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INTRODUCTION

REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

SCOPE FOR FURTHER RESEARCH

ACKNOWLEDGMENTS

REFERENCES

APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES
- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES
- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES
- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY: A REVIEW

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ABSTRACT

Since all of us are well aware about the concept of corporate social responsibility corporate governance well in basic terms but still there are a series of questions still being raised about its conduct execution and actual implementation in the economy .This has resulted in changes in the laws and the regulatory framework of India ,with the introduction of companies act 2013 and its respective amendments in corporate social responsibility and Corporate governance has implied how crucial this is for Indian economy to set its standards high. Thus, this paper attempts to gather the information regarding corporate social responsibility and corporate governance in light of some scams & scandals in Indian context.

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KEYWORDS
CSR, corporate governance.

INTRODUCTION

The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. A key challenge facing business is the need for more reliable indicators of progress in the field of CORPORATE SOCIAL RESPONSIBILITY, along with the dissemination of corporate social responsibility strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time. (Chawak, Smita, and Devanjali Dutta. "CORPORATE SOCIAL RESPONSIBILITY: TRENDS AND CALLENGES."2014) Corporate sustainability essentially refers to the role that companies can play in meeting the agenda of sustainable development and entails a balanced approach to economic progress, social progress and environmental stewardship. CORPORATE SOCIAL RESPONSIBILITY in India tends to focus on what is done with profits after they are made. On the other hand, sustainability is about factoring the social and environmental impacts of conducting business, that is, how profits are made. Hence, much of the Indian practice of corporate social responsibility is an important component of sustainability or responsible business, which is a larger idea, a fact that is evident from various sustainability frameworks. Corporate social responsibility (corporate social responsibility is coming under the light of everyone day by day. The meaning of corporate social responsibility is manifold. For instance, on one hand, it denotes the responsibility of an organization towards the environment and society in which it operates. It involves providing innovative solutions to societal and environmental challenges. On the other hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders (customers as well as employees). Corporate social responsibility involves various voluntary efforts in which companies engage themselves in order to giving back to the society. Corporate social responsibility is an act of engaging the practices of a company in a more economical, social and environmental sustainable manner, while simultaneously recognizing the interests of its entire stakeholders. Through corporate social responsibility, the organizations can better serve the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in al aspects of their operations (International Journal of Business and Administration Research Review, Vol.1, Isue.7, Oct - Dec, 2014)

RESEARCH METHODOLOGY

Exhaustive literature survey regarding the topic and related concepts has been done. Secondary data inclusive of quantitative and qualitative data as well was collected from various sources including books, research papers, newspapers, magazines, and websites is used for the purpose of study.

LITERATURE REVIEW

Governance ratings have positive and significant impact on corporate financial performance. But like any other research ,the future researchers should attempt to overcome the limitations present in their study. These studies argue that good governance fosters good financial performance. Further it was found that ratings of company along employees-related and environmental dimensions also significantly influence corporate financial performance. The control variable firm size is also found to have significant impact on corporate financial performance.
(Oct. 2013,Impact of Corporate Governance on Corporate Financial Performance ,Priyanka Aggarwal1)
“Everything is connected to everything else” is often called the First Law of Ecology. Helping human society to prosper in the 21st century requires that we recognize the importance of living in balance with our physical environment and treating each other with dignity and equity.
“The future belongs to those who understand that doing more with less is compassionate, prosperous and enduring and thus more intelligent, even competitive.
(Chawak, Smita, and Devanjali Dutta. "CORPORATE SOCIAL RESPONSIBILITY: TRENDS AND CALLENGES."2014)
The 2013 Act has introduced several provisions which would change the way Indian corporate do business and one such provision is spending on Corporate social responsibility activities. corporate social responsibility, which has largely been voluntary contribution, by corporate has now been included in law. Basis the corporate social responsibility provisions, as laid down under the 2013 Act and the draft corporate social responsibility rules made available for public comments, in this bulletin we bring out the key provisions, analysis and challenges relating to the compliance of these provisions for companies to consider.

COMPONENTS OF CORPORATE GOVERNANCE

Corporate Governance simply implies the way in which companies are run in an open and integral conduct. The Cadbury Committee of U.K. in 2002 defined corporate governance as – the system by which companies are directed and controlled. The crux of the corporate world lies in promoting transparency and accountability and in fulfilling the fair expectations of all the stakeholders. Corporate governance is one such tool to achieve this goal and to safeguard the interests of various stakeholder groups. It involves promoting the compliance of law in letter and spirit, and demonstrating ethical conduct. The framework of corporate governance encourages efficient use of resources and also requires accountability for the stewardship of those resources. The three key constituents of corporate governance are - Shareholders, Board of Directors and Management.

COMPONENTS OF CG

- Board Size
- Separation of CEO and chairman

- Independence of the board from management
- Financial expertise of directors,
- No. of board meetings,
- Role of external auditors,
- Committees of board(Audit, Remuneration and Nomination)

(Oct. 2013, Impact of Corporate Governance on Corporate Financial Performance, Priyanka Aggarwal)

There may be no single universally accepted definition of corporate social responsibility, each definition that currently exists underpins the impact that businesses have on society at large and the societal expectations of them. Although the roots of corporate social responsibility lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of corporate social responsibility has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility. This is evident in some of the definitions presented below: The EC defines corporate social responsibility as "the responsibility of enterprises for their impacts on society". To completely meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders"

The WBCSD defines corporate social responsibility as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large." According to the UNIDO, "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. corporate social responsibility is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between corporate social responsibility which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of corporate social responsibility clearly goes beyond that." From the above definitions, it is clear that: • corporate social responsibility approach is holistic and integrated with the core business strategy for addressing social and environmental impacts of businesses. Corporate social responsibility needs to address the well-being of all stakeholders and not just the company's shareholders. • Philanthropic activities are only a part of corporate social responsibility, which otherwise constitutes a much larger set of activities entailing strategic business benefits. In recent years, the concept of corporate social responsibility has gained prominence from all avenues.

Corporate social responsibility and sustainability (corporate sustainability) is derived from the concept of sustainable development which is defined by the Brundtland Commission as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". An interesting case in point is the NVGs for social, environmental and economic responsibilities of business issued by the Ministry of Corporate Affairs in June 2011. Principle eight relating to inclusive development encompasses most of the aspects covered by corporate social responsibility clause of the Companies Act, 2013. However, the remaining eight principles relate to other aspects of the business. The UN Global Compact, a widely used sustainability framework has 10 principles covering social, environmental, human rights and governance issues, and what is described as corporate social responsibility is implicit rather than explicit in these principles.

(Handbook on corporate social responsibility in India by CII confederation of Indian industry,2013-14/www.pwc.in)

Organizations must realize that government alone will not be able to succeed in its endeavor to uplift the downtrodden society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept Corporate Social Responsibility. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. Cause-related marketing and corporate social responsibility has provided companies with a new tool to compete in the market. corporate social responsibility refers to the corporation's obligation to all the stakeholders. It stems from the desire to do well and get self satisfaction in return as well as societal obligation of business. This could be a strategic marketing activity a way for a company to do well by doing good-distinct from sales promotion, corporate philanthropy, corporate sponsorship, corporate Samaritan acts and public relation

CODE OF CONDUCT

While the CII code was well-received and some progressive companies adopted it, it was felt that under Indian conditions a statutory rather than a voluntary code would be more purposeful, and meaningful. Consequently, the second major corporate governance initiative in the country was undertaken by SEBI. In early 1999, it set up a committee under Kumar Mangalam Birla to promote and raise the standards of good corporate governance. In early 2000, the SEBI board had accepted and ratified key recommendations of this committee, and these were incorporated into Clause 49 of the Listing Agreement of the Stock Exchanges .The Naresh Chandra committee was appointed in August 2002 by the Department of Company Affairs (DCA) under the Ministry of Finance and Company Affairs to examine various corporate governance issues. The Committee submitted its report in December 2002. It made recommendations in two key aspects of corporate governance: financial and non-financial disclosures: and independent auditing and board oversight of management. The fourth initiative on corporate governance in India is in the form of the recommendations of the Narayana Murthy committee. The committee was set up by SEBI, under the chairmanship of Mr. N. R. Narayana Murthy, to review Clause 49, and suggest measures to improve corporate governance standards. Some of the major recommendations of the committee primarily related to audit committees, audit reports, independent directors, related party transactions, risk management, directorships and director compensation, codes of conduct and financial disclosures Given the peculiar system of ownership, nature of the financial sector and business practices in each economy, it is imperative that the governance mechanisms are designed to suit their unique nature. Since the mid-1990s, several corporate governance guidelines and regulations have been prepared in different parts of the world. Some of these are:

- Cadbury Committee Report (1992)
- CalPERS- Global Corporate Governance Principles (1996)
- Market Specific Principles- UK and France (1997)
- Market Specific Principles- Japan and Germany (1997)
- Core Principles and Guidelines- USA (April 1998)
- TIAA-CREF- Policy Statement on Corporate Governance (September 1997)
- Business Roundtable- Statement on Corporate Governance (September 1997)
- Hampel Report on Corporate Governance- UK (January 1998)
- The Sarbanes-Oxley Act – USA (August 2002)
- The Higgs Report- UK (January 2003)

At the same time given the increasing interdependence and integration of financial markets around the world it is important that some degree of uniformity and coherence is established in laws of all countries. With this in mind the OECD Council, meeting at Ministerial level on 27-28 April 1998, called upon the OECD to develop, in conjunction with national governments, other relevant international organizations and the private sector, a set of corporate governance standards and guidelines. In order to fulfill this objective, the OECD established the Ad-Hoc Task Force on Corporate Governance to develop a set of non-binding principles that embody the views of OECD countries on this issue.

(CORPORATE GOVERNANCE IN INDIA: THEORY AND PRACTICE NATONAL FOUNDATION FOR CORPORATE GOVERNANCE,SEPTEMBER 2004)

SCAMS & SCANDALS

Herewith are mentioned few scams which got the stakeholders ,the economy of the corporations questioning about their integrity and conduct which is under the constant vigilance but still such happening haunt the investors till date. A few to mention are:

REEBOK INDIA

This is probably the biggest corporate scam after Satyam, at least of whatever has come to light. Reebok India, owned by Adidas AG, alleged a Rs.870 crore fraud by its former managing director (MD) Subhinder Singh Prem and former Chief Operating Officer (COO) Vishnu Bhagat, in a criminal complaint filed at the Gurgaon police's Economic Offence Wing in May, 2012. In March 2013, Adidas, the parent company, announced a 153 million Euros loss on account of the Reebok India episode. The two were accused of criminal conspiracy and fraudulent practices including stealing products by setting up "secret warehouses". There has been a grave failure of corporate governance as well since the company has also alleged that the former officials fudged accounts and indulged in fictitious sales causing a multi-crore dent to the company. In its FIR, Reebok has said that it carried out an internal investigation after certain fraudulent activities were noticed – which again points to the importance of internal checks for malpractices and corruption. Gurgaon police had arrested Singh and Bhagat along with three others — Sanjay Mishra, Prashant Bhatnagar and Surakshit Bhat. Allegedly, these individuals have been siphoning off funds by creating ghost distributors across the country and generating forged bills over the last five years.

Agencies probing the alleged Rs 870 crore corporate fraud in the operation of Reebok India have detected a systemic "mismanagement" in the business planning and running of the company.

The Income Tax department has alleged tax evasion of Rs 140 crore in the case. The IT department's first goal is to ensure that the company later does not claim any "bad debt". A bad debt is that amount that is owed to a business or individual and has to be written off by the creditor as a loss because the debt cannot be collected because of a host of reasons.As soon as the scam came to light, affairs of the company came under close government scrutiny. While the IT department documents investigated the accounts and imports of the firm, the Serious Fraud Investigation Office is probing the entire governance affairs of the company under Section 235 of the Companies Act. A forensic audit was conducted by the German arm of Ernest & Young – which revealed many falsification of documents and books.

VODAFONE WINS $2.2-BILLION TAX BILL BATTLE

Vodafone Group PLC won a $2.2 billion legal battle against the tax department in a Supreme Court ruling that analysts said would encourage foreign investment and clear the way for the company's planned initial public offering (IPO) in India. Capitalists and Laissez Faire enthusiasts applauded the judgment as a significant progressive judicial step. The tax demand was over Vodafone's $11 billion deal to buy Hutchison's Indian mobile business in 2007. The UK-based company had appealed to the Supreme Court after losing the case in the Bombay High Court in 2010. The verdict sent Vodafone shares up as much as 2.5 percent in London. Vodafone, the world's largest mobile operator by revenue, had taken the position that Indian tax authorities had no right to tax the transaction which had taken place between two foreign entities in the Caymans Island and had no sufficient connection with India for attracting capital gains tax. The government on the other hand argued that the foreign entities are merely shell companies without any assets or operations except for the Indian company. The transaction between foreign entities was nothing but a sham to avoid taxes, and that there is sufficient connection with India to tax the transaction. Even if tax was due, the company had argued, it should be paid by the seller not the buyer.

KINGFISHER AIRLINES LOSES LICENSE TO FLY

The financially troubled Kingfisher Airlines lost its flying permit after a deadline to renew its suspended license expired. The Directorate General of Civil Aviation (DGCA) has suspended Kingfisher Airlines license to fly till further orders' *pursuant to Clause 15 (2) of Schedule XI of the Aircraft Rules, 1937*, after the airline failed to deliver a viable financial and organizational revival plan. The debt-ridden carrier was grounded since October 2012 after repeated strikes by workers over unpaid wages. Kingfisher owes various public sector banks $1.4bn (£870m) in debts and has been frantically trying to raise funds after lenders refused to give fresh loans. The airline now owes money to staff, airports, tax authorities and its lenders and may have to be liquidated.

SAHARA TOLD TO REPAY $3 BILLION TO SMALL INVESTORS

Unlisted conglomerate Sahara, one of India's biggest business groups was ordered by the Supreme Court of India after a prolonged legal battle with capital markets regulator SEBI to refund 174 billion rupees raised by "dubious" means from 22 million small investors. From 2008-11, they received 174 billion rupees through what is known as an optionally fully convertible debentures. The Sahara was also asked to pay 15 percent interest to the investors of the fund which has been illegally raised from the public without resorting to proper legal procedure.The Supreme Court, whose order reaffirmed an earlier ruling that the fundraising did not meet the rules, ordered two unlisted Sahara group firms to refund money they had raised with the interest within three months.

The judgment closed a much exploited loophole of the corporate fundraising laws in India and underscored an increasing assertiveness by India's judiciary and regulators as businesses and financial markets expand at a fast pace in Asia's third-largest economy.

SATYAM CASE

Five-and-a-half years after B Ramalinga Raju confessed the fraud he had committed at Satyam Computer Services, the Securities and Exchange Board of India, or Sebi, had found him and four others (former managing director B Rama Raju, chief financial officer Vadlamani Srinivas, vice-president G Ramakrishna and head of internal audit V S Prabhakara Gupta) guilty of committing "a sophisticated white collar financial fraud". It had levied on them a penalty of around Rs 3,000 crore and has barred the five men from accessing the securities market for 14 years.

(Blog,www.Startup.nujs.edu/blog major corporate sector scams April 2013)

RECOMMENDATIONS

Since the introduction of the new companies act 2013 does not guarantee the deep penetration of the corporate social responsibility initiatives and Corporate Governance at all levels of the corporations since it has taken into it fold small and medium enterprises, as well more finance and funds will usher in only if used judiciously in the right aspects and activities

Also, they have without an iota of a doubt established a bar at par with the international standards the set levels to attain for higher and deeper efficiency and effectiveness far and wide. Corporate social responsibility and corporate governance messages and strict laws have to be penetrated into the pipelines and setups of the masses for ensuring a transparent, fairness harnessing and value creating society.

CONCLUSIONS

Thus, we can conclude from the above mentioned scams & scandals which took place, that need of hour of the corporate governance and corporate social responsibility is a must. Both, corporate social responsibility and corporate governance responsibility make a good bundle and measure of efficiency and effectiveness. These indicate the level of the integrity and crafting ability with which the organization as whole should function.AS we have seen how the reputation and goodwill of the company have been tarnished, it should be learning for rest of the prevailing organization and a constant reminder for present and companies to make their mark surely and achieve great heights worldwide but be highly cautious at the same time, making these concepts their priority as a missionary objective. WE surely have many successful exemplary organizations like Wipro, Tata, Reliance, Hcl and many others in the queue creating a benchmark of world class standards in their activities and operations. Thus, corporate governance and corporate social responsibility have become a mandatory need of the hour for overall success and performance.

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2. (Chawak, Smita, and Devanjali Dutta. "CORPORATE SOCIAL RESPONSIBILITY: TRENDS AND CALLENGES." Abhinav-International Monthly Refereed Journal of Research In Management & Technology (Online ISSN 2320-0073) 3.4 (2014): 32-39.)
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5. (International Journal of Busines and Administration Research Review, Vol.1, Isue.7, Oct - Dec, 2014
6. (IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 13, Issue 3 (Sep. - Oct. 2013), PP 01-05 www.iosrjournals.org ,www.iosrjournals. ,Impact of Corporate Governance on Corporate Financial Performance Priyanka Aggarwal1)

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With sincere regards

Thanking you profoundly

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