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**Centre for Corporate Governance
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The Corporate Soul

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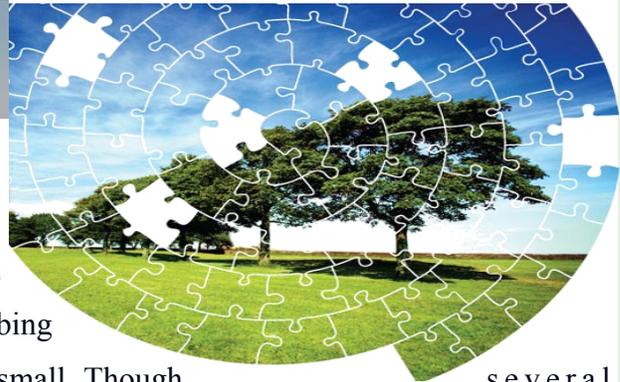
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"The Corporate Soul" invites you to contribute original high quality articles, papers, case studies, book reviews and interviews on Corporate Governance, Corporate Social Responsibility and Business Ethics. For submission, please mail to teamcsr@imtnag.ac.in

Making Curriculum relevant to business

With more and more business scandals surfacing with each passing year, the governments and agencies in retaliation are bringing in fresh laws and regulations, success is still eluding at large in curbing transgressions by businesses and Industries big and small. Though



several businesses throughout the last century have been scandalous, the recent debacles have raised questions on academic role in creating business leaders responsible for creating and conducting businesses ethically and socially responsibly. Hence the focus has shifted on business schools. Some scholars and critics have expressed their disagreements the way business curriculums have trained generations over the years. Today the business schools are charged with teaching students to tamper with the rules to make the numbers. Some other critics have maintained that business schools have glossed over ethical conduct in examining business transactions and might have even encouraged students to bypass policies, procedures, and even the law, to ensure favorable financial results.

Management education which has attained pole position in academic world for its capability to produce business leaders of tomorrow and hence adding value to the mankind need to ponder more deeply and creatively on how to advance the awareness, reasoning skills, and core principles of ethical behavior that will help to guide business leaders as they deal with a changing legal and compliance environment. It is time for the business schools to ground students in the duties and rewards of stewardship, including the concerns of multiple stakeholders and the responsible use of power.

Traditionally the curriculum design and delivery was an isolated activity involving the teacher and the textbook. There was very little scope for other stakeholders to contribute, examine and validate the curriculum. Need of the hour is to integrate the role of every stakeholder within the school and making each contributor a partner in the delivery process so that the future business leaders walk the talk from the campus itself.

Regards,
Editorial Team

Village empowerment Program @ IMT-N: Building up on a dream

The Institute of Management Technology is located in lush green surroundings, 35 kms from the city of Nagpur. The nearby villages provide resources like food, water, manpower etc that help keep the institute in a healthy condition. In return, institute has provided employment to the people of these villages, but still the development of the villages is in its primary stage. As the centre came across people from these villages, it became clear that they don't possess the desired minimal knowledge about the changing trends in education in the country. The schools don't have the basic infrastructure to facilitate technology based learning that is the need of the hour. The students were still learning through the older methods and lagged behind their urban educated counterparts. There was a need of a program that could help the students to acquire bare minimum computer skills and also educate them about the new trends in the field of education. IMT-N with its immense intellectual capital had all the resources required to help empower these students by imparting general awareness and skill development.

The idea that looked quite feasible required some groundwork to make it operational. The centre located a school, Dorli Vidyalya, Dorli situated in the nearby village. Student members from the centre took the first step towards forming a fruitful relationship by discuss-

ing the idea with the teachers of the school. The teachers first looked surprised to re-



ceive such a communication from the students, who were complete strangers to the school, but after understanding the concept and the benefits, the school could receive, appreciated the enthusiasm and willingness of the centre and promised full co-ordination from their side. Within a week the centre received a list of 66 students from the school. The next step was proposing the whole idea to the Director and the management. The idea was praised by the management and the centre got the green signal to execute the programme. The curriculum of the programme was finalized with the inputs from faculty members that helped optimizing the gains in the limited time period in which the programme was scheduled. Still, the programme had its soul missing; the volunteers who would actually run the programme were to be called upon. The centre got an overwhelming response from the student managers of IMT-N which was totally unexpected and the whole village empowerment program team was in high spirits and ready to empower.

The first phase of Village Empowerment Program started on 2nd FEB, 2013 with a vision of providing the environs of IMT Nagpur an empowerment tool through which they can enhance their skills and opportunities to function in the social environment. The main highlight of the program was increasing general awareness among the students of nearby villages through imparting basic computer knowledge and skills and indulging them in the activities which could help them in personality development.



During the first phase of program which had a span of 4 weeks having three hours of student interaction per week, the students were guided by the members of the centre and by the volunteers through interactive sessions held in the Institution as well as at the school. The transport facility for the students was taken care of by the institute and students were also provided with snacks in the break time so that they can rejuvenate their energy level while enjoying the delicious food at IMT's Mess. The programme was scheduled on

Saturdays as it was convenient for the school students as well as the institution which had a relaxed schedule on Saturday.

The Day-1 started with the induction session in which the students, the volunteers and the members of the Centre introduced themselves and the school children were asked about their aspirations in life, the whole process acting as an ice breaker between the students and the team of volunteers. Then students were briefed about the program, the proceedings and the manner they should conduct themselves inside the institute so as to gain the most out of this opportunity. The whole program was being run by the volunteers while the members of the centre facilitating the process whenever required. The student volunteer ratio was kept 4:1 so that the progress of each student was monitored and ensured. On the first day, sessions stressed upon familiarizing students with the hardware components and their functions and their respective interaction with the software. Students felt it very easy to learn the functioning of mouse and keyboard through interactive games. Though a bunch of students were quite familiar with the basic functions, but most of them were touching the computer for the first time. The students were

given instructions on the projector and were asked to repeat the steps while understanding the concept with the help of volunteers sitting adjacent to them. The whole process turned out to be quite smooth

and at the end of the day everyone was satisfied. The students were also given printed material specially designed for them so they can recapitalize their learning from the previous session before coming to the next session

On Day-2, the volunteers paid a visit to the school where a sketching competition was held. The students were asked to sketch anything out of their imagination and then explain it to the whole class. The process was

judged by the volunteers and goodies were distributed to the winners. The program was designed to facilitate public speaking students when-

ever possible and they were also guided about the relevance of these skills in the professional world. Then the Village empowerment team moved to the institute where students were taught the basics of MS PAINT. They were then asked to draw and paint their imagination with the help of this drawing tool. Again the outstanding performers were rewarded with chocolates. Day-3 was a surprise for students as they were taken to a movie hall rather than the usual classroom. It was time to screen "My name is Kalam"- a movie that showcased the importance of education while touching the soft corner of everyone's heart present in the hall. The students shared their views about the movie and were sounding really motivated with the teachings that the movie was able to pass on to them. The day ended with a session on MS Word which stressed upon typing skill enhancement. The last day was stretched a little bit to accommodate important topics like internet, basics of data management and the various tools used in MS



office. After the session, a closing ceremony was organized where the students and teachers from the school shared their views about the programme and the Director of the Institute encouraged the students with his words of wisdom. The programme ended with awarding students with Certificate of Participation, followed by distribution of goodies. The most amazing thought that the students shared was that they never even had dreamed of entering the premises of the institute and learn something from the student managers. They were overwhelmed by the way the program was conducted and felt an immense relationship built up between them and their mentors, their feelings explicitly being expressed in their innocent smiles and pearly tears rolling down their cheeks. The efforts that were put in by the volunteers during the program were commendable. The program gave an opportunity to the student managers to enhance their decision making skills by giving them a live challenge and the opportunity was taken in good spirit by them. In today's competitive environment the Corporate hardly think of benefiting the society they function in. The objective of starting a CSR initiative by any renowned management institute like IMT, Nagpur is to ensure that the future managers it is producing are nurtured with the values of sustainability and corporate citizenship.

The Village empowerment program ensured that the vision behind the Centre of Corporate Governance was operationalized into a strategy through active participation by the most important stakeholders of the institute, the student managers who gave their time and efforts in making the programme a great success story. The most important part was that student managers felt that they have utilized their time helping the less privileged students from the village school and were very optimistic about the changes they brought in the lives of those children. Though, as the name suggests it was just the phase I of the program, or in other words it was just a beginning of an endless journey. The Centre for Corporate Governance under the guidance of the IMT management would keep on thriving to emerge



as a renowned Centre for Sustainability and Corporate Governance by extending its services to its environs, empowering them through the proper utilization of institute's infrastructure and its intellectual capital. This program would keep on acting as a stepping stone through which the institute can form a long lasting relationship with its environs and proceed on the path of empowering the society through imparting knowledge and enhancing skills. It would become a landmark on the path of sustainability and would also encourage student managers in the coming years to indulge in ethical behaviour and would help them understand the concept of Corporate Social Responsibility.

Corporate Governance: A comparative study

Corporate Governance in India: Journey So Far

The first institutional initiative to promote corporate governance in India was undertaken by Confederation of Indian Industry through the recommendation of "Desirable Corporate Governance Code" in 1998." It was voluntary in nature and was applicable to private as well as public sector companies.

In 1999, SEBI constituted a committee under the chairmanship of Kumar Mangalam Birla to study the prevailing corporate governance standards in India and to give its recommendation keeping in view of the emerging global standards. The recommendations of the Kumar Mangalam Birla committee was incorporated in the Listing Agreement of the stock exchange as Clause 49 in 2000. All listed companies in India are required to follow the clause 49 of the listing agreement.

The mother of all financial scandal in USA was unearthed with the downfall of Enron in 2002. Simultaneously, Arthur Andersen, one of the top five accounting and audit firm vanished as both were hand in glove. Indian government immediately constituted a committee under the chairmanship of Naresh Chandra to study and recommend the auditor client relationship and the role of independent directors.

In 2002, SEBI constituted a committee under the chairmanship of Mr. Narayana Murthy to study the corporate governance compliance by the

listed entity in India and to recommend the best global practices.

In India the Corporate Governance norms are prescribed broadly under Clause 49 of the listing agreement and Companies Act, 1956.

Corporate Governance norms around the globe United Kingdom (UK)

In 1991, a committee was set up under the chairmanship of Adrian Cadbury with the aim to address the financial aspect of Corporate Governance. The committee was set by the Financial Reporting Council, London Stock Exchange and the Accounting Profession in UK. The Cadbury committee gave its report in 1992.

Thereafter, In UK a number of companies were set up time to time to study and recommend on various aspects of corporate governance.

As the compensation of the directors was rising irrespective of the performance of the company or its profitability or the stock price, Greenbury Committee was formed in 1995 to examine the remuneration of directors. Various other reports include Hampel Report, Turnbull Report, Myners Report, Higgs Report, Smith Report, Tyson Report.

All these report were incorporated and Combined Code on Corporate Governance (The Report). The report was incorporated in the listing agreement of the London Stock Exchange. Any company listed on the LSE is required to comply with the norms as specified under Combined Code.

United States of America (USA)

After the debacle of Enron in USA, Sarbanes Oxley Act was passed to regulate the companies on various aspect of Corporate Governance. The brief provisions of the SOX are:

Establishment of Public Company Accounting Oversight Board (PCAOB) : At present PCAOB regulates all public accounting firms, conduct inspections of the firm and initiates disciplinary proceedings and impose appropriate sanctions against the firms.

SOX prohibits all public accounting firms from providing non-audit services while auditing firm. The lead audit and reviewing partner must rotate off the audit every 5 years.

The act provides for the constitution to an Independent Audit Committee. The Act completely prohibits Loans to any Directors of the company.

Corporate Governance Comparison

1. Role of CEO and Chairman

As per the UK Corporate Governance norms, separation of the role of Chairman and CEO is mandatorily required.

As per the Indian and USA Corporate Governance norms, separation of the role is not mandatory.

2. Senior Independent Director

As per the UK Corporate Governance norms, appointment of Senior Independent Director is mandatory.

As per the Indian and USA Corporate Governance norms, no senior independent director is required.

3. Nomination Committee

As per the UK and US Corporate Governance norms, constitution of nomination committee is

4. Remuneration Committee

As per the UK and US Corporate Governance norms, constitution of remuneration committee is mandatory.

As per the Indian Corporate Governance norms, constitution of remuneration committee is not mandatory.

5. Audit Committee

As per the UK and US Corporate Governance norms, all the members of the audit committee shall be Independent directors.

As per the Indian Corporate Governance norms, 2/3 the members of the audit committee shall be Independent directors.

6. Compliance of the Corporate Governance Norms

UK and common wealth countries including Indian corporate governance is "Principle based", i.e., comply or otherwise explain.

US corporate governance is "Rule based" approach, i.e., comply or otherwise prosecution

Conclusion

Corporate governance norms differ from country to country based on the legal environment, ownership structure, judiciary, capital market advancement, proactive market regulator, investor activism. There is no one size fit for all. The need is for the industry to follow the code of corporate governance in spirit. Corporate Governance should not merely be a box ticking exercise.

Wipro Limited: CSR and Sustainability

Wipro Limited (formerly **Western India Products Limited**) is an Indian multinational provider of information technology (IT) services, consulting and outsourcing services. It is headquartered in Bangalore, Karnataka, India. As of 2012, the company has over 140,000 employees and a worldwide presence with global centers across 54 countries. Wipro is the second largest India-based IT services company by 2012 revenues.

The company has other business segment called Wipro Enterprises Ltd which has interest in consumer care and lighting, healthcare and Infrastructure engineering.

Following are few initiatives taken by Wipro:

Making education its mission :

At Wipro, their commitment to education is driven by a mission to impart knowledge that helps the young develop holistic skills to address social, economic and environmental issues. Wipro perceives education as a fundamental enabler of sustainable social change.

Wipro Applying Thought In Schools :

This is their initiative to help in societal change and development. The intent of this initiative is to improve the quality of education in schools.

Schools across the country tend to be regimented and homogenous, with no space for individual interpretations or conceptual learning - memorizing is learning. They



also believe in a social vision of democracy where each citizen is not only capable in an individual sense but also sees the ethic of equity, the essentiality of diversity, the ethos of justice, and is thus driven by social sensitivity. Schools have to be spaces that nurture these principles, capabilities and values.

Eco Eye:

The core of Wipro's social and community initiatives is focused on responsible and deep engagement with all stakeholders – present and future generations, eco-eye is the way they see themselves and their engagement with stakeholders – on their journey to more sustainable business practices. The initiative focuses on reducing ecological footprint of their business operations, engagement with employees and their supply chain, partners and customers to create a more sustainable society and transparent reporting / disclosures. The ecological dimensions of their operations are focused on energy efficiency, water efficiency, waste / pollution management and recently enhancing biodiversity – they have set stretch targets for each of them. Moving beyond mere compliance with laws and regulations, engagement with employees focuses on health and safety, people development, and increasing diversity and inclusivity at workplace.

Mission10X:

Mission10X is a not-for-profit trust of Wipro, launched on September 5, 2007, with an aim to enhance the employability skills of engineering graduates in India. It aims to achieve this by collaborating

with academicians & leading educational institutions across the country.

The Mission10X Learning Approach engineering faculty with innovative teaching techniques using which they can help learners in imbibing higher level of understanding of subjects, application of concepts learned and development of key behavioral skills.



STAY GREEN WITH WIPRO

Wipro believes that being an integral part of society, corporate organizations must play an active role in furthering the cause of sustainability. We strongly endorse the view that corporations should transcend the limited worldview of seeing themselves as economic entities and must play an active role in society. Our legacy of values and good governance practices that go back to the inception of the company help us in this regard.

Green IT Solutions Applications

- e-Freight –
- Emission Compliance Management System
- Energy Efficiency Solution

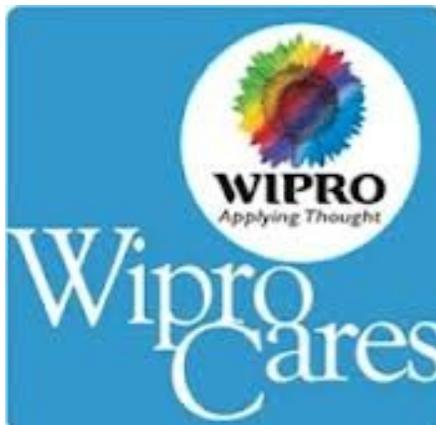
The Wipro idea of Sustainability

Wipro's approach to sustainability is structured on enabling itself, as an organization, and its customers to be more ecologically sustainable. It is

driven by issues considered important to employ-



ees, current and future generations, customers, investors, suppliers and the community as a whole. Wipro has been ranked 1st in the 2010 Asian Sustainability Rating (ASR™) of Indian companies and is a member of the NASDAQ Global Sustainability Index as well as the Dow Jones Sustainability Index. In its November 2012 *Guide to Greener Electronics*, Greenpeace ranked Wipro first with a score of 7.1/10.



Wipro Cares

Wipro Cares is their community initiative that helps marginalized communities living in their neighborhoods. This initiative is organized as a trust and works with funds donated by Wiproites and these funds are in turn matched by Wipro.

How do they operate?

Wipro Cares supports the developmental needs of marginalized communities in Wipro's proximate locations.

Volunteers become members of the local chapter and few may emerge as leaders.

Wipro Cares has also volunteered efforts in various areas where extreme circumstances required humane interventions

Walmart-Building a Sustainable Future

Each week Walmart serves more than 200 million customers and members who visit its 10,700 stores under 69 banners in 27 countries and e-commerce websites in 10 countries. With fiscal year 2013 sales of approximately \$466 billion, Walmart employs 2.2 million associates worldwide. Since the first Walmart store opened in 1962 in Rogers, Arkansas, the company has dedicated its time and efforts towards making a difference in the lives of the customers it serves and the communities where it functions. The giant business is a result of Sam Walton's visionary leadership, along with generations of associates focused on helping customers and communities save money and live better.

In 2005, Walmart had set itself three goals to strategize its future operations towards a more sustainable and customer friendly work environment which included, being hundred percent dependent on renewable energy, to create zero waste and to sell products that sustain people and the environment. It has always been the way at Walmart to set high goals and exceed its own expectations. This spirit of excellence was also highlighted when in 2011 the company, with the support of U.S. First Lady Michelle Obama launched the initiative of bringing healthier food to the customers at affordable prices. The initiative has helped customers save \$ 1.1 Billion on fresh fruits and vegetables within a year of its launch. Walmart has always strived to engage experts, leaders and partners outside the company which has helped it become a more sustainable and responsible company.

Walmart's global responsibility initiatives have touched diverse fields ranging from ensuring quality products for its customers or helping the farmers enhance their productivity to act-


Beyond 50 years:
Building a sustainable future

ing on sensitive issues like women empowerment. It has withstood its commitment to reduce wastage by

keeping 80 percent of its wastage from US operations out of landfills. This has the potential to prevent 11.8 million metric tons of CO2 emissions annually. It began to integrate a Sustainability Index into its business in 2011. This new retail tool will assess and improve the sustainability of its products. It has worked alongside 'The Sustainability Consortium'



and its more than 90 members – including suppliers, academics, NGOs and other retailers – to develop the research and metrics behind the index. In the first year, the metrics was used to develop first category scorecards to help buyers evaluate products, and to develop scorecards in up to 100 major categories by the end of 2012. The United States' EPA Green Power Partnership program now ranks Walmart as the second-largest onsite green power generator in the USA. Renewable projects provide 1.1 billion kilowatt hours annually, or about 4 percent of electricity for Walmart buildings globally. The grid supplies another 18 percent, for a total of 22 percent renewable electricity as of 2010. Walmart has 180 renewable energy projects in operation or under development, and it continues to test solar, fuel cells, micro wind, off site wind projects, green power pur-

chases and much more. The company is learning and making adjustments on its way toward one day being powered by 100 percent renewable energy.

The company runs a global direct farm program which supports small- and medium-sized farmers and their communities. In Central America, its signature Tierra Fértil program supported the development of 3,770 farmers in areas such as seed and crop quality, soil use and more. Walmart Mexico trained more than 2,440 farmers and farm workers in Best Agricultural Practices, and its program in India expanded to include 3,700 farmers. By selling directly to Walmart and eliminating the middleman, farmers earn a better price for their products, increase their incomes and



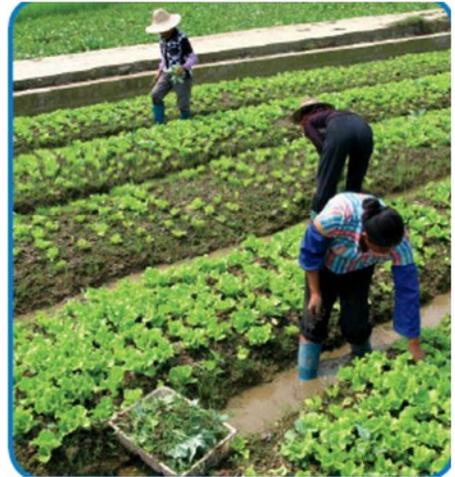
receive expert advice on crop planning.

Walmart announced the Women's Economic Empowerment Initiative in 2011. It committed to source \$20 billion from women-owned business in the U.S. and doubling its sourcing globally. It pledged to expand its successful retail training programs to help 400,000 women around the world. Support for these programs will come from more than \$100 million in grants from the Walmart Foundation and direct donations from Walmart's international businesses.

The Global Retailer continues to respond quickly to disaster, in keeping with its commitment established by Hurricane Katrina. It responded to the devastating Japan earthquake and tsunami, flooding in Mex-

ico and the Midwest, Texas and coastal wildfires, southern tornadoes and more. After its initial \$5 million donation to the relief effort in Japan, it partnered with government and relief organizations to provide food, water, blankets, flashlights and tents. After the devastating tornado in Joplin, Mo, it donated \$1 million and provided residents with free school supplies, socks, T-shirts, health screenings and other staples.

The Walmart Foundation strives to meet the needs of underserved populations across the U.S. and supports organizations that positively impact local communities. Through financial contributions, in-kind donations and volunteerism, Walmart and its associates are committed to operating globally and giving back locally. Walmart's associates, stores and clubs play an instrumental role in determining how charitable dollars are allocated. The Walmart Foundation focuses on the needs most relevant to the communities where it works; specifically, working in four core areas: education, health and wellness, workforce development and environmental sustainability.



The World's largest grocer is uniquely positioned to address these growing issues and has done well in keeping its commitments and even exceeding them at times.



Approach of Corporate Governance from Sri Ramcharitmanas

Introduction:

The need to study corporate governance has become so important in the view of number of scams, frauds and other irregularities in the business houses. Leaders and organizations are not working with transparent manner. Top executive are making profit money for themselves and they are not ready in the distribution of profit. So in this organizations and their executives are rich but the rest of the employees are suffering. So looking at the total apathy of persons towards the health and well being of corporations that they have been running, Corporate Governance must carefully look after the interests of the all the stake holders of the organization. The importance of corporate governance has been felt and there seems to be a sense of urgency among the stakeholders as the frequent occurrence of scams has depleted investors. But before understanding the subject we have to understand the concept of corporate governance and the tem stake holders. Corporate governance refers to set of the systems, principles and processes by which an organization is governed. Stakeholders in include every one ranging from the board of directors, management, shareholders to customers employees and society. The management of the organization assumes the role of a trustee for all the others. Corporate governance ensures the transparency and accountability within and out side of the organizations. Concept of Corporate governance teaches "stakeholders first and owner second". Applying the good corporate governance organization will require ethical leaders and transparent thinking and the SriRamcharitmanas can serve as a useful reference book for those willing to understand the corporate governance. The Sri Ramcharitmanas, the saga of Sri Rama's life written by Goswami Tulsidasji, is widely acclaimed as among the greatest of all Indian epics. The narrative is regarded as a veritable treatise on social sciences, offering les-

sons that transcend both time and space. In fact, this famous Grantha carries useful tips on ethics and values, statecraft and politics, and even general and human resources management.

Tulsidasji gives the model of Ram-Rajya as a model for good governance in Sri Ramcharitmanas. We can find the approach of good governance in the chapter of the Ayodhya Kaand in the discussion between Sri Ram and Bharata. Sri Ram gives the advice to Bharata think about the organization, people and finance first, than other things and take advice with the mentors and rule ethically.

The Ayodhya Kanda, the second chapter, contains comprehensive lessons on good governance. When Bharata, the younger brother of Rama, goes to meet the latter in the forest to request him to return to Ayodhya and rule, the two brothers enter into a long and instructive dialogue.

Rama counsels Bharata on governance. From quality of ministers and the importance of strategy sessions, to temperance in administration to justice, Rama expounds on all the subtleties of statecraft in a lucid manner. Apparently, Rama seems to be inquiring of Bharata his well-being, whether all is well at Ayodhya - in fact, however, in the process, the lessons on effective governance are offered in a powerful manner. Though the dialogue between the two brothers runs into several pages and a thorough reading is required to understand the intricacies, some important lessons are obvious.

The study of Sri Ramcharitmanas gives the portrait of management structure of Ayodhya. There was a council of Brahmins which gives the advice in the ruling. Vasistha was the head of this council. He had a key role in the administration of Ayodhya. Rishies like Vishwamitra had also a great influence on this council. There was an internal managerial committee, Sumantra was the prime minister and the king Dasharatha ruled with the

Cover Story

help of the advice of Vasistha and Sumantra Family stake was also present in the decision process and Kaikeyi was the main queen who participated in the ruling of Ayodhya. So the study reveals that the ruling of Ayodhya depended on the three groups' independent council of Brahmins, internal managerial committee and family members. So Sri Ram gives the advice to Bharata manage these powerful groups in the benefit of the Ayodhya and its people.

“Desh Kal Avsar Saris Bole Ramu Praveen”Ayodhya Kaand---(Doha-314)

“Desu Kosu Parijan Paivaru, Guru Pad Rajahi Lag Charbharu”

“Tumh Muni Matu Sachiv Sikha Mani, Palehu Puhumi Praja Rajdhani”

“Tat Tumhari Mori Parijan Ki, Chinta Guruhi Nrapahi Ghar Ban Ki”

“Mathe Par Gur Muni Mithleshu, Hamahi Tumahi Sapnehu Na Kaleshu”

“Mor Tumhar Param Pursharthu, Swarthu Sujasu Dharmu Parmarthu”

“Pitu Aayushu Palahi Doi Bahi, Lok Ved, Bhal Bhup Bhalai”

Ayodhya Kaand---(Doha 314, Lines 4, 1, 2)

According to the place, time and situations Sri Ram told to Bharat that the responsibility for the protection of land, treasury and our own family rest on the dust of our mentors. You should protect the earth, subject and capital accordance with the advice of your preceptors and ministers. This is only due to our mentors we are safe and we should not worry because these people with us. So we have to perform our duties.

Organization has different power groups and they influenced different ways; sometime positively and some time negatively. Leader should understand all this tactics and politics. For the leader the most important thing should be organization, its finance (treasury) and its people. There must be wise people in the board; they should act on the behalf of the common stake-

holders. The advices of the board will be very important for the organization. Board members should not work on their own benefits; there should be members like Vishwamitra who are free to give any advices. Managers must also be competent enough like Sumantra who can give the timely and accurately information and advices and they should aware the day routine activities. So the structure of board and people in the board will be key element in application of corporate governance in the organization. How board will construct and what will be the qualification and eligibility criteria of the board members, these are the key questions which have to be answered. Vasistha and Vishwamitra are both living the outside of the Ayodhya and their lives were totally devoted to the people and their well beings. They were the example of sacrifice and they were not depending on Ayodhya for their livelihood. So this indicates for corporate governance organization will require more independent director who can raise their voice in the benefit of the stakeholders. Other critical factor in good governance is the quality of managers like Sumantra. Managers should have courage, knowledge, skills and high emotional quotient because quality of advice is the key to effective governance. The emphasis is on competence and confidentiality. Rama's advice to Bharata is to take a decision on a complex issue with the consultation of mentors and managers. There should be an efficient core group in both the ends. Family aspirations should not be ignored in the family run business so Sri Ram advices to Bharata consult with mothers also in the important matters.

A good administrator can ensure treasury of the organization. Prosperity of the organization and its stakeholders depend upon the funds and capital of the organization. Corporate governance will require the transparency in dealing all the financial matters because this fund is only for the benefit of the people. No one can use for personal affairs. Protecting the internal infrastructure has also been dealt with as important aspects of effective govern-

Cover Story

Attributes of a Leader in Corporate Governance:

“Sochiye Nrappati Niti Na Jana, Jehi Na Praja Priya Pran Samana”

Ayodhya Kaand---(Doha--171, Line -2)

The king is pitiable who does not know the policy and who does not love his people as his own life.

“Mukhia Mukh So Chaiye Khan Pan Kahun Eak, Palai Posai Sakal Aang Tuls Sahi Vivek” Ayodhya Kaand---(Doha---315)

A leader should be like mouth which alone does all the eating and drinking but supports and nourish all the other limbs with discretion. Corporate governance is the subject of top leadership so Tulsidasji focus on the wisdom of leaders. Without them corporate governance can not implement in the organization.

Tulsidasji emphasize the characteristics of a leader which are essential in applying the corporate governance in the organization. Leader should be enough wise to understand the policy and politics and his vision will be to save his people as his life in any conditions. Love and respect of the stake holders will be preliminary condition for the corporate governance. Leader should distribute the profit and wealth in the proportionate manner.

Conclusion:

Rama's words of advice to Bharata are as relevant today as they were in the Treta period, the time when Rama is believed to have lived. It is worthwhile to ponder over the thoughts and deeds of Rama rather than expend valuable time and energy fighting over his birthplace and whether a temple should be constructed there. For the benefit of present and future generations,

Rama gave valuable tips to Bharata on good governance. We should focus on this aspect rather than on outward worship. Sri Ramcharitmanas gives the perfect model of corporate governance which is base on the happiness of stake holders. Corporate Governance in SriRamcharitmanas is based on principles of truth, transparency and Dharma. Governance Concept in ‘Ramcharitmanas’ provide “the maximum happiness for the maximum number of people for the maximum period. In fact, the vision of the Ramayana has eternal relevance. Law and justice, finance and business, corruption leadership are all mentioned.

Reference:

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Business Ethics

2012 World's Top 20 Most Ethical Companies

Ethisphere has honored 145 companies as the World's Most Ethical (WME) Companies designation. It recognizes companies that truly go beyond making statements about doing business "ethically" and translate those words into action. WME honorees not only promote ethical business standards and practices internally, they exceed legal compliance minimums and shape future industry standards by introducing best practices today.



Tata Steel Limited and Wipro Limited are the only two companies representing India on the list of World's Most Ethical companies.

Company	Industry	Country
Accenture	Business Services	 Ireland
Adobe Systems	Computer Software	 USA
AECOM Technology Corp	Engineering and Design	 USA
Aflac Inc.	Insurance: Health	 USA
Alcoa	Metals and Mining	 USA
Alyeska Pipeline Service Company	Energy: Oil	 USA
American Express	Financial Services	 USA
Applied Materials, Inc.	Electronics	 USA
Aramark	Food Service	 USA
Arthur J. Gallagher & Co.	Insurance: Brokerage	 USA
Baptist Health South Florida	Healthcare Services	 USA
Becton Dickinson	Medical Devices	 USA
Best Buy Co., Inc.	Retail: Specialty	 USA
Blue Cross Blue Shield of North Carolina	Insurance: Health	 USA
Blue Shield of California	Insurance: Health	 USA
British Land plc	Real Estate	 UK
CH2M HILL	Engineering and Design	 USA
Cisco Systems	Telecommunications Equipment	 USA
Colgate-Palmolive Company	Consumer Products	 USA
Coloplast	Medical Devices	 Denmark

CSR as Competitive Advantage

CSR has become a buzzword of business entities in this highly competitive global business environment. It is being used as a strategic tool for gaining competitive advantages. The investment on CSR activities may be considered as a long term investment in finance term. It may term as repaying social obligation towards society.

The statement of Michael Porter and Mark Kramer published in H.B.R. reinforces the above perception that is - "corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed—it can be a sources of opportunity, innovation, and competitive advantage".

The Big players in business world have been using CSR as a competitive advantage, few of them may underline, and these are:

PepsiCo began its **Pepsi Refresh Project (PRP)** on January 13, 2010 when the website, refresheverything.com began accepting ideas



online. The rules of the project state that the first 1,000 ideas proposed online each month will be considered for a share of \$1.3 million available. It took less than a



week for one thousand "January" ideas to be submitted and the site stopped accepting ideas. Voting started February 1, 2010 for the group of ideas proposed during January. On March 1, the first grants were announced in six categories: Health, Arts & Culture, Food & Shelter, the Planet, Neighborhoods and Education. **PRP** was a initiative to award \$20 million in grants to individuals, businesses and non-profits that promote a new idea that has a positive impact on their community, state, or the nation. The project is completely separate from the Pepsi Corporate Foundation and uses money budgeted for marketing.

PRP came with a special competition: **Do Good for the Gulf** during **Deepwater Horizon** oil spill, on July 12, 2010 An additional \$1.3 million was committed to projects for communities in Alabama, Florida, Louisiana, Mississippi and Texas which were adversely affected by the disaster. **ITC's E-Chaupal** is another excellent example. It provides information to farmers about best farming practices, seeds, fertilizers etc which helps farmers improve productivity and quality of their products and hence helps them in obtaining higher income.

As we know tangible asset is a long lasting and more precarious asset for any organization. The CSR enhances corporate reputation and brand names in ways that have long lasting and multidimensional effects. One more important fact is that CSR activities develop immune strength of an organization which prevents from becoming sick.

Business practices that companies employ is closely monitored by media and society. So un-

ethical practices can hamper brand image as well organization's profitability.

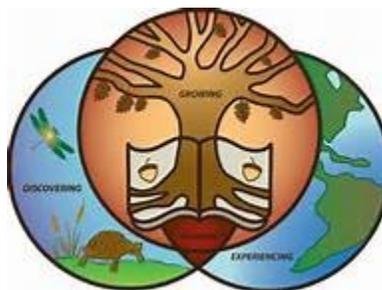
Nike faced an extensive consumer boycott after the New York Times and other media outlets reported abusive labor practices at some of its Indonesian suppliers in the early 1990s.

Nestlé, the world's largest purveyor of bottled water, has become a major target in the global debate about access to fresh water, despite the fact that Nestlé's bottled water sales consume just 0.0008% of the world's fresh water supply

The key components of CSR should include workplace and labor relations, supply chain, customers, environment and community. Companies need to formulate a strategy for CSR in above fields which should result in sustainable competitive advantage. In last few years, many global companies have come up with their sustainability reports which reflect firm's strategy for getting benefit from CSR.

Concept of CSR as competitive advantage will be a differentiating factor for future business leaders. United Nations has created a network of business schools under Principles of Responsible Management of Education (PRME) to educate and groom future CEOs well versed in the cause of CSR

Many Indian B schools, like IIM Bangalore, have incorporated the idea of developing students as a responsible corporate citizen and placing them to NGOs and in Government social projects to develop the understanding and importance of social responsibility.



Coca-Cola is pursuing this approach. The most important ingredient in Coca-Cola is water. The company



“Companies should stop thinking of “corporate social responsibility” and start thinking in terms of “corporate social integration”

is working on making clean water available to the communities it serves through partnerships with organizations such as the WWF, US Agency for International Development and the Gates Foundation.

Companies should stop thinking of “corporate social responsibility” and start thinking in terms of “corporate social integration. However, to reap the benefits of ‘CSR as competitive advantage’, companies need to be in-

ward looking and the society must be considered as business partner rather obligation. They must analyze their business processes and identify the right opportunity for creation of competitive advantage through CSR. We should believe in – for the society by the society mental frame.

ITC gets top rank for corporate social responsibility

The Nielsen corporate image monitor 2012-13 has ranked cigarette-FMCG-hospitality conglomerate ITC Ltd at the number one position for corporate social responsibility (CSR) for the second consecutive year. ITCBSE 0.98 % says this is recognition for its business and value chains which have created sustainable livelihoods for five million people, many of whom belong to the poorest sections of society. The company says it is the only company in the world to be carbon positive for seven years in a row, water positive for 10 years consecutively and solid waste recycling positive for five years now. Nearly 40% of total energy consumption at ITC's hotels are from renewable energy. ITC's e-choupal, the world's largest rural digital infrastructure, empowers over four million farmers. The company's business-linked sustainability initiatives, together with the social investment programs, have helped the company to make an impact on rural livelihood as well. (<http://economictimes.indiatimes.com>, 29/03/13)

Corporate funds to assist technology incubators

The Union Budget has brought cheers to budding campus entrepreneurs, thanks to a couple of proposals that may greatly boost money flow into early-stage startups within institutes. Finance Minister P Chidambaram in his budget speech on Thursday proposed that corporate funds provided to technology incubators located within government-approved academic institutes will qualify as corporate social responsibilities (CSR) spend. "It's a very good initiative and it should lead to more money on campus," Rakesh Basant, professor of economics and chairperson of Centre for Innovation, Incubation and Entrepreneurship at IIM Ahmedabad, says. "If such (corporate) funds can help

attract good professionals to run incubators, the efficacy of incubators can improve dramatically," he adds. That's not all. Even angel investors can now bet their money on new ideas without the fear of taxation as Chidambaram has proposed to extend the 'pass through status' to venture capital funds registered as category I Alternative Investment Funds (AIF). Under the 'pass through status', the taxes on a business are passed through to owners of a business and not external investors. This may encourage angel investors to seek category I AIF registration and boost angel activity. (<http://economictimes.indiatimes.com>, 04/03/13)

Green Festival, the Largest, Longest-Running Green Consumer Event



United States' largest and most trusted green living event will kick off its 12th year by bringing the New York City green community together at the Green Festival for the second time. Featured

at the weekend-long show will be leaders in the environmental community, including over 75 speakers, entrepreneurs and activists such as Sara Moulton, Reverend Billy and the Earthalujah Gospel Choir, with fashion innovation from Eileen Fisher and FORD Motor Company once again presenting their FORD Community Green Grant, and John Perkins, author of *Confessions of an Economic Hit Man*. In addition, the weekend will feature an organic beer and wine pavilion, a Green Kids' Zone with activities for the youngest eco-warriors, several exciting DIY workshops, and a unique marketplace of more than 300 eco-friendly businesses, featuring the latest and greatest in sustainable products and services. (CSRwire, 29/03/13)

News & Events

Azim Premji donates for the cause

Ten out of the world's top 150-odd billionaires are Indians. But only one, Azim Premji, figures in the list of 105 billionaires who have pledged to give away at least 50% of their wealth for greater social good. If this is a quick and fair assessment of the state of Indian philanthropy, why are Indian businessmen and industrialists lagging behind their global peers? The question is not intended to colour all rich and successful Indian businessmen in one, dark shade. Some of them are Shiv Nadar, Sunil Mittal, GM Rao and others have cut significantly large cheques towards philanthropy. They have also committed time and effort to craft a well-thought-out plan of action to ensure maximum return on investment for every philanthropic rupee they sow. But there are only a few such examples. Many others haven't demonstrated the same kind of generosity. There are many historical reasons for this. (<http://articles.economictimes.indiatimes.com>,

Sobha group's Menon gives bulk of personal wealth to charity

PNC Menon, the founder of Sobha Group of Companies, with an estimated fortune of USD 600 million plans to give half of his personal wealth to charity, a news report says. Dubai-based Menon, a first generation entrepreneur who began his professional career by setting up an interior decoration firm in the Sultanate of Oman in 1976, told Arabian Business that he plans to open education institutes in India and Oman. "Once you make all of the money I don't think you should keep all of it for your family, a large portion of it should go to society. I have decided that 50 per cent of mine should go to society," he was quoted as saying in the report. (<http://articles.economictimes.indiatimes.com>, 07/03/2013)

Listed companies may have to spend Rs 8,000 crore on CSR

Listed profit-making companies could spend up to Rs 8,000 crore on corporate social responsibility (CSR) activities if they are able to hit a target of 2% of net profits, stipulated in the new Companies Act approved by the Lok Sabha on Tuesday. The bill, which has to be passed by the Rajya Sabha before it becomes law, says that corporate ought to spend 2% of net profits on CSR activities. This is not mandatory but the company's board will have to explain why spending has fallen short in a particular year. A study carried out by the ET Intelligence Group shows that bulk of this - nearly Rs 5,000 crore - will be spent by the companies constituting the Nifty 50 Index. But India Inc will have to scramble to meet the target as only two companies in the Nifty - Ambuja Cement and ITC - currently spend 2% of net profit towards CSR. A close examination of annual reports indicate that while most companies discuss CSR initiatives at great length only a handful have mentioned the amount spent, either in absolute terms or as a percentage of their sales or profit. Thirty eight companies of the Nifty companies mentioned CSR initiatives in their annual reports or exclusive sustainability reports, but there was no information on the amount spent. In their annual reports some companies have mentioned the amount spent by the group of which they are a part. For instance, the Mahindra Group spent Rs 72 crore on CSR while the group's net profit was Rs 5,410 crore, which translates to 1.3% of its net profit. The Vedanta Group spent Rs 230 crore on CSR when its net profit was Rs 13,130, or 1.75% of its net profit. (<http://arti->



Industrial Visit to JSW Steel Ispat

Team Cciz successfully conducted an unprecedented event at IMT- an industrial visit to JSW Steel Ispat Ltd. The purpose of conducting this event was to give the student managers an experience to cherish and also an exposure to a live plant. The visit took place on 16th of February, 2013 and 20 student managers accompanied us for the visit. They were all praises for team Cciz for having given them such an opportunity. There at the plant we were shown how steel rolling, galvanising and colour coating is done. JSW welcomes any future visits from our campus having looked at our enthusiastic bunch of student managers.



Open House Discussion

A new cult was started by Cciz by introducing periodic open house discussions on topics close to CSR to create awareness about CSR amongst student managers and also to encourage speaking habits among students. Till date we had two discussions on following two topics- "Should CSR be made compulsory?" and "Does CSR offer a competitive advantage?". Both the discussions had good turn out and was received well with open hands. Team Cciz aims to continue with such programs in future



EXPERT'S VIEW

"Ethics is not definable, is not implementable, because it is not conscious; it involves not only our thinking, but also our feeling"

- *Valdemar W. Setzer, Brazilian anthropologist*



"We have to shift our emphasis from economic efficiency and materialism towards a sustainable quality of life and to healing of our society, of our people and our ecological systems."

- *Janet Holmes a Court*

"What worries me is that the threshold of acceptability or the line between acceptability and non-acceptability in terms of values, business ethics, etc, is blurring."

- *Ratan Tata*



"For me, social commitment is one of the basic values of life."

- *Azim Premji*

"Business social responsibility should not be coerced; it is a voluntary decision that the entrepreneurial leadership of every company must make on its own."

- *John Mackey*



Flicker



Reader Quest

Win Surprise Gifts

On the basis of your understanding of the articles in the magazine answer the following (you may need to do a little web search to answer these questions):

1. How Independent directors are related to better Corporate Governance?
2. Name the icon Walmart has in the recent times introduced to help customers identify healthier products.
3. The Azim Premji trust holds _____% shares in Wipro.
4. Give an apt title for the article Wipro Limited: CSR and Sustainability based on the company's CSR activities.

Send your answers to teamcsr@imtnag.ac.in
Surprise gifts for the winners.

Winners



Sankalp Sharma



Anuja Sinha



Rochelle Pereira



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