

'Corporates should be accountable to all'

By Our Special Correspondent

BANGALORE, JAN. 28. Quality consciousness should go beyond the shop floor to the boardroom, and corporates should be accountable to all "stakeholders", including employees and not only the shareholders, according to Dr. Madhav Mehra, Chairman of the World Quality Council (WQC) headquartered in London.

Talking to presspersons during his visit to Bangalore, Dr. Mehra said that a comparative study of corporates in the United States and Japan revealed differences in the perception of who were the real owners of a company. The Japanese said that the employees and customers were also stakeholders in a company while the Americans believed the only owners were the shareholders. Conclusions could be drawn from the relative strengths of U.S. and Japanese businesses today, he said.

In the "Knowledge Economy" of the 21st Century, brains counted more than capital in terms of money, and corporates earned returns on their imagination, Dr. Mehra pointed out. Successful corporates also realised that they had to create wealth for all, including their employees. There were examples of such companies in the Indian IT industry; they cared for their employees and

showed it through ESOPs and other facilities. Such companies were also financially better than average and had high market caps.

Corporates should be made to come out with "Disclosure Statements" which covered their environmental impact and not just the financial bottomline, Dr. Mehra said. The environmental impact accounting had to become an important part of the social responsibility of corporates. Companies which ignored their environment could face major setbacks as happened to the Union Carbide in India after the Bhopal gas leak disaster.

These would be among the topics for discussion at the international conference to be organised by the WQC and the Institute of Directors next June at Palampur in Himachal Pradesh. There would be participants from 38 countries, including some major venture capital firms of the U.S. and Japan. The theme would centre around "Environmentally sustainable trade and development in a global economy." The venue was carefully chosen as Himachal Pradesh had vast natural resources which today attracted global investment. The companies coming to that region had to be environment conscious and be accountable to the local people.