



# Asian Symposium on Direct Selling

World Federation of  
Direct Selling Association



# Corporate Governance and Ethics

Hong Kong  
Direct Selling Association

# Corporate Governance and Ethics

- ✓ **ETHICS - OBEDIENCE TO THE UNENFORCEABLE**
- ✓ **LAW - OBEDIENCE TO THE ENFORCEABLE**  
(Lord Moulton)

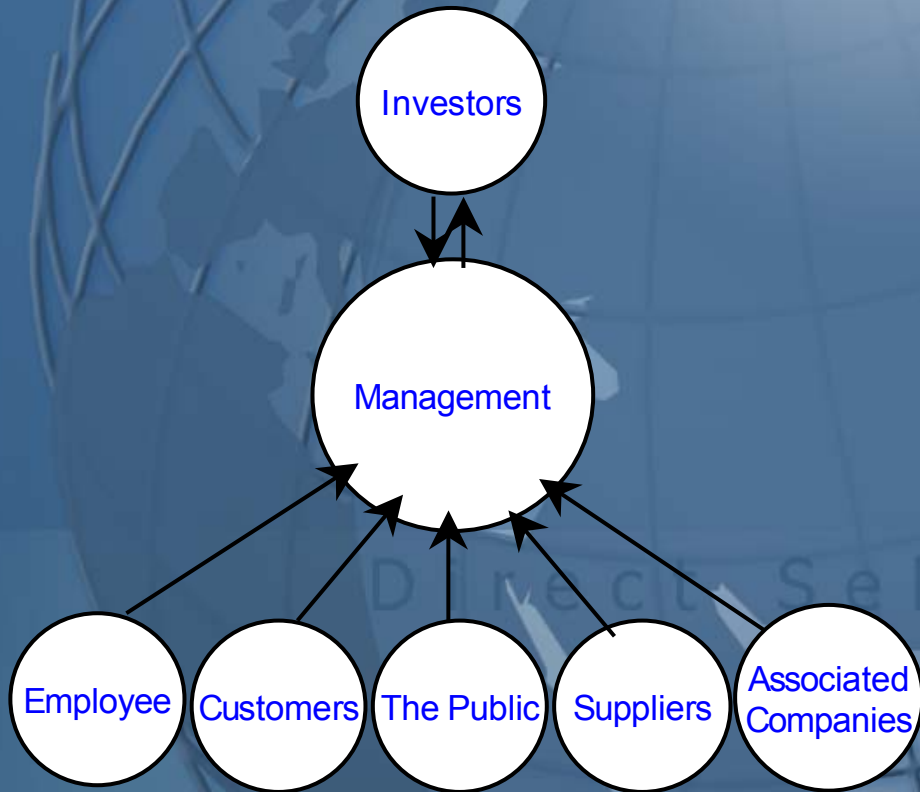
- ✓ **PROCEDURES AND PROCESSES THAT MAKE COMPANIES AND INDIVIDUALS THINK THE RIGHT WAY AND DO THE RIGHT THING**

## ***OVERVIEW***

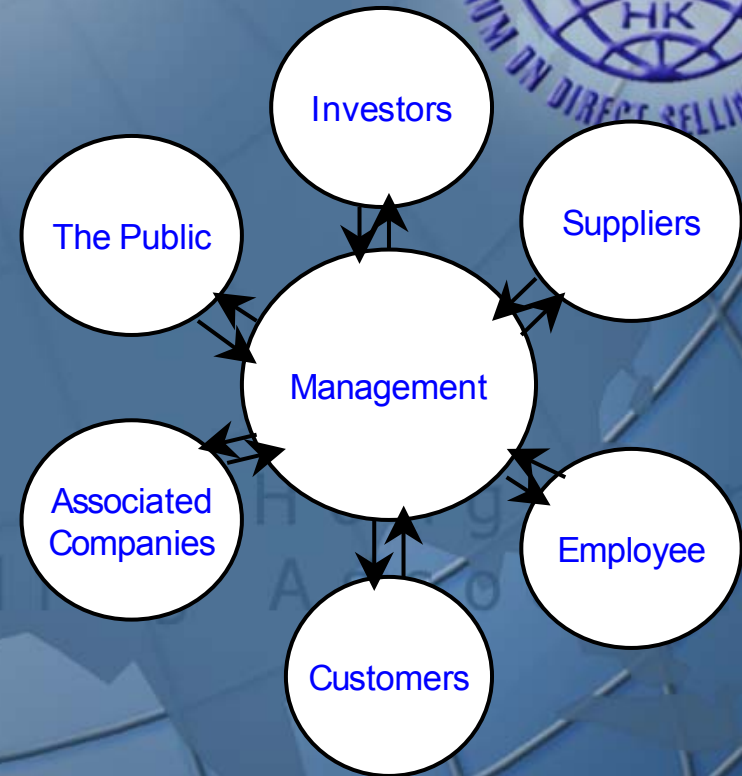
- ↖ **FRAMEWORK**
- ↖ **WHAT IT MEANS FOR YOU**
- ↖ **IMPROVEMENTS**
- ↖ **PROBLEM**

# Corporate Governance and Ethics

## SHAREHOLDER MODEL



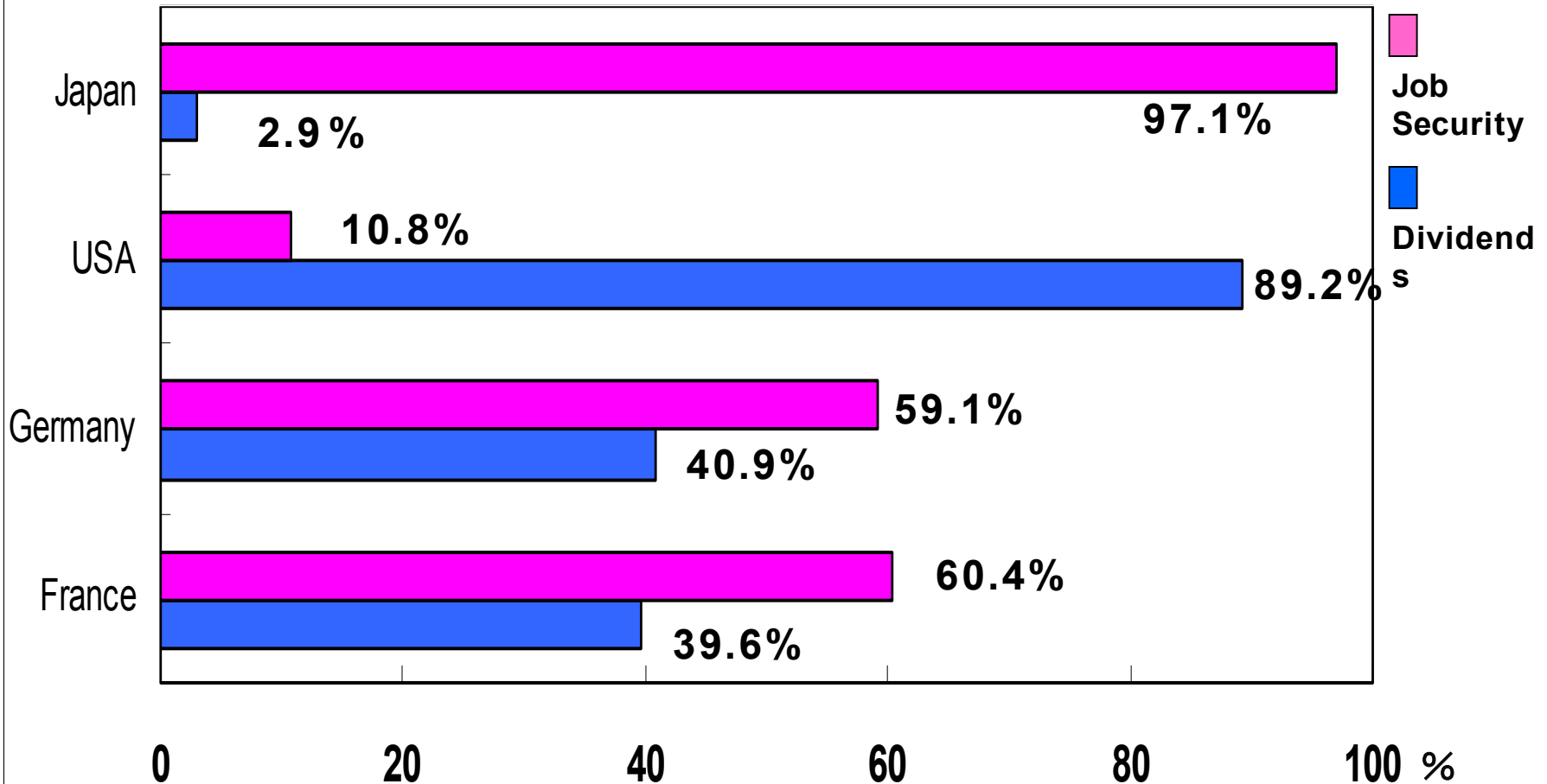
## STAKEHOLDER MODEL



\* William E. Halal, 1996

# Corporate Governance and Ethics

**Question:** Suppose a CEO must choose either to maintain dividends or to lay off a number of employees. In your country which of these alternatives would be chosen?



## **WHY WE NEED GOVERNANCE AND ETHICS**

- 1. STABILITY OF REGULATORY ENVIRONMENT**
- 2. REPUTATION**
- 3. RISK AND CRISIS MANAGEMENT**
- 4. FINES, SANCTIONS AND LITIGATION**
- 5. GOOD OUTPERFORMS BAD**

# Corporate Governance and Ethics

## GOOD OUTPERFORMS BAD

### GOVERNANCE RATING

### STOCK PERFORMANCE

WELL ABOVE AVERAGE

+ 5.37%

ABOVE AVERAGE

+ 1.7%

AVERAGE

- 0.18%

BELOW AVERAGE

- 6.23%

WELL BELOW AVERAGE

- 13.27%

\*Annualized return figures for the three-year period ended Aug. 12, 2003

\*Governance Metrics International

# Corporate Governance and Ethics

## GALLUP POLL ON THE ETHICAL STANDARDS AND HONESTY OF VARIOUS PROFESSIONS

1. Clergymen 37%	67%	8. Bankers
2. Druggists/Pharmacists	65%	9. TV reporters/commentators 33%
3. Medical doctors 31%	58%	10. Journalists
4. Dentists 29%	56%	11. Newspaper reporters
5. College teachers 27%	54%	12. Lawyers
6. Engineers 23%	53%	13. Executives



\* Aug. 1985

## HOW DO WE ENHANCE GOVERNANCE AND ETHICS

1. COMPANY SELF-DISCIPLINE
2. INDUSTRY SELF-DISCIPLINE
3. TIMELY CONDEMNATION
4. CONSISTENCY IN APPLICATION
5. INCENTIVE
6. LONG-TERM STRATEGIC VIEW

# Corporate Governance and Ethics



**Prevents aging!**  
阻止老化



**Prevents hangover!**  
防止宿醉



**Cures cancer!**  
治療癌症

**Gives you great dreams!**  
讓你做個好夢

