

**COMPANY SECRETARIES: MORE THAN COMPLIANCE OFFICERS ARE TRUE
GOVERNANCE PROFESSIONALS**



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“The time has come for us, as company secretaries, to push past the limitations that have held us back, it’s time to embrace new challenges and opportunities and to step beyond the set boundaries”

INTRODUCTION:

The role of company secretaries in a corporate sector was often tagged as ‘**mere compliance officer**’ or ‘**secretarial officer**’ whose areas of work were limited to secretarial works only, but with the passage of time the scenario has been changed drastically. Possessing with multiple qualifications, talents, skills, experience, expertise, efficiency, acumen and calibre, in the recent years, the company secretaries have been deservingly playing a very crucial role as governance professionals and successfully catering to the needs of the corporate sector. This leads to an important question that,

What Governance is? And what is the role of company secretaries in good governance?

The word ‘Governance’ is derived from the Greek word ‘Kubernaein’ which means to steer. Governance is more than just complying with the laws, regulations, standards and codes. The Chartered Secretary Australia defines the term ‘governance’ as the method by which an organization is run or organized, over and above its basic legal obligations. The governance has the following four key components:

1. **Transparency:** being clear and unambiguous about the organization’s structure, operation and performance, both externally and internally, and maintaining a genuine

dialogue with and providing insight to, legitimate stakeholders and the market generally.

2. **Corporate Accountability:** ensuring that there is clarity of decision making within the organization with processes in place to ensure that the right people have the right authority for the organization to make effective decisions, with appropriate consequences for failures to follow these procedures;
3. **Stewardship:** developing and maintaining an enterprise-wise recognition that the organization is managed for the benefit of the stakeholders, taking reasonable account of the interests of other legitimate stakeholders;
4. **Integrity:** developing and maintaining a culture committed to ethical behaviour and compliance with the law.

Before, moving further, let's understand the meaning of “**Corporate Governance**”
ICSI defines Corporate Governance as, “the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility, for sustainable development of all stakeholders”.

SIGNIFICANCE OF CORPORATE GOVERNANCE IN INDIA:

In India, a small beginning was made by the Confederation of Indian Industry (CII) in the field of good corporate governance which is explained below. Thereafter, various committees have been constituted to give recommendations in this regard viz. Kumar Manglam Birla Committee, Naresh Chandra Committee, Narayana Murthy Committee etc. All these efforts focused the attention of the Indian corporate sector, on the imperative need to evolve new norms of governance to sustain and develop Indian industries on healthy lines and to constitute the corporate boards in such a manner that they manage the affairs of the corporate body with better accountability to shareholders and achieve transparency of operations with disclosure of both financial and non-financial data through annual and other periodical reports.

- In 1996, CII took a special initiative on Corporate Governance, the theme of such initiative was to develop and promote a code for Corporate Governance to be adopted and followed by Indian Companies, be it in the Private Sector or

Public Sector, Banks or Financial Institutions, all of which are corporate entities.

- The SEBI appointed a Committee on Corporate Governance on May 7, 1999 under the chairmanship of Shri Kumar Manglam Birla, to promote and raise the standards of corporate governance mainly from the perspective of the investors and shareholders and to prepare a code to suit the Indian corporate environment. Such committee submitted its interim & final report in 1999/2000. The Committee made a number of recommendations towards corporate governance which include constitution of audit committee, composition of Board of Directors, role of independent directors, & remuneration standard and financial reporting etc. On the basis of such recommendations clause 49(preamended) of the listing agreement was issued by the SEBI.
- Thereafter, 'SEBI' constituted another committee called 'Narayana Murthy Committee' under the Chairmanship of N.R. Narayana Murthy comprising 23 persons, which included representatives from the stock exchanges, Chamber of Commerce, industry, investor associations and Professional bodies, for reviewing implementation of the corporate governance code by listed companies

COMPANY SECRETARY AS GOVERNANCE PROFESSIONALS :

“Good governance never depends upon laws, but upon the personal qualities of those who govern. The machinery of government is always subordinate to the will of those who administer that machinery. The most important element of government, therefore, is the method of choosing leaders.”

The Governance Professional can hold different titles, depending on the organization. He/she may be called Company Secretary, or Legal Counsel, or Chief Financial Officer, or Chief Governance Officer or Chief Risk Officer. In this era of increasing check on the organizations, the role of a Company Secretary turns out to be more essential. A dynamic governance system is critical to provide inherent checks and to ensure the sustainability of an organization. Governance can no longer be considered as mere annual disclosure requirement which enhances the need to review the role of a Company Secretary to more than just a

Compliance officer. The Company Secretary today must be an efficient communicator, business analyst, effective coordinator and possess incontestable skills. Such competencies prevailing in a Corporate Secretary are inextricably linked to the success of the organization. The Company Secretary plays the crucial role in the governance of any organizations. It is expected that the role of Company Secretary could increasingly be separated from other roles such as that of the CFO and the general counsel. The company secretary will need to build stronger relationships outside the realm of the CEO and the CFO, extending their influence to the chief risk officer, chief technology officer and chief human resources officer.

Consequently, the changing world order for companies is clear on what shareholders and other stakeholders expect from boards, and it is this need that has led to the rise of the importance of the Company Secretary. The role of the company secretary is likely to evolve in the following ways:

- From secretary to trusted adviser to the board from minute-taker to thought leader,
- From servant of the board to conscience or moral compass guiding the board,
- From simply collating and supplying information to becoming curator, analyser and adviser on that data and pointing to where to find more,
- From supplying answers to stimulating wider thinking by proactively raising the right questions,
- From being process based to being principles based.

CONCLUSION:

“I am not bound to win but I am bound to be true - I am not bound to succeed but I am bound to live up to what light I have - I must stand with anybody that stands right: stand with him while he is right and part with him when he goes wrong.”

-Abraham Lincoln.

With the increasing necessity of good corporate governance, a Company Secretary must act as a governance advocate to ensure that adequacy of the governance framework prevalent within the organization. Expertise in various arenas like corporate laws, intellectual property, securities law, labour laws, and so forth is required as of today from a Company Secretary to safeguard the success of the organization. Extended role also comprises the responsibility for developing and implementing processes to promote and sustain good corporate governance. It is believed that Company Secretaries are the pillar of governance and are in a unique position to add value to the decisions taken by the Board by being their chief governance officer. Having said that, it would be apt to state that the role of a Company Secretary has now been considered as a Corporate Governance professional to shape a better corporate world. Therefore, **“We cannot be mere consumers of good governance; we must be participants; we must be co-creators.”**