Value Creation and Society: A Corporate Governance in Indian IT Companies

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Abstract

Corporate governance is a unified, systematic, comprehensive and an integrated mechanism which helps the organization to be transparent. Basically, itserves as a watch dog for an organization through its monitoring process and create values for itself, shareholders and for the society at large. This piece of work aims at a chronological study of corporate governance in Information Technology sector and its impact on society for value creation. A range of studies that have applied in 20-year period are examined in a non-exhaustive review of the literature. These studies are selected from authenticated sources mainly from well-known national and international journals. The paper discusses and summarizes numerous theoretical aspects followed by conceptual criticisms of corporate governance structures/policies/framework. Despite these criticisms, the paper concludes that corporate governance remains an useful instrument for industry-oriented research. The author has focused her approach purely from corporate perspective based on her diagnostic studies that is clearly reflected on this paper. The nature and scope of corporate governance is vast and ever evolving. The genesis of the corporate governance reveal that Corporate governance matters are complex that combines its matters like web. The term “governance” designated initially as government dealing with economic and social resources than as a process by which corporate decisions are made or implemented. Corporate governance has become a very effective mechanism which has helped the organizations to create value and stand as a pillar for the growth of Indian economy. The paper provides a useful source of information on corporate governance and its applications. In particular, the paper summarizes a trend of corporate governance over a period of time in India and it is beneficial to the academics, practitioners and researchers.

Keywords: Corporate Governance, India, CSR, value creation, society, shareholders
I. Introduction

The concept of Corporate Governance is as old as the inception of companies and it has been discussed since then but much more discussion on this important and broader issue has been happening over a period in India. Through this paper the author has tried to envision the dynamic nature and scope of corporate governance in the Information technology industry and sector. Besides, through this paper the author has tried to depict the multi-faceted changes that has taken place in the sphere of corporate governance especially keeping the view the Information Technology sector which has undergone the sea change during the march of times and the author takes the privilege to capture those changes through the facts, figures and ideas that took place from time to time.

It is worth mentioning that Cassidy(2003) focused on the maximization of shareholders’ value. He was of the opinion that when undue emphasis is given on financial goals then and compliance with code of practice then long-term shareholder’s value have been destroyed. Strikwerda (2003) had developed an entrepreneurial model of corporate governance. The model is based on the concept of integrated firm and the legal enterprise. Carlsson(2003) focused on the benefits of the active ownership and the value creating roles of such owners. Among all other discussions like financial reporting, board report, internal financial controls, audit and auditor, related party transactions in any company including Information Technology sector in India, management focuses on composition of board, independent director, audit committee, vigil mechanism, subsidiary companies and also, a woman director which has been an amendment in Companies Act, 2013. More emphasis is given on the leadership responsibility to establish a statement of values and a guiding principle a basis of action (Thornbury, 2003). Pay Research Group (2003) focused on the financial incentives of the board of directors in the twenty first century. More focus was given on the executive pay scheme and considered a loyalty towards employers a final pension scheme. Corporate contribution towards society was not highlighted earlier which has become a pivot in recent times. Keeping in mind the value creation, recommendations and modifications have been done from time to time. In the process many amendments have been done over two decades. Taylor (2003) argued that effective board leadership balances the entrepreneurship and corporate governance. This paper focuses on the understanding of corporate governance, its chronological developments and impact on society for value creation in Information Technology sector over the period of time in India. This has been done to improve the performance of the company standards which have been revised from time to time. Incidentally, many corporate governance committees have been formed to provide recommendations on corporate governance to the Securities Exchanges Board of India. This paper portrays the further scope of research in the area of evaluation of board in terms of value creation, its evaluation criterion and further scope of improvement. The author hopes that this manuscript will act the source of reference in the coming years and then serve as a framework to the martinets of corporate governance.
II. Literature Review

Corporate Governance mechanism is an important question of investigation for researchers in financial economics. Both theoretical models and experimental analysis have been developed in this area so that the actual effectiveness of improving the performance of various mechanisms and management can be measured. Samuel et al. (2019) focused on the linkages between the corporate sustainability initiatives as one of the tools to improve the firm performance and corporate governance. Management and organizational sciences are not just one of the most commonly used words, but in general as the term "company" is used in the economy (Aziri, 2014). The company is the most common form of business management. Companies are present in all parts of the globe, though the functioning of the companies is not same across globe. It varies as per the regulations of the country. Besides many of the combined functions of the companies, they are different from one another in different aspects. It helps put all the companies on the same platform in terms of governance, required set of rules and regulations which not only India but every country has. Now the question arises that when the corporate system has set of rules and regulation then why do corporate scandals happen? This indicates that there has been a gap between the codes and conducts and its governance (Adams, 2004; Ko & Fink, 2010). Corporate governance is a well-known system in which companies are guided and controlled. The corporate governance structure which is set out by the regulatory bodies to determine the dispersal of rights and responsibilities among the numerous established participants. It includes executives, management teams, investors and further stakeholders and defines the guidelines and measures necessary to make choices about the company's business. To establish a good governance in a company, the commitment of management towards the principle of extensiveness and transparency in activities by board is required. (Mitton, 2002; Jackling & Johl, 2009). Another factor is the legal and administrative framework established by the government. If the public administration is weak, good corporate governance cannot be guaranteed. (Frankforter et al., 2012). Corporate governance standards have been measured and evaluated by the companies. Company board is evaluated based on the guidelines issued by the SEBI in India. Soti & Gupta (2013) have analyzed that less consideration in terms of research on corporate governance of Indian IT firms has been given. A complaint of mismanagement and corporate governance failures within a company has been filed by the company insider and afterwards SEBI issued guidelines on how companies must evaluate the performance of company directors to ensure objectivity and improve corporate governance (Roy, 2015). (Lopes & Rodrigues, 2007) analyzed the current accounting practices for financial instruments and comparison is done with the measurements and disclosure requirements specified in IAS 32 and 39. An overall corporate governance index is important and a factor to influence market value of the public company (Kim et al., 2006). So much of emphasis has been given on board composition (Rebello et al., 2003; Raheja, 2005; Rebello et al., 2007; Heaney, 2009) as the board of directors stages a significant part in the governance of a company. A lot of emphasis has been given on the connection between the corporate governance and firm worth creation in the corporate governance literature.
review (Farinha, 2003). Change is inevitable universally; just as good corporate governance is. If we look decades back, we would see that so many corporate reforms (Reed, 2002; Reed & Mukherjee, 2004; Black & Khanna, 2007; Rajagopalan & Zhang, 2008; Afsharipour, 2010), have taken place. After incorporating the reforms into reality, a need to monitor those reforms was required because corporate scandals were happening even after such incorporation. Many committees (Cadbury, 1992; Kotak committee report, 2017) were formed time to time to give recommendations to regulatory body in India. Hence, corporate value creation (Carlsson, 2001; Carter et al., 2003; Dolphin, 2004; Black et al., 2006; Gray, 2006; Becchetti et al., 2007; Huse, 2007; El Mir & Seboui, 2008; Acharya et al., 2012; Baporikar, 2016;) was emphasized. It was felt that the company’s objective should not only be the profit maximization and shareholders wealth maximization as their benefit is associated with the company, also they contribute some portion of their earnings for the upliftment of the society. This way corporate social responsibility (Becchetti et al., 2007; Gill, 2008; Mittal et al., 2008; Sharma et al., 2009; Benabou & Tirole, 2010; Gautam & Singh, 2010; Lima et al., 2011; Srivastava et al., 2012; Khan et al., 2013) was emphasized and developed more. This initiative is highly appreciated across globe as the result development of the society which contributes towards the development of the nation can be seen worldwide. Daley et al. (1997) talked about the value creation through cross industry spin-offs whereas Scott (1998) addressed the issue of being a better manager and company functions to create a value for the company. He again focused in the same year on the value drivers which led to the manager’s guide to drive corporate value creation. Why the author has tried to highlight through this paper the relevant literature available, it is pertinent to point out that various researches are on going which needs to be taken care of.

A. Conceptual Framework constructed on Theoretical Foundations

The study conceptualizes the framework which investigates the connect among the corporate governance, value creation and society at large. Below mentioned conceptual framework is constructed on the theoretical foundations propounded in the various authenticated research journals, books and other published articles.

Figure 1: Conceptual framework
Corporate governance cannot be seen in isolation and its contribution cannot be ignored. Though, it requires revisions time to time. Good corporate governance helps the management to emphasize on the value creation as it is a pivot of any organization to create value for the organization and stakeholders. This combined effort prompts the organization to contribute the part of profit to the society for its upliftment. This combined effort helps the society and nation’s economy to grow parallel.

III. Research Methodology

The present study adopts the methodology which includes the review of web or print literature, annual reports of Indian IT companies listed in stock exchange, research papers, magazines, books and web news to comprehend the corporate governance and its development for the advance of the Indian economy.

A. Corporate Value Creation

Value creation (Freudenreich et al., 2019) is a foundation of all the professions and businesses. Since the price creation is the starting point for all companies, whether successful or not, it is the basis for understanding. Value creation for customers helps in increasing the sales, value creation for shareholders help in attracting the investments similar way value creation for society helps in building the economy. It is equivalent to watering the roots to strengthen an economic tree. The value is created through the value.

A corporate governance task force was formed by Confederation of Indian Industry in the year 1996 to strengthen the board. Later in the year 1998, CII valued the recommended voluntary best practices codes. As board of directors is the backbone of any company for taking decisions with respect to company, hence, more emphasis was on the executive and non-executive directors and on listing agreements under clause 49 thereafter. Many committees on corporate governance have been formed over the period of time and their focus was on strengthening the governance. Based on the recommendations to amend the companies act, 1956, companies bill 2003 was discussed but later on after dissolution of fourteenth Lok Sabha, companies bill 2008 lapsed and MCA reintroduced it in 2009 but again bill was withdrawn and it was considered in 2011. Indian Parliament had passed Companies Act, 2013 featuring one-woman director in board to strengthen the women power. This was the era when women power and corporate social responsibility were focused.

Outside of economic theory, every company really succeeds to the extent that it cannot do anything else. This set of ideas is really brought to study the competitive advantage, "as" of the development and distribution on this unique value proposition. What does your activity do that others do not match? Social value
creation goals mark a difference to succeed for socially oriented entrepreneurs (Brieger & Clercq, 2019).

There are so many variables involved to make a mark that each variable influences each other. That’s why it is not that easy to create a relationship between corporate governance and corporate performance (Berghe & Levrau, 2004; Ciftci et al., 2019). There are robust evidences that demonstrate that those firms that have good corporate governance codes perform better financially than those firms who have poor corporate governance codes (Soti & Gupta, 2012). Corporate governance structure and performance (Haniffa & Hudaib, 2006) Corporate governance codes and stock performance (Wahab et al., 2007) Board composition and corporate performance (Kiel & Nicholson, 2003) Corporate governance and firm performance (Mehdi, 2007; Kajola, 2008) are some of the evidences that focuses on good governance and its impact on performance.

B. Importance of Corporate Governance

“Does corporate governance really matter?” is a widely asked question, whose answer is in the affirmative. The governance mechanism ensures the value creation which broadly highlights the 1) chairman and CEO duality/ composition of board and its independence. 2) board committees. 3) disclosure and transparency. 4) compliance of corporate governance and auditor’s report. 5) disclosure of shareholder’s interest. Numerous researches have been done in line to support and to promote the incorporation of voluntary guidelines to plug the weaknesses or loopholes of corporate laws of countries.

C. Is review of corporate governance important?

Over the decades, Indian policy makers along with the corporate governance committees headed by Mr. Kumar Mangalam Birla, Mr. Naresh Chandra & Mr. Narayana Murthy has made numerous valuable recommendations that have been widely adopted by corporations. Questions remain as even after adopting the codes, conducts and recommendations as prescribed, some of the listed companies have come under scanner for various reasons. This has an impact on global front as high quality of corporate governance is demanded on the following:

1. Companies and its management ought to be alert and adapt speedily to changes in a demographic, technological and market context.
3. Complex regulatory environment and several corporate failures across globe.
4. To ensure the value creation for shareholders.

D. Adaptation to change

The focus on corporate governance (Weiss, 2019) is on addressing the gaps and challenges in governance. Good corporate governance helps the company to
emphasize on extensive value creation and to protect a shareholder’s interest by providing better guidelines and recommendation as these two outcomes are the primary objectives of any company. Good governance process helps the companies in achieving these outcomes. Governance process lessens the undistinguishable problem of trustworthiness and data asymmetry. It helps the shareholders to exercise their voting rights and directors to discharge their fiduciary duties respectively. It helps overcome the agency problem if managers pursue personal interests that are detrimental to the interest of shareholders. Regulatory monitoring represents one of the key elements of corporate governance. Shaping governance for long term value creation leads to optimization of composition of the board. This demographic diversity enables a positive effect on quality strategic decision making, financial performance, risk management and social responsibility of company. It enhances monitoring of subsidiary companies and group entities to ensure complete transparency to shareholders. Gender diversity also has a positive impact on decision making of a board. This promotes the participation of women on corporate boards. As a minimum one-woman representation is required as an independent director is recommended. As per the Kotak Committee Report, overall women representation on the board of directors of the NIFTY 500 companies was only five percent as on March 31, 2012 which has been increased to thirteen percent as on March 31, 2017 (Kotak committee report, 2017).

The Companies Act, (2013) and SEBI LODR regulations, (2015) tell about the provisions on board evaluation, by adopting these provisions board shall be able to evaluate critically. Various amendments have been made in relation to configuration and contribution of the board of directors; independent directors; committee committees; enhanced monitoring of group entities; promoters, controlling shareholders and transactions with related parties; disclosure and transparency; accounting and auditing matters; investor protection in the meetings of listed entities; governance aspects of public sector companies; clemency mechanism; dimensions construction in Securities Exchange Board of India; to improve the corporate governance of companies listed in Bombay Stock Exchange & National Stock Exchange. These parameters help an enterprise to create value for stakeholders and the organization.

There has been a paradigm shift for corporates from The Companies Act, 1956 to The Companies Act, 2013. The Companies Act, 2013 law facilitates business regulations that are more favorable to businesses, improves corporate governance, improves accountability of companies and auditors, increases transparency and protects investor interests. Further, SEBI Clause 49 has been replaced by SEBI (LODR). Although there are no specific provisions which listed company should comply on many issues in line in Companies Act, 2013, which have been covered by SEBI (LODR) Regulations. These provisions help companies to disclose better and more accurate information to the management, stakeholders as well as to general public at large. Corporate leaders ought to rehearse good corporate right of abode not simply for the sake of conforming with guidelines and principles with the purpose of avoiding monetary penalties or imprisonment nonetheless to yield worth for their stockholders (Baporikar, 2016). Corporate governance being two decades
longstanding, has grown with the integration of contemporary corporate structure even though in dormant procedure (Singh & Kumar, 2013). Concluded the earlier two decades, there has been an oceanic transformation in Indian corporate governance.

The sequential progress on corporate governance is as follows:

**Summary on the Corporate Governance Task Force and Their Comments**

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<th>S.No.</th>
<th>Year</th>
<th>Task Force</th>
<th>Formed By</th>
<th>Final Comments</th>
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| 1     | 1996 | CG Task Force | Confederation of Indian Industry (CII) | • First voluntary codes on corporate governance.  
• Recommended single board.  
• Atleast 30% of INED when chairman is NED.  
• At least 50% INED when chairman is ED.  
• Maximum directorship of 10 listed companies etc. |
| 2     | 1998 | CII Code | Confederation of Indian Industry (CII) | • A committee had been set up to examine CG issues and recommend voluntary best practices codes. |
| 3     | 1999 | Kumar Mangalam Birla Committee | Security and Exchange Board of India (SEBI) | • Applies to listed companies to have Combination of executive or non-executive directors.  
• Audit committee  
• Remuneration committee. |
| 4     | 2000 | Enactment of Clause 49 | SEBI on Birla Committee Recommendations | • Binding on companies in BSE 200, S&P,C&X,NIFTY Stock indices & all companies listing thereafter. |
| 5     | 2002 | Narayana Murthy Committee | Security and Exchange Board of India (SEBI) | Recommendations include: Whistleblower policy.  
Composition of audit committee.  
Contingent liability; management view & auditors comment in Annual Report.  
Tenure of NED to three terms to three years. |
| 6     | 2002 | Naresh Chandra Comm | Ministry of corporate affairs | • Company and auditors’ relationship  
• Disqualifications for audit assignments  
• Prohibited non-audit services  
• Compulsory auditor’s rotation.  
• Auditors disclosure on contingent... |
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<th>Year</th>
<th>Action</th>
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| 2003 | Companies Bill (2003) | Ministry of corporate affairs | • Bill has 470 clauses as against 658 sections  
• Divided into 29 chapters: 17, 23, 25, 26, 27 & 28 new chapters introduced. |
| 2004 | Irani Committee and Clause 49 Amended | Ministry of corporate affairs (MCA) on recommendation of Narayana Murthy Committee | • Amendments to provisions related to independent directors.  
• Strengthening responsibility of audit committee  
• Improving quality of financial disclosures. |
| 2006 | Clause 49 Amendments Implemented | Security and Exchange Board of India (SEBI) | • Independent directors tenure: five plus five and three years cooling off period.  
• Amends Independent director’s definition.  
• Woman director on board.  
• Exempted RPTs. |
| 2008 | Satyam Scandal, Companies Bill, Considered MCA Voluntary and CCI CG Guidelines | Ministry of corporate affairs | • Due to dissolution of 14th Lok Sabha, companies bill 2008 lapsed and reintroduced as Companies bill, 2009. |
| 2009 | Companies Bill, 2009 | Ministry of corporate affairs | • Based on recommendations of Parliamentary Standing Committee on finance & suggestions by stakeholders the CG withdrew the bill. |
| 2011 | Companies Bill (2011) | Ministry of Corporate Affairs | • Bill has 470 clauses and 7 schedules in place of 658 sections and 15 schedules.  
• Bill provides for self-regulatory process &
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<td>13</td>
<td>2013</td>
<td>Companies Act, 2013</td>
<td>Passed by Parliament</td>
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<td>14</td>
<td>2015</td>
<td>SEBI(LODR)</td>
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### E. Shareholders Value Creation

Corporate governance primes to the value creation of shareholders by focusing on capital structure of the company by lowering the cost of equity and cost of debt. It is a fundamental corporate governance measure of the company. The capital structure of the company depends upon the size and requirements of the company. By ensuring optimal debt in the company, it can reduce the cost of equity and enhance value creation for shareholders and also minimizes the market risk. Shareholder’s value is created either by increasing the value of the firm or by increasing the dividend payout ratio. Hence, company focuses on the dividend policy of the company. Dividend policy summarizes share buy-back as it is a cost-
effective way to return capital to shareholders as compared to cash dividends, authorizing shareholders to pre-emptive rights. A risk averse shareholder will prefer a portfolio with a high expected return for a given level of risk. Shareholders look for a better dividend payout ratio if they require return on their investment in near future. Good governance with a focus on best monitoring practices to restrict covenants assures the shareholders that they will not operate contrary to the shareholder’s interest.

Many corporate scandals have happened across globe even after following the mandated provisions. A number of scandals over the decades have enforced the requirement to strengthen the corporate governance more rigorously. In India, corporate fraud at Satyam enacted over several years finally exploded in the year 2009. In recent times Punjab National Bank (PNB) fraud in March of 2018 throws light on mis-governance. Nirav Modi, the prime accused in the PNB fraud took advantage of overlapping laws and flew abroad. Banking sector is snowed under by the equivalent hostile that clutches India back on added facades also partly cover laws that styles regulation very difficult and benefits clever people to discharge. In the banking crisis of PNB, the senior management did not understand the complexities of what their borrowers are doing. Borrowers stood to earn huge bonuses if their risky loan works but face little loss if they fail. This slanted banks incentives and creates a problem of moral hazard. Scams leads to a drop of share price in the stock market and can incur huge losses for shareholders.

Such fraudulent developments led to the corporate governance committees to recommend measures to strengthen the corporate governance to avoid such frauds. The Confederation of Indian Industry (CII) had come up with voluntary codes (CII, 1997) for its members on the subject from industry. Many improvements have already been implemented from the inception of incorporation to the last stage of winding up of a company.

**F. Shareholders participation for value creation**

Good governance authorizes shareholders to vote in general meetings other than the related party transactions where only unconnected shareholders are allowed to vote. Connected shareholders are restricted to vote on related party transactions. The representation of Minority shareholders in nominee committee is required to approve the appointment of independent director. Shareholders receive transparent and updated details of the decisions taken by the management with the approval of majority shareholders. When the core business is focused, it is rewarded by the market that helps the shareholders to grow. If the company has growth ambitions based on growth incentives, then shareholders return will suffer. (The Dunross & Co., 2017).

**G. Society Value Creation**

The certificate of compliance on corporate governance is provided by the managing director and the CFO of the company as chief finance officer agrees to take accountability for keeping an internal control system of financial reporting.
Corporate governance helps the organization to understand its best organization health. It helps the company to measure the long-term performance of the business based on the personnel, retention, skill assessment and culture assessment to sustain. When we address the organization health, we focus on environmental awareness and the retention of the best personnel that helps to understand the market and develop the new product, response or flexibility of organization to react to customer trends, company’s relationship with regulatory bodies etc. In the quest for excellence, corporate issues are addressed from time to time as the corporate governance is a governance of knowledge. Each listed or unlisted company has its own philosophy on corporate governance which companies state in the beginning of corporate governance reports. Corporate governance report states the detailed information. Companies focus more on the sustainability issues and mention the corporate contribution towards the society (Murwaningsari, 2019) in their Corporate Social Responsibility (CSR) reports (Tran, 2019). CSR has gained unprecedented importance and has become imperative to any company’s strategic decision making. It is a combined effort of the government and the corporates to take initiatives for the upliftment of the society. Many organizations irrespective of their size, have set up a separate wing for corporate social responsibility as a strategic instrument for sustainable growth of the society. This combined effort has been seen in past decades in India. The OECD had established a set of guidelines for MNCs in 1976, and thus has been a pioneer in developing the notion of corporate social responsibility (OECD Principles, 2014).

As per section 135 of the Companies Act, 2013, corporations highlight the sustainability report in their annual reports where they mention the initiatives taken, work-in-progress towards such initiatives and what they have planned to accomplish for the upliftment of the society. To name a few, Wipro limited highlights the reduction of ecological impact and under beyond the boundaries concept, it focused on education, fellowship, disaster rehabilitation and health care. Wipro has also launched initiatives on water efficiency and responsible use, pollution and waste management (Annual Report, 2016-17, Wipro Limited). Tech Mahindra limited has initiatives on employability, school education and technical education (Annual Report, 2016-17, Tech Mahindra). Infosys limited focuses on the health care, destitute care, eradication of hunger and promotion of education, rural development, rehabilitation and disaster relief, art & culture and environmental sustainability. Lok Sabha in Parliament focused on Companies amendment bill, 2016 where they have a focus more on corporate social responsibility along with performance evaluation of directors. Assessment of board has become a continual process to strengthen the governance and along side value creation is focused continually. Infosys limited and Wipro limited are the best in processing the CSR activities and other disclosures. IT sector in India has strengthen its corporate governance reports irrespective of the size of the firm and all have a pivot focus on value creation of the society.
H. Contribution and Implications

Have we ever wondered what has been the changes in the recent times in the corporate governance on society and ecological inventiveness and performance? What has been the focus in developing countries? Have we done any minor work in this range in the non-developed countries? This paper dwell in the impact of corporate governance as an important variable for warranting effectiveness and efficiency in forming value creation and societal development by the listed companies as well as unlisted companies. Example of Wipro is cited that focused more on investors relations; it was to unlock the more of shareholder’s value by doing that. Probably the slogan “all business strategies must be human strategies” is worth mentioning. It would be pertinent to mention that Company took key economic, social sustainability and ecological dimensions towards energy and GHG efficiency, water efficiency and waste management in the year 2009-10 and hence accolades the receipt from UN habitat award 2009 and Srishti award for good green governance 2009 (Wipro Annual report 2009-10). Over the decade Company’s engagement includes gender, LGBT, under privileged communities; engaged in biodiversity & water, ecological sustainability, education & community care and solid waste management (Annual report 2017-18, Wipro Limited).

Tech Mahindra limited focused on board of directors, audit sub-committees and compensation committee (Tech Mahindra Annual Report 2003-04). Over the decade company started contributing 1.5% of its net profit after tax for corporate social responsibility (guidelines prescribed under section 135 of Companies Act, 2013) under which education, disable people and employability including vocational courses and employment which implemented by various NGO partners. Under sustainability every dimension of social, cultural, economic and environmental governance was taken care of (Tech Mahindra Annual Report 2013-14). Over the decade, under its flagship company trained youth at different skills, vocational courses and CSR activities as prescribed under regulation (Tech Mahindra Annual Report 2017-18). TCS focused on elderly care for their dignified and independent lifestyle; energy management; education & skill development; biodiversity; energy & water conservation (TCS Annual Report 2017-18). HCL company initiated rural development, hygiene session, life skill training, child protection, tree plantation, women empowerment, creating awareness on health & hygiene and relief from natural calamity (HCL Technologies Limited Annual Report 2017-18). 3iInfotech has taken initiatives towards CSR and constituted CSR committee in 2014 to look after responsibilities towards society (3iInfotech Annual Report 2013-14). TCS was committed to environment friendly development, socially underprivileged and supported children hospital etc. (TCS Annual Report 2004-05). The story continues….

IV. Discussion

The biggest challenge of industry, trade and commerce today is not to face the problems as they arise but to prevent problems from occurring by looking ahead with vision and foresight. Information Technology as an industry is not an exception to the same. Verily, this is where the role of corporate governance comes in. More so, as the greatest single obstacle to the success of today’s organisation is the giant
mismatch between the financial and behavioural demonstration that the corporations demonstrate against the expectations clearly chalked out by the authorities monitored through corporate governance. After all, business is a game and the corporate captains must do everything to win, provided you play within the rules. Management must survive and perpetuate itself as a crucial element in society. It is in relation to the management’s role as a resource generative creative force in society, that a discussion on corporate governance in Information technology industry parlance becomes relevant and vital. The author sees no contradiction in terms of ethics and corporate governance in business. The author is of firm conviction that an exchange of ideas on the subject amongst the practising managers at the IT industry is beneficial as it leads us to an awareness and realisation of our fundamental responsibilities towards the society. Clarity on issues of corporate governance would make the managers and employees of IT sector more conscious of their individual and social antennae, enabling them to send out corrective and warning signals within the norms in which they operate. In short, create a transparent IT sector and industry.

Finally, the author is convinced that Management’s prime responsibility is to uphold certain code of morals, certain set of standards and certain preconditioned norms. Deliberations on broad issues related to corporate governance should be a very much part of a Manager’s KRA (Key result areas) in the IT sector and industry. The author is convinced that corporate governance in IT industry perspectives, its study, its understanding and practice is a sophisticated science that must discipline, shape and regulate the very fabric of IT sector’s day to day transactions and business operations. Probably this would help the executives and the budding managers at the IT industry to move through the journey of their work life, with professionalism, with integrity and with a sense of achievement. If this sounds idealistic, the author must confess, that only a vision, an ideal can transform reality into an acceptable and desirable state of being. It is more so, as the author believes that if we reach for the stars, we may not hold them in the palm of our hands, but we won’t come with dust either.

V. Conclusion and Scope for future research

Corporate governance is a life-giving blood for the company and the economy. When it comes to the corporate contribution towards the society, it is continuously increasing because of the mandatory spending of profit and corporate interest of contributing more towards value creation. Section 135 of the Companies Act, 2013 styles corporate social responsibility compulsory where corporate has to contribute 2% of the net profit. This was not a mandatory under Companies Act, 1956 (Companies Act, 2013).

Any country’s growth certainly depends upon good corporate governance. Corporate governance guidelines are crafted in such a manner that firm can maximize the corporate value creation, shareholders’ value creation and utmost important value creation towards the society. Despite rigorous guidelines many corporate scandals can be seen and such recent corporate scandals have shown that regulators, auditors, lawyers and shareholders should be cautious and focus on monitoring the activities.
It has been observed that before the CSR activity become the rule, many IT corporates were voluntarily contributing for the upliftment of the society. Mentioning the few above in contribution, way back they were contributing to the society. Through this paper the author has made a humble attempt to help the researcher to analyze and understand the contribution of corporate in this overall game plan. This paper has also focused on the gap between strengthening the board and society value creation. The human aspect of Corporate governance will always make it a worthwhile investment. The author has tried to make the readers visualize the loopholes that has been identified and can be dealt with and rectified contributing to the practice of Corporate Governance at large and also to the refinement of the human society towards the more culture human civilization. Addressing the scandal, therefore, is a positive investment as one learns what could go wrong and puts a system in place to avoid this in the future. Though, legal framework has played an important role in the corporate in reducing the risks arising from the different interests of shareholders and managers. Corporate governance is a structure of regulatory, legislative, organizational and contractual mechanisms intended to shield the benefits of shareholders and limit opportunistic behavior by management. The old corporate belief is that collective decisions by individual investors lead to more efficient allocation of capital, and thus, manage the economy of a nation more effectively. Without a strong corporate governance mechanism, such as the independent board of directors, they genuinely represent their interests, investors cannot be sure that their property rights are safe. Rather than accepting such a situation, investors will ask for a premium for their investment or explore other investment opportunities. In any case, the cost of capital for issuers increases. Continuous monitoring of corporate governance guidelines, challenges associated in implementing those guidelines and continuous improvements and amendments in this field has led a good corporate governance in India. It is being observed that good governance helps corporates to achieve the targets and contribute towards the value creation of company, shareholders and society at large. Companies that implement the value-based acts are highly appreciated and well-regarded. There is much scope for the researcher to initiate research keeping in mind the pre and post amendments in Companies Act, 2013. Ministries of corporate affairs has come up with its framework documents and many more untouched areas where research can be taken place that will be beneficial to others to pursue further research. The limitations are fact based keeping in view of the current trends of the industry. It is suggested that Corporate governance should become an integral part of Induction Programmes for all the newly joined management and engineering trainees in any organizations. Besides, during the performance appraisal time one of the parameters in the Key Result Areas / Key Performance Areas should be on corporate governance. While there are many multinational and renounced national companies focusing on stringent auditing, it is suggested that once in a year every company should mandatorily go for specifically corporate governance auditing to clearly highlight the deviations and suggest the corrective actions if required. While in UK & US there are companies which has set up corporate governance committees to scrutinize the
activities on a day to day basis, in India we are yet to have any rules and regulations that can compel the companies to adopt such modus operandi.

VI. **Acknowledgement**

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