Corporate Governance, Management Strategies and Social Responsiveness

Chandani Khan*
Woman’s Institute for Studies in Development Oriented Management, Vanasthali Vidyapeeth, Rajasthan.

Abstract

The Indian industry has been growing strongly in recent years. Over the last five years, many changes have been observed in many industries in India. Indian companies have begun to compete globally, regardless of sector / sector. In this era of liberalization, there is no way to stop Indian companies in all sectors from ceasing to claim global markets. The strategy adopted by the company affects the future of the company. Strategic planning involves understanding current and future opponents, determining the direction in which the company is managed, and developing means to achieve organizational goals. Strategic planning is a very complex process. The impact of various external factors on the functioning of the company and the use of these elements to lose the company's superiority are part of the strategic planning process.

Keywords: Corporate Governance, Management Strategies, Social Responsiveness, Strategic Planning.

Introduction

The business environment changes at a rapid pace. As a result, your organization's top executives must respond accurately and efficiently to these changes and change the direction or action they take at the same time. To address these challenges today, business enterprises increasingly rely on the use of strategic planning(1).

Organizations vary in form, complexity, and sophistication. Therefore, the nature of the strategic plan that each company performs differs. Strategic planning is a formalized long-term planning process that defines and achieves organizational goals. Strategic planning involves understanding current and future opponents, determining the direction in which the company is managed, and developing means to achieve organizational goals. Strategic planning is a very complex process. The impact of various external factors on the use of these factors in the company's capabilities and even part of the strategic plan to benefit the dying company(2).
The Indian industry has been growing strongly in recent years. Over the last five years, many changes have been observed in many industries in India. Indian companies have begun to compete globally, regardless of sector / sector. In this era of liberalization, there is no way to stop Indian companies in all sectors from ceasing to claim global markets. The strategy adopted by the company affects the future of the company. It is one of the factors that distinguishes a company from other companies. Infosys, L & T, Wipro, ICICI Bank, Tata Power, Dr. Reddy's is a well-managed company in India. Each industry has a unique strategy to achieve competitive advantage.

To change the strategy to apply dynamically in a changing business environment, the following strategies are connected with corporate governance, such as corporate mission, top management vision, competition, and transparency of top management corporate governance, an important aspect of accountability and independence are essential. In today's liberalized environment, businesses can not deny responsibility to their stakeholders.

**Strategic Planning Process**
Strategy is the determination of a company's long-term goals and the adoption of measures to achieve them. Policy is a concept that manages the processes and behaviors of managers when making decisions. There are three levels of strategy at the company level, the company level and the functional level. Strategic planning is a formal process that establishes long-term plans that help define and achieve an organization's goals. Strategic planning makes consistent decisions and anticipates problems before they occur. The strategic planning process includes six steps.

(i) The definition of an organization's mission,
(ii) Determine the goals of the organization,
(iii) Assessing the organization's resources
(iv) Assessment of environmental risks and opportunities,
(v) Strategic reform,
(vi) Implementation strategies through operational plans and
(vii) Monitoring and adaptation of strategic plans.

Before establishing an effective strategy to secure a competitive advantage, managers must accurately analyze the organization's competitive landscape. To do this, you perform a SWOT analysis to analyze your organization's internal strengths and weaknesses. Different types of strategies and policies relate to areas of growth, finance, organization, and personnel Products or services and marketing.

Good corporate governance is a merger that adopts best practices, wealth creation and maximization, better accountability and investor protection.

**Factors Affecting Corporate Governance**
Corporate Governance largely depends on the following factors like

- The quality of the promoters,
- The intentions of the promoters,
- The systems
• Procedures adopted the transparency in the activities
• And the quality of the persons at the helm of day-to-day affairs.

**Fundamental Issues of Corporate Governance (8)**

Regarding the functioning of the committee, corporate governance is based on the following fundamental issues:

(a) Transparency associated with the Company's business by fully and completely disclosing all factors that have a negative effect on the Company;

(b) Liability of directors for any business or business performance issues, state law, or compliance with the services of shareholders or creditors.

(c) Honesty, relationship with consumer or general investor regarding all matters of the Company, regardless of business clients.

(d) Responsibility for some of the directors to be responsible for all business transactions of the company.

However, there are important questions about the quality and condition of internal and external current corporate governance practices (9).

♦ There are many cases where senior executives of prominent companies are identified and support rich salaries and bonuses.

♦ Many investors are wondering how a credit institution can provide an investment to a lender based on bad and suspicious financial information.

Enron, WorldCom, Sunbeam, and Tyco were inevitably followed by horrific financial fraud and true fraud. There have been instances where the negligence or acquiescence of many well-known accounting firms, financial institutions, and investment banks has led to a crime of crime. Despite audit and accounting standards, fraudulent financial reporting has been made. In such cases, cheating has occurred, such as manipulation, counterfeiting, or accounting changes. This is in addition to false statements or deliberate omissions in the annual accounts for events and transactions. Such behavior is found in the bottom line of reality (10).

**Role of SEBI**

By April 2005, SEBI had delivered orders for 100 missing companies and prevented 378 drivers from accessing capital markets. It is treated as a penalty where the final use of the funds taken is fined elsewhere in this handbook. SEBI has mentioned a serious fraud investigator for the great value of the missing company, so investors can recover their money quickly. So you can choose all or one of the following four methods (11):

• Legislation,
• regulation,
• Self-training and
• Social pressure.

Therefore, the effectiveness of corporate governance depends heavily on the optimal mix of these methods. There are also two opinions that Indian companies should strive to meet global governance standards. New regulatory instruments and rules for better governance should also be in line with the realities of Indian land. Transplanting ideas and regulations in the West shows many
counterproductive and imitative characteristics(12).

**Major Stakeholder Groups for Business Firms**

To be truly effective, organizations should interact with their external environment. The external environment can be divided into the general or mega environment and the specific task environment. Social responsibility refers to the obligation of a business firm to enhance the condition of society along with its own interests.

Business firms are accountable to six major stakeholder groups:

- Shareholders,
- Employees,
- Customers,
- Creditors and Suppliers,
- Society and The government.

**Social Responsiveness**

Social responsiveness refers to the ability of a firm to implement policies and take part in activities that would benefit both society and the firm. The following categories are generally considered when measuring social responsiveness:

- Contributions,
- Fund-raising,
- Volunteerism for the social cause,
- Recycling,
- Diversity policies,
- Direct corporate investment,
- Quality of work life,
- Attention to consumers
- And pollution control.

The need to measure social responsiveness led to the development of social audits. Social audits are of two types –

- Audits required by the government and
- Voluntary audits.

Although social audits are not legally mandatory, many organizations make social involvement disclosures in their annual reports. This shows the growing concern among major firms about their social responsibility.

**Strategic Management Theories**

The fundamental nature of competition is changing in the global marketplace. The business environment is characterized by consumer demographics, preferences, changes in the nature of products and services, advances in distribution and logistics capabilities, various competitive strategies, and changes in technology. The rate of change is ruthless and steadily increases. In a rapidly changing market such as mobile phones, the product lifecycle is as short as a month or two(13). Changes in the business environment have changed the company's philosophy from process management to strategic management, from inbound management to outbound management, from behavior management to cultural management, from product management to value management. The rapid rate of change is no longer considered odd. Understanding the impact is essential to the success of any company. This rapid change has caused many new trends. It is important for companies to
identify these trends and provide a location where they can earn revenue in a competitive environment with a corresponding vision (14).

Conclusion
It is necessary to first take a step back, review its development process, adopt a long-term perspective, observe its steps and rules and appreciate the changes in strategic management concepts.

Reference


11. Lim JS, Greenwood CA. Communicating corporate social responsibility (CSR): Stakeholder

