice strict policy toward its distributor, especially its pricing policy. It should not allow its distributor to sell higher than the said price toward its consumer. Otherwise, consumers would lose trust in Coca-Cola because a coke would cost differently at different places.
- **Fair Competition.** Coca-Cola must not use unfair competition (ex: pricing war) in order to attract new distributors because doing this in the long run would damage its reputation and attract ill view from consumers.
- **Right to Buyer.** Coca-Cola must respect the licence agreement with its sole distributor. Simply put, it must not sell to other distributors in the area of its sole distributor.
- **Conflict of Interest.** Sometimes, another sole distributor (the “distributor A”) would come and offer Coca-Cola a better bidding shall Coca-Cola agree to appoint it as a new sole distributor by terminating the existing sole distributor before the contract ends. But Coca-Cola must not take this offer and remain faithful to its existing distributor.

Chapter 5 Key Partnered Companies, a Practical Case of Cambodia Beverage Company with its Business Partners

To run a business no matter a small, medium, or large scale enterprise, they all have one thing in common which is the interaction with business partners (suppliers, vendors, customers, agents, contractors, joint venture partners, and brand ambassadors) who work with the company. Cambodia Beverage Company (the “Coca-Cola”) holds itself to a very high standard and so do its business partners. However, in order to hold everyone accountable to the very same standard is incredibly difficult. To make sure that everyone is on the same page, Coca-Cola must have a **Code of Ethics** that is shared with all its business partners and updated from time to time in order to enable the corporate ethics. To make this happen, Coca-Cola must know clearly what its partners want to accomplish and whether those partners share the same value in the long run as the company or not. Only after these foundations are established, then Coca-Cola could establish a trustful relationship with its key partners. Having a rigid trustful relationship and a Code of Ethics that everyone could make reference to would keep everyone on track and enrich the relationship to another level.

In practice what should Coca-Cola do when one of its business partners violate the Code of Ethics in regard to:

- **Price.** For instance, a distributor would set forth to sell a 1.5L Dasani water at \$1 to the consumers where the advised price by Coca-Cola is only \$0.5, so in this case Coca-Cola should bring up the **Code of Ethics** as reference to its vendor of not to sell beyond a price set by the company or else it would damage the reputation of the company. If the vendor still proceeds to the same action, Coca-Cola should revoke the licence from this distributor and ban them from selling its products again.
- **Quality.** One of the main ingredients to produce coke is water, and let's imagine that if water supplier provide Coca-Cola with bad quality water it would cost Coca-Cola a huge loss in its productions. Immediate action that Coca-Cola should take is to investigate the root cause of this bad quality water whether it is caused by its supplier carelessness or other unexpected reason. If it is caused by its supplier carelessness then a warning sign should be levied to the supplier, and if the same mistake still remains an issue again, Coca-Cola must consider switching to other water supplier because it has a huge responsibility to be delivered to other business partners as well such as distributors and consumers.
- **Service.** In case one of its logistic partners could not deliver the goods to the designated areas in time, this would cause customer negative feedbacks to Coca-Cola which shall be solved by clarifying with its logistic partner about the lateness of goods supply and demanding a justified reason. In the event that a justified reason could not be obtained the logistic company should reimburse the loss to Coca-Cola that incurred by their action to show their commitment in respecting the **Code of Ethics** that had been agreed upon by all parties since the beginning.

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