



# Preface

---

*Globalization and liberalization that have integrated the market into a single platform have created a demand for new corporate ethos and values that an organization is to comply with. The economic policy adopted by the government in the 1990's has necessitated the demand for introduction of a proper corporate governance mechanism and system that is not only important for creating shareholder value but also for the development of the Indian market as a whole. The need for governance systems and policies is further aggravated due to the structure of most Indian companies that are family-run and managed. In order to meet the stakeholders' aspirations, interests and expectations, such organizations need to have integrity, transparency, accountability and control and monitoring of the operations and affairs of the company. Indian markets, in order to be driven, need funds that will primarily be given by foreign investors who demand greater transparency and sound and internationally recognized corporate practices.*

*Business ethics (corporate ethics) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and all organizations.*

*Business ethics has both normative and descriptive dimensions. It is normative (describes the norms of ethics) as a corporate practice and descriptive (based upon experience) where academicians attempt to understand business behaviour. Ethical business issues reflect interaction of profit-maximizing behaviour with non-economic concerns. Interest in business ethics developed during the 1980s and 1990s, both within major corporations and within academia. For example, today most major corporations promote their commitment to non-economic values under ethics codes and social responsibility centres.*

*Adam Smith said, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." Governments make laws and regulations to promote business behaviour towards socially beneficial directions. However, ethics regulates areas and details of behaviour that lie beyond governmental control. Ethics developed as the formal business area of interest with the emergence of large corporations with limited relationships and sensitivity to the communities in which they operate.*

*The concept of business ethics is explained through corporate code of ethics in the areas of environment, accountability and responsibility.*

*Corporate Social Responsibility (CSR), also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business is a form of corporate self-regulation integrated into a business model. CSR is a process which aims to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere who may also be considered stakeholders.*

*CSR policy functions as a built-in, self-regulating mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms of social behavior. In some models, a firm's implementation of CSR goes beyond legal compliance and engages in "actions that appear to further some social good, beyond the interests of the firm and that which is required by law."*

*The theme of this book is based on the corporate governance practices, systems and policies that are followed globally to maintain a healthy and transparent corporate culture. The main objective of this book is to critically examine the corporate governance system prevailing in the Indian market vis-a-vis the global scenario and to suggest ways for improvement to serve the needs and aspirations of stakeholders within the regulatory environment.*

*Issues related to leadership, insider trading, rating agencies, whistle blowing and ISO have also been discussed in consonance with corporate governance practices.*

*We would like to extend our gratefulness to the authors whose books and research publications have been consulted in the course of this writing.*

*We express our gratitude to Ms. Bhawna Pal for her critical review of the book.*

*The book has been written in student friendly manner to make them understand the basics of the subject.*

*Though efforts have been made to make it error-free, errors may still have crept in. Mistakes are deeply regretted and suggestions for improvement are most welcome.*

**Dr. Neeru Vasisht**

*Associate Professor  
Janki Devi Memorial College  
Delhi University  
neeruvasisht8@gmail.com  
9868283252*

**Dr. Namita Rajput**

*Associate Professor  
Sri Aurobindo College  
Delhi University  
namitarajput27@gmail.com  
9312180054, 9999857347*