

Professional Practices by SMEs matter: A ‘Tajribati’ session, April 2018

Introduction

Zubair Small Enterprises Centre (Zubair SEC)'s monthly ‘Tajribati’ session provided an overview on why small entrepreneurs must adopt a code of business ethics to run their companies and why business ethics are more important than ever before in maintaining a sustainable and profitable business. It also deliberated on what leading companies look for when it comes to SMEs in matters of business ethics.

Zubair SEC held the ‘Tajribati’ session on business ethics in collaboration with the Embassy of the Kingdom of the Netherlands. Zubair SEC has earlier worked together with Embassy of the Kingdom of the Netherlands on an empirical research on “The SME Ecosystem in the Sultanate and Seizing Opportunities in Tourism”.

Each month the ‘Tajribati’ chooses to discuss a new topic of relevance to new entrepreneurs and serves as a unique platform to connect industry experts with start-up owners and new entrepreneurs to exchange views, discuss common challenges and share best practices. The objective of the ‘Tajribati’ sessions is to support young entrepreneurs and owners of small and medium enterprises.

Yvo L de Zwart, Operations and Engineering Manager, Rock Oman, Chris Raijmakers, Director Middle-East from Strukton International and Rock Oman partner and Aisha Al Saifi, Resident Director, Royal Haskoning DHV, Oman who were the key speakers at this ‘Tajribati’ session provided valuable insight on the importance of practicing business ethics.

The session was moderated by advisors from Zubair SEC and several members of the centre including Ali Said Abdullah Al Rashdi, founder of Muaawana, fleet maintenance service enterprise and Jokha Al Hussaini, founder of Shumookh Engineering Consultancy shared their thoughts and experiences on the topic.

Highlighting that business ethics is a decisive factor for success, speakers underscored that just as large scale companies have recognised the magnitude of business ethics, it is important for SMEs to incorporate an ethical code of conduct in their business operations.

The lively, productive and engaging session offered a comprehensive insight on the views, thoughts and opinions of participating experts and members who offered a perspective on the different aspects of business ethics.

Focus of the session

The session was designed to shape members and start-ups’ practical understanding of the why, what and how of business ethics. Multiple topics in the domain of business ethics including work ethics, anti-corruption, corporate responsibility, fair market engagement, conflicts of interest, and responsible marketing were discussed at the session. The session offered a definition of ethics in a business environment and elaborated on the serious impact of unethical behaviour.

The ethical challenges that small and medium enterprises can confront and how ethical values can be embedded into business practice was the main objective of the session. The experts reminded that most large companies prefer to sign a contract with a small and medium company which has an established code of principals.

The speakers encouraged the SMEs to adopt the standards like that of International Federation of Consulting Engineers (FIDIC) Code of Ethics since their clauses are widely accepted around the world when it comes to infrastructure projects. They also advised them to go through code of ethics followed by large companies which are available on official websites.

The specialists recommended that members must be fully committed to the principle of honesty, integrity and fair play in the delivery of services and goods. They urged them to have zero tolerance for corruption and to never offer anything of value directly or indirectly to any individual or company to obtain an undue advantage.

It was a great opportunity for start-ups and Zubair SEC members to hear insider experience from officials from top leading company and learn about international best practices.

All the participating owners of start-ups and members of Zubair SEC spoke about what business ethics means to each of them as individuals and company. They also spoke about why business ethics are important and how business ethics can help strengthen and maintain relations with stakeholders.

Reflections and observations

- ✓ Business ethics is a determining factor for success while doing all kinds of business. Globally, there are guidelines for business ethics.
- ✓ International companies will not deal with companies which not have established business ethics practices or code of ethics as part of their policy.
- ✓ International companies need local companies to work with, so it is important that these firms have established synergy. Exchange of knowledge is very important because it enriches insights on both sides.
- ✓ Ethics practised in Oman may be completely different from the ethics followed in countries like Africa, Asia or even Europe. However, for most international companies it is very important that when small companies or start-ups sign up for a contract to work with them they also sign up for their code of principals or business ethics. They will expect the smaller company to stick to the same level of standards or code of ethics.
- ✓ Every company works for money, but they should also work for impact and to enhance the society they operate in. The impact that a company leaves behind based on the work they deliver is significant because it is about sustainability and about sharing value.

- ✓ Whenever a small company approaches a client they should think if they would like to win the next contract or if they would like the client to come back to them after the completion of the first project. Being ethical can even give a start-up company a competitive advantage.
- ✓ It is important for every company to have an integrating management system in place. This will help make sure that principles that they have included in their code of ethics are implemented.
- ✓ Every international consultancy firm while looking to engage with a small and medium enterprise will check if they fulfill minimum requirement of values as a company. Even if the small and medium enterprise brings good content but don't share the same ethical procedures as the international company they will not partner with them in the future.
- ✓ Trust is the main code that all companies share when they sign contracts with them. Every company must care about team spirit, integrity and excellence.
- ✓ While signing with sub consultants most use the international code of ethics like that of International Federation of Consulting Engineers (FIDIC). It is important for start-ups companies to refer to international standards which are available online when they want to prepare a code of business ethics. Most global companies feel encouraged to hire a start-up as sub-consultant if they have a code of business ethics to follow.
- ✓ The international code of ethics can be altered to suit the culture of Oman. There are a lot of cultural differences when dealing with international companies, but local firms manage to sign contract with them when they begin to understand them. It is important to understand the culture of the international company one is dealing with. Honour and shame is very integral in the Arab world, whereas guilt and innocence are important among Europeans for instance.
- ✓ During early stages start-ups or new entrepreneurs must not think of solely making money but they must be confident and deliver their job responsibly and with quality.
- ✓ Start-ups must always deliver what they promise because once that happens it is easier to build business relations. Everybody is very conscious of getting what was promised for instance after sale service.
- ✓ In business, companies must stick to their promise and should think of time frame, deadline and deliverables. In big projects, there are penalties and contract time is money. Small and medium enterprises may be able to afford penalties. It is important to build trust with big companies and be open about delay in projects or delivery. International companies expect subcontractors to report if there is going to be a delay

so that they can mitigate and take a decision. It will also make the client more prepared and less upset.

- ✓ Anything that an individual does which they fear making it publicly known could be considered corruption. International companies expect small companies to abide by their zero tolerance for corruption.
- ✓ It is important to make known or declare that a family member is working in a company or has submitted a tender for a project.
- ✓ Bribery, fraud, corruption and racism, to name a few, should be clearly considered while preparing a code of business ethics for any company.

Analysis and Recommendations

- ✓ However small a company, it is important to develop a code of business ethics to follow. A well-written code of business ethics clarifies a company's values and principles, linking them with standards of professional conduct.
- ✓ Set priorities while writing out company's code of business ethics. Decide what values are important to and what lines you won't cross. Rules can include issues such as the organisation's commitment to not work with companies who use child labour, who don't stick to safe environmentally practices, or who take bribes.
- ✓ Companies must act in accordance with their established code of business ethics.
- ✓ Deal fairly, ethically and honestly with all individuals and company without favouring one over another discriminatorily.
- ✓ Reveal any situation that involves or could be perceived as a conflict of interest.
- ✓ Don't accept financial or other benefits for performing official responsibilities.
- ✓ Be open and truthful in communications all the time.
- ✓ It is advisable for start-ups to make their code of business ethics available to outside stakeholders so that their potential business partners know what to expect.

Conclusion

Zubair SEC organised 'Tajribati' session on business ethics was an opportunity for the participating members and owners of start-ups to know why adopting a code of business ethics and value system is very critical in business today. Doing business in an ethical and socially conscious manner will benefit businesses off all sizes on several levels.