An Approach to Corporate Governance by an Individual's Self Consciousness and Integrated Advancement

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Abstract

Development of code of ethics in conjunction with the core values of the organization alone does not bring about a good corporate Governance (CG). The problem lies in the execution of the Corporate Governance principles. We must rely on self ethics in all functions of the company. This paper subjects that for improving the individuals in the organizations, a transformational leader has to utilize two ethical pillars of ancient Indian Wisdom that is developing a character of goodness and working without desire for the fruits of one's action) which in turn will ensure good CG.

Introduction

Corporate Governance is a set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders include employees, customers, creditors, suppliers, regulators, and the community at large. The widely accepted definition of Corporate Governance indicates how its scope has broadened. Corporate Governance is viewed as a composite whole that draws together elements that simultaneously help in determining the qualitative and quantitative aspects of business [1].

In the wake of globalization perspectives and practices of corporate governance have been gaining acceptance worldwide. Corporate Governance has become a 'styled mantra word' of today's corporate house.

The corporate world wants to make its business practices transparent and accountable to its stakeholders. CG has become a way of life that necessitates taking into account all stakeholders interest in every business decision. However, not until the groundwork was done in terms of preparing a code for corporate conduct by the Confederation of Indian Industries (CII) in 1998, was the importance of CG realized in India [2]. The code agrees that there is no unique way of understanding CG. Different structures are established in different local conditions.

Commonly accepted principles of CG include:

> ➢ Disclosure of transparency
> ➢ Integrity and ethical behavior
> ➢ Rights and equitable treatment of stake holders
> ➢ Role and responsibility of the Board

CG has two dimensions of equal importance structural and cultural. The structural aspects include the systems, processes, norms and regulatory mechanisms, policies and guidelines. As regards progress in the structural path, many companies are emphasizing good practices and this indicates a positive trend. However, in the context of widening perspectives and assimilation of values the cultural aspect consumes primary importance.

The problem in CG is the problems of execution. There needs to be a conviction in value systems. Each company needs to develop its own code of ethics based on "Core Values of the business". There are many among businesses who are still not convinced about the moral angle of business or strategy. CG is not just an issue of legal compliance. It is an issue of greed for running the corporation to z zest for making a difference to the community and turning CG as an instrument of economic and social transformation. CG, therefore, is an issue of the heart and not simply statuary compliance.

Various Principles from Indian Cultural Ethos

The CG code of Conduct states "Corporate Governance is beyond the realm of law. It stems from cultural and mindset of management and cannot be regulated by legislation alone" [3].

This is especially true in Indian culture where self ethics can be used to achieve quality in all the functions of a company. M. B. Atheraya says that such self ethical practices like courage initiative, willingness, discipline, simplicity and austerity are all qualities which are relevant today in the wake of the current meltdown. This global crisis which was caused by the greed of a few institutions has affected the livelihood of many common men especially in the developing countries. This crisis has made companies think of innovative ways revenue and cut down costs. Inequality will be the greatest threat for the security of corporations in the 21st century. This has therefore created a scenario where corporations are thinking of the role of business in social good, more than ever before. This means involving all stakeholders to bring about a change in society. CG can bring about this

change by being based on the principle of equity and fairness i.e. sharing growth. The company's goal should not be the prosperity of a few, but many.

CG runs on the principle of transparency, equity, accountability, integrity and responsibility, makes a lot of difference in running a business. For this, Transformational Leadership is the key. The CEO, COO, CFO has to wake up to the fast that they are the instrument of change in the larger frame work of things. A research paper [4] revealed that lack of moral leadership is considered to be the factor causing maximum hindrance. Sensitization to ethical issues and a solid foundation of human values assumes great importance now. This calls for a transformation of the CEO using an 'inside out' approach, which is the development of the individual leaders self conscience.

Transformation from Within

Some of our older sacred texts [5] can help in scripting an ideal CG philosophy. The management should be balanced and orderly. They should take care of their customers, and business partners, besides their employees. This is the backbone of any sound CG mode. CG can be ethical when it rests on the core values of honesty, integrity, respect, fairness, purposefulness, trust responsibility, citizenship and caring.

The texts referred to above also refer to a 'oneness' theory which calls for an integration of the individual with the organization (the corporation) with the world (the Universe). That is why the individual is at the centre stage of all action and question involving the society or the world naturally revolves round the individual. The emphasis or thrust are now should be on the individual character building and helping organization realize that for a better CG the first step should be 'individual centric' or self realization i.e., and inside out approach.

To begin with it is said that certain qualities or traits are present in every individual and every creation but in different proportions, imparting each a distinctive personality, character and behavior. These are causing tendencies, forces and potencies of the entire nature (Universe) and the human behavior is no exception to this. These qualities refer to 'goodness', passion and 'darkness'.

The man dominated by goodness is essentially enlightened and harmonizing is characterized by intelligence and clarity of vision. His desires and emotions are under his control. He is free from lust, anger and greed. His actions in society are motivated not by his personal gain at the cost of others in the society, but by the well being of the whole society. His speech is truthful, pleasant, and beneficial and means no offence to others. He is gentle, silent and full of self control. He works and fulfills his obligations without expectation of reward.

By contrast the person, in whom 'passion' is predominant, is dynamic but blind and fragmentist. He is given to attachment to the objects of desire. He is full of unrest. He is lustful and greedy. He is a creature of impulses and emotions. Lust for action inevitably leads to greed ad pain because either desires to achieve or his very success may lead him to

further and endless exertion to get more and thus may generate intense integration among others with whom or for which he works.

The man dominated by 'darkness' is indecisive and inert. He develops a personality which is prone to confusion and delusion. That is, he has either the energy or zest of the man dominated by neither 'passion' nor enlightment of one in whom, 'goodness' is predominant. This type is characterized by inattention, lack of understanding, indolence and languor.

The highest the proportion of 'goodness' is an individual the stronger are their ethical propensities. The constituent physiological forces of 'passion' through are strongly oriented and inevitable carries greed, anger, cunning and vindictiveness the prime movers of unethicality. Those with a great deal of 'darkness' lack action orientation and breed passive unproductive unethically.

The ethical quality of decisions tends to be jeopardized when one's ego clamours for gratification from work. The presence of such ego clouds ones one moral judgment, balance of proportion and breeds unethically and inefficiently.

One can learn a few lessons in management and imbibe the principles of desireless action by observing Mother Nature.. The sun, the tree, the birds, the flower, the river and all symbols of conscious nature performing work as an expression of their respective natural laws. They do not waste themselves through constant calculation and anxieties about personal gain or recognition. This leads to spontaneity, energy conservation and freedom from mental fever or stress. Hence it is said,

"Thy right is to work only, but never to its fruits, let not the fruits of action be not thy motive, nor let the attachment be to inaction" [6].

In swami Vivekanda's words

"We should work through yoga (Concentration). In such concentration in action (karma yoga) there is no consciousness of lower ego present. The consciousness that I am doing this and that is never present when one works through yoga. The western people do not understand this. They say that if there is no consciousness of ego, if this ego is gone, how can a man work? But when one works with concentration, losing all consciousness of oneself, the work that is done is infinitely better and this everyone may have experiences in his own life. Such performance of work brings good to the world, no evil can come out of its. Those who work thus never do anything for themselves".

The result of every work is mixed with good and evil. There is no good work that has not a touch of evil in it. Like smoke around a fire, some evil always clings to work [7]. Those who work without consciousness of ego are affected by evil, for they work for the good of the world.

Conclusion

Corporate leaders can become role models and a transformational leadership is expected. They may have to encourage and ensure that the individuals working in their organizations have a character of 'goodness' and work without ego. These ideas of India's ancient wisdom ensure good CG. Merely having a highly intellectual workforce in an organization may not produce the desired (ethical) result. There should be a blend in the overall personality of an individual- the blend of Intelligence, Emotional balance and Spirituality which create a solid foundation in an individual over and around whom the organization can be built. A corporation that works towards the welfare of society builds a nation. This sense of working for a collective, larger than the selfish ego, calls for a lot of mental fine tuning on the part of all stakeholders. This is in fact the only integrated approach to Corporate Governance.

References

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