

CORPORATE GOVERNANCE AND BUSINESS ETHICS

SHALU YADAV
M.COM GRADUATE
SYDENHEM COLLEGE OF COMMERCE AND ECONOMICS,
MUMBAI UNIVERSITY

ABSTRACT

Corporate Governance is a system by which a company is directed and controlled. The main objective of corporate governance is to make better decisions. Corporate Governance is not simply regulatory compliance issue but in a fact corporate governance actually enables business to be more successful with better decision making. The key to the effectiveness of Corporate Governance in an organization is the flow of information that is right information to the right people at the right time. Corporate governance is nothing but moral and ethical or value framework under which corporate decisions are taken. In today's dynamic scenario, corporate world is facing many ethical issues in corporate governance area. A business is considered to be ethical only if it tries to reach a trade-off between pursuing economic objectives and its social obligation. Good ethical practices in business lead to good corporate governance which has significant impact on welfare of the all stakeholders and society. This paper gives a brief account of corporate governance and business ethics, incorporation of business ethics in corporate governance, benefits of business ethics, guidelines. The observation instruments was shown to be both reliable and descriptive analysis are to be done. This study is systematic analysis of ethics and corporate governance.

KEYWORDS: Corporate Governance, Business Ethics, Transparency.

INTRODUCTION:

Corporate governance is concerned with the ownership, control and accountability of companies and how the corporate pursuits of economic objectives relates to a number of law in true letter, spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all the stakeholders.

Corporate governance is meant to run companies ethically in a manner such that all stakeholder are dealt in a fair manner

Corporate governance is not something which regulators have to impose on a management rather it should come from within. Therefore, ethical standard need not to be enforced legally or forcefully. End numbers of reason supports the facts why business should act ethically. The incorporation of business ethics in corporate governance provides transparent templates for governing critical decision, procedures and activities. Corporate governance act as key to growing profit and reputation and has a positive impact on the company's performance in the long run.

OBJECTIVES OF THE PAPER

1. To provide an overview of the concept of business ethics in corporate governance.

2. To know the extent to which company is benefited by incorporating business ethics in corporate governance.

DATA COLLECTION:

The secondary data has been used in this paper and information has been taken from the internet via journals, newspaper, books and research paper.

MEANING OF CORPORATE GOVERNANCE

Corporate governance is the application of best management practices, compliance of law in true letter, spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all the stakeholders. Corporate governance is about promoting corporate fairness, transparency and accountability. Corporate governance is all about commitment to values, ethical business conduct and exercise of power in a responsible way i.e. by keeping the interest of stakeholder.

ESSENTIALS OF GOOD CORPORATE GOVERNANCE

Good corporate governance is a formal system of accountability and control of ethical and socially responsible decision and use of resources. Some of the essentials of corporate governance are given as follows:

- 1 Good board practice
- 2 Control environment
- 3 Disclosures and Audit
- 4 Well defined shareholders rights
- 5 Equitable and Inclusive
- 6 Accountable and Transparent

BENEFITS OF GOOD CORPORATE GOVERNANCE

Good corporate governance is a way by going through a company can earn end number of benefits. Some of the benefits are stated as follows:

- Increase in profitability
- Increase in growth in market share
- Building brand image
- Reduces perceived risks , consequently reducing cost of capital
- Satisfied stakeholders
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FOUR PILLARS OF GOOD CORPORATE GOVERNANCE

- 1 Accountability
- 2 Fairness
- 3 Transparency
- 4 Independence

BENEFITS OF BUSINESS ETHICS

Business ethics deals with morality in the business. It is a system of moral principles and values which is applied to business activities. This means that the business activities should be conducted according to ethics and moral standards.

Business ethics focus on what constitutes right or wrong behaviour in the world of business while making decision regarding any corporate affairs, the business need to ensure the presence of integrity and ethical principle in the organization.

IMPORATANCE OF BUSINESS ETHICS

- Gaining trust
- Customer loyalty and satisfaction
- Preventing harm to society
- Protecting business from abuse by unethical employees
- Sustaining the business
- Protecting their own reputation
- Ensures legality of policies
- Improves trust and relationship
- Supports employees growth
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CORPORATE GOVERANANCE AND BUSINESS ETHICS

The focus is given on the good governance and is based on number of ethical values. Topping the list of the values that should be followed in good governance are the values of fairness transparency, accountability and responsibility. These values should permits all aspects of governance and be showed in all action and decision of the board.

Besides these underlying values of corporate governance mention is also made of specific moral responsibility that the board of directors and company abide by.

Prominent among these ethical obligation are ensuring that the company act on high ethical standards so that the reputation of the company will be protected as well as respecting the right of all shareholders.

Now a days, corporate governance has received increased attention because of high profile scandal involving abuse of corporate power and in some cases, alleged criminal activity by corporate officers. An internal part of an effective corporate governance scope includes provision for civil prosecution of person who conduct unethical or illegal acts in the name of organization in India for the need for activity managing ethical performance of companies is emphasized. All the codes recommended that the board of directors should ensure that a code of ethics is developed and that is accepted by the board. Most of corporate governance codes also provides some guidance on the process of developing a code of ethics by either making reference to issues or topics that typically should be addressed in a code or by highlight a process that could be followed in the process of code design or review.

ANALYSIS OF PRINCIPLES OF BUSINESS ETHICS OF THE TATA GROUP

Tata is the most leading player in the Indian market. It is leader, not because of their profitability or operation but also by their every stakeholder such are employees, suppliers, manufacturers and shareholders

etc. Tata is following ethical and moral values that integrates all the stakeholders and also help in other aspects of the business operation. Some principles of business ethics are defined as follows:

- Its employees shall neither receive nor offer or make, directly or indirectly, any illegal payment.
- Tata Company and its employee shall not offer or give any company funds or property as donation to any government or its representative.
- Political non alignment
- Securities transaction and confidential information
- Protecting company assets
- Citizenship
- Integrity of data furnished
- Health , safety and environment
- Quality of product and service
- National interest
- equal opportunity
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CONCLUSION:

Ethics are the core premium component to defense against the corruption while laws and strict rules are reactive. Good corporate is about welfare of all the stakeholders with consideration of ethical practices. It talks about the value and ethics which drive the companies in the conduct of their business. It is all about trust gained by companies from the stakeholder. Good practice of corporate governance cannot guarantee any corporate success. But the absence of such standard will surely lead to questionable practice and corporate failure. In applying of ethics in organization, need to comply with the goal, vision statement, mission, core value and general business principle confer a variety of benefits. The strong ethics program requires continuous reinforcement of concrete values. Corporations are challenged with how to make its employee live and to connect the organization codes and value. To ensure the right ethical climate a right combination of spirit and structure is required.

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