

## Press Release

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### **“In this world ridden by cringing crisis of confidence, transparency is the new currency of corporate governance” says Dr. Madhav Mehra**

“From Bhopal to BP, Tyco & Toyota, Enron to HP, IPL to CWG, there is a cringing crisis of confidence. The speed with which our icons are crashing indicates nobody believes anybody anymore. Sustainability of business depends on restoring confidence in business. Ethics therefore is our greatest challenge and strategizing for it the new currency for both corporate and public governance”. This was stated by Dr. Madhav Mehra, President, World Council for Corporate Governance

Dr. Mehra lamented “sustainability has no fixed destination nor any limit. Our obsession with sustainable development has stifled innovation and suppressed wealth creation. We are unable to imagine, let alone innovate cars that soak CO2 or use climate change as an opportunity for creative destruction to disrupt the fossil fuel and chimney smoke model of growth. Our economic model is precipitating a kind of social implosion that will make the current “war on terror” seem like a fleabite.”

Dr Mehra postulated “Sustainability is adversely impacted by our culture of short-termism, fueled by groupthink. Groupthink creates a delusion of invulnerability in groups that share same school, religion, creed, class, profession or academic discipline. It resists change that challenges status quo and upsets their comfort zone and leads the group to focus on HNTGC (How Not To Get Caught) rather than bringing real change.

Dr Mehra explained how lack of transparency has dogged innovation and creativity. He said “The storms that await us in coming years would far exceed the shocks that the world felt on 9/11 or 26/11. The problems that we will confront are going to be even more complex. No single person would have all the answers. We need to elicit commitment from everyone. It is impossible without sharing and without transparency. Only the truly transparent will survive”.

Dr. Mehra debunked the business school fostered melodramatic, macho-Machiavelian narcissistic model of business leaders to authentic, humble, compassionate, passionate and virtuous leaders who prize more in listening and walking the talk. He asked corporations to be scathingly self critical & brutally transparent. He warned that while we are on the cusp of an Indian century, with world’s 4<sup>th</sup> largest GDP of \$3,526 billion in purchasing power parity and averaging a GDP growth rate of 8.5% as the second fastest growth among the major economies, India has the double shame of world’s largest number of illiterate, undernourished and hungry people. Of the 771 million illiterates in the world 268 million are Indians, despite all the fanfare of National Literacy Mission that began in 1988. While its GDP and Sensex has been registering meteoric rise, growth in literacy has been paltry 12% over 10 years. This has dragged down India’s Human Development Index to a shameful 128 position, one of the lowest.

Dr. Mehra exhorted, we must not fail to recognise that the incredible India story rests on its youth – the demographic advantage in having higher proportion of working age population. Their expectations and aspirations are rising astronomically. In a recent global survey of attitudes, Indians were rated the world’s most optimist. Surveys have indicated that youth is unlikely to condone a system of governance that in the garb of opacity has played hostage to the monied class, protected oligarchs and incumbents and stifled innovation. It is time for companies to review and verify their CSR and sustainability strategies and see how they can embed TEAR – (Transparency, Engagement, Accountability and Responsibility) to create a truly inclusive and transparent society.”

With Kind Regards,

**Ashok Kapur**

Secretary General  
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