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ORGANIZATION'S PEACE AND DEVELOPMENT THROUGH GOOD CORPORATE GOVERNANCE

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Abstract: *Governance refers to "all processes of governing, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organization or territory and whether through laws, norms, power or language. Global governance and global government are two different things. Global government is neither a realistic nor a desirable option in the any such bureaucratic super-authority would be more than hard –pressed to win democratic legitimating and would be at the same time be far removed from the actual problems to be solved. Worldwide, decentralization is on the agenda of political reform. The pressure of globalization is encouraging a new and positive look regional organization as alliances geared to protection and resistance, these mobilize at national and local levels an awareness of the need for scopes of autonomous action. Corporate governance is concerned with the establishment of a system whereby the director are entrusted with responsibilities and duties in relation to the direction of corporate affairs. A corporation is a congregation of various stakeholders, namely customers, employees, investors , vendors partners, government and society . Good governance and development signify a broader spectrum of things, such as protection of human rights, equitable distribution of wealth, enhancement of individual capabilities and creation of an enabling environment to foster participation and growth of human potentials. As it evolved today, sustainable development necessitates "people empowerment" and "respect for human rights." After all, economic prosperity or the minimization of poverty and unemployment depends on how the state unleashes the full potential of its human resource by recognizing their vital roles and according full respect for human rights.*

Key Words: - Corporate, Governance, Shareholders, Organization

Introduction

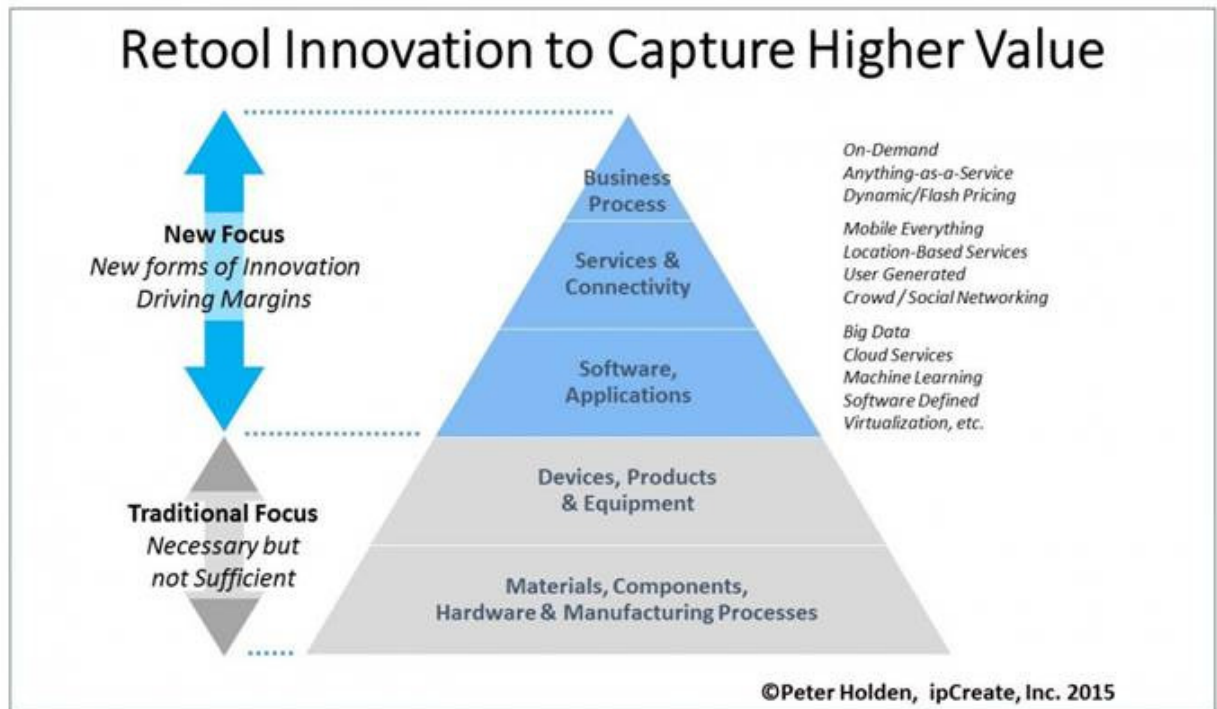
Governance refers to "all processes of governing, whether undertaken by a government, market or network, whether over a family, tribe, formal or informal organization or territory and whether through laws, norms, power or language. It relates to "the processes of interaction and decision-making among the actors involved in a collective problem that lead to the creation, reinforcement, or reproduction of social norms and institutions." A variety of entities (known generically as governing bodies) can govern. The most formal is a government, a body whose sole responsibility and authority is to make binding decisions in a givegeopolitical (such as a state) by establishing laws Other types of governing include an organization (such as a corporation organized as a legal entity by a government), a socio-political group (chiefdom, tribe, family, religious denomination, etc.), or another, informal group of people. In business andoutsourcing relationships, governance frameworks are built into relational contracts that foster long-term collaboration and innovation. Poor governance can lead to contract failure. Governance is the way the rules, norms and actions are structured, sustained, regulated and held accountable. The degree of formality depends on the internal rules of a given organization and, externally, with its business partners. As such, governance may take many forms, driven by many different motivations and with many different results. For instance, a government may operate as a democracy where citizens vote on who should govern and the public good is the goal, while a non-profit

organization be governed by a small board and pursue more specific aims. Like government, the word *governance* derives, ultimately, from the Greek verb κυβερνάω [*kubernáo*] (meaning *to steer*, the metaphorical sense first being attested in Plato). Its occasional use in English to refer to the specific activity of ruling a country can be traced to early modern England, when the phrase "governance of the realm" appears in works by William Tyndale and in royal correspondence between James V of Scotland and Henry VIII of England. The first usage in connection with institutional structures (as distinct from individual rule) is in [Charles Plummer](#)'s *The Governance of England* (an 1885 translation from a 15th-century Latin work by [John Fortescue](#), also known as *The Difference between an Absolute and a Limited Monarchy*) is usage of governance to refer to the arrangements of governing became orthodox including in [Sidney Low](#)'s seminal text of the same title in 1904 and among some later British constitutional historians. However, the use of the term *governance* in its current broader sense, encompassing the activities of a wide range of public and private institutions, acquired general currency only as recently as the 1990s, when it was re-minted by economists and political scientists and disseminated by institutions such as the [UN](#), [IMF](#) and [World Bank](#).

Literature Review

Becht, Bolton, Röell (2004). The first documented use of the word "corporate governance" is by Richard Eells (1960,) to denote "the structure and functioning of the corporate polity". The "corporate government" concept itself is older and was already used in finance textbooks at the beginning of the 20th century. **Bertelsmann (2009)** Additionally, in 2009 the Bertelsmann Foundation published the Sustainable Governance Indicators (SGI), which systematically measure the need for reform and the capacity for reform within the Organisation for Economic Co-operation and Development (OECD) countries. The project examines to what extent governments can identify, formulate and implement effective reforms that render a society well-equipped to meet future challenges, and ensure their future viability. Section 10 of the Government Performance and Results Act (GPRA) Modernization Act requires U.S. federal agencies to publish their strategic and performance plans and reports in machine-readable format. **WGI (2009).** A Worldwide Governance Index (WGI)^[31] was developed in 2009 and is open for improvement through public participation. The following domains, in the form of indicators and composite indexes, were selected to achieve the development of the WGI: Peace and Security, Rule of Law, Human Rights and Participation, Sustainable Development, and Human Development. **Kharpas A.B. and Singh Nisha (2010)** In this paper discussed the Cassiman the Solvin case demonstrations through understanding of the impact of a specific merger or acquisition on the innovation process, along with management practices that are appropriate for integrating the companies can control the impact of merger and acquisitions on the process of innovation

Model of Acquiring Higher Value through Good Corporate Governance



Usages of Corporate Governance

<p>Public governance</p>	<p>It is useful to note the distinction between the concepts of governance and politics. Politics involves processes by which a group of people (perhaps with divergent opinions or interests) reach collective decisions generally regarded as binding on the group, and enforced as common policy. Governance, on the other hand, conveys the administrative and process-oriented elements of governing rather than its antagonistic ones. Such an argument continues to assume the possibility of the traditional separation between "politics" and "administration". Contemporary governance practice and theory sometimes questions this distinction, premising that both "governance" and "politics" involve aspects of power and accountability.</p>
<p>Private governance</p>	<p>Private governance occurs when non-governmental entities, including private organizations, dispute resolution organizations, or other third party groups, make rules and/or standards which have a binding effect on the "quality of life and opportunities of the larger public." Simply put, private-not public-entities are making public policy. For example, insurance companies exert a great societal impact, largely invisible and freely accepted, that is a private form of governance in society; in turn, reinsurers, as private companies, may exert similar private governance over their underlying carriers. The term "public policy" should not be exclusively associated with policy that is made by government. Public policy may be created by either the private sector or the public sector. If one wishes to refer only to public policy that is made by government, the best term to use is "governmental policy," which eliminates the</p>

	ambiguity regarding the agent of the policy making.
Global governance	"The complex of formal and informal institutions, mechanisms, relationships, and processes between and among states, markets, citizens and organizations, both inter- and non-governmental, through which collective interests on the global plane are articulated, right and obligations are established, and differences are mediated". In contrast to the traditional meaning of "governance", some authors like James Rosenau have used the term "global governance" to denote the regulation of interdependent relations in the absence of an overarching political authority. The best example of this is the international system or relationships between independent states. The term, however, can apply wherever a group of free equals needs to form a regular relationship.
Non-profit governance	Nonprofit governance has a dual focus: achieving the organization's social mission and the ensuring the organization is viable. Both responsibilities relate to fiduciary responsibility that a board of trustees (sometimes called directors, or Board, or Management Committee-the terms are interchangeable) has with respect to the exercise of authority over the explicit actions the organization takes. Public trust and accountability is an essential aspect of organizational viability so it achieves the social mission in a way that is respected by those whom the organization serves and the society in which it is located.
Information technology governance	IT governance primarily deals with connections between business focus and IT management. The goal of clear governance is to assure the investment in IT generate business value and mitigate the risks that are associated with IT projects.
Regulatory governance	Regulatory governance reflects the emergence of decentered and mutually adaptive policy regimes which rests on regulation rather than service provision or taxing and spending. ¹⁷¹ The term captures the tendency of policy regimes to deal with complexity with delegated system of rules. It is likely to appear in arenas and nations which are more complex, more global, more contested and more liberally democratic. ¹⁸¹ The term builds upon and extends the terms of the regulatory state on the one hand and governance on the other. While the term regulatory state marginalize non-state actors (NGOs and Business) in the domestic and global level, the term governance marginalizes regulation as a constitutive instrument of governance. The term regulatory governance therefore allows us to understand governance beyond the state and governance via regulation.
Participatory Governance	Participatory governance focuses on deepening democratic engagement through the participation of citizens in the processes of governance with the state. The idea is that citizens should play a more direct roles in public decision-making or at least engage more deeply with political issues. Government officials should also be responsive to this kind of

	engagement. In practice, participatory governance can supplement the roles of citizens as voters or as watchdogs through more direct forms of involvement.
Contract governance	Emerging thinking about contract governance is focusing on creating a governance structure in which the parties have a vested interest in managing what are often highly complex contractual arrangements in a more collaborative, aligned, flexible, and credible way. In 1979, Nobel laureate Oliver Williamson wrote that the governance structure for a contract is the "framework within which the integrity of a transaction is decided." Adding further that "because contracts are varied and complex, governance structures vary with the nature of the transaction."
Metagovernance	"Metagovernance" is widely defined as the "governing of governing". It represents the established ethical principles, or 'norms', that shape and steer the entire governing process. It is important to note that there are no clearly defined settings within which metagoverning takes place, or particular persons who are responsible for it. While some ^[who?] believe metagoverning to be the role of the state which is assumed to want to steer actors in a particular direction, it can "potentially be exercised by any resourceful actor" who wishes to influence the governing process. Examples of this include the publishing of codes of conduct at the highest level of international government, and media focus on specific issues at the socio-cultural level. Despite their different sources, both seek to establish values in such a way that they become accepted 'norms'. The fact that 'norms' can be established at any level and can then be used to shape the governance process as whole, means metagovernance is part of both the input and the output of the governing system.
Collaborative governance	A collaborative governance framework uses a relationship management structure, joint performance and transformation management processes and an exit management plan as controlling mechanisms to encourage the organizations to make ethical, proactive changes for the mutual benefit of all the parties.
Fair governance	When discussing governance in particular organizations, the quality of governance within the organization is often compared to a standard of good governance . In the case of a business or of a non-profit organization , for example, good governance relates to consistent management, cohesive policies, guidance, processes and decision-rights for a given area of responsibility, and proper oversight and accountability. "Good governance" implies that mechanisms function in a way that allows the executives (the "agents") to respect the rights and interests of the stakeholders (the "principals"), in a spirit of democracy .

Land governance	Land governance is concerned with issues of land ownership and tenure. It consists of the policies, processes and institutions by which decisions about the access to, use of and control over land are made, implemented and enforced; it is also about managing and reconciling competing claims on land. In developing countries, it is relevant as a tool to contribute to equitable and sustainable development, addressing the phenomenon that is known as ' land grabbing '. The operational dimension of land governance is land administration
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Scenario of Good Corporate Governance at Global Level

Global governance and global government are two different things. Global government is neither a realistic nor a desirable option in the any such bureaucratic super-authority would be more than hard –pressed to win democratic legitimating and would be at the same time be far removed from the actual problems to be solved. Worldwide, decentralization is on the agenda of political reform. The pressure of globalization is encouraging a new and positive look regional organizations as alliances geared to protection and resistance, these mobilize at national and local levels an awareness of the need for scopes of autonomous action. A ‘World King Kong ‘ in the form of a world state would do little more than intensify all of the well-known ills of centralism and bureaucratic. The vision of global governance is more in keeping with Kant’s world federation of free republics with a necessary minimum of centralism . Kant’s world federation of free republics with a necessary minimum of centralism. Kant’s justification of why sovereign states should embark upon a federation of this sort reminds valid ; the ‘need’ to maintain scopes for political action. One consideration that retains its validity for today’s discourse on global governance is the imperative of ‘republicanism ‘ i.e democracy and the rule of law, set out by Kant. Global governance is defined as "the complex of formal and informal institutions, mechanisms, relationships, and processes between and among states, markets, citizens and organizations, both inter- and non-governmental, through which collective interests on the global plane are articulated, right and obligations are established, and differences are mediated". In contrast to the traditional meaning of "governance", some authors like [James Roseau](#) have used the term "global governance" to denote the regulation of interdependent relations in the absence of an overarching political authority. The best example of this is the international system or relationships between independent states. The term, however, can apply wherever a group of free equals needs to form a regular relationship. Global governance rests on different forms and levels of international coordination , cooperation , and collective decision-making with international organizations taking on these coordination functions and contributing to the development of global modes of perception. Regimes are used to translate the will to cooperation into internationally binding rules. In such regimes states enter into agreement governing the way in which common problems are dealt with. The former are rightly termed core elements of ‘governance without government’ Even hegmons are willing to accept such regimes because they regulate states of affairs that promote their own well –being and which they are unable to regulate on their own. The constraint to cooperate leads states to renounce some of their sovereignty, an effect which globalization and interdependence structure have long since had in any case. If they are to show themselves to be capable of cooperation ,even the major powers are going to have to

accept 'shared sovereign' which as the example of the EU shows, need not mean losses at all but may just as well entail gains in common scopes of action and problem-solving capacities. Thanks to global governance the classic understanding of sovereignty, which has in any case need diminished by increasing by the increasing permeability of the boundaries dividing the worlds / states from one another, is finally becoming an anachronistic relic of the billiard –ball model of international relations and has been supplanted by a model constructed on the image of the web or tissue. The ongoing realignment of the weights of world politics and the world economy – often referred to as the 'multicolor world' has been accompanied by a process of regionalization, which has in turn been intensified by the pressure of globalization. The concurrence of globalization and regionalization and globalization and localization (globalization) is one of the structure –building development trends of world society and world politics. In all reigns we can observe the formation of more or less successful zones of cooperation and integration with the EU constituting the most highly developed model of regional cores of cooperation utilizing them as an organizational foundation since the principles of subsidiarity remains a prudent option in the global context and can prevent the development of costly but inefficient and inflated centers of bureaucracy. Global governance is not a romantic project aimed at a safe and tidy 'global neighborhood', but a realistic response to the challenges of globalization and global risks. It is an evolutionary project, developing step by step. In spite of numerous blockades, at the threshold of the twenty-first century the chances for a new world order are better than they were when the United Nations was founded – and the contours of the cold war began to emerge. The 'age of globalism' has already begun.

Case: WorldCom Fraud

WorldCom took the telecom industry by storm when it began a frenzy of acquisitions in the 1990s. The low margins that the industry was accustomed to weren't enough for Bernie Ebbers, CEO of WorldCom. From 1995 until 2000, WorldCom purchased over sixty other telecom firms. In 1997 it bought MCI for \$ 37 billion. WorldCom moved into Internet and data communications, handling 50 per cent of all United States Internet traffic and 50 percent of all e-mails worldwide. By 2001, WorldCom owned one-third of all data cables in the United States. In addition, they were the second –largest long distance carrier in 1998 and 2002.

How the fraud Happened?

So what happened? In 1999, revenue growth slowed and the stock price began falling. WorldCom's expenses as a percentage of its total revenue increased because the growth rate of its earnings dropped. This also meant WorldCom's earnings might not meet Wall Street analysts expectations. In an effort to increase revenue, WorldCom reduced the amount of money it held in reserve (to cover liabilities for the companies it had acquired) by \$ 2.8 billion and moved this money into the revenue line of its financial statements. That wasn't enough to boost the earnings that Ebbers wanted. In 2000 WorldCom began classifying operating expenses as long –term capital investments. Hiding these expenses in this way gave them another \$ 3.85 billion. These newly classified assets were expenses that WorldCom paid to lease phone network lines from other companies to access their networks. They also added a journal entry for \$500 million in computer expenses, but supporting documents for the expenses were never found. These changes turned WorldCom losses into profits to

the tune of \$ 1.38 billion in 2001. It also made WorldCom's assets appear more valuable.

Conclusion

Corporate governance is concerned with the establishment of a system whereby the director are entrusted with responsibilities and duties in relation to the direction of corporate affairs. A corporation is a congregation of various stakeholders, namely customers, employees, investors, vendors partners, government and society. A corporation should be fair and transparent to its stakeholders in all its transactions. This has become imperative in today's globalized business world where corporations need to attract and retain the best human capital from various parts of the world , need to partner with vendors on mega collaborations and need to live in harmony with the community . They believe that goodwill resulting from adopting and successfully implementing a code of business ethics will ,in the long run , translate into economic gains. It is about commitment to values, ethical business conduct and transparency .Thus , in essence , Corporate Governance translates into conducting the affairs of accompany in a manner that ensures fairness to customers ,employees, shareholders , fund provides , suppliers, the regulator and society as a whole . The absence of good governance structures and lack of adherence to the governance principles increases the risk of public corruption and misuse of entrusted power by the management in organizations.Likewise, if decision-making is not transparent, then inevitably there would be no participation, accountability, and decisions are not consensus oriented. These indicators should, however, be understood in the context of good "democratic" governance. Some of the indicators cannot be applied in other forms of government. For example, good communist governance could never be consensus oriented or genuinely participatory. It must also be emphasized that good governance and development should not be based exclusively on economic growth. Through global persuasion, good governance and development signify a broader spectrum of things, such as protection of human rights, equitable distribution of wealth, enhancement of individual capabilities and creation of an enabling environment to foster participation and growth of human potentials. As it evolved today, sustainable development necessitates "people empowerment" and "respect for human rights." After all, economic prosperity or the minimization of poverty and unemployment depends on how the state unleashes the full potential of its human resource by recognizing their vital roles and according full respect for human rights.

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