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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

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   APPENDIX/ANNEXURE

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CORPORATE GOVERNANCE AND BUSINESS ETHICS IN IT SECTOR: SOME REFLECTIONS

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ABSTRACT
Business ethics is an attempt to set out a standard by which all of the employees of a firm can Know what is expected of them. But it is also an attempt to encourage employees, managers, and board members to think about and make decisions through the prism of some shared set of values. Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meeting.

KEYWORDS
CIO's, Business Strategy, decision making, transparency, self assessment.

INTRODUCTION
Ethics and an ethical business culture are at the heart of the corporate governance. Business ethics and corporate governance have become key factors influencing investment decisions and determining the flows of capital worldwide. In part, this is the result of recent scandals in both developed and developing countries. However, in a more positive sense, the growing demand for good governance also flows from the lessons learned about how to generate rapid economic growth through market institutions. From this perspective, the emphasis on anti-corruption and good governance is based both in moral standards as well utilitarian considerations of improved market performance. While ethics and an ethical business culture are at the heart of the corporate governance framework, the two are approached somewhat differently. Corporate governance is concerned mainly with creating the structure of decision-making at the level of the board of directors and implementing those decisions. Moreover, corporate governance is about accomplishing the core values of transparency, responsibility, fairness, and accountability. Because these values are also key concerns for business ethics, the two can be seen as being directly related. However, the corporate governance aspect deals with setting up the structures through which these values are attained, while ethics is both a guide for behavior and a set of principles (codes). While a good ethics system includes the core values of responsibility, transparency, fairness, and accountability, it goes into many other dimensions as well.

CORPORATE GOVERNANCE OF INFORMATION TECHNOLOGY
Information technology governance is a subset discipline of corporate governance focused on information technology (IT) systems and their performance and risk management. The rising interest in IT governance is partly due to compliance initiatives, but more so because of the need for greater accountability for decision-making around the use of IT in the best interest of all stakeholders.

IT capability is directly related to the long term consequences of decisions made by top management. Traditionally, board-level executives deferred key IT decisions to the company's IT professionals. This cannot ensure the best interests of all stakeholders unless deliberate action involves all stakeholders. IT governance systematically involves everyone: board members, executive management, staff and customers. It establishes the framework (see below) used by the organization to establish transparent accountability of individual decisions, and ensures the traceability of decisions to assigned responsibilities.

DEFINITIONS
The system by which the current and future use of Information and Communication Technology is directed and controlled. It involves evaluating and directing the plans for the use of Information and Communication Technology to support the organization and monitoring this use to achieve plans. It includes the strategy and policies for using Information and Communication Technology within an organization.

IT governance is the responsibility of the Board of Directors and executive management. It is an integral part of enterprise governance and consists of the leadership and organizational structures and processes that ensure that the organization's IT sustains and extends the organization's strategy and objectives.

IT governance is the organizational capacity exercised by the Board, executive management and IT management to control the formulation and implementation of IT strategy and in this way ensure the fusion of business and IT.

PROBLEMS WITH IT GOVERNANCE
The concept of Corporate Governance came into prominence for the last few years and many large and top companies have already adopted this. Corporate governance came into limelight few years ago as a mantra to not only run businesses effectively, but also to take care of all strict legal & corporate law compliance, by following very tight and disciplined controls internally and voluntarily. Corporate Governance has become one of the most important area to concentrate on for the Board of Directors. Corporate governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders.

Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and to enhance the trust and confidence of the stakeholders.

THE BENEFITS OF IT GOVERNANCE

Effective IT Governance helps IT-heads handle the fast paced business and technology changes thrown-in by the new compliance requirements, large off-shoring/outsourcing and increased complexity of the changes.

New compliance requirements: Increased tighter controls and compliance requirements, demand strict adherence to business policies, processes and procedures and the ability to give thorough & detailed audit trail.

Outsourcing: Outsourcing and off shoring of IT activities has grown from a trickle to a huge wave in the past decade. The long predicted death of distance has arrived with a vengeance. Off shoring without being prepared to govern properly and manage it will be suicidal for any organization. When team members are separated by 10,000 miles instead of one inch of cubicle partition, the old ways of knowing who's doing what, and how effectively they.re working, are every bit as dead as distance. IT organizations absolutely require comprehensive, real-time visibility to extract optimal value from their teams, no matter where they work or who signs their paycheck. They must also have complete, auditable documentation of the work done on their behalf by contract employees and companies, or risk failing to meet those increasingly onerous compliance requirements.

Increasing complexity and change: Not only do CIOs have to manage the greatly increased complexities of compliance and sourcing, they also face far more complicated applications, networks, and systems as well. These vital infrastructure elements are constantly changing to meet evolving business needs. If that change isn't planned effectively and executed on time, the business loses benefit. Worse, if it is bungled and takes down the system, millions of dollars can go down the drain within hours at many businesses. Effective IT governance meets the challenge of change, while forming an essential part of business technology optimization, which transforms IT into a business driver within your company and a differentiator against the company's competition.

CORPORATE GOVERNANCE, IT GOVERNANCE, AND COMPLIANCE

The controversy over the last few years on corporate governance standards is well known. However, the implications of that controversy for CIOs have not been fully understood in some quarters. Corporate governance is being significantly tightened from two directions: external regulation by governments and international bodies, and internal controls to ensure compliance with management policies. Changes in regulations and policies normally require changes in process. Since 90 percent of mission-critical business processes have now been automated by enterprise applications, changes in business process almost always require changes to software. These changes must be managed, monitored, and maintained to ensure compliance with both externally imposed regulation and internal mandates. In the case of external regulation, the penalties for non-compliance can be severe. Assuring compliance is a key function of IT governance. Another key function of IT governance is providing the technology to deliver tighter alignment between shareholder interests and company interests. CEOs expect IT to help the business as a whole achieve a quality of corporate governance that yields improved transparency, compliance, and financial performance. Increasingly, they also expect IT itself to achieve this quality of governance, with similar, compatible processes.

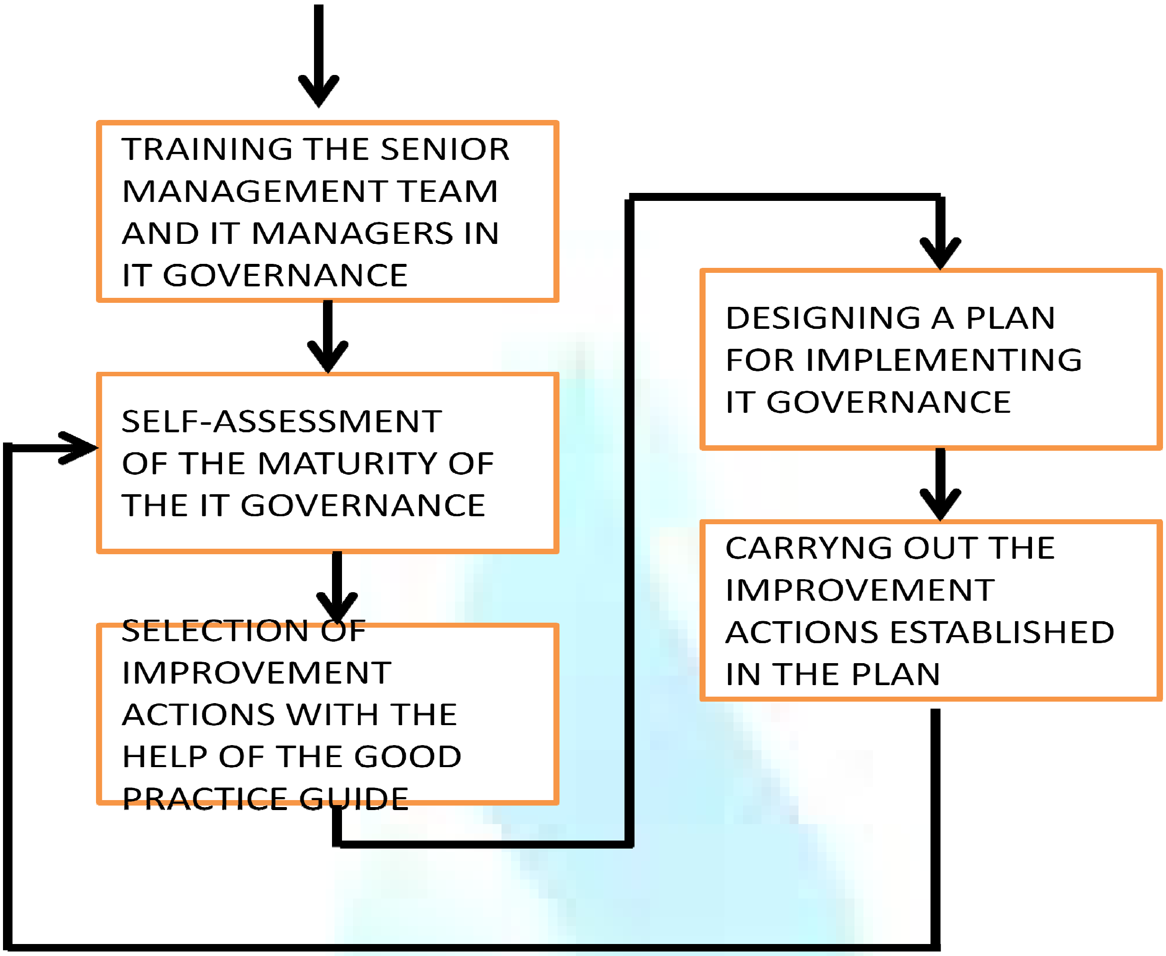
Overall, the clear trend is toward governing the business as a whole and IT in particular through consistent, enforceable processes. This is reflected not only in the growth of Six Sigma, CMMi, and other process-based business performance methodologies, but also in the recentralization of business operations. While business units retain profit and loss responsibility, in more and more companies they are losing the discretion to operate using self-selected enterprise applications and reporting systems that fall outside corporate standards.

Meeting the expectations of CEOs, CFOs, and business unit leaders requires CIOs to gain real-time visibility and control over their initiatives and operations, and be able to run IT like a business. These expectations are not dampened when parts of IT are outsourced. Indeed, many business-side leaders have discovered that major offshore outsourcing firms routinely operate at much higher CMMi levels than their in-house IT operations. These new demands and increasing complexities require a new approach to IT governance, because for most companies, the old ways aren't working and the path is only getting steeper.

GOALS OF INFORMATION TECHNOLOGY

1. Have a very clear idea of the vision and IT strategy for the whole university.
2. Align the IT strategy with the institutional strategy (business strategy).
3. Reach IT objectives using an integral IT Governance system.
4. Have a decision making structure aligned with the IT strategy.
5. Provide high level IT policies and procedures which comply with external laws and regulations and support international standards.
6. Make IT decisions that are correctly reasoned and effective.
7. Know and achieve the return value on IT investment.
8. IT projects must achieve the planned goals.
9. Define an IT architecture that will include process definition and system integration.
10. Acquire the necessary technology to fulfill the requirements of the institution.
11. Guarantee that the established IT systems are working according to plan.
12. IT-based services must meet the level required by the users.
13. Know and manage IT associated risks.
14. Ensure that IT systems are flexible and agile in responding to future changes.
15. Have adequate and sufficiently trained staff who can govern IT efficiently.
16. Incorporate respect for people and social and environmental values within the IT strategy.
17. Exchange IT experiences with other organizations and with society as a whole.

IMPLEMENTATION OF AN IT GOVERNANCE SYSTEM



"Steps when implementing an IT governance system in an organization: training the IT managers in IT Governance, analyzing and understanding the initial situation of IT Governance (self-assessment) and designing a plan for implementing IT governance in the organization. Once the IT Governance system has been implemented, it should not be inflexible to changes in its surrounding environment, but rather should be characterized by anticipation, agility and adaptability.

BUSINESS ETHICS

Given the new mandates on business, such as the one from the NYSE described above, firms find themselves pressed to develop strong codes of ethics to guide the behavior of board members, managers, and employees. As will be discussed later, multinational corporations are also being required to set standards for those in their supply chains – in some cases setting higher standards than the laws of the countries in which they do business. There are many different factors that companies, especially financial companies, need to take into account when developing their own code of ethics as part of a general corporate governance guideline. As noted earlier, in this sense, business ethics is an attempt to set out a standard by which all of the employees of a firm can know what is expected. But it is also an attempt to encourage employees, managers, and board members to think about and make decisions through the prism of some shared set of values.

Laws and regulations of the countries in which companies operate constitute one of these sources. However, it is important to recognize that companies are no longer simply limited to national law. A set of international conventions, such as the anti-bribery convention of the OECD, have to be taken into account. National laws in many countries are seeking to harmonize with these international standards. In the area of corporate governance, there are the OECD guidelines on corporate governance, and many countries are beginning to require corporate governance codes as a condition of doing business.

Another area that is driving the development of corporate governance and business ethics codes is the notion of social responsibility or corporate citizenship, which is the preferred term in the business community. Corporate citizenship involves building a decision making system that takes into the account not only internal operating procedures, but also the impact of corporate behavior on its stakeholders – employees, investors, and communities. One starting point to consider in developing initiatives to strengthen business ethics is the difference between bright lines and values. This is a relatively new distinction. Bright lines are those standards that attempt to set out specific and very finite rules which companies and individuals cannot break. The sources or guidance on these bright line rules can start with, for example, the OECD Anti-Bribery Convention, which can be translated into National laws and rules on anti-bribery standard.

Companies could take a considerable amount of time to develop these bright line standards or to try to identify them themselves. Fortunately, Transparency International (TI), working with major corporations, Companies could take a considerable amount of time to develop these bright line standards or to try to identify them themselves. Fortunately, Transparency International (TI), working with major corporations,

BUILDING CODES OF CONDUCT

Codes of corporate ethics, codes of corporate conduct, and codes of corporate governance overlap in many ways. Many different organizations offer guidance and advice on what should be contained within a code of corporate conduct or a code of ethics. In that regard, the most encompassing list, perhaps, comes from the Ethics Resource Center located in Washington, D.C. which provides guidance on the issues companies should address within their code of corporate ethics.

When one looks at the various codes and sources of corporate ethics, it is easy to see that the core elements contain a number of provisions which try to capture three core areas. The first deals with existing laws and regulations, the second one deals with building good business relations, and the third one addresses key concerns of society and improves corporate citizenship.

Corporate citizenship starts with a corporate code of ethics. A code of corporate ethics outlines the values and beliefs of an organization and ties them to an organization's mission and objectives. A good code not only describes an operational process and regulates the behavior of managers and employees, but it also sets long-term goals, communicates the company's values to the outside stakeholders, and motivates employees giving them pride in working for the right cause.

The value of a code of ethics is that it is more than simply a statement of a company's moral beliefs. A well-written code is a true commitment to responsible business practices in that it outlines specific procedures to handle ethical failures. Codes of ethics today address a variety of issues including work environment, gender relations, discrimination, communications and reporting, gift giving, product safety, employee- management relationships, involvement in the political sphere, financial practices, corruption, and responsible advertising. As business ethics have evolved and the scope of business issues has expanded in the past several decades, so have the codes. Originally seen as a set of policies designed to manage daily issues in the workplace, ethics codes have grown into extensive documents that address a variety of issues and serve as corporate complements to the extensive regulatory and societal pressures on business to behave in an ethical manner.

A code of ethics needs to define the purpose of an organization. Doing that is important because it allows a firm to communicate its mission and objectives as well as core values to its employees, customers, suppliers, and other stakeholders. Clearly defining organizational values helps create a corporate image that stakeholders can easily relate to and allows potential employees and shareholders to have a realistic view of a corporate identity. To be effective, codes of ethics should be more than just a document on a shelf. They need to be created in a way that ethical behavior is encouraged and that employees take pride in making ethical decisions. Codes of ethics should provide guidance into relationships between stakeholders and corporate decision-making. More importantly, employees at any level of an organization must strive to uphold the standards put forth by the code of ethics and the top management should exemplify those standards, as codes of ethics are of a little benefit if the leadership ignores them.

Supply-chain codes: One of the greatest benefits of corporate citizenship is that it can rationalize and improve a company's relations with its supply chains overseas regarding the quality of the products, labor practices, and the environmental impact of their activities. The growth of supply chain codes is most evident in supply chains involving consumer goods in emerging markets with weak regulatory environments selling to consumers in developed markets. In countries where labor laws are less stringent than international norms, the codes have the effect of creating higher labor standards and serve as a self-governing mechanism for the enforcement of laws governing working conditions and production standards. Supply Chain codes fall into several broad categories:

Buyer codes: Major companies such as Wal-Mart and Target use these codes in their supply chain as a prerequisite for purchasing consideration. The system is such that the buyer pays for internal monitors and independent auditors to review the supplier factories. Suppliers then must pay for any infrastructure upgrades or other improvements necessary to meet the code standards. The factories' labor standards are also taken into consideration. Once suppliers are selected, they are continuously monitored to make sure they are maintaining that standard. For buyers, the benefits of these codes are that they protect their brand from bad publicity and other civil attacks and higher quality goods often result from the upgrades to the quality of the infrastructure and the labor force.

Agent codes: Doing business abroad often requires the use of agents to facilitate everything from customs and shipping permission to finding business partners and arranging introductions with the proper authorities or business leaders. Corporations, governments, and non-governmental organizations working with or through intermediaries abroad know this can be an area of risk as they are held responsible either legally or in the court of public opinion for the activities of these agents. Shielding companies from this risk is increasingly expensive as it involves a great amount of due diligence on the part of the organizations researching the background of the agent and verifying the soundness of their business practices. At the same time, intermediaries seeking to do business with large international companies can find the approval process to be laborious and slow, creating extra costs to doing business and causing opportunities to be missed.

Factory certification schemes: Factories seek certification to prove that they have been proactive in addressing labor and infrastructure standards. The factory pays for the certification process, annual audits and any needed upgrades or actions required remaining certified. CERES Principles, the chemical industry's Responsible Care ISO 14001 is an example of such a process. These standards and certifications are typically sought out as a marketing and communication tool for factories to demonstrate their high level of standards and systems. Certification allows some factories to receive higher fees for their services as certification eliminates much of the risk for the buyer to work with them and often satisfies buyer codes, eliminating the buyer's oversight costs. Other benefits to suppliers to certification or participation in buyers' codes would be more competitive contract bidding, higher productivity, innovation and quality, and declining employee turnover as health and quality of life issues improve for them. There are many others.

Other types of codes: The Base Code of the Ethical Trading Initiative (ETI), and codes from the OECD and other groups all serve as guidelines for companies and countries on appropriate standards. These codes typically do not have any monitoring or auditing programs, and their purpose is to provide guidance and best practices. Most codes cover ten points and represent principles corresponding to the International Labor Organization's Core Conventions including: forced labor, child labor, freedom of association, and collective bargaining, discrimination, health and safety, wages and hours of work. Key challenges for the codes are that they can produce inefficiencies and confusion for suppliers as each buyer has his own code of conduct and audit procedures. This confusion produces a barrier to entry for suppliers as it is unclear how to demonstrate high standards and compliance. The audit systems can vary from company to company and be very uneven in their rigor and application. This overlap and repetition can produce unnecessary burdens on both buyers and suppliers as buyers cover the cost of monitoring and suppliers have to allocate time and resources to ascertain and comply with a myriad of codes. A convergence of codes and procedures is needed to truly realize the benefits of the codes and certification programs.

CONCLUSION

Information Technology being most growing sector globally at faster pace. This sector needs to focus on Ethical values by resorting to corporate governance all the transactions must be more transparent and Ethical oriented exception to those which are very crucial and strategic in nature, may be kept confidential. Keeping aside this, the entire IT transactions needs to follow corporate governance and Ethics for the benefit of the IT users.

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