

India's Infosys: A Case Study for Attaining Both Ethical Excellence and Business Success in a Developing Country

At conference after conference on corporate ethics, values, governance and social responsibility the major speakers either come from leading European and U.S. companies, or from consulting firms and academia that use Western firms as their models. There is, all too often, an unspoken and widespread sense that companies in developing countries either adhere to lower standards for so-called "cultural" reasons, or just "cannot afford" the luxury of the high model Western norms. Such arrogance is commonplace. The approaches pursued by Infosys of India deserve far greater attention – as a model for all companies, wherever they happen to be headquartered.

Infosys Opens NASDAQ, Co-Founder Moves Up to Chief Mentor Post

N. R. Narayana Murthy is as well known as a promoter of corporate governance reform and excellent corporate workplace ethical practices, as he is as the co-founder of Infosys Technologies Ltd., the Mysore-based company that is one of India's new technology leaders. Murthy, who turns 60 later this month, is relinquishing key executive positions in the company he co-founded in 1982 to become the enterprise's Chief Mentor. Much like Bill Gates at Microsoft, Murthy has pioneered a technology revolution and as his corporation has become firmly established and very successful, so he has distanced himself from day-to-day operations.

Infosys, which employs over 58,000 people worldwide, provides consulting and IT services. It is one of the pioneers in strategic offshore outsourcing of software services. Murthy is a fervent believer in globalization, a major influence on the thinking of author Tom Friedman (*The World Is Flat: A Brief History of the Twenty-first Century*) and a leader of India's technology revolution. His approach to corporate governance and workplace values has been no less influential on the most dynamic and successful technology companies in India. Infosys highlights its perspectives at www.infosys.com

On July 31, 2006, Murthy opened the NASDAQ market from his corporate headquarters in Mysore. He said, "Twenty-five years ago, we founded Infosys with a vision of the global delivery model. That vision has been validated as the tide of globalization has swept across the world and businesses are dramatically changing how they run their organizations. Opening the NASDAQ market from India is not only a great honor for Infosys, but also illustrative of the emerging new world."

The Company's Vision Is: "To be a globally respected corporation that provides best-of-breed business solutions, leveraging technology, delivered by best-in-class people." And, its Mission is: "To achieve our objectives in an environment of fairness, honesty, and courtesy towards our clients, employees, vendors and society at large."

Infosys's stresses that its operations are driven by key values that it calls C-LIFE:

1. Customer Delight: A commitment to surpassing our customer expectations.
2. Leadership by Example: A commitment to set standards in our business and transactions and be an exemplar for the industry and our own teams.
3. Integrity and Transparency: A commitment to be ethical, sincere and open in our dealings.
4. Fairness: A commitment to be objective and transaction-oriented, thereby earning trust and respect.
5. Pursuit of Excellence: A commitment to strive relentlessly, to constantly improve ourselves, our teams, our services and products so as to become the best.

Corporate Governance is an area of critical importance to Infosys and one where it has sought to be a global leader. It is seeking to use its model example to promote far higher standards in India and Murthy has been one of the most vocal and influential advocates of corporate governance reform in his country.

The company states: “We believe that sound corporate governance is critical to enhance and retain investor trust. Accordingly, we always seek to ensure that we attain our performance rules with integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures always seek to attain the best practices in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.”

The Infosys corporate governance philosophy is based on the following principles:

- Satisfy the spirit of the law and not just the letter of the law.
- Corporate governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels. When in doubt, disclose.
- Make a clear distinction between personal conveniences and corporate resources.
- Communicate externally, in a truthful manner, about how the company is run internally.
- Comply with the laws in all the countries in which the company operates.
- Have a simple and transparent corporate structure driven solely by business needs.
- Management is the trustee of the shareholders’ capital and not the owner.

Infosys stresses that at the core of its corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the company. It states: “We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. Majority of the Board, 9 out of 16, are independent members. Further, we have compensation, nomination, investor grievance and audit committees, which are comprised of independent directors.”

“As a part of our commitment to follow global best practices, we comply with the Euroshareholders Corporate Governance Guidelines 2000, and the recommendations of the Conference Board Commission on Public Trusts and Private Enterprises in the U.S. We also adhere to the UN Global Compact Programme.” To promote corporate social

responsibility the company established a philanthropic foundation in 1996, which is mostly engaged in social, health and education programs in India.

Murthy is the chairman of the governing body of the Indian Institute of Information Technology, Bangalore and the Indian Institute of Management, Ahmedabad. He was the Chairman of the Committee on Corporate Governance appointed by the Securities and Exchange Board of India (SEBI) in 2003. He is a member of the Board of Overseers of the University of Pennsylvania's Wharton School; Cornell University Board of Trustees; Singapore Management University Board of Trustees; INSEAD's Board of Directors and the Asian Institute of Management's Board of Governors. He is also a member of the Advisory Boards and Councils of the William F. Ahtmeier Center for Global Leadership at the Tuck School of Business, the Corporate Governance initiative at the Harvard Business School, and the Yale University President's Council on International Infosys Foundation, the philanthropic arm of Infosys Technologies Ltd., came into existence on 4th December 1996 with the objective of fulfilling the social responsibility of the company by supporting and encouraging the underprivileged sections of society. In a short span of time, the Foundation has implemented numerous projects in its chosen areas. The Foundation has undertaken various initiatives in providing medical facilities to remote rural areas, organizing novel pension schemes and in aiding orphans and street children. It has undertaken a large rural education program titled "A library for every school" under which 5500 libraries have been set up in government schools spread across many villages. Other activities include the reconstruction of old school buildings, setting up of rural Science Centers and schemes to provide support to dying traditional art and culture forms.

Source: www.EthicsWorld.org

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