

**Remarks by Farooq Kathwari at New York University on February 27, 2007.
Lecture organized by: Dialogues: Islamic World-U.S.-The West and the Stern School
of Business on the subject "Islamic Ethical Principles and Globalization: A Path to
Partnership Between America and the Islamic World"**

Good Evening. I want to thank my good friend, Mustapha Tlili, for arranging this opportunity to share my thoughts on the Consequences of Globalization. By coincidence, earlier this month I was interviewed on this subject by PBS News Hour. The subject of globalization has always been relevant and more so today with communication and information accessible to millions, if not billions, of people. The accessibility of information and a major increase in global trade have created great opportunities and also possibilities of major conflicts. Expectations are being raised and major migrations of people are taking place, environmental concerns, global health concerns and regional conflicts are on the rise. More than ever the leadership of the world has to come together to address these issues. In the PBS interview I gave an analogy that globalization is like climbing a mountain and if not paced the result is like to the climber acute altitude sickness often resulting in death.

While reflecting on this subject, my own journey from the mountains and valleys of Kashmir is part of the globalization story. It feels like yesterday arriving 41 years back – a period that was tumultuous. I left for New York the day after India and Pakistan announced a cease-fire to end the 1965 war over Kashmir. Being in Kashmir was a difficult period and coming to New York was a relief, a new life and an opportunity. I worked during the days in a printing company on Broome Street, not far from here, and went to evening school at the Graduate School of Business, now the Stern School. The school was on Church Street near Wall Street which led me to get a job with Bear Stearns and later Rothschild Inc. I was fortunate to learn about finance and management from these great institutions.

In Kashmir my main preoccupation at school was playing and captaining a cricket team and other sports and I majored in compatible subjects for sports English Literature and Political Science. At NYU, after taking one class each in Economics and Accounting, I felt at home in marketing as my major field of study. My other accomplishment at NYU was to join the NYU cricket team and becoming the captain six months later.

Growing up in Kashmir was unique in many ways. We were living in an area of major conflict. Many families got separated, including ours. My mother did not see two of her children for 10 years and my father was away from home for 17 years. Yet with all these difficulties we were taught principles of patience, kindness, charity, discipline, honesty, justice, moderation and reason – all attributes associated with Prophet Mohammed (PBUH) and repeatedly mentioned in the Koran. For us the Prophet was like a captain of the team, he led the team, he was

a political leader, a general, a teacher and believed in justice and action. He married his boss, a woman who was older than him, and in fact she proposed the marriage to him. Prophet Mohammed (PBUH) preached and practiced that the main responsibility of leadership is to improve the welfare of the citizens. His example was followed by many leaders and merchants who went to far away places like Indonesia, Malaysia and North Africa to develop trade, govern, and also to help spread the message of justice and fair dealing. The merchants were followed by many great teachers including many who are referred to as Sufis. It is interesting that the poetry of the 13th century Muslim poet Rumi, whose ancestry was from Western Afghanistan is the best selling poetry today in the United States.

When I arrived at NYU 41 years back, I lived in Brooklyn and after the shock of the underground subway and its deafening noise, I observed my new home. What impressed me about America was that people worked hard, they were honest, and if you showed promise you got an opportunity to go forward. People treated each other with more dignity and equality than I had encountered in Kashmir – even though Kashmir is known for these attributes. I came to realize the principles of good ethics are universal and in America, a country of immigrants, its diversity was its strength and created a unique culture in the world. But America was not without major faults. I could not understand the treatment of African Americans or Native Americans and that women had limited rights until recently. Yet America had hope because of her principles derived from the Declaration of Independence, the Constitution and particularly the Bill of Rights. And for the first time in my life I was not living under the constant shadow of pain that a conflict inflicts.

I have had the privilege of leading Ethan Allen, a classic American brand, for the last twenty years. Ethan Allen is celebrating its 75th Anniversary this year. The company started as a manufacturer of furniture supplying its products to independent dealers. When I took charge in the mid 1980's, Ethan Allen needed major re-invention. The product designs were no longer relevant, the marketing and manufacturing needed a major overhaul. The challenge was to change the image of this well established enterprise with 90% brand recognition. And as often happens, the management at the company was comfortable with their status and felt there was no need to change.

Reinvention means taking a fresh look at the problems and challenging assumptions of the past. In going through any major reinvention one must understand and expect that generally, ideas are first rejected, and then tolerated, and finally there is a chance of acceptance. Reinvention is key to the continued vitality of any institution and takes place either unconsciously, which is most of the time, or consciously which obviously is the preferred method. I also believe it is the responsibility of leadership to establish overall the environment and guidelines under which the enterprise will operate. Every institution is defined by

the culture that the leadership creates. Debates and priorities are shaped by the leadership and if the leadership fails to take the opportunity and responsibility, the vacuum gets filled by people with louder voices and often with extreme agendas.

Today Ethan Allen is a changed enterprise and a global enterprise. As you know, much has been written about management and leadership principles. I have been impressed by the Universal Principles of Ethics that are part of all religions of the world and also enshrined in the principles that founded this great country. These shared principles inspired me to establish our own set of "instructions" which we call the Leadership Principles and can be found on our website www.ethanallen.com

The Ethan Allen Leadership principles have helped us to create a unique culture which has developed a team of about 10,000 highly motivated associates. Let me briefly describe these ten Leadership principles which you will recognize are all associated with common sense, universal ethics, and good governance.

1. **Leadership:** Provide leadership by example.
2. **Accessibility:** Be accessible, supportive, and recognize the contributions of others.
3. **Customer Focus:** Understand that a manager's first responsibility is to the customer. (And in case of political leaders to the welfare of its citizens)
4. **Excellence and Innovation:** Have a passion for excellence and innovation.
5. **Self-confidence:** Have the self-confidence to empower others to do their best.
6. **Change:** change means opportunity and do not be afraid of it.
7. **Speed:** Maintain a competitive advantage by reacting to new opportunities with speed.
8. **Hard Work:** Establish a standard of hard work and practice it consistently.
9. **Prioritize:** Establish priorities by clearly differentiating between the big issues and the small ones.
10. **Justice:** Always make decisions fairly. Justice builds confidence and trust, which in turn encourages motivation and teamwork.

During the last 20 years we have made it a point that these principles are discussed in large and small meetings and most of our senior management is asked to write about the implementations of these principles as part of self-

evaluation. A major portion of our incentive compensation of senior managers is based on their adherence to these principles.

I would like to focus on the principle of justice. The word justice is not often used in business enterprises. Yet we know dis-motivation is a major cause of lack of productivity and negative impact on profitability. I believe good governance is good for profitability. At Ethan Allen, during the last fifteen years, we have consistently performed at the highest profitability levels in our industry and, in fact, in most industries.

This brings me to the issue of the importance of good governance and the need for partnerships at a global level. The world is small and getting smaller. Communication and information are raising expectations and if these expectations are not reasonably met will cause major issues and conflicts. We know the universal principle that our performance is judged by the expectations that we create or are created for us. Those of us who are running public companies or are working in the public domain know that quite well. We must understand that our long term welfare in the United States will increasingly depend on helping raise the standards of living around the world. We are already confronted by issues due to migrations of people. The migrations are taking place due to many factors including political conflicts, rising expectations, lack of economic opportunities and, in my view, lack of good leadership. We must reject the notion that globalization means that we would do well and not pay attention to the welfare of the citizens of this global village. Migrations are taking place from South to North America, from Asia and Africa to Europe and from rural areas to urban areas. The migrations from rural to urban areas in many faster developing countries are creating major social conflicts, health issues and challenges to the environment.

One such conflict is displacement. I am associated with Refugees International, a non-profit organization that works on advocacy for displaced people. It is a tragedy that over twenty million people are displaced from their homes and the number is rapidly growing. In addition, we are just comprehending the potential impact that global warming can have on populations living in major coastal cities around the world. If the global warming continues at the levels we are experiencing there are estimates that millions could be displaced around the world.

In addition to the environmental and other issues relating to globalization, we have another major issue to contend with: the perceived conflict between the U.S and the religion of Islam. This perceived conflict theory is largely based on the assumption by some that the Judeo-Christian and Islamic value systems are violently opposed to each other. It is important to note that this belief is held by a vocal section of the populations of non-Muslims *and* Muslims. This assumption of

inherent conflict is misleading and inaccurate for several reasons. First of all, the religion of Islam is a continuation of the messages that came with Judaism and Christianity. It is the third *Western* religion in the Abrahamic tradition, and it is based on the same fundamental principles as Judaism and Christianity. Secondly, we cannot ignore the role that political leaders play in the pitting of “us vs. them.” Throughout history, various religions have been used to justify all sorts of violent actions – including slavery, genocide, and colonialism. Let us not forget that promoting “Islam” as opposite the “West” is a political tool that is all too easily manipulated. We must all reject the view that Islam, as a religion, is not compatible with democracy and rule of law. The fact remains that the underlying ethical principles of Islam are in conformity with the principles on which this great nation was based on. I again refer to the common values of mercy, charity, social justice, living peacefully with the various peoples of the world, and the use of reason. I would further argue that people all over the world want to improve their economic conditions and to live with better governance. With access to information these demands will increase.

Furthermore, I am deeply concerned by the increasingly confrontational and narrow attitude of the leadership in many countries of the world, both eastern and western. In most instances, ego, arrogance and lack of common sense is determining the course of action causing great harm to millions of innocent people. No individual, enterprise or nation can prosper with major unresolved conflicts. The main responsibility of leadership is to end such conflicts in a peaceful and honorable manner and this, sadly, is not happening.

Despite the current conflicts and perceptions I believe that the U.S is in a unique position to take the lead. Not only is the U.S a major economic and military power, but we are also situated to be a model of constructive pluralism, because the United States is a microcosm of the world community in its diversity.

I believe that in order to confront the major issues that the world is faced with, there is an urgent need to create partnerships.

- Western Muslims particularly the American Muslims can and must play an important role in facilitating dialogue on the common ethical values we all share. We must help to form networks that encourage meaningful involvement in the political process. In this regard I am co-chairing together with former Secretary of Agriculture Lynn Martin a task force called the American Muslim Task force organized by the Chicago Council for Global Affairs. After about fifteen months of deliberations the Task force report is due this June. This report will outline a number of initiatives that can be taken by and for American Muslims to get more involved in domestic political processes and also to be a bridge in projecting the common ethical values.

- Global Enterprises, especially those based in the U.S have an opportunity of helping many communities domestically and overseas. In this regard partnerships with enterprises in Muslim majority countries will help improve relations. Global enterprises have the resources and can-do attitude. Yesterday, I had the opportunity to participate in a relatively new initiative called Committee Encouraging Corporate Philanthropy. This Committee has a membership of the Chief Executive Officers of about 150 major global, mostly U.S based corporations. We recognized a number of enterprises, including GlaxoSmithKline, for creating partnerships in many developing countries. GlaxoSmithKline has over a long term created partnerships and in 2006 donated in cash and kind over \$650 million.
- There is an immediate need for the world's leaders, representing different regions and religions to meet. These leaders should include those we agree with and also those we disagree with. These leaders must clearly state that challenges faced by our global village should be resolved under the umbrella of our shared ethical principles. I believe this group should meet regularly and the process institutionalized.
- Similarly, a special meeting of the senior-most religious leaders of various faiths needs to be organized. These leaders should focus their energies on areas that unite us.

I would like to add here that for fruitful discussions, dialogue must be characterized by three features. One is the absence of coercion, with all parties agreeing to treat others as equal. A second requirement is for participants to respond with empathy, to think someone else's thoughts and feel someone else's feelings. The third requirement is that dialogue must be concerned with bringing forth peoples' deep-rooted assumptions in order to overcome misunderstandings. There must be genuine desire to work together in partnership.

Thank you once again. I am delighted and touched to have had the opportunity to re-visit the University that played an important part in my early life and has so graciously welcomed me back.