

Corporate Governance With Conscience-A Gateway For Economic Prosperity

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INTRODUCTION

The concept of governance is quite an old system of directing and controlling the affairs and activities of princely states and empires. We may also find the concept of state governance in the writings of Kautilya. The concept of corporate governance has its roots in the Industrial Revolution which has been instrumental in the birth of corporate form of organization. With the emergence of company form of enterprise, the issues relating to good governance have assumed a great deal of importance and require close watch and scrutiny. However, since the decades of the 1980s and 1990s, the concept of corporate governance, being the comprehensive system of directing, administering and controlling the affairs of a company, has become an issue of paramount interest.

In the past few years, much emphasis has been placed to the significance of corporate governance. Every country has developed a distinct system of corporate governance to gain competitive advantage in the global and domestic market. As a rational human being, everyone expects good governance in every facet of life. Corporate governance is all about governing corporations. Every stakeholder in all kind of organizations, whether public or private, profit making or non-profit making, expect good governance. Though, there are so many reasons which emphasize on good governance, yet all stakeholders naturally expect from their leaders to lead in a better way and in an appropriate direction for the attainment of organizational objectives. Further, stakeholders in all organizations rightfully expect their interest to be protected and also look for transparency and disclosure of relevant facts and figures. Good governance also requires from their leaders to remain accountable for their actions and inactions.

NEED OF THE STUDY

Governance has come to be assigned a place of paramount importance in the corporate sector in the present times of turbulent business environment. Some of the corporate failures and financial misadventures the world over in recent years have evoked a renewed interest in the way the corporate affairs are directed and controlled. "The failure of the capital market to discipline errant managements of companies with dispersed ownership led to the search for a new approach to improve the quality of corporate governance." The search for a new approach has resulted into many codes devised by various committees set up for the purpose and the changes in corporate laws the world over. But this has led to legal compliance becoming more important, thus tackling the issue at a superficial level. Despite such codes and existence of stringent legal framework, the corporate failures and misadventures are continuing unabated.

Good governance requires following the principle of trusteeship as recommended by Gandhi. Any violation of principle of trusteeship will invite the corporate degeneration and debacles. In the past few years, the reported corporate looting and fraud have become so frequent and so spectacular that the term ethics and conscience is starting to sound like a cruel oxymoron. Every culture and society has its own distinct characteristics and talents. When we harness these features and nurture the talent, they help in developing core competencies to gain competitive advantage in the market. Just like Chinese are skilled in martial arts and Europeans are good at athletics, Indians are blessed with spirituality. If the corporate leaders empower themselves with spirituality, then it will help in nourishment of inner peace, develop a stable and calm mind, make one ethically strong, develop the ability to comprehend the problem, set right attitude towards life, improve everlasting inter-personal relations and offer competitive global advantages. The principle of spirituality helps in the development of conscience and wisdom. The governance with the conscience should be core of decision making process. The good corporate governance with conscience is the panacea of economic prosperity. Therefore, by taking into consideration these aspects, emphasis has been put on to carry out a study on "corporate governance with conscience- a gateway for economic prosperity."

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OBJECTIVES OF THE STUDY

The main objectives of the study are as under:

- 1) To study the conceptual frame work of corporate governance.
- 2) To suggest a model to develop the conscience.
- 3) To study the role of conscience in corporate governance.

METHODOLOGY

The concept of corporate governance is very wide, complex and dynamic. To carry out the present study, various journals, magazines, newspapers have been consulted. The data has also been derived from various websites. The study is basically a desk research. The tools used for the analysis of information include SWOT analysis, Delphi method, comprehensive evaluation and observation method.

CONCEPTUAL FRAMEWORK OF CORPORATE GOVERNANCE

The concept of governance is as old as human civilization. The Greek root for governance is '*Kubernau*'- to steer, to rule, the corresponding Sanskrit word is '*Shasan*'. Both of these indicate a common key note in governance discipline. Further, simply stated, governance means the process of decision making and the process by which decisions are implemented or not implemented. Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance. Corporate governance is all about governing a corporation with consciousness, transparency and openness. From academic point of view, corporate governance is seen as one that addresses "the problems that results from the separation of ownership and control". From this perspective, corporate governance focuses on: the internal structure and rules of board of directors; the creation of independent audit committees; rules for disclosure of information to shareholder and creditors; transparency of operations and an impeccable process of decision making and control after management.

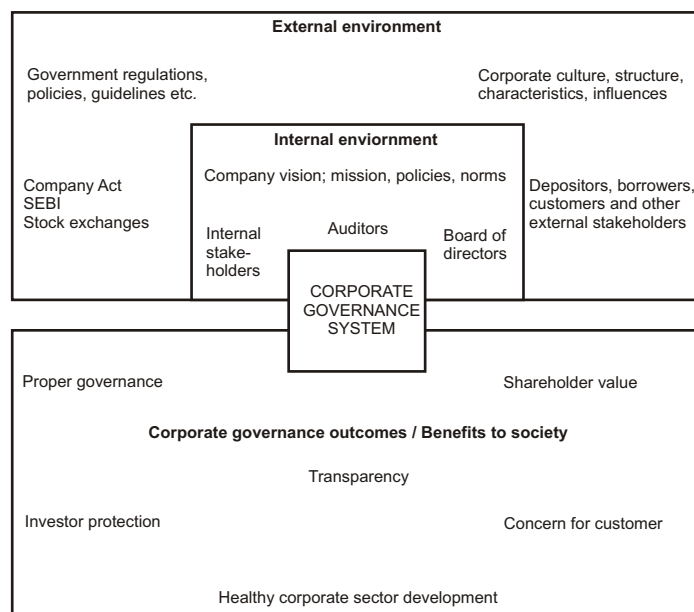
The discussion on corporate governance can be understood from narrow as well as broader point of view. From narrow point of view, corporate governance denotes the way in which directors and auditors handle their responsibilities towards shareholders. Some authors also call it synonymous with shareholders' democracy. But with the passage of time, experience gained from historical development and with the impact of growing vision of society, the term corporate governance has now been defined from a broader perspective. It is now accepted that corporations should respond more to the categories of stakeholders which includes employees, consumers, investors, government, environment, ecology and society as a whole. These diverse interests are to be harmonized and accommodated. Corporate governance is narrowly defined as the relationship of a company with its shareholders or more broadly, as its relationship with society.

Nowadays, commentators on the issue of corporate governance gave emphasis on the importance of quality of governance. Recently, the term "governance" and "good governance" are used increasingly in the development literature. Irregular accounting, corrupt and fraudulent practices are recognized as the root causes of bad governance. At the same time, reverse is good governance. The corporations are expected to provide good governance to benefit all the stakeholders. Good corporates are not born, but are made and developed by the combined efforts of all stakeholders. Law and regulation alone cannot bring about changes in corporates to behave in a better way to benefit all stakeholders. Directors and management, as stimulated and goaded by stakeholders and inspired by societal and cultural values have to play a significant role in good governance.

The Indian corporate sector is governed and regulated by the Company Act, 1956 that follows more or less the UK model. The pattern of private companies is mostly that of closely held or dominated by the founder, his family and associates. Available literature on corporate governance indicates that India shares many features of the German and Japanese model but the recent recommendations of various committees and consequent legislative measures are driving the country to adopt increasingly the Anglo- American model. Thus, corporate governance developments in India in recent years show a paradigm shift from the German and Japanese model to the Anglo-American model.

DEVELOPMENT OF CONSCIENCE-A ROYAL PATH BY SAGE PATANJALI

An attempt has been made to analyze and present the ancient text as a model to understand the concept of conscience and way to develop the conscience. Conscience is the very inner core of a human being which can be understood from various dimensions such as true self, higher self, super consciousness, pure conscience, soul or God consciousness, omnipresent conscience, non-attached self, true or pure wisdom, awakened awareness, Krishna consciousness, Christ consciousness, Kabir consciousness and Nanak consciousness etc. Conscience is as clear as a crystal. It is a light that guides us to understand the power of inner discrimination.



Indian Corporate Governance Model

The following 49th verse from The Bhagavad Gita (By Sri Sri Paramhans Yogananda) help us to understand significance of conscience in performance of duties:-

Ordinary action (performed with desire) is greatly inferior to action united to the guidance of wisdom; therefore, O Dhananjaya (Arjuna), seek shelter in the ever directing wisdom. Miserable are those who perform action only for their fruits.

Action + desire = degeneration

Action + conscience -- Desire = Prosperity

RELEVANCE TO CORPORATE WORLD

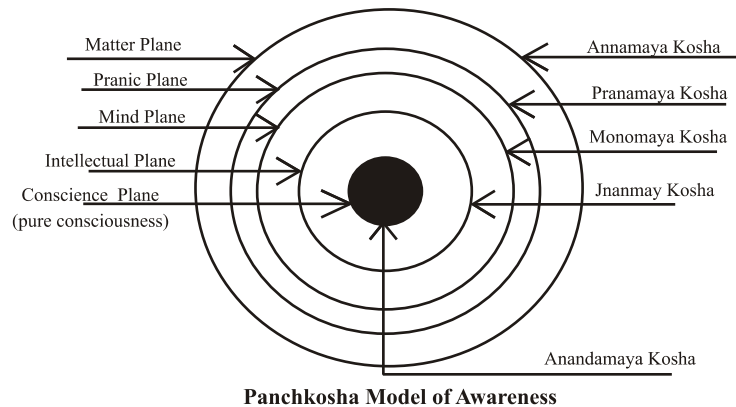
Conscience (Corporate leaders) + Action / skill (Management) = Organizational success and Prosperity.

Therefore, the above mentioned idea has its significance for the modern corporate world where, in the war of competition, all actions are performed with the desire of fruits of market and profits. As per the theory of karma, the inferior actions are bound to produce the fruit of their Karma in the form of corporate degeneration and debacle. Actions guided by the soul's inner discrimination (conscience) are instituted only to satisfy the cosmic plan and therefore leaves no traces of misery--making karma i.e. corporate success. Corporate leaders should never act in desultory ways driven by whims, moods, and habits or by the customs and fashions of the environment or by inherited or prenatal desires. They should perform all their activities under the umbrella of the cosmic directed wisdom which can be felt in meditation. Corporate leaders must follow the conscience while formulating policies, making decisions and should set a role model for the entire organization. While seeing upon the corporate leaders (conscience), the management (action oriented skilled one) should also value the role of conscience and wisdom in the development of healthy corporate culture in the organization.

MODEL TO UNDERSTAND CONSCIENCE

The Tattirya Upanishad explains the panchkosha theory of five forms of level of awareness or intuition. The first form of awareness is that *I exist* with body and mind is the crude form of awareness. Every human being has this feeling. This is called awareness of *Annamaya kosha*- here the consciousness exists in the gross or matter plane. The second form of level of awareness is the *pranic energy*. It is the vital and life current that courses through every cell of the human body. The third form of level of awareness is the direct knowledge of *manas* and mind, its effects and its combinations with other principles of perceptions and cognition. When one attains this level of awareness, the attention is not on matter plane and pranic plane. This is called the awareness of *manomaya kosha* and mind plane. In this form of intuition, one is not overtly conscious of the outside world and mainly depends on the depth of meditation. The fourth level of awareness is the *jnanamaya kosha* or intellectual plane. In this form of awareness, there is direct knowledge of the operation of *buddhi* or discriminative intellect along with the knowledge of ego. One in this stage does not feel the whirl of the mind, the race of prana or the weight and

confinement of the body. This stage is called cognitive meditation but even in this stage, there may remain a doubt in whether he is knowing his true self or not. It is from this level that a person starts manifesting wisdom. The fifth or the last stage of awareness is called as **Anandmaya kosha**- this form of awareness is the direct knowledge of bliss as depending upon object, mediary or condition. This is the stage of everlasting peace, ecstasy, and ultimate satisfaction. This is the stage of pure wisdom and conscience. Among these five forms, the first form of awareness is possessed by everyone and other four forms must be developed with the specialized techniques of yoga. The following is the schematic view of five forms of level of awareness.



Panchkosha Model of Awareness

MODEL FOR THE DEVELOPMENT OF CONSCIENCE

The Panch Kosha theory of level of awareness helps us to comprehend the concept of conscience. The significance of Yoga to develop the conscience can be judged from the following 50th verse of The Bhagavad Gita (By Sri Sri Paramhans Yogananda).

"One who is united to the cosmic wisdom goes beyond the effect of both virtue and vice, even here in this life. Therefore, devote thyself to yoga, Divine union. Yoga is the art of proper action."

As per this verse, those who have merged themselves to the omniscient wisdom are above all type of the effect of ego-instigated good and evil actions. Therefore, The Gita stresses upon the oneness with the transcendent wisdom of almighty for the permanence of all actions. To work united with the cosmic conscience is the greatest art to master in the world. Therefore, to achieve sustainable success, attain global competitive advantage and, to retain the lost credibility of the corporate world, the corporate leaders should act according to the universal conscience.

The model of Yoga was developed by a sage, Patanjali around 200 B.C in his Yoga Sutra, known as **Raja yoga** or **The Royal path** for the development of universal conscience. The **Raja yoga** consists of three dimensions or realms i.e. Physical, Mental and Spiritual. It is also called **ashtanga yoga** or the eightfold path, as its eight steps traces a systematic path of regulation and control from the gross, to subtle to the subtlest (conscience). The eight steps are **Yama, Niyama, Asanas, Pranayama, Pratyahara, Dharna, Dhayana and Samadhi**. The relevance of these eight steps for the development of conscience for the success of corporate world can be discussed as under:-

ASHTANG YOGA FOR THE DEVELOPMENT OF CONSCIENCE

Yama	Moral conduct: The avoidance of immoral action; describes the various rules and regulations that how an individual should behave with other beings.
Niyama	Represents adherence to spiritual prescriptions.
Asanas	Right Postures for body and mental control.
Pranayama	Breathing exercises which will help in controlling mental perturbations and to attain the state of natural inner calm of soul.
Pratyahara	Withdrawal and control of senses from the distraction of outside world.
Dharna	It means concentration which consists of bringing a scattered mind to a point of focus.
Dhayana	Meditation helps the individual to come out of disturbing and distracting emotions, thoughts and desires.
Samadhi	Merges with universal consciousness and development of conscience and transcendental super consciousness.

The development of conscience is essential for the corporate success. A stable, composed, steady and tranquil mind is the prerequisite for the development of conscience. Mind is restless, forceful and a strong power house of thoughts. It is more difficult to control the mind than it is to control the wind. Lord Krishna says in The Gita that the mind is one's best friend as well as one's worst enemy. **Patanjali Ashtang yoga** is the best ever model for the control of mind and development of conscience. It helps the regular practioner in the transformation of his little self (ego) into higher self (conscience). The first four steps-**Yama, Niyama, Asana and Pranayama**-comprises the path of **Hatha Yoga** which are auxiliary and preliminary to the last four stages of **Raja Yoga**. The five Niyama

are Non- Violence, Truthfulness, Non-Stealing, Continence and Non- Possessiveness. The five Yama's or Observance are Cleanliness, Contentment, Practices which give perfection of body and senses, Study of Scriptures and Surrender to Ultimate Reality. These ten commitments of **Yama Niyama** will lead to behavioral modification, in which all imperfections are replaced by the virtues. The Asana and Pranayama are closely related to each other. The Asanas make body comfortable and steady which has a deep impact on the stability of mind. It also helps in the attainment of physical well being of human being. The science of Pranayama regulates the breath and consequently leads to the regulation of the mind. Breathing rhythm leads to a calm mind and the mind is disturbed if there is corresponding disturbance in the breathing and vice-versa. The value of Asanas and Pranayama is, therefore, limited unless they are taught in conjunction with Yama and Niyama, the moral code or ten commitments of Raja Yoga. The ten commitments of Yama and Niyama will lead to the behavioral modification in which all imperfections are removed and help in cultivation of right attitude in the corporate leaders, which is key to the corporate success. The regular exercises will make the corporate leaders physically fit and will make them mentally alert. The stability of the mind is essential to take appropriate decisions. Pranayama helps in the control and regulation of breathing pattern, which helps in the development of a stable mind. Therefore, to develop the healthy and congenial environment in the organization, corporate leaders should try to make these yogic practices a part of corporate culture.

The Pratyahara is the fifth step in Raja yoga, which means withdrawal and control of the senses. The control and regulation of sense organs are essential for the development of a stable mind. Consequently, the stability and peace of mind is the prerequisite for the further development of conscience. The practice of Pratyahara helps to voluntarily draw the senses inward and thus isolate oneself from the distractions of the outside world. When the mind is made stable with help of sense organs, then through concentration, the dissipated powers of the mind are gathered together and directed towards the object. In order to exploit the latent potential of the mind, one should systematically cultivate the ability to concentrate. The prolonged and unbroken concentration leads to the state of Dhayana or meditation. Concentration makes mind steady whereas meditation expands the steady mind to the super conscious state by piercing through its conscious and unconscious level. Meditation is the uninterrupted flow of the mind which helps one in the attainment of mental perfection. The prolonged and intense meditation leads to the last step of yoga i.e. the state of Samadhi. In this state, man becomes one with the divine and transcends all the imperfections and limitations of time, space and causation. This is the state of bliss, ecstasy, everlasting peace and love and pure conscience. It is the state in which the lower self (ego) is completely merged in the higher self (Divine consciousness).

The Yama and Niyama help in overcoming the behavioral imperfections; with Asana and Pranayama, the impurities of body are thrown out. Pratyahara removes the impurities of attachment, Dharna removes the impurities of mind and Dhayana (meditation) takes off everything that stands between the lower and higher self. In the stage of Samadhi, one can completely become a spiritual being, who transcends all the imperfections and limitations of time, space and causation.

Yoga science is the soul of all sciences and it can solve the basic problems of human beings. The corporate leaders should imbibe and practice the yogic techniques for the development of conscience. They should also make the concerted efforts to make the yoga practices as part of the corporate culture. It helps in the development of physical and mental health on one side and improvement in the organizational environment on the other side. Conscience should be at the base of decision making process along with purity of mind. Decision taken in that way will be beneficial to the all stakeholders. The time has come when the corporate leaders should think to transform themselves in tune with the philosophy of Patanjali Ashtang yoga and the philosophy of panchkosha model for the development of conscience.

Panchkosha theory of level of awareness and Royal Path of Patanjali, Ashtang yoga are closely related to each other and are also complementary to each other. The first two steps i.e. Yama and Niyama are ethical, moral and universal codes of conduct. These are essential for the regulation of human behavior in the society and organization. The attainment level of conscience is impossible without the observance of these two steps. The third step, Asana strengthens our Annamaya Kosha. Pranayama strengthens our Manomaya Kosha. Dharna or concentration and Dhayana or meditation helps in the development of level of Jnanmaya Kosha i.e. pure wisdom. The last stage i.e. Samadhi, helps in the development of conscience or universal or cosmic conscience. Corporate leaders should try to establish the strong organizational culture based on these two models. This will help in development of healthy organizational environment and will equip the decision makers with purity of mind, conscience, values and ethics.

RELEVANCE OF CONSCIENCE IN CORPORATE GOVERNANCE

Trusteeship principle advocated by Mahatma Gandhi is based on a stanza in the Ishopnishad that states that God is present in every particle of this universe, and thus everything belongs to Him and He is the real owner. Whatever has become available to a person, he should take and use that which is justified by his needs, and should not grab others' share. Thus, the need and not the greed can be the basis of decision making to develop a healthy society. People should develop a mindset that they are the trustees of the wealth bestowed on them by the real owner, the Almighty and the same should be used keeping in mind the welfare of others and of the whole humanity. This calls for caring for the people, planet and profit called 'Triple-Bottom-Line Approach' in the modern business terminology. The decisions made for using the resources available in the present times should be based on consciousness of the implications the same have for the future generation.

It is the type of leadership that is crucial in governance. The internationally known authority on leadership, Stephen R. Covey, while describing the purpose of business, states: "Service to others comes before serving one's self. Individuals and organizations grow when they give themselves to others and relationships improve when there is a focus on serving others". The leadership with this in mind can lead to governance with conscience. What is missing in most of the leaders in present trying times? It is the responsibility- *moral language of mind*; the love-*emotional language of heart*; and the compassion and unity- *spiritual language of the soul*. The humility has been replaced with arrogance. This calls for having leaders who are responsible for their actions and decisions; have love for people associated and working with them; and compassion for all those affected with their decisions and actions. This is the conscientious approach in leadership.

The root cause of business disasters and failures is somewhere else and that is the crisis of corporate character reflected in terms of greed of people responsible for governing the corporations as agents of the shareholders. This calls for a solution at a deeper level. The governance results in basically decision making on corporate affairs. The intentions with which the decisions are made by the management, particularly the top management, are the differentiating crucial factor. When the personal interests of the decision makers come into conflict with the interests of the corporation and its other stakeholders and the personal interests get precedence, the decisions resulting into failure or losses cannot be termed as the error of judgment and as such cannot be condoned. On the other hand, if the interests of the corporation and its other stakeholders get precedence in decision making, the adverse consequences resulting there from are termed as occurring due to judgmental error and hence can be excused to a certain extent. The management being the trustee of the resources entrusted by others must have the conscience while using the same. It should not be their greed that should guide the corporate affairs and decisions thereon. The conscience plays a very important role in making the right choice of action and behavior. It involves making an informed choice in a variety of situations based on the perception of what is right and what is wrong. There are white areas where no ambiguity is involved in decision making, and what is the right course of action is apparent to all. Similarly, there are black areas where no dilemma is faced. But there are gray or fuzzy areas or situations that need direction and guidance from the inner self or conscience.

The unbridled greed results in wrong decisions. "The rush for quick decisions, the need to grab a market opportunity, the concern for an immediate return, and the inability to resist economically strong but morally weak arguments, seem to have led to poor decision making" state Prof. N. Bal Subramanian and Prof. David Kimber while highlighting the role of ethics in governance. This has happened in case of the US corporations such as: Bear Stearns, Fannie Mae, Freddie Mac, AIG, Lehman Brothers and Merrill Lynch, in recent months where the US Government has to provide a bailout package of \$700 billion, the biggest so far in business history. The financial fiascos are occurring almost daily in the US and Europe, and the losses may be crossing \$5 trillion. This has happened despite the stringent regulatory system of governance with plethora of codes and laws that has got developed in the light of earlier corporate frauds and failures the world over. Neither government regulation nor free market is a panacea or even a bulwark against financial losses, since human greed trumps all and that greed-the profit motive- is not halted by fear of governance or fear of loss. Accountability for greed gets side-stepped ostensibly to protect the interest of small savers as is clear from the bailout packages that are being provided to the corporations in deep troubles in contemporary times. The world being interconnected cannot remain isolated and not being affected by the recent happenings in the corporate sector.

The levels of ethics, according to Dr. S.K. Chakraborty, Professor, Management Centre for Human Values, IIM-Calcutta, are

- Compliance ethics
- Cognitive ethics

- **Consciousness ethics**

The compliance ethics is largely and primarily based on rules, regulations, legal and other infrastructure, institutional regulatory framework outside the corporate system, surveillance mechanism, code of conduct and code of ethics within the corporate system. It is possible to train people in compliance ethics. One can be law abiding mainly going by the form and missing the spirit. As law is the bare minimum, if one complies with the same, it can be termed as following the compliance ethics approach. But, the ethics is law plus something more, hence one is unethical to the extent of that something extra. The higher level of ethics called Cognitive ethics is based on intellectual and rational foundations, and is law plus something. But knowing what is correct does not lead to correct behavior and actions. Thus, cognitive ethics remain at rational and intellectual level, and may not get translated into righteous behavior and actions in real life situations. This to happen requires the moral courage, the stamina and that comes from consciousness ethics. The highest level of ethics is based on consciousness and that is what is required in governance with conscience. It requires lion's courage and selfless approach to follow the path directed by the conscience in all walks of life. Thus, the governance with conscience does not mean only complying with legal requirements or knowing what is right but to exhibit righteous behavior and actions based on consciousness ethics. "Action indeed is the sole medium of expression for ethics," states Jane Addams. The righteous behavior and actions result from the level of consciousness of the soul. The corporation being governed by the directors collectively will display such behavior if they are the people with awakened consciousness. Whole issue of business ethics and governance is not restricted to moral righteousness; instead it is about enlightened self-interest. It is in the interest of the people who govern the corporations to have a structure of governance geared towards the interests of all the stakeholders rather than solely in their own interest. This will be in their long term interest.

Corporate governance with conscience is primarily an issue of corporate character. Corporate character is the inevitable result of understanding business as a community of relationships. The corporate character is the reflection of the characters of the people responsible for governance. Increasing financial and non-financial disclosures; changing composition of the board of directors with having more non-executive and independent directors; constituting board committees with independent directors; and laying down elaborated board procedures and processes as well as codes of ethics may lead to improved governance in form only but devoid of spirit, if the conscience is missing in the whole exercise. "Codes of governance are effective within general corporate framework, but do not always reveal or prevent human error." The conscience or the corporate character is the watchdog that will keep the whole exercise of improving the governance free of the creative manipulations and tactics adopted in this regard.

The existence of a corporate entity in the long-run is dependent on the quality of governance provided. Governance is the way the corporate affairs are directed and controlled. The governance structure, mechanism and the processes involved require the purity of ends and means to ensure survival, growth and profitability on the long time horizon. The governance with conscience requires that the business affairs are guided not solely with financial goals in mind but the spiritual ones as well. This implies that there must be a balance between money and morals. The governance bereft of conscience will exhibit a greedy behavior that will endanger the very survival of the enterprise. The greed is not only for money, but it is also for power and recognition.

Whole superstructure of corporate governance should be based on a long term vision that will be in the interest of all those who have direct and indirect stake in the working of a corporation. This is possible when all people responsible for governance act in a conscientious way. The governance with conscience will ensure that the interests of the stakeholders are not jeopardized and thus, the corporation carries on with its business of satisfying the needs of the society in the long-run. The major advantages that accrue due to this include long-run survival; goodwill and prestige; continued support of all the satisfied stakeholders; sustainable growth, profitability and solvency; trust of the society; increased shareholder value; inculcation of a value system down the management ladder; motivated and dedicated manpower; favorable environment; supportive government; and long term success in the market place. Thus, governance with conscience is a good business strategy that should be adopted by those corporations which want to enhance stakeholder value, and not merely the shareholder value. The structure and processes in corporate governance be so devised where conscience both in its form and spirits does not get lost. A thoughtful consideration of the value system and ethics must play an important role in designing and applying the governance processes.

The corporate governance structure will require the composition of the top decision making organ in a corporation i.e. the Board of Directors. The Board is responsible for direction and control of the functions performed by the

management. The governance is the domain of the Board, hence having people with conscience composing it will ensure the high quality of governance. This calls for having more and more non-executive directors with impeccable credentials and no personal interests to serve, as this leads to independence of opinion put forth by them. Their judgment is not clouded and takes into consideration the interests of the corporation and its stakeholders. No doubt the owners of the corporation are the primary stakeholders and their interests are important, but the interests of other stakeholders: employees, suppliers, customers, competitors, society in which the corporation operates and the nation as a whole cannot be sacrificed if the corporation is to conduct its affairs in the long-run. Their interests can be secured only when a non-partisan competent and effective Board of Directors composed of upright persons of impeccable integrity is put in place. Maintaining the conscience in governance is the paramount duty of the Board of Directors collectively.

Once the message spreads that the corporation works on the foundations of highest standards of ethical behavior and has internalized and institutionalized the same, it gets the right type of people attracted towards it: the employees; customers; suppliers and others, and makes its working smooth, simple, effective, efficient and transparent with sustainable success. The message can be made loud and clear through the policy and code of ethics laid down, but the impact becomes profound, effective and everlasting if reflected through the actions and behaviour. Laying down policies and codes is one thing, but if the same are not practiced in its dealings and transactions i.e. in its working, the advantage is lost. The approach that needs to be followed is top down as the people at lower level follow their superiors in respect of the core values of integrity, trustworthiness, honesty, and transparency. The governance also calls for having a proper system of committees composed of the people who are the members of the Board. The three pillars of Corporate Governance are: Audit Committee, Remuneration Committee and Nomination Committee. In addition to these, other committees are set up to deal with varied aspects of governance. The committee system leads to proper and in-depth analysis of the relevant performance areas and makes available the considered opinion for decisions by the Board.

The governance processes employed should also exhibit the purity of purpose. The active role played by the Board and its committees through transparent deliberations during the meetings will ensure the right direction and control over the management reflecting the quality of governance. The regular conduct of the meetings of the Board and its committees will result into the timely decisions on various important matters that need the attention of the people entrusted with the responsibility for governance. It is governance activism that can ensure the quality of governance.

Another important aspect of governance is the quality of the reporting framework adopted by a corporation for making the timely; complete; comprehensive; relevant; and true and fair information available to various stakeholders in an effective and efficient manner. Transparent reporting of true and fair as well as relevant and timely information to all the stakeholders facilitates the process of decision making. Ethical reporting practices based on the virtue of transparency and truthfulness will result in better image, and thus the continued support and commitment of the suppliers of resources, consumers, employees, government and society at large.

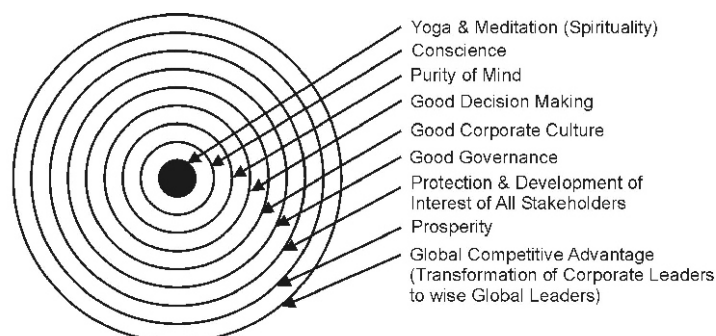
The governance with conscience calls for adopting proactive approach rather than reactive to the evolving corporate environment that is becoming very demanding in matters of governance in the light of recent developments. There is a need to devise and implement sound ethics and governance policies and procedures beyond the legally prescribed requirements in a manner that the same gets reflected in corporate actions and decisions. Ignoring governance with conscience in business is going to be at its own peril. The actions and decisions of the top governing body i.e. the board and also top management having commitment in matters of ethics will go a long way in developing a culture based on conscience throughout the organization. The principles propounded are always tested in difficult times and situations. When things are normal, all are ethical. What is needed is the change in mindsets, values and principles of the leaders of corporate organizations as well as those who are the future leaders. The governance with conscience will be in the interest of all both on short and long time who finance them, and also who teach, mentor and groom horizons.

CONCLUSION AND SUGGESTION

In the present research work, efforts have been made to explain the concept of corporate governance in the contemporary recession engulfed global scenario. To study the conceptual frame work of corporate governance, a model based on conscience has been suggested for the good governance. The role of conscience in the corporate governance has been discussed in detail. The corporates have been considered as the role models of prosperity and they are loosing their credibility due to the manifestation of unethical corporate practices. The integrity of corporate promoters, leaders, management including auditors has been proved doubtful due to vicious and

degenerated corporate culture. The corporations and capitalistic world, which were instrumental in the development of globalization, have been exposed due to unfair and dubious trade practices. The corporations which should work as a trustee are working as exploiters and looters. They are not only exploiting and misappropriating the resources of the society but also steal the faith of society. It is very unfortunate that these corporations are getting all kind of financial aids, tax exemptions and legal and political protection from the government of the respective countries in the name of development of economy as well as society. Such corporate failures are also responsible for the present global economic crisis. Now, the capitalistic world is at a crossroad and searching for the solution to get rid of such self created vicious corporate environment. In such deteriorating circumstances, the corporations have to work on the principle of trusteeship as recommended by Gandhi to restore the faith of society. The corporate leaders and auditors should imbibe the concept of pure conscience in the execution of their duties with high spiritual quotient (SQ). This makes it amply clear that the way corporations are governed determines the well-being and development of the people and thus the economy as a whole. Good governance is the need of the hour whether it is the Government or Corporate world. Moral and ethical foundations make base for good governance. The actions and behavior based on highest ethics is the cornerstone of governance with conscience.

The foregoing discussion will help to devise the following yoga centered transformational model which will be helpful in the development of good corporate culture. Healthy corporate culture will be instrumental in the good governance and attainment of economic prosperity along with the protection of stake holder's interest. This model will be helpful in the development of spiritual quotient among the human resource of the organization. Governance based on conscience will offer an additional global competitive advantage. Therefore, the governance based on conscience is a gateway of economic prosperity.



A Yoga Centered Transformational Model

Finally, it can be concluded that with the help of yogic practices and the philosophy of The Gita, the corporate leaders can transform themselves into wise global leaders by inculcating the element of conscience in corporate decision, action and behavior. This will help in the development of healthy and congenial corporate culture, which will be in the benefit of all stake holders. This entire process will be instrumental in the development of all-round prosperity in all facets of life such as social, cultural, economic, political etc. The role of education system will be dominating in the process of such transformation. Therefore, now time has come that we should start teaching Indian philosophy based on the Gita and Yoga in all levels of academics to facilitate the development of big pool of human resource who can lift the society to the highest level of prosperity.

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