Institute of
Management Technology
Nagpur

The Corporate Soul

Volume 1: Issue 6 October '13

Centre for Corporate Governance
IMT, Nagpur

"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

Contents

Towards building new eco-system for business

Guest Editor

Sustainable management implies a new way of doing business: new ways of doing business must be explored to meet the challenge of climate change.

We need to redefine development. We must invest in things that provide at least potential quality of life: infrastructure for sanitation, health and education. We are an agrarian nation where almost 60% of the population reside and are engaged in agriculture and allied activities and must therefore, discuss how we can rethink agri-business to promote inclusion and retain people in their villages providing them with education, internet, healthcare, sanitation, irrigation and electricity. There is no point providing goods and services without infrastructure.

This calls for rethinking our business values in order to have sustainable world. The major challenge business faces is to develop the technology needed to compete in a sustainable market. Building trust in the whole value chain and with customers is the second big challenge. Transparency and accountability is very essential. And third, businesses will have to understand the meaning of partnership/collaboration/co-operation/joint venture/affiliation etc. These new values are not easy to understand because we have been working in vertical value chains but we will have to move towards more networked systems, an eco-system of business.

Business world needs to understand that CSR is not part of business, but its core. The issue is what climate change means in terms of sustainable **management, which can't be** developed without CSR. Sustainable management implies a systemic understanding of your business, from your suppliers to how you tackle **your waste. It's neither charity nor philanthropy. It's a** new way of doing business. We in our country are facing many challenges and therefore, we have to balance development with social inclusion. To do this in a sustainable way will require the most advanced technology and innovation ever. It requires completely new understanding of what development means.

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CORPORATE SOCIAL RESPONSIBILITY AND THE AREA OF CHALLENGES

In a market oriented economic structure, corporate sector is the prime mover of economic growth. It is, therefore, imperative that it comes forward and shares the responsibilities for redistributive and inclusive growth. During interactions with the Corporate world, many positives have emerged. Private Sector has come out in favor of social responsibility and demonstrated their support for the Government's commitment to provide greater economic opportunities to the disadvantaged. They have also offered and undertaken initiatives for enhancing employability. These measures, however, need to be expanded manifold. New and more effective forms of interventions at grassroots level, addressed at disadvantaged sections, are needed. As India rides the wave of economic boom and commercial success, corporate social responsibility is presenting itself both as an opportunity and an important requirement for corporate to be engaged in. This will help corporates in their brand building and also contribute towards faster and more balanced growth of our society. The role of corporates by and large has been understood in terms of a commercial business paradigm of thinking that focuses purely on economic parameters of success. As corporates have been regarded as institutions that cater to the market demand by providing products and services, and have the onus for creating wealth and jobs, their market position has traditionally been a function of financial performance and profitability. However, over the past few years, as a consequence of rising globalisation and pressing ecological issues, the perception of the role of corporates in the broader societal context within which it operates, has been altered. Stakeholders (employees, community, suppliers and shareholders) today are redefining the role of corporates taking into account the corporates' broader responsibility towards society and environment, beyond economic performance, and are evaluating whether they are conducting their role in an ethical and socially responsible manner.

> *"Whenever you are in doubt... recall the face of the poorest and the weakest man whom you may have seen and ask yourself if the step you contemplate is going to be of any use to him? Will he gain anything by it? Will it restore him to control over his own life and destiny? That test alone can make our plans and programmes meaningful."*
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> - Mahatma Gandhi

As a result of this shift (from purely economic to 'economic with an added social dimension'), many forums, institutions and corporates are endorsing the term Corporate Social Responsibility (CSR). They use the term to define organisation's commitment to the society and the environment within which it operates. The World Business Council on Sustainable Development's (WBCSD) report was titled Corporate Social Responsibility:

Making Good Business Sense and the OECD Guidelines for Enterprises. The rationale for CSR has been articulated in a number of ways. In essence, it is about building sustainable businesses, which need healthy economies, markets and communities. The major reasons for CSR can be outlined as:

Globalisation

As a consequence of cross-border trade, multinational enterprises and global supply chains, there is an increased awareness on CSR concerns related to human resource management practices, environmental protection, and health and safety, among other things. Reporting on the CSR activities by corporates is therefore increasingly becoming mandatory. In an increasingly fast-paced global economy, CSR initiatives enable corporates to engage in more meaningful and regular stakeholder dialogue and thus be in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. There is a drive to create a sustainable global economy where markets, labour and communities are able to function well together and companies have better access to capital and new markets. Financial investors are increasingly incorporating social and environmental criteria when making decisions about where to place their money, and are looking to maximize the social impact of the investment at local or regional levels.

International Legal Instruments and Guidelines:

In the recent past, certain indicators and guidelines such as the SA8000, a social performance standard based on International Labour Organization Conventions have been developed. International agencies such as United Nations and the Organization for Economic Co-operation and Development have developed compacts, declarations, guidelines, principles and other instruments that set the tone for social norms for organisations, though these are advisory for organisations and not mandatory. One of the United Nations Millennium Development Goals calls for increased contribution of assistance from country states to help alleviate poverty and hunger, and states in turn are advising corporates to be more aware of their impact on society. In order to catalyze actions in support of the MDGs, initiatives such as Global Compact are being put in place to instrumentalise CSR across all countries. As the world's largest, global corporate citizenship initiative by the UN, the Global Compact, a voluntary initiative is concerned with building the social legitimacy of business. The Global Compact is a framework for businesses that are committed to aligning their business operations and strategies with ten universally accepted principles that postulate that companies should embrace, support and enact, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.

Changing Public Expectations of Business:

Globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment. Consumers and society in general expect more from the companies whose products they buy. This is coherent with believing the idea that whatever profit is generated is because of society, and hence mandates contributing a part of business to the less privileged. Further, separately in the light of recent corporate scandals, which reduced public trust of corporations, and reduced public confidence in the ability of regulatory bodies and organisations to control corporate excess. This has led to an increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas.

Implementation:

Moving away from the traditional approach, corporate rather than following top to bottom mechanism are increasingly bearing stakeholders' perspectives in mind, thereby considering CSR as a comprehensive set of policies, practices and programmes that are integrated throughout the business operations. It can thus be deduced that radical transformation is happening with CSR practices across India. The changes happened at conceptual level where charity oriented approach is now being seen as a stakeholder oriented approach and at implementation level where other important resources except finance are being dedicated Several innovative programmes in thematic areas of public health, education, environment, microfinance and related areas are being developed. These programmes are developed

bearing in mind the local cultural context and the needs of people. Apart from devoting funds, expertise in terms of knowledge and human resource is also allocated for successful implementation of these programmes. In a growing number of companies these processes are encouraged and rewarded by top management. The implementation of programmes through a trained resource makes a real difference in the community that has been chosen for implementation. The following are key focus areas being incorporated into business practices:

A) Partnership with NGOs and Government:

There has been an increase in the number of corporate partnering with NGOs and the Government to ensure successful execution of initiatives.

B) Community development:

Most large companies either have their own foundations or contribute to other initiatives that directly support the community upliftment, notably in health, education, and agriculture.

C) Environmental management:

Environmental policies and programmes are now standard, and many companies have implemented the ISO 14 001 system throughout their businesses.

D) Workplace:

Growing out of a long-standing commitment to training and safety is a more recent emphasis on knowledge and employee well-being.

E) Evaluation:

Along with innovation at conceptualization and implementation, corporates are now undertaking greater evaluation and stricter accountability and transparency norms. Evaluating the programme essentially answers the question "what good did we do?" Evaluating programmes, based on internationally accepted formats provide feedback for correction and based on that public disclosure is done.

F) Reporting

A very important aspect of CSR is the reporting practices that corporates adhere to inform their key internal and external stakeholders of social responsibility practices. In the recent past, several indicators such as the Global Reporting Initiatives guidelines and sustainability reporting have been developed. Sustainability Reporting (SR) frameworks help the companies conform to the global standards of disclosures for maintaining transparency with regard to its operations and value chain and ensuring accountability towards its internal and external stakeholders [2].

Parliament Passes the Historic Companies Bill, 2012:

Six decades after the first Companies Act was enacted and over 20 years after liberalization, India inched closer to bringing more contemporary issues, such as corporate governance, investor protection, corporate social responsibility and measures to check frauds, under legislation.

May 2013, there are 13.21 lakh firms in India. The historical New Companies Bill, which on August 8, 2013. The bill that has been passed and waiting for the president's assent will give impetus to the growth momentum", Pilot said, adding, "The focus of the bill is to enhance transparency and ensure fewer regulations, self reporting and disclosure...It will outline the positivity in the economy". The new law requires companies that meet certain set of criteria, to spend at least two percent of their average profits in the last three years towards CSR activities for profit-making companies. However, the government has diluted the mandatory provisions for CSR after objections from India Including those failing to meet the obligation will have to explain the reasons for the shortfall. Experts believe this would bring a paradigm shift because the old legislation only provided for voluntary guidelines for CSR. It will create an opportunity for companies to evolve innovative strategies to contribute towards inclusive growth.

Catalytic Role of the Bill:

- The bill also provides great flexibility to business and industry for strategizing and conducting their CSR initiatives;
- Intention of the government and the purpose of the bill is not to make a rigid structure which will constrain the creativity and imagination of the corporate;

It will enhance their efforts, provide an even

broader platform and re-energize their efforts[3].

Before making it mandatory private and public corporate of the state Odisha and India are involving for look after their peripheral area in the form of informal way such are Corporate Philanthropy. Broadly the issues are three types such as Economic, Social and Environmental performance issue.

Here we have taken 50 corporate sector, 25 corporates operating in nation and 25 corporates operating in our state of Odisha in the form of public and private sector.

Focus Area of Company's Philanthropic Intervention:

It is thought proper to go for detail analysis of spending through CP by the units under consideration. Though the major four heads like Time (Volunteering), Financial Support, Technical or Management Advise, Administration or Other type of support are found prominent but in actual practice business undertakings spent for various sub themes which are notably for relevant for the present study. On enquiry on the facts and figures it is found that units under consideration utilizes their fund meant for CP in the following forms.

A) Art & Culture-

Throughout the ages, arts and culture is where human beings turn when they want to expand their minds and their horizons. Negotiating subject matter and discerning meaning, more often than not, is left to each of us to decide. Arts and culture bring meaning to life, in the truest sense of this statement's dual meanings. They help bring meaning into our lives, even as they infuse and breathe life into meaning.

The comprehensive questionnaire administer with the corporate bodies to extract their pattern of spending in CP are reflected in Table no.1 on the analysis of the said table it is noticed that neither the private nor the public players attached so much of importance on this sub themes. Only the state private undertakings because of local and political compulsion they utilize the fund in art and culture. 7 out of 9 units taken for the present study in private sectors in the state of Odisha are in practice of promoting in art and culture as a major of CP. National undertakings both in private and public sectors their little bit conservating in their approach towards their aspect. The figure demonstrates that about 42% public sectors are investing in art and culture while 30.5% private units at national level utilizes their money in art and culture. In toto when the data for both private and public sector at national and state level were accumulated that shows 50% of such respondants are engaged themselves in this art and culture.

B) Child Welfare-

Child welfare means to do abolition of Child labour not only in the company premises but also in the vicinity of the company, helping Government in the implementation of abolition of Child labour, looking after the welfare of the children by providing them food, clothing and other basic amenities etc.

A developing country like India has been encountering a chronic problem of malnutrition, poor health, bad sanitary condition and others, children are most affected in the community of the society. Though they are the back bone and futures of the nation because of the poverty, illiteracy, fully dependant on agriculture deprived them from the basic needs of the food, clothing, education, healthcare and others. this aspect has duly taken care of by the industrial undertakings in their CP activities. They have been coming forwards in extending a lot of welfare majors for the greater interest of the children. These are in the form of provision for nutrious food, healthcare, medical support, educational facility and others.

Table no. 1 highlights the child welfare measures practiced by business houses of the country both in the state of Odisha and in national level. As revealed more than 77% of the of the private business units of the state are contributing for these noble purpose. Whereas 3 units (18.8%) in public sector of Odisha are engaged in this type of activities. But the reverse trend is noticed at national level, 50% of the public players go for child welfare activities the same figure for private players is 38.5%. it is further observed that 21 units out of the total 50 units are practiced these measures as CP.

C) Community Development / Welfare of Underprivileged section-

Community development seek to empower individuals and groups of people by providing them with the skills they need to effect change in their

Sl No	Focus Area of company	State		National		Total		Grand Total
		Public	Private	Public	Private	Public	Private	
1	Art & Culturre	9(56.3)	7(77.8)	5(41.7)	4(30.8)	14(50)	11(50)	25(50)
2	Child Welfare	3(18.8)	7(77.8)	6(50)	5(38.5)	9(32.1)	12(54.5)	21(42)
3	Community development/welfare of underpreviledged section	11(68.8)	9(100)	12(100)	11(84.6)	23(82.1)	20(90.90	43(86)
4	Conservation of natural resources	11(68.8)	9(100)	11(91.7)	10(76.9)	22(78.6)	19(86.4)	41(82)
5	Donation to voluntary organisations	3(18.8)	3(33.3)	7(58.3)	4(30.8)	10(35.7)	7(31.80	17(34)
6	Educational Assistance	1(68.8)	9(100)	12(100)	13(100)	23(82.1)	22(100)	45(90)
7	Environmental Protection	11(68.8)	9(100)	10(83.3)	12(92.3)	21(75)	21(95.50	42(84)
8	Health Care	12(75)	9(100)	12(100)	12(92.3)	24(85.7)	21(95.5)	45(90)
9	Natural Calamities	8(50)	7(77.7)	10(83.3)	7(53.8)	18(64.3)	14(63.6)	32(640
10	Patnership with NGO`s	5(31.3)	6(66.7)	8(66.7)	9(69.2)	13(46.4)	15(68.2)	28(56)
11	Religion / spiritual support	6(37.5)	6(66.7)	5(41.7)	2(15.4)	11(39.3)	8(36.4)	19(38)
12	Rural development	12(75)	9(100)	9975)	12(92.3)	21(75)	21(95.5)	42(84)
13	Sports/Games Promotion	9(56.3)	7(77.8)	7(58.3)	7(53.8)	16(57.1)	14(63.6)	30(60)
14	Women Empowerment Programme	7(43.8)	8(88.9)	9(75)	11(84.6)	16(57.1)	19(86.4)	35(70)

Source- Primary data collected through questionnaire, Figures in parenthesis shows the % of the data.

own communities. It is a process where local people can not only create more jobs, income and infrastructure, but also help their community become fundamentally better able to manage change. The "concrete" benefits of community development, such as employment and infrastructure, come through local people changing attitudes, mobilizing existing skills, improving networks, thinking differently about problems, and using community assets in new ways. Community development improves the situation of a community, not just economically, but also as a strong functioning community in itself.

Community development and welfare of underprivileged section of society are important area which needs to be addressed by the business people. India, where more than 70% lived in rural villages are yet to be come up to the national standard. The reasons are obvious that in spite of all measures by the government fund, they are still remain as deprived sections of the society. Any promotional steps from the business society will certainly contribute to greater extent for the development of these underprivileged sections of the society.

Industrial houses realizing the relevant of this factor are coming forward to extend the helping hand in support of those groups of people. This is generally considered as one of the prominent method of spending of the corporate funds for CP. The data reflected in the table no. 1 clearly supports our views. When all the industrial units in the private sector of the state and public sectors of the country are in-

vesting their money for this pertinent project 68.8% of the state public undertakings are also moving in the same line. The same figure for the central private sector business houses is 84.6 %. While grouped the data together it is found that 43 respondents given their consensus for utilizing fund under this particular thing.

D) Conservation of Natural Resources -

Conservation of natural resources, the wise use of the earth's resources by humanity. The term conservation came into use in the late 19th cent. and referred to the management, mainly for economic reasons, of such valuable natural resources as timber, fish, game, topsoil, pastureland, and minerals, and also to the preservation of forests, wildlife, parkland areas. In recent years the science of ecology has clarified the working of biosphere i.e. the complex interrelationships among humans, other animals, plants and physical environment. At the same time burgeoning population and industry and the ensuing pollution have demonstrated how easily, delicately balanced ecological relationships can be disrupted. Conservation of natural resources is now usually embraced in the broader conception of conserving the earth itself by protecting its capacity for self-renewal. Particularly complex are the problems of nonrenewable resources such as oil and coal and other minerals in great demand. Current thinking also favors the protection of entire ecological regions by the creation of "biosphere reserves."

Natural resources of a nation are considered as wealth of that nation. A country endowed with natural resources are said to be a developed nation. However many countries like India are depleted these resources very carelessly for the minor benefit of the people of the society. Unless these resources are properly conserved that creates such an environment which become a liability of the future generation of a country. That also affects the health and quality of the life condition of the people.

Keeping that in view many industrial houses are in a frame to protect and conserve these godly gifted natural resources. Table no.1 analysis the role of big business undertakings in protection and conservation of natural resources in the country. On the analysis it is noticed that all the private owned enterprises selected for the present study in the state of Odisha are engaged in this sort of noble activity where as about 69% of the state undertakings are also working in this line. When looked after the national figures it found that 11 out of the 12 public sector undertakings are working for the conservation of natural resources. The same figure for the private sector is 76.9%. when both the state as well as countries consolidated figure when gathered it is 82% of the total units which are working for this purpose.

E) Donation to Voluntary Organizations-

Voluntary organizations are seen as governance structures reinforcing the norm of (generalized or balanced) reciprocity, making possible the pooling of resources based on the reciprocity principle. Voluntary organizations' governance structure presents some specific features in terms of formal ends, ownership, residual claims, decision-making procedures, accountability, checks and balances, control procedures and embedded incentives facilitating collective action oriented towards public or mutual interest or towards advocacy. Donation is given to the voluntary organizations for the benefit of the society.

Non government organizations otherwise known as voluntary organizations are the catalyst of socio-economic development of any nation. With the squeezing role of the government for any developmental activity voluntary organizations are now in forefront to take up the developmental process in many of the process of world. But they are in general dependent on the government and industrial sector for financing their cherished project of development. It is quite but natural that industrial undertakings are not also behind in many cases as noticed, business undertakings are contributing to greater extent through socio economic related pro-

jects undertaken by voluntary organizations. The table (1) reflects both the state as well as national level business centers are contributing directly to the voluntary organizations in the form of donations to undertake various socio-economic related projects. The share of public sector as well as the private sector in the state of Odisha and India are more or less sharing their funds to the voluntary organizations.

F) Educational Assistance- It means sponsored expenses directly related to education including tuition, fees, books, equipments, construction of school building, merit scholarships to students, educating adults, donating cash to repair old school buildings, funding Education Programmes, vocational training, upgrading existing schools, developing new schools , providing expertise at schools, developing infrastructure at schools and colleges , renovation of schools, adopting Government schools to enhance quality of education, funding support to specialized institutions of higher learning like IITs, IIMs, MBBS etc.

Education is the backbone of the nation. Educationally backward nations are amongst the poorest nations of the world because of its demographic conditions. India is said to be one of the educationally back ward nation of the world. Many youths are deprived from this basic facilities and are unable to undertake their career because of the lack of the common facilities.

Businesses in operation keeping the above factors into consideration are generously assisting the educational institutions and the school going students in different forms as CSR. As reflected on the table majority of industrial undertakings go for spending lavishly for the betterment of the education, its infrastructure and the school going aspirant candidates. In bigger way the industrial houses looks for educational development of the country by considering this provision as a part of CP activities.

G) Environment Protection-
Environment protection means to protect our environment, whether on individual, organizational or global level. The general opinion is that our environment is in the constant state of degradation due to many different environmental problems (climate change, all forms of pollution, deforestation, biodiversity loss, etc). Calling environmental protection a lost cause is going too far because as long there is at least one healthy environment left in the world, environmental protection has its purpose and is not completely useless as some may think it is.

Environment protection in recent years has become a debatable topic nationally and internationally. It has direct bearing on the living standards of the people. The effect of environmental degradation in recent past has been badly felt by almost all countries of world. They are now taking sincere effort to protect the environment for sustainable livelihood. Business houses of the country are also looking after these issues as a part of their philanthropic measures. Many an industrial organizations are investing in different ways to protect the environment in a systematic manner. The present study which covers 50 top industrial units operating in the country and state either in private nor in public sectors are systematically in a fray to save the environment. As noticed 42 units out of the selected 50 are working in this line which implied the importance attached by these units for this purpose.

H) Health Care-
The prevention, treatment, and management of illness and the preservation of mental and physical well-being through the services offered by the medical and allied health professions. Rural environments present unique challenges for health care access. There are often shortages of medical personnel in rural areas, as well as transportation and distance barriers to care and an increasing economic destabilization of rural health care services.

If we believe health is our wealth, the poor India even after 67 years of independence is experiencing various kinds of chronic health hazards encountered by the deprived sections of the society. It may be because of their superstition, ignorance or proximity to health facility but blindly one can raise his figure as regards to poor health care facilities available in our country. This issue has also been addressed by this business society and they have made it a plan and programme in their corporate philan-

thropic activities. They at times go for opening their own health centers at different parts or directly finance the government or NGOs engaged in similar type of activity for a provision of good health care facilities. They go for supply of free medicine kits, undertakes various types of tests and

checkups in rural areas, subsidized or fully finance for heavy medical bill if any or other similar type of activity. This has been welcomed by both the planners, policy makers and common general public's. The analysis of table evinces that all the public sectors of the state and private sectors of the country included for the present survey are actively supporting this cause by including healthcare as a part of their CSR.

I) Natural Calamities-

Natural disasters are often frightening and difficult for us to understand, because we have no control over when and where they happen. What we can control is how prepared we are as communities and governments to deal with the dangers that natural disasters bring.

The state and the nation's most vulnerable to natural calamities. Over the years, they have affected the economy of the state and nation, especially its agriculture. People affected by natural disasters such as floods, cyclones, earthquakes and other calamities often face urgent protection needs that may not be immediately visible to humanitarian actors caught up in trying to provide water, food, shelter, medical care and other lifesaving assistance. Corporate business houses those which come forward for help hand is only 64% together.

Besides the above industrial undertakings are also extending their supports and helping hands for the better of the citizens in the form of partnership with NGOs, promotion of religion spiritual activity.

J) Partnership with NGO's-

A NGO is a legally constituted organization created by natural or legal persons that operates independently from any form of government and are not conventional for profit business. NGOs are organizations that work in many different fields, but the term is generally associated with those seeking social transformation and improvements in quality of life. Development NGOs is the most highly visible sector, and includes both international and local organizations, as well as those working in humanitarian emergency sector. Many are associated with international aid and voluntary donation, but there are also NGOs that choose not to take funds from donors and try to generate funding in other ways, such as selling handicrafts or charging for services. Principles of relating to Partners tend to be part of organizational culture and values. In general, effective partnerships are based on:

- the effectiveness of the work on both sides;
- the quality of the relationship;
- Clarity about the purpose of the relationship.

K) Religion / Spiritual Support-

Spiritual support involves the degree to which a person experiences a connection to a higher power (i.e., God or other transcendent force) that is actively supporting, protecting, guiding, teaching, helping, and healing. For many people, having a relationship with a higher power is the foundation of their psychological well-being.

Spiritual support can include:

- Educating the client about recovery as a spiritual journey with a potentially positive outcome
- Encouraging the client's involvement with a spiritual path or religious community that is consistent with their experiences and values
- Encouraging the client to seek support and guidance from credible and appropriate religious or spiritual leaders
- Encouraging the client to engage in religious and spiritual practices consistent with their beliefs (e.g., prayer, meditation, reading spiritual books, acts of worship, ritual, forgiveness and service). At times, this might include engaging in a practice together with the client such as meditation, silence, prayer, or singing Modeling

one's own spirituality (when appropriate), including a sense of spiritual purpose and meaning, along with hope and faith in something transcendent People recovering from mental disorders have rich opportunities for spiritual growth, along with challenges to its expression and development. They will find much needed support for the task when they are clinically guided to explore their spiritual lives. Thus directed, they can begin to create a positive health-promoting outcome for their spiritual journey in recovery.

L) Rural Development-

The actions and development to help improve the standard of living in non-Urban environments is called rural development. These actions focus mainly on social and economical developments. Rural development generally refers to the process of improving the quality of life and economic wellbeing of people living in relatively isolated and sparsely populated areas. Education, entrepreneurship, physical infrastructure, and social infrastructure all play an important role in developing rural regions. Rural development is also characterized by its emphasis on locally produced economic development strategies. In contrast to urban regions, which have many similarities, rural areas are highly distinctive from one another. For this reason there are a large variety of rural development approaches used globally.

Corporate houses as experienced are said to be a torch bearers for many a rural development programmes. Be it a communication, transportation or sanitation they are taking the lead role to promote these activities in those areas. As noticed from the table no. 1 both the private and public sector undertakings locally and nationally contributing for the common cause because they know unless rural India signs India cannot prosper and all the private units under consideration in the state are invested for this purpose, 92.3% of the private players operating nationally also engaged in rural development activity. But when public sector undertakings were taken into account it is observed that 3/4th of them are in this line and investing in rural development forums under CSR. The overall figures remain at 84% for both private and public sector undertakings.

M) Sports / Games Promotion-

Sport has historically played an important role in all societies, be it in the form of competitive sport, physical activity or play. In a development context the definition of sport usually includes a broad and inclusive spectrum of activities suitable to people of all ages and abilities, with an emphasis on the positive values of sport. Sport has a unique power to attract, mobilize and inspire. By its very nature, sport is about participation. It is about inclusion and citizenship.

Sport plays a significant role as a promoter of social integration and economic development in different geographical, cultural and political contexts. Sport is a powerful tool to strengthen social ties and networks, and to promote ideals of peace, fraternity, solidarity, non-violence, tolerance and justice. In order to keep the people physically and mentally

fit and engaged them in productive purpose business houses also promotes games and sports among the youths that may be the form of financing/sponsoring various events or construction of the stadium, indoors, playgrounds. They

also are providing financial incentives in form of scholarship, attending training coaching camps for acquisition of sports equipm ents. As observed 60 % of the stated units taken for the present study contributing in different ways for the promotion of sports and games in their locality. State undertakings are bigger shares than the central one.

N) Women Empowerment programme-

Women bear almost all responsibility for meeting basic needs of the family, yet are systematically denied the resources, information and freedom of action they need to fulfill this responsibility. When women are supported and empowered, all of society benefits, their families are healthier, more children go to school, agricultural productivity improves and incomes increase. In short, communities become more resilient. This has been accepted as a national phenomenon. Both the government and non-government organizations are working on this line so that the 50 percent of the total population be allowed to come up and share their contribution for the wellbeing of the nation. Many a specialize programmes have been developed by the government may be in the form of setting up micro finance organizations providing health, education, drinking water facilities or developing their inherent qualities with the help of trainings and awareness. Industrial houses also contributing to a large extent for such noble purpose of women empowerment. They are devising various need based programmes, training programmes and promoting skill development programmes to make themselves sufficient socially economically well developed to take care of themselves and their family members.

The present study which enact finding out the role of business houses in empowering women in India clearly depicts that in Odisha private players are rather contributing a lot (90%) in comparison to public units. Only 7 out of 16 public undertakings have been engaged in this sort of activity. But where the same figures for the national level when compared it is not worthy to mention here that both the private and public industrial undertakings are in the same line and sharing their investment for bringing the women into the main stream. 75% of the public sector and 84.6% of the private sector undertakings are one way rather promoting the women empowerment programmes.

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CSR

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COMPETITIVE ADVANTAGE FOR BUSINESS

Corporate Social Responsibility has never been a hot topic in India before. But the new Companies Act has put CSR in the or-
porate Social Responsibility has never been a hot topic in India before. But the new Companies Act
has put CSR in the limelight for the first time ever. CSR was more of a luxury spending incurred by an elite class of business organization. But now CSR spending is a matter is a responsibility rather than a matter of choice.

If the purpose of any business is to earn profit and if CSR spending is eating away a bit of profit then why don't we see companies revolting against the government's decision to force such expenditure on them? Several companies practiced CSR much before such a law was instituted. Why? The answer is simple: CSR is a good idea. In this article, I shall attempt to illustrate this idea with a few common examples.

To begin with CSR is pushing corporations to innovate and to think long term. Let's take the example of Hindustan Unilever (HUL), a reputed consumer goods company in India. In 2012, their Open Innovation team launched an online system which offered outside experts the chance to work with Unilever on research projects in a number of areas with the purpose of promoting sustainable living, such as cold-water wash laundry products. They received 150 submissions ranging from packaging design to energy-efficient processes.

Here's an example of how a humble effort towards reducing energy consumption helped a company reduce its costs. General Mills Inc., an American corporation listed in the Fortune 500 has been able to reduce its energy bills by installing energy monitoring meters on several pieces of equipment at its Covington, GA. plant. According to its 2011 CSR report, the company saved $600,000.

There is a clear distinction between Social Service and CSR. Corporations expect returns from CSR activities. We have seen how companies have used CSR activities to directly and indirectly market their products. For example, Wal-Mart Stores Inc., that multinational retail giant, ran an ad campaign designed to raise awareness about the environment and the product choices consumers could make. In the process, it was able to advertise the Walmart brand, it was able to attract new customers and engage with existing customers, and fulfil its social responsibility.

Another example is that of Safeco Insurance which funds the FireFree campaign. In this campaign, Safeco is teaching consumers to create "non-combustible zones" around their homes to protect against wildfires. Safeco benefits in many ways including developing consumer relations between its brand and fire safety and lowering claims linked to fire damage.

Finally, CSR improves employee retention in a business organization. Participation in CSR activities improve an employee's job satisfaction and also establishes and strengthens bonds. In fact, as per an Economic Times report, employees in India have one of the highest regard for CSR. More than half of the employees in the country are concerned about companies' behaviour towards society, says a survey.

So we see that CSR is not limited to social service. Business organizations take advantage of CSR activities. And why shouldn't they? Many argue that business should never indulge in CSR. They argue that a business is not liable to the society. However, we see in numerous examples how business and society can derive mutual benefit from supporting each other. CSR is pushing companies to think holistically. Companies think about the environment, about sustainability and about people. CSR, truly, has the power to change the world.

-Anuj Kumbhat

INDIAN CULTURE & CSR

My views on approaches to Corporate Social Responsibility (CSR) are based on the teachings of various Indian Scriptures – Vedas, Upnishads and Bhagwad Gita – , the essential message of oneness of existence, and the laws of Karma, Gyan and Bhakti.

The secular culture ushered in by science has broken the unity of existence. It has replaced cooperation and interdependence with competition and the struggle for survival. It has ignored even the Socratic teaching that knowledge is virtue and replaced it with its own : knowledge is power.

Oneness of existence is the basis of all love, compassion and charitable feelings. We are like the leaves of a huge tree, universal tree. Driven by intolerance and greed we disclaim the rights of others. We forget that the leaves cannot survive apart from the tree. No one can be at peace while others are unhappy. No one can enjoy prosperity while surrounded by a world of poverty. Although there is joy in acquiring and possessing, there is a greater joy in giving and serving. By controlling our raw impulses and urges, we developed the faculty of reasoning. But reason divorced from love and compassion makes a person callous and insensitive. True knowledge teaches a person the spirit of sharing with others. It makes a person see that life is interdependent and not independent.

Swami Vivekananda promoted "Spiritual Humanism" as opposed to "Secular Humanism". Spiritual humanism is not simply doing good to others but rendering loving service to the Divine, seeing its presence in all beings. Spiritual humanism embraces the whole humanity, regardless of race, culture, country, religion or social affiliation. This has to be the basic foundation of CSR.

"World Unity" based on political considerations, economic interest, cultural ties or even humanitarian principles is never enduring. The bonds of such kinds of unity are too fragile to withstand the stresses and strains of social diversities. Unity of the world body, in order to be real, must be organic – and this requires a world soul that embraces countless diversities of human experience and human aspirations. Such a world soul must be the soul of all beings.

Swamiji said :"The God in you is the God in all, if you have not known this, you have known nothing." Unity of the world soul includes not only human beings, but also animals, plants and every form of life. Thus this has to be viewed with reference to ecology, environment and wild life and these have been the major concern for all Governments, multinational companies, corporate citizens, individuals and various other organizations. Let us look at this little elaborately with real life examples/case studies.

Prabhudeva Konana, a distinguished teaching professor at the University of Texas at Austin, USA wrote about his own personal experience in regard to CSR. In response to his discussion on CSR with one of the undergraduate students of information technology from the University of Texas at Austin and who was to join an IT company, viz. Pariveda Solutions in Dallas, Texas he received the following e-mail from this student – Steven Haun :

"They (Pariveda) are a three year old company that prides themselves on team work and helping one another out. In fact, recognizing that even the lowest paid employees in the company are within the top 1% of wage earners on the planet implies that it is important for us to give back to everyone else. Service to the community is not an option but rather a requirement of the company and there is a direct relationship between salary (or more directly location on the organizational ladder) and amount of service hours required. Therefore, the senior partners have to do the most amount of service."

"I went to meet my company executives and new co-workers as part of Habitat for Humanity build day event. Most people drove a Lexus or BMW to the location, I found this somewhat humorous. Anyway, I noticed that I hadn't seen the president of the company since I got there (this was about an hour into the day). I eventually found him, in the rafters of the house hammering away, drenched in sweat only an hour into the day. I thought this was so interesting that this 50+ year old person wasn't telling people what to do. He immediately took initiative and without saying a word had people working with him because he was working harder than anyone else around him.

This was a man who people wanted to work for. It was pretty cool to see."

Habitat for Humanity is a NGO of volunteers engaged in building affordable housing for the needy. This e-mail epitomizes CSR, even when the firm's main objective is to increase shareholder value. The Pariveda executives are great role models for the new recruits. This Corporate activism is sustainable, acceptable and valuable as a change agent, particularly in the context of India.

CSR has much broader implication

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for the nation as a whole. It reduces dependency on the government for social change. However, the challenges in India are enormous. Social responsibility should not be limited to large successful corporations; there should be greater participation from most small, medium and large businesses. The goodwill firms can generate from acts of social responsibility may, in fact, be worth far more to the businesses than the amounts they give. Corporations collectively can make India a better place for every citizen.

CSR is about tradition and culture. Firms can institutionalize voluntarism among employees through appropriate incentives and recognition. Internal performance evaluation of employees could recognize community work. This work can take many forms : teaching in government schools, supporting NGOs financially, empowering women, clean-

ing parks, planting trees, volunteering in orphanages, protecting the abused etc. Many corporations allow employees to write about their community service as part of their annual evaluation report. Even if companies do not reward community activities, at least, the idea that the company cares will have a positive impact.

CSR can be much more than charity. An innovative way to contribute socially is for firms to spend in towns and villages and to buy products from millions of artisans who are at the bottom of the economic pyramid. Much has been discussed about the "Fortune at the Bottom of the Pyramid" {Author – C. K. Prahalad} which calls for corporations to design products/services for the enormous population at the bottom of the pyramid. The basic assumption is that this population segment has some disposable income and firms can still make profits on large volume.

Why not consider "creating wealth at the bottom of the pyramid", which can increase disposable income and buying power? For example, firms can give artisans' products as corporate gifts or use them for interior decoration, which may have socially more redeemable value than current methods. If there are quality issues, then corporations can use their resources to increase quality awareness among artisans.

Inculcating CSR is also about training young minds and helping future generations organize themselves for greater good. Social responsibility needs to be deeply ingrained from childhood so that it can become a way of life. This is where I would like to bring in the teachings of Bhagwat Gita's Chapter – III - Karma Yoga – Shloka 9 – says that :

" The World is bound by action other than those performed 'for the sake of sacrifice'; do thou, therefore O son of Kunti, perform action for that sake (for Yagna) alone, free from all attachments." Yagna here means only "any self-sacrificing work, undertaken in a spirit of Self-dedication, for the blessing of all" We need to understand Yagna as "any social, communal, national or personal activity into which the individual is ready to pour himself forth entirely in a spirit of service and dedication."

Only when people come forward to act as in a spirit of co-operation and self-dedication, can the community get itself freed from its shackles of poverty and sorrow. This is a fact endorsed by history. And such activities can be undertaken in a spirit of Divine loyalty, only when the worker has no attachment.

Every country should embrace the remarkable concept of individuals and businesses forming a partnership to support social causes. In the context of India, such a partnership has enormous potential for strengthening society. CSR and volunteerism have no boundaries and are not constrained by race, colour or religion. Sadly, concern for the community is often mistaken for socialism. On the contrary, capitalism thrives only when every citizen is an asset in economic activity and has opportunities to succeed.

Corporate Social Responsibility is a culture and unwritten contract with the community. This invisible culture can shape brighter futures for nations

Bhagirat B Merchant

Will the new Companies Act of 2013 foster better governance & Corporate Social Responsibility?

A new forward looking statute has now become The Companies Act 2013 after 12 years of debate & replacing the Act of 1956. The changed context globally & in India, large number of corporate scandals be it coal gate or 2G & the growing trust deficit in the sector, the complexities, made it a imperative.

But will just a Act in itself change the scenario? India has never lacked for progressive laws. It is often tardy implementation, a weak regularity framework, a lack of accountability that has held back impact. The new Act itself is comprehensive. It deals with governance issues extensively from the role of independent Directors, having a woman director, audit / auditors/audit firms, class action suits, investor & minority shareholder protection, etc.It allows for a 1 person company to be set up & defines fraud. There are hidden "gems" that although new in concept can lend itself to ensuring better governance such as the power of the independent Directors to review the working of the Board, etc. Whether this will be well utilized only time will tell & how far will it go to ensure better Governance remains to be seen. Pavan Sukhdev – author of "Corporation 2020" talks about 4 major problems that major corporations grapple with – Short termism especially short term, quarterly results, earnings with no heed to social costs, company transience or the search for the cheapest locations for production, detachment from local communities, wealth disparities and an overall lack of accountability. He asks whether Corporations can create value without depleting natural, human & social capital?

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Section 135 of the Act that specifies a percentage of net profit (2%) be allocated to social responsibility led work that has invited some of the biggest debates! It provides a structure, a policy, board approval & mandates reporting if unspent & reasons thereof. SEBI simultaneously has asked the 100 biggest companies by market capitalization to submit 'Business Responsibility Reports" (BRR) based on the National Voluntary guidelines that were released in 2011 for the private sector, after DPE guidelines were similarly issued earlier for the public sector. The realm in 2013 has passed from "voluntary" to mandating "giving" but it is often "HOW" the money is made that is equally if not more important than what percentage is given away. These questions need to be asked through Public pressure, shareholder & investor activism, civil society monitoring to ensure that responsibility is a part of strategy, values of the company & driven by the owners, promoters & top leadership of the company. Giving a percentage in itself is no indicator of responsible action towards the planet or people. The First premise of CSR is "do no harm" in terms of products, services or manufacturing towards the planet & stakeholders that will have to be examined. Ethics must inform the debate. It must be acknowledged that the external environment has to be enabling , not crippling. Corruption is endemic &our rank in the Corruption index assessed by Transparency International index is as low as 94 in 2012 out of 174 countries , while on the survey on "Ease of doing business" India ranks 134 out of 189 countries.

Indeed business has to ensure that it is not part of the problem before it can strive to to be part of any solution. If a company violates the laws of the land, abuses Human Rights of its employees, its communities, pollutes, depletes, corrupts, can it be of any good to society? CSR invites deep cynicism primarily because of this aspect of its functioning, it is often regarded a sham, even accused of being "PR wash" or green wash & not taken seriously by its stakeholders. Proff Jagdish Sheth and Raj have researched "The self destructive habits of good companies –on Why Companies Fail ?" and in his second book "What makes a good company a great one - calling it 'Firms of Endearment". The SPICE model as developed by them talks about fusing purpose into profit & encompasses all stakeholders – "Society, Partners, Investors, Customers and Employees "& the transformation of leadership that is required to bridge the trust deficit. Poorly governed companies are

unlikely to be sustainable in the long term. Governments & regulators have a role to play as well with better rules on lobbying, political financing, make public spending &contracting more transparent to ensure a enabling environment that is conducive & equitable. The Supreme Court has had to step into the public policy space, time & again to restore confidence & has gone further to define "crony capitalism" as corrupt business practices where contracts are given to friends & relatives by politicians – the "Khaas Admivs the 'AAM admi" to ensure that conflict of interests do not affect the arbitrary distribution of resources that belong to the nation as a whole. P. Sainath talks about "budget Foregone" to the corporate sector in every budget which runs into a few lakh crores & recently the Deputy governor of the RBI has said that 1 lac crore written off as bad debts was overdue from the big corporates. Giving away a 2% is thus only a drop in the ocean. Yet given India's many challenges it is still required but to be spent wisely.

CSR is then a outcome of good governance, where compliance with regulation, disclosures & responsible business practices are not compromised. Just spending 2% would

not in itself qualify that the company as a responsible entity. It is a combination of ethics, values & leadership that help companies transform themselves. Quick bucks & ends do not justify means. Financial contributions in themselves will not make a difference unless a critical mass within the corporate sectors understands & engages with stakeholders particularly with communities who are today up in arms against giving up land or other resources that ends up impoverishing them. In the words of Gandhiji –"the World has enough for People's need but not their Greed" . A country of 1.2 billion people must find their own answers, evolve solutions for the long term that can benefit all, rather than a few.

CORPORATE GOVERNANCE – BEYOND THE REALM OF LAW?

The Report of the SEBI Committee on Corporate Governance:

A corporation pools capital from a large investor base both in the domestic as well as international capital markets. Investment is an act of faith. When an investor invests money in a corporation, he expects the Board and the Management to ensure the safety of the capital and also earn a rate of return that is higher than the cost of capital. Investors expect management to act in their best interest at all times and adopt good corporate governance practices. A corporation is a congregation of various stakeholders namely customers, employees, investors, vendor-partners, government and society. A corporation needs to be fair and transparent to its stakeholders in all its dealings and transactions. This has become imperative in today's globalized business world where corporations need to access global pools of

"People who deal with other people's monies are but trustees acting for others".

-President Roosevelt in moving the Securities Act in the US Congress in 1934

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capital, attract and retain the best human capital from various parts of the globe, need to partner with vendors on mega collaborations and the need to live in harmony with the community. And unless a corporation embraces and demonstrates ethical conduct, it will not be able to succeed. Corporate governance is the acceptance by the management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of shareholders. Corporate governance is about commitment to values, ethical business conduct and making a distinction between personal and corporate funds in the management of a company. Corporate governance is about ethical conduct of business. Ethics is concerned with the code of values and principles that enables a person to choose between right and wrong and therefore select among alternative courses of action. Ethical dilemmas arise from the conflicting interests of the parties involved. Managers make decisions based on a set of principles influenced by the values, context and culture of the organization. Ethical leadership can be good for business as the organization is seen to conduct its business in line with the expectations of all stakeholders.

Corporate Governance is "a system of checks and balances between the Board, Management and Investors to produce an efficiently functioning corporation, ideally geared to produce long-term value"

– The Conference Board

While this provides one with an academic view of what good corporate governance is all about, the ground reality is quite different. Corporate governance like in all spheres of life is far away from idealism. And more so in the context of emerging markets including India. India Inc.'s most reputed names too are undergoing CG syndromes with issues surrounding mergers, demergers, valuations, accounting, succession planning, royalty to parents, poor transparency levels etc. Even the Indian IT sector, once the role model for good corporate governance to rest of India, has fallen from grace in the area of corporate governance with compliance issues, succession planning, nepotism and issue of ineffective boards raising their ugly heads.

"Good people do not need laws to tell them to act responsibly, while bad people will find a way around laws"

- Plato

Experts attribute the issues in corporate governance to those that emanate from asymmetry of power, information asymmetry, the interests of shareholders as residual owners, the role of the owner management, the theory of separation of powers and the division of corporate pie among various stakeholders.

Unarguably, the above are the core issues and there is a larger role for regulators and institutional investors to play here. However, not all the ills can be placed at the door steps of regulators for alleviation. Corporate Governance emanates from the value system and culture of management and cannot be mandated by legislation. It must be borne in mind that greed, short-term orientation, insecurity, utter disregard to stakeholders have always been at the root of every single violation of corporate governance. Boards need to be more effective and responsive to stakeholder interests. There has to be greater involvement of the Board in long-term strategy, monitoring of management performance, and ensuring compliance. Boards need to devote more quality time and effort in review of controls and risk management. There needs to be more involvement in leadership pipeline development and succession planning. Boards need to adopt global best practices in the areas of Board composition, Board effectiveness, functioning of Board Committees including the audit committee, audits, executive compensation, transparency, disclosures, internal controls and enterprise wide risk assessment and management.

Corporates must get the code of ethics imprinted within the organization and not make it a paper exercise. There is a crying need to articulate and demonstrate the company's ethical standards. Corporate governance is beyond the realm of law. Managements need to act as trustees of stakeholders both in letter and spirit of law.

Triple Bottom Line The test of Responsible Corporate Governance

Corporate Governance in current times, has assumed significant implications in its meaning and scope. Globalization of business leading to international partnerships has increased the accountability of the governing bodies irrespective of its ownership pattern. Investors have become more sensitive to the quality and commitment of the management rather than relying only on return on investment. Sustained development potential and social brand value are also equally pertinent issues in making investment decisions. Socially responsible Investing (SRI) is the new key word. This would lead to conceptually a new outlook to market investment depending heavily on corporate governance. Legal compliance is just one part of Corporate Governance but is not good enough to attract investors. Corporates do take interest in societal developments as part of its brand building efforts. However such effort should not smack of or be a cover

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to subdue the social liabilities caused in the course of its business. The corporate philosophy reflecting the attitude, culture and conviction of the organization in fulfilling its responsibility to the society must be sufficiently transparent to repose investor confidence. It is just not the bottom line (the financial results) or the brand image, but acceptable indices of triple disclosures on profitability, social contributions and the environmental commitments that will differentiate responsible corporate citizens.

What does Corporate Governance mean? There have been different connotations given to the term depending on its scope perspective. Shareholder versus the Stakeholder approach marks the difference in scope. Mandatory obligations in carrying out the business activity are the minimum objective of good governance while the ethical aspects of business consequence widen the objective to responsible governance. Responsible corporate governance encompasses corporate social responsibility.

Business primarily belongs to the shareholder who undertakes the risk of investing and is entitled for all its earnings absolutely. Responsibility to the society is the duty of the Government and is beyond the purview of business. Business has to only abide by the legal requirements in its conduct. These are some of the arguments against corporate social responsibility advocated by Dr.Elaine Sternberg, author of 'Just Business: Business Ethics in Action', a Research Fellow of the Centre for Business and Professional Ethics, (University of Leeds).According to Sternberg, corporate governance refers to 'ways of ensuring that corporate actions, agents and assets are directed at the constitutional objectives of the corporation, those set by the corporation's owners, the shareholders.'. She argues that it is up to the shareholders of each corporation to specify what kinds and degrees of accountability they require, and how they want to achieve it.

The argument that business is proprietary to the shareholder is logically similar to civil rights of an individual. However no individual in exercise of personal rights can cause any nuisance, injury or threat to any person or

property. Further the benefits derived by the shareholder cannot be justified at the exploitation of other stakeholders who contribute to earning the benefits such as the employees, suppliers, customers, the financiers and the society at large. When the business acquires the power through its investment, it also assumes the responsibility to judiciously exercise such power. Business is responsible to the society, which indirectly benefits or suffers from a business investment. Employment generation, ancillary development, infrastructure development etc are some of the benefits of corporate investments while pollution, environmental destruction, creation of cartels etc

could be some of the potential ill effects. Those who argue in favour of legalizing corporate social responsibility lay emphasize on the ill effects. 'We live in an age in which companies equivalent in wealth to countries call the shots and control much of the earth's resources. Because corporates intervene in so many areas of social life, they must be responsible towards society and the environment. In India as in the rest of the world there is a growing realisation that capital markets and corporations are, after all, created by society and must therefore serve it, not merely profit from it. And that consumers and citizens' campaigns can make all the difference', quotes Info Change News & Features on Corporate Social Responsibility.

Responsible Corporate Governance has to accept a balanced approach to go beyond the limited perception of shareholder interests to comprehend the interest of all stakeholders. The World Bank initiative on Business, Competitiveness, and Development seeks to build a deeper understanding of the role business can play in meeting today's development challenges. Corporate social responsibility (CSR) has risen in global prominence and importance, particularly after the corporate governance scandals in large corporates like WorldCom, Enron, Parmalat, Daewoo etc affected major capital markets worldwide. World Bank programme on BCD places issues such as ethics, accountability, and transparency firmly on the business, regulation and policy agendas. It also observes that issues such as peace, sustainable development, security, poverty alleviation, environmental quality and human rights are becoming increasingly interlinked, and are having a profound effect on businesses and the business environment. It believes that though not traditionally responsible for finding solutions to these challenges, it is in the private sector's best interest to be part of the solution rather than part of the problem. Corporate social responsibility is the commitment of businesses to behave ethically and to contribute to sustainable economic development by working with all relevant stakeholders to improve their lives in ways that are good for business, the sustainable development agenda, and society at large.

Corporates, particularly large players, allocate large outlay for branding. There is increased involvement and participation in social development to enhance brand presence. Motives of such brand building are purely in business interests. Creation of socially supporting foundations by business entities achieve a comprehensive market presence, better valued than high profile product publicity campaigns. In business parlance cost-benefit relationship sets the key for any spending and in that perspective whether such involvement and participation carry with it the willingness and sincerity to be a part of the society will judge its role in social responsibility.

The beverages giant, *Coca Cola in its 'new vision for sustainable growth' adopted in 2004, emphasized on five central aspects of its business-people, portfolio, profit, partners and planet. In the "planet" category, it pledges to be "a responsible global citizen who makes a difference" and its efforts on education. In one year alone, its corporate foundation contributed nearly $24 million toward projects including higher education, international education, and teacher training. One of the most significant contributions was for a project in Mexico. Specifically, the foundation gave $2 million to Vision Mexico, a group that aids indigenous communities in the country by building dormitories for schools. The im-

provement of education in remote communities appears to be a major effort of Coca-Cola's foundation. The company is committed to improve the environment by concentrating on three important impact areas: water use, packaging, and energy use. In terms of water usage, Coca-Cola has launched an initiative called Global Water Stewardship to bring in access to safe drinking water. But the credentials of this initiative have to be rated with reference to events happening elsewhere in the world to test its veracity. The developments in India, in the State of Kerala and elsewhere, in the recent past, alleging toxic content in the bottled product, exploitation of water resources, environmental pollution from sludge disposal etc. are matters of concern for the corporate management if it values its pledge to be responsible global citizen.

Brand building cannot be equated to social responsibility. Widespread reputation arising from quality aspects of product and service coupled with stakeholder satisfaction can create a business brand. Brand preference as an attribute of branding has to come from within the business. Corporate governance can only enhance the brand but by itself cannot create it. Corporate Social Responsibility does not envisage financial support to social and environmental initiatives of the NGOs or the Government but such support may form part of it. There can be no demand on the business to contribute to matters for which business has no jurisdiction. Hence there can be no law to enforce corporate contributions for social development schemes on education, health or poverty alleviation. Provision for mandatory earmarking of profits for social responsibility in the recently passed new Companies Act in India is yet to be tested for its legality. Nevertheless corporates are keenly partnering such endeavors mainly as a brand enhancement process to reap better market valuation. More importantly social responsibility would call for accountability for actions and owning up for consequences. Social commitment rather than social charity is the key ingredient, which is a social obligation not yet extensively brought under a legal framework. Brand values will gain positively from both but may be negatively affected if the former is negative even if the latter is positive. The typical example for this is falling brand value of Coca Cola in the last few years.

Legalizing social commitment is covered under general law in terms of requirement to adhere to enactments like Pollution Control Act, Environmental Protection Act and in the provisions of the Law of Torts. However it is more difficult in terms of enforcement. Environmental Protection and Pollution control Acts are more of guidelines for compliance at the start and there is no mechanism to control it on an ongoing basis. Any default in subsequent compliance as well as causing tortuous liabilities can be brought under legal remedy only based on complaints by the aggrieved, which relies on evidence for corrective action. This aspect is a lengthy legal process and to that extent its effectiveness is frugal.

Investor enlightenment is the way forward for responsible corporate governance to become a reality. Business to fall in line has to learn from its own stake holders. Investors are progressively becoming aware of the problems caused by business to the society, which has lead to revival of the concept of Socially Responsible Investing (SRI). ^Integrating personal values and societal concerns with investment decisions is called Socially Responsible Investing (SRI). SRI considers both the investor's financial needs and an investment's impact on society. ^^Socially responsible investing describes an investment strategy, which combines the intentions to maximize both financial return and social good. In general, socially responsible investors favor corporate practices which are environmentally responsible, support workplace diversity,

and increase product safety and quality. # TIAA-CREF, the largest U.S. retirement fund, sold $52.4 million worth of Coke stock because of concerns about the company's social responsibility. The sale was prompted when KLD Research & Analytics removed Coke from its list of socially responsible companies. KLD based its decisions on a number of issues — labor and human rights issues in Colombia, environmental issues in India and the marketing of high-calorie drinks to children in the United States,.

Development of Corporate Governance Index (CGI) based on valid measureable parameters, which will have a say on market capitalization buildup could be a potential solution. This could be included in the corporate disclosures along with the financial reports to form the 'triple bottom line'. This is an area to be considered for imposing statutory restriction for fund raising from the market or even from Public Financial Institutions. Corporates will not be able to command respect in the market unless they are able to sustain a satisfactory level of Corporate Governance Index. The shift of recognition from mere bottom line (the financial results) or the brand image, to acceptable indices of triple disclosures on profitability, social contributions and the environmental commitments will differentiate responsible corporate citizens. Companies with low or less than satisfactory levels of CGI may sooner or later will lose market response. This of course will depend on change in investor attitude towards investing. It is significantly the 'Investor Social Responsibility' that will beget sustainable corporate social responsibility!

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Caroline Wilbert -The Atlanta Journal-Constitution

Historical Development of Corporate Governance in UK and India

Introduction

Corporate governance involves a set of relationships amongst the company's management, its board of directors, its shareholders, its auditors and other stakeholders. These relationships, which involve various rules and incentives, provide the structure through which the objectives of the company are set, and the means of attaining these objectives as well as monitoring performance are determined. Thus, the key aspects of good corporate governance include transparency of corporate structures and operations; the accountability of managers and the boards to shareholders; and corporate responsibility towards stakeholders.

There are various definitions of corporate governance which have been propounded by various experts from time to time.
Organisation for Economic Co-operation and Development (OECD) has given a very comprehensive definition of corporate governance.

Cadbury Report, UK defined "Corporate governance" as the system by which businesses are directed and controlled."

The preamble of OECD Principles, 2004 defines as follows:
"*Corporate governance is one key element in improving economic efficiency and growth as well as enhancing investor confidence. Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and its shareholders and should facilitate effective monitoring.*"
Corporate governance means rigorous supervision of the management of a company. It means ensuring that business is done competently, with integrity and with due regard for the interests of all stakeholders. Good governance is, therefore, a mixture of legislation, non-legislative codes, self-regulation and best practice, structure, culture, and board competency.
The board and the individuals comprising it are at the heart of the company. They are the link between those who provide the capital and to whom they are accountable, and those, who carry out the policies and decisions they make and who are therefore accountable to the board. Corporate governance exists to provide a framework within which these regulations can operate effectively and the board can fulfil its key purpose.

Development of Corporate Governance in- United Kingdom (UK) and India

:United Kingdom:

History of Corporate Governance

Initial corporate governance developments in the UK began in the late 1980s and early 1990s in the wake of corporate scandals such as Polly Peck and Maxwell. Financial reporting irregularities led to the establishment of the 'Financial Aspects of Corporate Governance Committee' led by Sir Adrian Cadbury.
The resulting Cadbury Report published in 1992 outlined a number of recommendations around the separation of the role of an organisation's chief

executive and chairman, balanced composition of the board, selection processes for non-executive directors, transparency of financial reporting and the need for good internal controls. The Cadbury Report included a Code of Best Practice and its recommendations were incorporated into the Listing Rules of the London Stock Exchange (LSE).

In 1995, following concerns about directors' pay and share options, the Greenbury Report recommended extensive disclosure in annual reports on remuneration and recommended the establishment of a remuneration committee comprised of non-executive directors. Again, the recommendations of Greenbury report were incorporated into the Listing Rules of LSE.

In January 1996, the Hampel Committee was established to review the extent to which the Cadbury and Greenbury Reports had been implemented and whether the objectives had been met. The Hampel Report led to the publication of the Combined Code of Corporate Governance, 1998 covering areas relating to structure and operations of the board, directors' remuneration, accountability and audit, relations with institutional shareholders, and the responsibilities of institutional shareholders.

The 1998 Combined Code was superseded by the Combined Code, 2003. It was appended to Listing Rule requiring companies to provide in their annual reports a narrative statement of how they have applied the Code principles and state that they have complied with the Code provisions or, if not, why not and for what period.

Institute of Chartered Accountants in England & Wales (ICAEW) in 1998 constituted Turnbull committee which gave its report "Internal Control: Guidance for Directors on the Combined Code" in September, 1999 which recommended that directors be responsible for internal financial and auditing controls.

In 2001, Government in UK was concerned that institutional investors are not giving sufficient attention and resources to their holdings in non-listed companies. UK Government constituted a committee to address this issue. Paul Myners gave its report "Institutional Investment in the UK: A Review". The report included suggestions for the improvement of communication between investors and companies and encouraged institutional investors to consider their responsibilities as owners and how they should exercise their rights on behalf of beneficiaries.

In July 2002, the Department of Trade and Industry (DTI) and HM Treasury instigated a review of the Combined Code following a review of company law. It initiated the Higgs Report on "The Role and Effectiveness of Non-Executive Directors" which was published in January 2003. Recommendations from Higgs included a definition of 'independence'; proportion of independent non-executive directors on the board and its committees; an expansion on the role of the senior independent director; added emphasis on the process of nominations to the board through a transparent and rigorous process and evaluation of the performance of the board, its committees and individual directors.

Around the same time, the Financial Reporting Council published the Smith Report, "Guidance on Audit Committees". Both the Higgs and Smith Reports were published in January 2003 followed by the Tyson Report on the recruitment and development of non-executive directors commissioned by the Department of Trade and Industry (DTI). The recommendations from the Higgs and Smith Reports led to changes in the Combined Code of Corporate Governance published in July 2003. It applied to all companies listed on the primary market of the London Stock Exchange for reporting years commencing on or after 1 November 2003.

In 2004, the Financial Reporting Council established the Turnbull Review Group to consider the impact of 'Internal control: Guidance for Directors on the Combined Code' and to determine whether the guidance needed to be updated. Accordingly, "Internal Control: Revised Guidance for Directors on the Combined Code" was published by the Fi-

nancial Reporting Council in October 2005.
The UK Government commissioned Lord Turner in October 2008 to review the causes of the global financial crisis. The Turner Review, issued in March 2009, was a UK regulatory response to the global banking crisis. The Turner Review outlines recommendations on the redesign of regulation and supervisory approach needed to create a more robust banking system for the future. The Review also focuses on the improvements in the effectiveness of internal risk management and corporate governance.

In February 2009 Sir David Walker, had been asked by the Government to review corporate governance in UK banks in the light of the experience of critical loss and failure throughout the banking system. The Walker Review published in November 2009 recommends more transparent pay and bonus structures for all high earners following a serious and ongoing corporate governance failings in the financial sector.

UK Corporate Governance Code

UK Corporate Governance code, 2012 which was issued in September, 2012 is the culmination of the report of various committees starting with Cadbury committee report in 1992. UK Corporate Governance Code, 2012 sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. All companies which are listed in UK are required under the Listing Rules to report on how they have applied the Code in their annual report and accounts.
The Code contains broad principles and more specific provisions. Listed companies are required to report on how they have applied the main principles of the Code, and either to confirm that they have complied with the Code's provisions or - where they have not - to provide an explanation.
Compliance of the UK Corporate Governance Code
All quoted companies with a premium listing on the London Stock Exchange, whether they are incorporated in UK or elsewhere, are obliged to report how they apply the Code principles and whether they comply with the Code provisions and, where they do not, explain their departures from them. If quoted companies ignore the Code, then there will be penalties under the Listing Rules.

The main principles of the code:

- Leadership
- Effectiveness
- Accountability
- Remuneration
- Relations with shareholders
- India
- History of Corporate Governance

"Comply or Explain"

The "comply or explain" approach is the trademark of corporate governance in the UK. The Code is not a rigid set of rules. It consists of principles (main and supporting) and provisions. The Listing Rules require companies to apply the Main Principles and report to shareholders on how they have done so. The principles are the core of the Code and the way in which they are applied should be the central question for a board as it determines how it is to operate according to the Code. It is recognised that an alternative to following a provision may be justified in particular circumstances if good governance can be achieved by other means..

:India:

History of Corporate Governance

India has the largest number of listed companies in the world, and the efficiency and well being of the financial markets is critical for the economy in particular and the society as a whole. It is imperative to design and implement a dynamic mechanism of corporate governance, which protects the interests of relevant stakeholders without hindering the growth of enterprises.

Since, 1991, the year in which the government of India liberalized and deregulated the Indian economy. The country witnessed wide-ranging changes in both laws and regulations driving corporate governance as well as general consciousness about it. One of most important development in the field of corporate governance and investor protection in India has been the establishment of the Securities and Exchange Board of India (SEBI) in 1992. Through the passage of Securities and Exchange Board of India Act, 1992, Parliament established SEBI as an independent statutory authority, subject to the requirement of submitting Annual Re-

ports to Parliament. The stated purpose of SEBI is to protect the interest of investors and regulate the securities market, akin to the role of Securities and Exchange Commission (SEC) in United States. Since 1992, SEBI has played a crucial role in protecting the interest of investors, regulating securities market, prohibiting insider trading, etc.
The need and importance of corporate governance in India were realized after investor were duped of their hard earned money and the public trust in the securities market went down. These series of financial scams and scandals starting with the most famous Harshad Mehta securities scam 1992, followed by Preferential Allotment scam, 1995, Plantation scam, UTI scam, 2000, Ketan Parekh securities scam, 2003, IPO scam, 2005, LIC Housing Finance scam, 2011 forced the government and regulator to come up with new governance standard.

The debate on the importance of corporate governance, role of Independent Directors & auditors took a new twist after the revelation of financial fraud in Satyam which was being perpetrated by the Founder & Promoter Director of the company. With each scams and scandals, SEBI came up with new regulatory provision which is to be complied by all the Listed companies in India. But the fact is that, Corporate Governance is not something that can be regulated by the government and regulator through rules and regulations. It is something that should be followed in the right spirit. Inspite of the best of regulations, we witnessed another financial fiasco "NSEL" where investors were duped for around Rs. 5500 crores. It proves that no amount of regulations can stop financial scam, it can only provide few more checks and balances.
National Task Force constituted by CII

The journey of corporate governance in India started with the formulation of "Desirable Corporate Governance – A code" by Confederation of Indian Industry (CII). CII in 1997 constituted a National Task Force under the Chairmanship of Rahul Bajaj. The Task force finalized the code of corporate governance in 1998. The code was voluntary in nature and applicable to all companies, public or private.

Kumar Mangalam Birla Committee

SEBI constituted a Committee on May 7, 1999 under the chairmanship of Shri Kumarmangalam Birla, then Member of the SEBI Board "to promote and raise the standards of corporate governance". Based on the recommendations of this Committee, a new clause 49 was incorporated in the Stock Exchange Listing Agreements ("Listing Agreements"), in 2000. Clause 49 of the Listing Agreement prescribes the broad parameters of corporate governance for companies listed on the Indian Stock Exchange.

Naresh Chandra Committee

After the Enron debacle in 2001, involving the hand-in-glove relationship between the auditor and the corporate client, came other corporate scandals involving large US companies such as worldcom, Waste Management, Quest, Global Crossing, Tyco etc., and the auditing lacunae that eventually led to the collapse of Arthur Anderson. These scandals another phase of reform with the enactment of the most stringent securities law, Sarbanes – Oxley Act (SOX) in the United States, Government across the world started upgrading their governance standard.

As corporate governance norms as prescribed under Clause 49 of the Listing Agreement is applicable only to the listed companies and adoption of corporate governance norms by all companies can be brought about in India only through legislative route, hence, Department of company affairs (DCA) (now Ministry of Corporate Affairs), Government of India in August 2002, appointed a high level committee, Naresh Chandra Committee (under the chairmanship of Naresh Chandra), to examine various corporate governance issues and to recommend changes in the diverse areas involving the auditor-client relationships and the role of independent directors.

The Committee submitted its Report on 23 December 2002. Naresh Chandra Committee recommendations were related to the Auditor-Company relationship, disqualifications for audit assignments, prohibition of non audit services, compulsory audit partner rotation, CEO/CFO certification, supervising the work of auditors through a regulatory

oversight body like PCAOB, Independent Directors, etc.

Narayana Murthy Committee:

After the Enron debacle in USA, SEBI, in 2002, constituted a Committee on Corporate Governance under the chairmanship of Mr. N.R. Narayana Murthy to evaluate the adequacy of existing corporate governance practices and further improve these practices. The committee was set up to review Clause 49, and suggest measures to improve corporate governance standards in India.

The committee gave its recommendations in February, 2003. The recommendations of the committee were related to the Audit Committee, Audit Report and Audit qualifications, Related Party Transactions, Risk Management, Code of Conduct, Nominee Director, Non Executive Director Compensation, Independent Director, Whistle Blower Policy, Subsidiary Companies, Evaluation of Board Performance, etc. The recommendations of the committee were incorporated in Clause 49 of the listing agreement.

Corporate Governance under Clause 49 of the Listing Agreement:

Clause 49 of the Listing Agreement, which deals with Corporate Governance norms that all listed company should follow, was first introduced in the financial year 2000-01 based on recommendations of Kumar Mangalam Birla committee. After these recommendations were in place for about two years, SEBI, in order to evaluate the adequacy of the existing practices and to further improve the existing practices set up a committee under the Chairmanship of Mr Narayana Murthy during 2002-03.

Narayana Murthy Committee gave its recommendations on corporate governance to SEBI. After due deliberations, SEBI accepted the recommendations of the committee. In 2004, SEBI announced revised Clause 49, which included some of the recommendations of the Narayana Murthy Committee, which was required to be complied by all listed companies.

Revised Clause 49 of the Listing Agreement prescribes Mandatory and Non Mandatory Requirements. It provides the recommendations in the following broad parameters on Corporate Governance :

- Mandatory Requirements
- Board of Directors
- Audit Committee
- Subsidiary Companies
- Disclosures
- CEO/CFO Certifications
- Report on Corporate Governance
- Non-Mandatory Requirements :
- Tenure of Independent Director
- Remuneration Committee
- Shareholders Rights
- Training of Board Members
- Mechanism for evaluating non-executive Board Members
- Whistle Blower Policy

Non-Compliance of Clause 49:

There are two consequences of non compliance of the listing agreement :

Section 23E of the Securities Contracts (Regulation) Act, 1956 (SCRA) provides a deterrence against the perpetrators of non compliance. It states : "If a company fails to comply with the listing conditions or commits a breach thereof, it or he shall be liable to a penalty not exceeding Rs. 25 crore. The other consequence that befalls a company when it violates conditions of the listing agreement is a delisting of its shares from the stock exchanges. This is unpopular as delisting penalises the non-controlling dispersed shareholders and closes their exit options.

Corporate Governance under Companies Act, 2013

As SEBI mandates extends only to companies listed on stock exchanges and a comprehensive adoption of corporate governance norms for all companies can be brought about in India only through the legislative route. Therefore Ministry of Corporate Affairs (MCA), Government of India enacted the new Companies Act, 2013 which is applicable to all companies, public or private, listed or unlisted.

The new Companies Act, 2013 replaces the old Companies Act, 1956. Companies Act, 2013 has adopted a number of recommendations pertaining to good corporate governance. Some of them are as follows:

Class Action Suit

Prescribed number of members or creditors can apply to National Company Law Tribunal (NCLT) for orders to prevent the affairs of company being conducted in a manner prejudicial to the interests of the company. They may claim

damages / compensation for fraudulent / unlawful / wrongful acts from or against the companies directors / experts / auditors / advisors, etc. Class Action suit provides empowerment to minority stakeholders to come together and seek action against the management, advisors and auditors of the company for any oppression or mismanagement.

Appointment of Woman Director :

Appointment of at least one woman Director on the Board of the prescribed class of Companies so as to widen the talent pool enabling big Corporates to benefit from diversified backgrounds with different viewpoints.

Corporate Social Responsibility (CSR) :

Companies having a net profit of Rs. 5 crores or more or net worth of Rs. 500 crores or more or turnover of Rs. 1000 crores of more are mandatorily required to spend every year at least 2% of average net profit of last 3 years on Corporate Social Responsibility. Companies are mandatorily required to constitute a CSR committee consisting of minimum one Independent Director and shall formulate a CSR Policy. If the company fails to spend the money on CSR, Board shall specify the reasons for not spending the amount in Board of Director's Report.

National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal to replace the Company Law Board (CLB), Board for Industrial and Financial Reconstruction (BIFR) and High Court. They would relieve the Courts of their burden while simultaneously providing specialized and speedy justice.

Fast Track Mergers:

It prescribes a fast track and simplified procedure for mergers and amalgamations of certain class of companies such as holding and subsidiary, and small companies after obtaining approval of the Indian government.

Cross Border Mergers:

It permits cross border mergers, both ways; a foreign company merging with an India Company and vice versa but with prior permission of RBI.

Deposits :

Credit rating has been made mandatory for acceptance of public deposits.

Prohibition on Insider Trading:

While the Companies Act, 1956 was silent on the provisions relating to insider trading, the 2013 Act on the other hand, lays down provisions relating to prohibition of insider trading with respect to all companies. No person including any director or KMP of a company shall enter into insider trading except any communication required in the ordinary course of business or profession or employment or under any law. Any person who violates the clause will be punished with a fine or imprisonment or both.

Maintenance of records in Electronic Mode:

It provides E-Governance for various company processes like maintenance and inspection of documents in electronic form, option of keeping of books of accounts in electronic form, financial statements to be placed on company's website, etc.

Participation and Voting through electronic means:

Participation in the Board Meeting through video conferencing or audio visual is recognized, which will bring more ease to the Board's functioning.

Board Committees

All listed companies and other prescribed category of companies are required to mandatorily constitute following committees of Board:

- Audit Committee
- Stakeholder Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee

Resident Director:

Every company shall have at least one director who has stayed in India for a total period of not less than 182 (one hundred and eighty two) days in the previous calendar year.

Independent Directors (ID):

Companies Act, 2013 has for the first time introduced and defined the word Independent Director (ID). As per the New Act, 2013, All listed companies should have at least 1/3rd of the Board as independent directors. No independent director shall hold office for more than two consecutive terms of five years. The fixed tenure for Independent Director is aimed to improve objectivity of the ID. The Act also provides that the ID should not be remunerated by grant of stock options.

Notice of Board Meeting:

It prescribes that at least 7 days' notice to call a board meeting. The notice may be sent by electronic means to every director at his address registered with the company. The Act intends to provide the Board sufficient time to prepare for the meeting.

Duties of Director defined:

The new Act has for the first time defined the duties of a director. It enhances significantly the role and responsibilities of the Board of directors by making them more accountable for their actions while protecting shareholders interest. The Act has proposed significant penalties for directors for defaults in discharging his duties.

Rotation of Auditors:

It provides for rotation of auditors and audit firms in case of publicly traded companies.

Auditors performing Non-Audit Services:

It prohibits Auditors from performing non-audit services (accounting and book keeping services, internal audit, investment advisory services, etc.) to the company or its holding company or subsidiary company, where they are auditor to ensure independence and accountability of auditor.

Constitution of National Financial Reporting Authority (NFRA) :

Central Government will constitute National Financial Reporting Authority (NFRA) which will deal with matters relating to accounting and auditing policies and standards to be followed by companies and their auditors. NFRA will monitor and enforce compliance with accounting and auditing standards.

Related Party Transactions

The new Act for the first time has defined the term "related party". It prescribes that all related party transactions which are not in the ordinary course of business or not at arm's length basis should be approved by the Board. It also proposes that for the companies with the prescribed share capital, no contract or arrangement or transactions exceeding prescribed amount, shall be entered into with its related party, unless, approved by the shareholders of the company by way of a special resolution. However, the related party shareholders are not permitted to exercise their voting rights, in such special resolution.

Conclusion

The stage of development of corporate governance is different in each country based on the difference in the legal system, culture of the country, development of the capital market, power of the judiciary, ownership pattern, role of the regulator in protecting the investor and regulating the market in a fair and transparent way, role of the stock exchanges, brokers, dealers, auditors, investment bankers, legal advisors, credit rating agencies. With the growing pressure from the media and Shareholders activist, countries around the world are strengthening their regulatory norms to attract greater investment from the investors around the world, as adherence of Good Corporate Governance norms is a linked to the flow of funds into a country. Unfortunately, the drive to regulate more stringent corporate governance norms across the world is connected to the financial scams and scandals, be it the Enron, Worldocm, Tyco, Satyam or the collapse of Aurthur Anderson or Lehaman Brothers or NSEL fiasco.....

Suchismita Dhal

Ethical Issues in Business

In general, Ethics is concerned with an individual's moral judgments about a clear distinction of what is right and wrong. Extending it to the business scenario, the study of relevant business policies and practices is known as business ethics. It generally deals with potentially controversial issues, such as corporate governance, insider trading, bribery, discrimination, corporate social responsibility (CSR) and fiduciary responsibilities. Business ethics is often guided by law. It can also be related to a basic framework that businesses decide to follow in order to gain public acceptance and acknowledgement.

Decision making also takes business ethics in to consideration. Decisions taken within an organization is generally made by individuals or groups, but whoever makes them is influenced by the culture of the organization. The decision to behave ethically is a moral one; employees decide what they think is the right course of action between complex alternatives. This may involve rejecting the alternative that would lead to the significant short-term benefit.

In the current complex and divergent global business environment of the 21st century, companies of every size face a multitude of ethical issues in varying magnitude. The major ethical issues faced by businesses are as follows:

Fundamental Issues

Integrity and Trust are the dual fundamental issues that a business can face. Integrity explains the idea of conducting your daily business affairs with honesty. It also demands a sense of commitment of treating every customer fairly in all possible ways. When customers perceive that a company is exhibiting an unwavering commitment to business practices, it develops a considerable high level of trust between the business and the people it seeks to serve. In long term this relationship becomes a key determinate to a company's success.

Diversity Issues

"The world is a rich and diverse place full of interesting cultures and people, who should be treated with respect and from whom there is a great deal to learn." An ethical response to diversity begins with recruiting a diverse workforce and simultaneously enforcing equal opportunity in all training programs. A divergent culture ensures that every employee is able to enjoy a respectful workplace environment with proper valuations of their contributions. It results in a positive environment summing up to a motivating and productive work culture.

Decision-Making Issues

Ethical decision-making processes should be centered on protecting employee and customer rights, making sure all business operations are fair and just, protecting the common well-being together with ensuring protection of individual values and beliefs of workers.

Compliance and Governance Issues

Businesses are expected to fully comply with environmental laws, state safety regulations, monetary statutes and all applicable civil rights laws.

Employee Behavior Issues

All types of business often face ethical issues emerging from employee behavior. For example, whether an employee can spend work time checking personal email accounts is an example of ethical issues regarding employee behavior. There are strict legal consequences for some unethical employee behavior. Businesses can help to prevent ethical problems arising from employee behavior by drafting a clear, attorney-reviewed set of standards that dictate behavior policies for employees at all levels.

Supplier/Customer Relations Issues

Ethical issues involved with relationships between suppliers and customers and their business is more prevalent in modern businesses. Business owners in particular must keep in mind whether it is ethical to do business with suppliers who have unethical practices. When dealing with customers or clients, businesses must ensure that they use their information correctly, do not falsely advertise a product or service. They should also not indulge in any kind of sub-standard work.

The above issues if not checked can prove to be major bottlenecks during day to day operation of a business. They can even hamper the work culture resulting in low employee productivity and dissatisfaction. Therefore, all businesses should take the responsibility to develop codes of conduct and ethics that is abiding on every member of the organization. This ensures a healthy implementation of ethical business policies and practices resulting in effective business decisions.

Ashajyoti Parida

Village Empowerment Program

Covering Miles with Children

Lasting, deep, meaningful social change depends on the engaged involvement of those most closely affected by the change. Deep within the smiles of many kids of Dorli village lays a dream to become a personality which their kin never dreamt of. These kids are not provided with good quality of education to be at par with today's world. They are deprived of many facilities which a student deserves to achieve what they want to.

IMT Nagpur is attempting to make those smiles eternal. Centre of Corporate Governance at IMT Nagpur is regularly arranging educational activities and empowerment program for those kids to step to a higher level. This center has been working for the development of Dorli village school and its students to provide them what they are lacking in.

The Village Empowerment program which was a notable success last year was organized again this time with better planning, to make sure that the kids learn more. The program received an equal contribution from the school. The vision of this program is to provide them an opportunity to come out and reach a step ahead to their dreams. The center received a list of 100 students this time which in itself is a marked improvement from the last year.

The day started with enthusiasm not only by the members of center but also by a dedicated team of volunteers from IMT Nagpur. Commutation of the students was taken care by the college only. They were picked up at 9 AM on a special day, 2nd October, which is special not only because it is a national holiday but because the day was started with a positive note to bring about a change in the society. The program started sharp at 10 AM and scheduled for duration of 6 hours which included their lunch time as well as time for other fun activities.

The kids were taught the internet basics and how to work on Google which is basic to get started with internet. Each and every student was given special attention as there was a volunteer present with every 4 group of students. Special delicacies for lunch were arranged for them. The session continued up till 3 PM. The session ended with their experience sharing and some videos of their favorite cartoon which were enjoyed by each of them.

Besides these programs, IMT Nagpur is also focusing on increasing the diameter of its capabilities in this area. This is an effort by the center of Governance to show its gratitude to the society for what it receives for its successful functioning. It will become a benchmark for Corporate Social Responsibility and will help student managers in the future to be involved in these responsibilities which will help them in having a better view of the society and how they can initiate betterment of the society as a whole. This also helps IMT Nagpur to inculcate a better working environment at the campus.

Akshita Garg


of Management Technology

Tree Plantation Drive

EN-TREE-PRENEUR

The Corporate Citizens of IMT Nagpur conducted a tree plantation drive at the Dorli Vidyalaya, Dorli on 15th August, 2013 as part of the Independence Day Celebrations. The purpose of the project was to plant tree saplings which would act as a counter to the rapid deforestation in the area and to spread awareness among the children of the school about the importance of preserving their environment. The team along with around 20 volunteers and 5 faculty members set off for Dorli village at around 10 in the morning.

We received a warm welcome by the students and teachers of the school. Dr. Ranjit Goswami, Dean, IMT Nagpur addressed a group of around 200 students ranging from Std. 5 to Std. 10. The students were then briefed about the plantation drive and its importance. Subsequently, they were divided into groups of ten and were led by volunteers to the large yard around the school. There were holes dug up in the ground all along the perimeter of the yard. The students quickly grabbed the saplings and started planting the same. The saplings were watered and then packed into the soils using shovels. The students worked well in teams, carrying soil and water to the saplings. Although it was hard work the students kept up the energy throughout the process and showed no signs of tiredness. In a span of two hours around 170 saplings had been planted.

Each group of students took the responsibility of nurturing the saplings they had planted. After a quick recess, the students and teachers gathered around for a quick photograph to remember the day, and were then presented with chocolates and pens as a token of appreciation for their hard work. The school staff appreciated the efforts of the volunteers and the corporate citizens of IMT Nagpur looks forward to more engagements with Dorli village in the near future.

AnkurMathur

Open House Discussion

CSR: An Honest Attempt or a White Lie

The issue of corporate social responsibility has always remained the 'bone of contention' amongst the individuals. From business enterprises to non-government organisations, from the common man to the scholars, the issue has generated a wide range of opinions. To get the better understanding of the issue and to get into the thinking of student managers of IMT-Nagpur, the members of Cciz (centre for corporate social responsibility) organised an open house discussion on 3rd September, 2013. The discussion began with a comment made by the Dean of the college with reference to the accountability of the companies to the society. He stated that – ***"the business exists not only for the shareholders or employees; it also exists for the society."***

The underlined question in the starting of the discussion in Dean's speech was -" For whose benefit does an organisation exists?" This question directed the flow of the discussion towards a proper channel that made the discussion extremely informative and educational for the students. The introduction of the 2% compulsory CSR by the government in the form of the companies bill would ensure that the companies may no longer get away with mere statements of intent on corporate social responsibility. The question regarding the lack of awareness about the CSR and the existence of grey area in context of the definition of CSR due to which it is often confused with sustainability and health/safety was also raised during the discussion.

While the definition of the concept was being tackled by the committee, another issue related to the intention of the companies was raised by one of the students. He asked the question that, "Does CSR and business go together or CSR itself is a business strategy?" A student quoted the comment of William Ford Jr, Chairman, Ford motors Company, "A good company delivers excellent products and services, and a great company does all that and strives to make the world a better place" and added that now-a-days the companies have to think beyond products, people, marketing etc. as they need to look at the scenario from the holistic point of view. The condition of today's world is such that the growth of the nations is not at par with the development of the nation. While on one hand, we have growing GDP and extreme profit maximisation, on the other hand we also have poverty, illiteracy, environmental pollution, unemployment etc. The examples like ITC's E-Chaupal, TATA and the value of trust amongst its customers etc. was taken to suggest that companies built up their brand value on the basis of Social and environmental initiatives. The intent here is not important, but the essential criterion is the end result i.e. the good that is being done by the companies in this 'rat race'.

Aditi Singh


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Spread over the vast green lands of the Silicon Valley of India i.e. Bangalore is the office of the It giant 'Wipro limited'. This Indian multinational IT consulting and outsourcing service company is famed for its work culture and HR practices. So is it famous for its CSR practices that have been implemented in the form of various initiatives like Wipro-care, Eco-eye, Wipro applying thoughts campaign, MISSION10X etc.

On the telephonic conversation with Mr. Neeraj Kumar, General Manager (Human Resources) at Wipro technologies in order to understand the CSR practices of the firm was an enriching experience in itself that helped in explaining a lot about 'Corporate social responsibility'.

REVISITING THE INTERVIEW

Q: Can you please throw some light upon your work history at Wipro?

Mr. Neeraj Kumar: I joined Wipro in 2007. I have looked after different line HR responsibilities of Business groups leading teams across the Globe.

Q: How do you perceive the idea of Corporate Social Responsibility?

Mr. Neeraj Kumar: To me Corporate Social responsibility is still an evolving concept in India. One way or rather the earlier way of looking at it was: 'Corporates are economic entities, they pay taxes, make profits for their shareholders, pay fair wages to their employees, pay for their vendors in time and ensure no harm is done to the environment'. In this approach all their stakeholders were part of the society, so as long as they did all their activities in a fair and honest manner and ensured they create wealth ethically, they were taking care of their social responsibility part. They don't need to do anything more, and asking for anything else was seen as charity and drain on their resources.

Over the last 10-15 years the concept has undergone a massive change, more so in developing societies. Corporates increasingly realize that governments do not have enough funds and more importantly leadership, to ensure that social ills of poverty, education, health, sanitation can be

taken care of by the taxes individuals and Corporates pay. They need to step in with resources, leadership and guidance to create facilities and run programs for the immediate society they operate in.

Q: Does the Human Resource Strategy of Wipro reflect the ideals of Corporate Social Responsibility? For example, Is CSR incorporated into staff training and compensation?

Mr. Neeraj Kumar: We do not mix up CSR with the HR strategy. It is a part of the company strategy but run independently. I do not see how it can be incorporated in staff training and compensation. Do not see any connect in it. It is a purely voluntary activity.

Q: Can you provide a brief overview of Wipro's role in promoting CSR related activities? E.g. Can you elaborate upon the way in which some of CSR initiatives like Wipro-care or eco-eye that are underway at Wipro have been contributing to the society?

Eco-eye is in the nature of increasing awareness amongst the employees and more long term. We have an employee base of roughly 150,000 and by some extrapolation we touch nearly 6 to 8,00,000 lives directly or indirectly. With awareness and education comes consciousness and we believe if we have an educated and aware workforce environment issues coming out of individual habits, consumption etc will get affected positively

Q: What have been some of the constraints that have been faced by the company in executing these initiatives at the ground level?

Mr. Neeraj Kumar: Some of the immediate that come to my mind are, support of local machinery, more because of lack of awareness and understanding and their own priorities than anything else. Once they understand and appreciate then it is usually not an issue.

The other usually is how do we prioritize these issues, there are so many that picking up one over the other seems unfair to the multitude.

Q: Given the emergence of CSR as a strategic imperative over the last decade and the compulsory %

Q: CSR for the companies, how do you see it continuing to evolve in the future?

Mr. Neeraj Kumar: My feeling is initially it will be seen as a levy and companies with limited leadership, support and infrastructure in this area will prefer donating the money part to eligible NGO or funds. As the quantum of money goes up with growth they will realize they will need to create in house infrastructure to run this on their own. And my belief is, that will be a much more effective and efficient way of CSR implementation and will make a much bigger difference.

Aditi Singh

He is Deputy Manager HR & CSR, JSW Steel Ltd from April 2012 – till Present. He is in charge of HR, CSR, welfare, sports & mediclaim of JSW Steel Ltd. His Specialties include: Budgeting, business plans, business strategy, documentation, Working government, management development, meeting facilitation, Networking, organizational skills, performance management, research, HR-training programs.

Q: What is the meaning of CSR from your organization's perspective? Or how your company views CSR?

Dharmesh G: We see CSR as catalyst towards inclusive growth which facilitates creation of a value based and empowered society through continuous engagement in the development process. We work in the fields of Education, Health, Environment, Livelihood, Sports, Art, Culture & Heritage.

Q: What are the various CSR initiatives being undertaken by your organizations & which is your focus area?

Dharmesh G: Our area of focus is holistic development and we carry out activities in the field of Education, Health, Environment, Livelihood, Sports, Art, Culture & Heritage. JSW Foundation strives to achieve sustainable development in all spheres of life including integrated community development, promotion of arts and culture, environment protection, and, sports

Q: How do you identify need areas for CSR activities? What are the challenges faced in this regard?

Dharmesh G: Every year, the Foundation, in consultation with plant managements and CSR teams at the plants, finalizes a set of activities that get built into the business plan. The Foundation lays emphasis on maintaining a continuum of social development thinking into the conduct of these activities. Our major challenge is with ourselves. We feel that we should not perform even a notch below our commitments towards the development of a sustainable society.

Q: How do you relate the CSR activities and business growth or profit?

Dharmesh G: CSR is the part of Business; But for us CSR is not the business and earn profit out of it, it's purely targeted towards the Sustainable development of the society, communities and nation at large. We believe CSR is one of best way a corporate can contribute towards nation's social development.

Q: Do you feel the India Inc. understand the concept of CSR in true sense?

Dharmesh G: CSR is CSR there is no concept like true sense. Any activity undertaken by the corporate has its own virtues. Every activity is carried out with a specific purpose and result in mind. It may happen that some of the activities may not give a desired result that doesn't mean that intensions were not genuine or CSR is not understood in a true sense. Like business CSR too has its success and failure.

Vivek Gautam

“Businesses cannot be successful when the society around them fails.”

“CSR can be very hard for employees to relate to if we don't make it tangible to their everyday working lives."

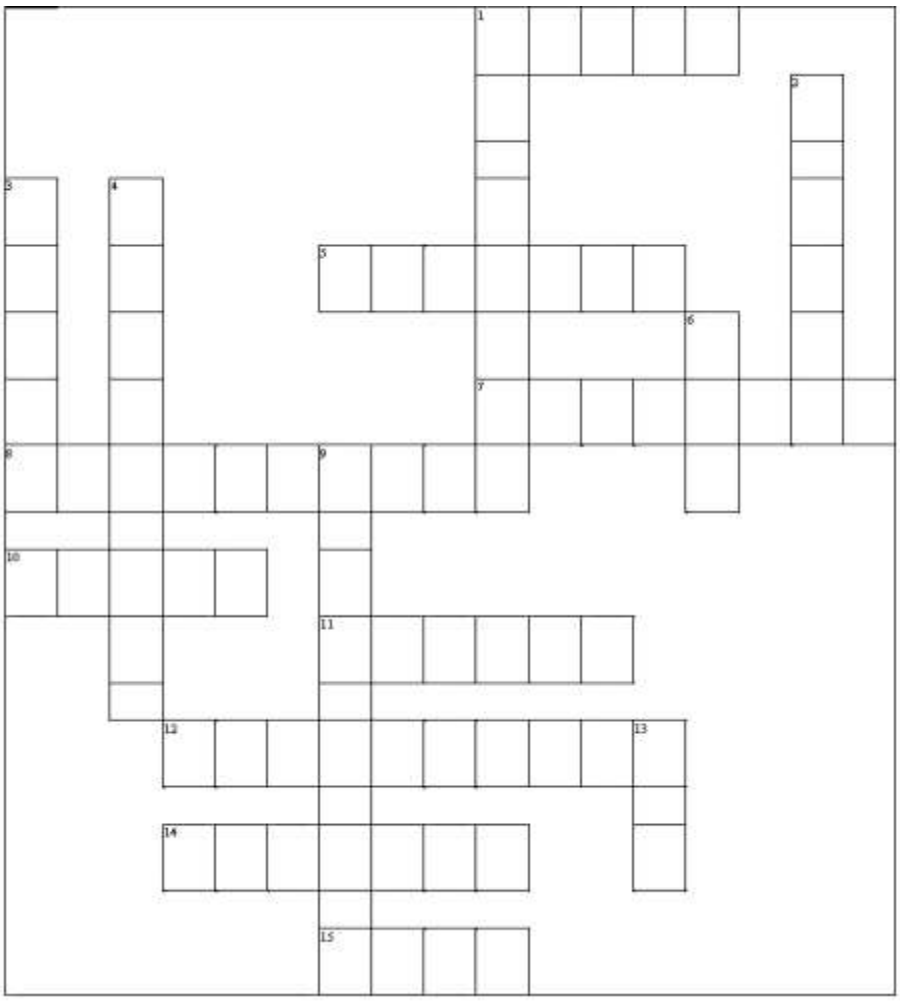
“CSR isn't a particular programme, it's what we do every day, maximising positive impact and minimising negative impact.”

“Loyalty is to the values of the company, not to the company. If there are no values, there is no loyalty.”

"When the wind blows there are those that build walls and then there are those that build windmills."


SIR! WE HAVE INTRODUCED REUSABLE CUPS IN THE COMPANY AND WE HAVE SAVED A LOT OF ENERGY...
GOOD PART IS THAT WE HAVE SAVED A LOT OF MONEY THAT WE USED INCLUDING PLASTIC COFFEE MUGS!!
WAYS TO GENERATE PROFIT THROUGH CSR 101
CORPORATE
SOCIAL RESPONSIBILITY
INTRODUCING WASTE PAPER MANAGEMENT IN OFFICES
REUSE
RECYCLE
RECHARGE
ALL WE NEED TO DO IS TO PUT CSR BEFORE PROFITS TO GET MORE PROFITS...
WHAT SHOULD BE DONE ABOUT CSR??

Cross Word



Across

1. The company partnered with UNICEF 'Awaaz Do' campaign in promoting the right to education in India.

5. A group which planned "DuskiToli" - a CSR initiative planned during IPL 2013

7. Tata Steel was conferred with the 'CSR Excellence Award 2012-13' by

8. A New Hampshire-based yogurt maker, promoting organic farming through its interactive "Have-a-Cow" program.

10. Who did the CSR club of Myntra associate with for its first CSR activity

11. The discipline dealing with what is good and bad or right and wrong or with moral duty and obligation

12. Father of Corporate Governance

14. "Give Them Wings" is a famous CSR initiative by this company

15. This brand of P&G teamed up with Feeding America to help New Orleans families during Hurricane Katrina.

Down

1. A San Francisco-based winery which is in collaboration with Twiterforits CSR activity.

2. "Padhega India to Badhega India"

3. "Go Forth" is the brain child of this brand

4. company ranked 1 in CSR activites as per 2013 CSR RepTrak®

6. A company with guiding principle of its CSR wing as "Impact through Empowerment"

9. "Goodness is the only _____ that never fails – Henry David

13. A campaign was started by Bono and Bobby Shriver, a scion of the Kennedy family, in 2006 to raise money to fight AIDS in Africa.

Untangle your neurons to solve the Cciz trivia!

Send your answers to cciz.imtn@gmail.com

ANEESH PORWAL

Winner of Reader's Quest, July' 13

Cciz invites you to contribute original articles, papers, case studies, book reviews, flickers and interviews on Corporate Social Responsibility, Corporate Governance and Business Ethics for "The Corporate Soul".

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Best entries will be rewarded with a

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“Happiness often sneaks in through a door you didn’t know you left open.”

- John Barrymoore

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