

Action from within

Business should motivate leadership and executives to espouse values that give happiness and create a good society



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Business is a part of society. It creates jobs and wealth, helps the standard of living and does a great deal of other things that are positive. And yet, business has yet to earn society's trust and confidence. Why? It's because there is a perception associated with business that it makes excessive profits, takes consumers for a ride, does not take care of employees, charges high prices, and so on. In addition, business pays itself – the 'owner', the 'entrepreneur', the 'CEO' and other top management personnel – exorbitant salaries, whereas employees are kept at a much lower level.

Once upon a time, in the good old days of controls and micro-regulation of the economy and industry in India, salaries were under scrutiny of the government. Thankfully, those days have passed. But as a consequence, there should have been a greater sense of responsibility, accountability and transparency in the whole area of CEO salaries and perks, which has not come about.

There are quite a few examples where, in industry, CEO emoluments are clearly excessive and their ratio with lower level employees is completely out of line and irrational. Also, in a country of hundreds of millions of people, most of them in extreme poverty, excessive self-gratification is a no-no. It is insensitive, self-centred and adds to the issue of lack of trust.

So, what is the solution? It's certainly not going back to government control and mandate. It's more to do with business leaders being more conscious of this issue, paying themselves less, keeping a reasonable ratio with other employees' emoluments and avoiding the 'greed' factor. Where, anyway, does a mortal man go with his excessive wealth? How much does one need? How much does one need to

leave to children and family?

Indian CEOs are generally well-educated and therefore, conscious of the social responsibilities involved in business. Dealing with the challenges of education, health and poverty cannot be the government's responsibility alone. Business can play a supplementary role. It is already doing so, but its involvement can be significantly increased. Instead of paying oneself excessively, if that money is allocated to a simple cause, such as care and development of children, it could make a huge difference. In business, the issue of management capability is as important as the money involved.

Business lays stress on implementation of policies and organisational strength. It knows *what* to do. More important, it knows *how* to do it. Against this, everyone knows that the government's delivery system is weak. So, funds plus management together directed at a variety of issues, such as poverty, education, skills, health, affirmative action, women empowerment, child development, etc, can make a significant difference.

Business has transformed. From the days of protectionism, isolationism, lack of competition and monopolies, business has now grown to be globally competitive and confident, as a result of ongoing restructuring and evolution. So, the 'bad' reputation business has been suffering from has considerably lessened.

However, one part still remains – its need to integrate with society, to align with the social challenges of India and to contribute to their solution through allocation of funds and their efficient use. Rather than paying themselves exorbitant amounts and giving the excuse that talent will flee otherwise, business can motivate leadership and executives to espouse the real values that give happiness, create a good society and help integrate the private sector with the common man.

This is a movement and transformation waiting to happen. It can. It will. It has to come from within. Not from government controls. Business must heed the prime minister's Social Charter for Industry outlined in May 2007 at the CII annual conference. ♦

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