

Achieving Professional Excellence*

I. Introduction

At the outset, I thank the organisers of the Silver Jubilee Function of Institute of Company Secretaries of India (ICSI) for giving me an opportunity to share my thoughts on the very topical subject of “Achieving Professional Excellence”. A Silver Jubilee has a special significance in the life of any institution as it signifies a coming of age and maturity. It's also a time to look back and thank every person who has contributed.

II. 'Profession' and 'Excellence'

(a) Profession

Post the industrial revolution, there has been a knowledge explosion which led to an exponential increase in the number of professions. In fact, we are living in exponential times. The world's knowledge is increasing at exponential rates, as is our technology. In the history of mankind, it is widely acknowledged that the explosion of knowledge in the last 200 years is unprecedented. A profession, as we are all well aware, is an occupation especially one that involves knowledge and training in a branch of advanced learning like your profession – secretarial practice.

(b) Excellence

It is a truism that “Excellence is a journey not a destination”. Pursuit of professional excellence, as such, is a life long continuous journey. Such professional excellence is essentially a subset of Human Excellence.

Bhagavad Gita talks about “*Yogah Karmasu Kaushalam*” – Yoga is excellence at work. This verse advises us to perform our allocated duty in an excellent manner. Kaushalam signifies doing work with devotion and without attachment. Such detached attitude enhances its values and improves the concentration and skill of the individual concerned.

Swamy Vivekananda's golden words on Excellence, whose 150th birth anniversary we are celebrating this year, are not only worth committing to memory by all of us but are worthy of emulation, if we are serious enough, about achieving 'Excellence' in our lives and

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profession. He says - *"In the little things that you do, un-observed by anybody else, if you are excellent, then you are truly excellent. When people are watching and praising you and you do well that is not the true test of excellence. Nobody is watching you, what you do in the most private aspect of your life, there if you are excellent, you will be excellent everywhere."*

Swamy Vivekananda has also talked about the essential ingredients for achieving Human Excellence. He particularly emphasises on *Atma Shraddha* – Self confidence i.e. having faith in oneself – which brings out the best out of us and a sense of honour and self-respect. If we work with such self-confidence, we put our heart and soul in whatever tasks we undertake. It's only soulful work which becomes excellent. Wherever there is no sense of honour, personal worth and dignity, one's work becomes sloppy and slipshod. Professionals need to especially remember this all through. Following *Atma Shraddha*, the other ingredients for achieving Human Excellence are knowledge, responsibility, love and concern for others, as expounded by Swamy Vivekananda.

III. Other Essentials of Human Excellence

At a technical level, human excellence is achieved when there is a harmonious blend of Intelligence, Emotional and Spiritual Quotients (IQ, EQ and SQ respectively).

IQ represents material capital reflected in rational intelligence and concerned about "What I think"?

EQ represents social capital reflected in emotional intelligence and concerned about "What I feel"? The level of EQ determines how one handles relationships. In a profession, EQ is most important because it's all about handling relationships with one's clients, peers, professional associations, regulators and the society around.

SQ represents spiritual capital reflected in spiritual intelligence and concerned about "What I am"?

Physiologically, left brain is used for IQ (thinking - serial processing) while right brain is used for EQ (feeling - parallel processing). Given its expansive and all encompassing nature, the whole brain is pressed into service for SQ (about "being" - synchronous processing).

The above can also be grouped as hard and soft skills. As a general rule, hard skills are relatively easy to acquire; while soft skills are hard to come by.

In other words, Human Excellence calls for qualities of both the head and the heart.

IV. Essentials of Professional Excellence

Knowledge, skills and management of conflicts of interest are the three most essential ingredients of Professional Excellence. Professional Excellence predominantly calls for both personal competence (How we manage ourselves!) and social competence (How we manage relationships!).

(a) **Knowledge** – On the knowledge front, adequate care is being taken, particularly by professional bodies such as yours. A set of standard syllabii, periodically revised to take care of the new developments, minimum criteria for acquiring the professional degree and the ongoing Continuous Education Programme to avoid practicing professionals from becoming stale, as also compulsions of competition from other allied professions ensure that knowledge levels are reasonably taken care of, on a continuous basis.

(b) **Skills** – Both hard and soft skills have an overwhelming bearing on Professional Excellence. Ensuring Knowledge levels is the easier part. Acquiring skills is the more difficult part of the equation. Among skills, soft skills are of great significance because, as I said earlier, as a general rule, relatively speaking, soft skills are hard to come by; while hard skills are easy to acquire.

(c) Conflicts of Interest Management

What is conflict of interest (COI)? In the Code of Ethics of your Institute, A “Conflict of Interest” has been defined as a situation wherein the interests/benefits of one person or entity conflict with the interests/benefits of the institute.

They are situations in which an interest interferes, or has the potential to interfere, with a person, organization or institution's ability to act in accordance with the interest of another party, assuming that the person, organization or institution has a (legal, conventional or fiduciary) obligation to do so. The interests which lead to conflicts may be pecuniary or non-pecuniary, personal / social / other competing professional interests or human emotions of greed / kinship or friendship / anger / hatred. Such conflicts may be actual or potential.

Conflict of interest, thus, fundamentally represents - a '**Dharma Sankat**' - an ethical dilemma. Such conflicts are a part and parcel of one's existence, but the conflicts of interest in the financial world have a special and particular lure because of huge financial benefits involved in exploitation thereof.

All professionals - doctors, lawyers, engineers etc., including finance professionals, generally, play a dual role i.e., that of being the principal and an agent to their customers, in the discharge of their functions. Consequently, finance professionals jointly act as an agent of the customer when they provide the diagnosis to their finance related problems and consider the best remedial action therefor, besides acting as a principal in executing with the customer the prescribed action. Mutatis mutandis, the same holds good for almost all professional services. This inherent dual capacity, common to most professional services, naturally gives rise to conflicts of interest in cases where the professional acting as an agent, prescribes actions which he knows are to his own benefit as principal, rather than to the customers. There is nothing special about financial services in this respect. Agency theory (principal-agent relationship) offers a valuable lens for assessing, inter alia, conflicts of interests.

Financial services come jointly under the category of 'experience goods' and 'credence goods;' wherein, information is obtained by the consumers only during / after the services have been purchased or, perhaps, may not be able to obtain the same even after purchasing. In other words, the consumers will find it that much more difficult in obtaining information about the quality of services offered by the finance professionals, due to the inherent nature of financial services.

In such circumstances, exploitation of conflicts of interest by finance professionals due to the classic 'principal-agent' conflict, away from the glare of the public could lead to loss of trust in the profession. As Walter Bagehot put it so elegantly, "*One terra incognita seen to be faulty; every other terra incognita will be suspected.*" The inevitable credibility contagion catches on. All professionals, especially in the finance world should be very wary and watchful to prevent such an eventuality. Otherwise, disastrous consequences would follow, which would be difficult to tackle.

It is a matter of fact, which has repeatedly come to the fore that conflicts of interest cannot be legislated / regulated away, despite having the best prescribed standards. Management of conflict of interest calls for adherence to ethics and values. In fact, a value-oriented individual is the cornerstone in the entire process of mitigation of interests. As famously said, "the greatest conflicts are not between two people / institutions / nations, but between one person and himself." Hence, ethical conduct should be developed, sustained and fostered in the professional atmosphere through enabling legal, regulatory and institutional environment.

Management of conflicts of interest calls for a high degree of maturity and a sense of balance and proportion. The reason is that conflicts of interest situations predominantly carry shades of grey rather than being black and white.

Hence, above all, a sense of values and ethics is the very foundation to manage conflicts of interest – “*Dharma Sankat*”. Professionals with high knowledge and skills, but without values and ethics, more often than not, could end up as disasters.

In other words, the framework for mitigating conflicting interests should be constructed inside-out, from the core point of an individual's value-oriented personality to an outer layer of enabling environment, through all possible means available to your profession. The conflict mitigation process, at its absolute broadest, should strike a reasonable balance that helps guard against present and future problems of conflicts of interest while preserving those traits of your profession which are the source of its creative and competitive genius.

Sometimes, due to certain professional / personal problems or set-backs, one may not be able to focus fully on one's profession. That is quite understandable, but the touchstone is as to whether, over one's entire career, one has been able to constantly deliver to the highest standards of professional excellence which is achieved through high levels of knowledge and skills coupled with an unshakable sense of values and ethics. Another important aspect is that the top professionals in high positions should be very measured in their talk and behaviour, because they are looked upon as role models for the profession in particular and the society in general.

(d) Conflicts of Interest and Finance Professionals – An Uneasy Relationship

In contemporary times, especially since the onset of the present ongoing crisis in 2008, among the professions - finance related professionals have been in the limelight due to all the wrong reasons. In the period immediately prior to 2008, the continuous saga of financial scandals involving high profile companies like Enron, Worldcom, Arthur Andersen, Tyco in USA; Ahold, Parmalat in Europe, Citi bank's activities in Europe and Japan, BNP Paribas are still fresh in one's memory. More recently, those involving J P Morgan, Standard Chartered, HSBC in the international arena serve as examples. The recent episodes of proven transgressions by some of our banks also raise concerns and highlight the critical role of ethics in business. In all these cases, expert observers have concluded that the role of the finance professionals and, more importantly, their exploitation of conflicts of interests as being at or near the centre of such scandal-driven financial storms.

Conflicts of interest, of late, have reappeared in our public discourse. It is alleged that, we in India, are not appreciative enough of the world of Conflicts of Interests. It is also argued that we do not appreciate the separation of roles and responsibilities of our private and public lives; and that we freely mix both together for our gains. It is further said that for us, there is no conflicts of interests and it is only maximisation or juggling of interests, etc.

In such a milieu, there is an onerous responsibility on professional bodies like yours. You need to adequately demonstrate that you are not only aware of such situations but are doing everything at your command to ensure that your members are indeed “Walking the talk !”

ICSI’s Code of Conduct

A look at the Institute's code of conduct available on the website reveals that the two most important principles of professional excellence viz., management of conflicts of interest and adherence to ethics & values have been alluded to, but perhaps need to be elaborated, against the backdrop of the above. Further, adequate training in this regard to all the members is an imperative. This is the paramount need of the hour for all professional bodies, especially the ones related to the financial world.

Summing up

Let me conclude by recapitulating what I have tried to put forth in front of you. I started off by briefly defining and describing the two important words of profession and excellence. Thereafter, I highlighted the generic principles of human excellence and derived the principles of professional excellence therefrom. As stated, hard skills are relatively easy while soft skills, by and large, are hard to develop. To effectively play the dual role of both the principal and agent of one’s customers, while all along maintaining a sense of ethics and values is a feat which is akin to walking on a razor’s edge. I am sure, your Institute will resolve in the Silver Jubilee year to throw light on a path which would enable all the professionals of your Institute to walk the razor’s edge continuously and consistently without any slip up.

I wish ICSI Good Luck and God’s Grace in its race for celebrating the oncoming Golden Jubilee.

Thank You.