

8TH International Conference on Corporate Governance Creating a Better World Through Corporate Governance

The 8th International Conference on Corporate Governance was organized by the World Council for Corporate Governance, on 20-21 September 2007, London. The conference was themed "Creating A Better World Through Corporate Governance". It's aimed at improving the quality of life of the poor to create a better world for all. The conference had 173 attendees and speakers signed. It also included distinguished business leaders, like Lord Bilimoria, legislators like Suresh Prabhu, a member of the Indian Parliament, and three cabinet ministers to UK and Europe, parliamentarians Baroness Flather, Lord King, Neena Gill, Richard Howitt and Khalid Mahmood, two former prime ministers – Ola Ullsten of Sweden and Ruud Lubbers of the Netherlands as well as Justice Bhagwati, a UN Human Rights Committee member for 13 years and former Chief Justice of India. Prof. Poonam Kumar Chairperson, Mega Ace Consultancy presented paper on "Can Business Alleviate Poverty & Make Profits?"

During the session Prof. Kumar pointed out the idea that limited possibilities of business as a poverty alleviating agent has been the basis of a socialistic economy. Even today in many economies around the world public sector continues to play a highly important role and has proved to be the primary engine of growth and development whereas private sector has always been about value creation- producing goods and services valued by consumers, and delivering profits for shareholders. Developed economies are no longer the dominant player in today's global world. The rate of growth of GDP in these countries has also been phenomenal with the help of multilateral trade and availability of low-cost skilled manpower. This means that economic growth could slow due to slow growth in the labour force in India, the population is much younger and continues to grow more rapidly. India thus may possess a window of opportunity for a few decades during which its growth could accelerate due to accelerated labour force growth.

The real challenge before India and many other emerging economies is the objective of achievement of 'Inclusive Growth'. Growth with equity has been the mantra of the Asian tigers during the three decades to the 1990s. More recently, Asian economies have continued to enjoy the world's fastest growth, but the fact remains that the rich are now growing richer much faster than the poor. According to a recent study by the Asian Development Bank (ADB), income inequality in Asia has increased over the past decade or so in 15 of the 21 countries.

Although emerging nations are attractive destinations for investment, they face some challenges such as (a) Need for Sustainable Development; (b) Challenge to Build Capabilities; (c) Lack of Political Stability; (d) Socio-Economic Underdevelopment; (e) Infrastructural Bottlenecks; (f) Capacity Development; (g) Civil Society and Governance.

On revealing various facts about global poverty the issues to be considered are low income, uneven distribution of wealth, illiteracy, growing wider gap between rich and poor, debts etc. so when we talk about maximizing for the value of the shareholders, we are talking about enriching the rich. On identification of these facts, the gaps are obvious in the wealth pyramid. The number of people living in poverty at the bottom of the wealth pyramid, versus the relative handful at the pyramid's peak, represents what is potentially the most explosive socio-economic challenge facing the world today. As noted in the report on the 'Global Conference on Social Responsibility' held on February 16 to 18, 2006, throughout history companies that made money such as Ford, Rockefeller, Waltons, Kodak, Walmart and Microsoft had one thing in common: They all moved their business goal post to serve the poor markets.

The ability of private enterprises to empower the poor either by improving their quality of life providing them with productivity tools and services, developing skill-sets or creating jobs- that

is where the goals of poverty reduction and economic profit can align. It is this shift that we see in a new understanding about the "customer" that is the most invigorating aspect of modern day business paradigms. Important factor for the increasing disparities is the widening gap between those with and without skills. But even if poverty has continued to fall despite rising inequality, it may not have dropped as fast as it might have if economic gains had been more equally distributed. The ADB report recommends the government's focus on policies that lifts the incomes of poor, such as improving rural access to health, education and social protection. More investment in rural infrastructure could boost productivity in farming and increase job opportunities for the poor.

We are today global citizens and the policymakers. Businesses alike are focusing on how opportunities for growth and empowerment can be delivered to people at the grassroots across the globe. Infact enhanced job creation and getting the youth to be productively employed will help us sort some of the grave issues such as insurgency arising from socio-economic backwardness being faced by various countries.

"Make Poverty History" is a compelling slogan and converting it into a measurable commitment is the logic behind the Millennium Development Goals (MDGs), set by the world's leaders at United Nations in 2000. The goals claim to convert campaign slogans into bankable pledges, complete with a number and a date. The world has, for example, resolved to cut the rate at which mothers die from child-birth by three-quarters from 1990 to 2015 and the percentage of people without safe water will fall by half; infant mortality by a third. These and others objectives are what the MDGs seek to achieve. Poverty can only be truly addressed if we meet certain conditions, which include having a huge scale to reach the billions who are in poverty; providing efficient solutions that endure over generations and are truly effective in making a difference. Business strategists today believe that it is only through a commercial approach that these objectives can be achieved.

Companies focusing on markets among the poor must create social value in the areas where they operate to ensure long term sustainable success and profits even as they seek to achieve profits. The approach thus has to be towards developing a partnership with the government as a facilitator assuming the role as an investor, regulator or guarantor. Our experience while handling consulting assignments globally particularly among small business enterprises has been the need to create capacities at the Bottom of the Pyramid. Thus it can be argued that good Corporate Governance is essential for ensuring an economic mechanism that is conducive to continuous economic growth, the creation of employment, technological progress and the development of vibrant, sustainable and responsible international business commerce.



Prof. Poonam Kumar, Chairperson, Mega Ace Consultancy seen along with Lord Karan Bilimoria, Founder Chairman, Cobra Beer, UK and Chairman Indo-British Partnership, Dr. Madhav Mehra, Baroness Flather and Lora Janice and the ICCG