

# Examining the saytam scandal



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## **1. 1 Justification**

I chose this dirt because it was a recent and a really large one. It is besides really international as it is an outsourcing house, the effects of the dirt affected many other states. Many people lost their investments and India has lost the other states' trust deeply. It is really suited to explicate with assorted ethical elements.

## **1. 2 What is the Scandal about, who are the histrions in it?**

On 7 January 2009 by the confess of B. Ramalinga Raju, who is the chairman and besides the president of the Satyam Computer, the universe has learnt and shocked about the fraudulent fiscal activities that the Satyam interfered.

Ramalinga Raju founded Satyam in 1987 with merely 20 employees which was India's 4th largest outsourcing company with \$ 1 billion one-year gross. Satyam Computer Services Ltd was incorporated in 1989 and it went public in 1992. With each going through twelvemonth, Satyam strengthened its place and extended its operations to assorted locations. .

However when it is discovered the cheatings of Satyam, inquiries arose about how Satyam came to this place. For replying these inquiries we must travel back to the nineties. The 2nd half of the 1990s was the liberalisation period in which the importance of the corporations increased extremely in India. Increased competition forced corporations to seek unethical ways to drive their concerns. As coming into being subsequently, Ramalinga Raju besides engaged in such actions to demo its company's public presentation better off.

In 2008, although the board of managers hesitated, Satyam acquired Maytas Infrastructure and Maytas Properties that were founded by the late Ramalinga Raju's household for \$ 1.6 billion. These both companies belonged to Raju's boies and in the terminal the authorities had to reexamine the trade and the frailty president of India criticized it.

When the authorities and the clients of the Satyam became leery about this behavior of Satyam and the investors panically and all of a sudden sold a immense sum of the stocks, Satyam called of its determination.

Satyam investors lost 3,400 Indian Rupee in the related terror merchandising. The acquisition created a incredulity in New York Stock Exchange and the Satyam portions fell 55%. Because of that, the board of managers had to vacate at the terminal of the twelvemonth

Then on 29th December, 3 members of board of managers quit their occupations, it is the twenty-four hours when board of managers announced that they will purchase back for deriving the trust of their investors once more. However the things kept traveling worse off. On December 23, The World Bank announced that it banned the Satyam from making concern with it due to data larceny and graft. Market guesss about that the Satyam making fraud counterfeit and breach of contract increased tremendously. It is when the value of the booster interest of Satyam decreased to 5%, which is an index that the Satyam was stranded, On 7 January 2009, company Chairman Ramalinga Raju resigned after advising board members and the Securities and Exchange Board of India (SEBI) that Satyam's histories had been falsified (Arakali, 2009). Raju confessed that Satyam's balance sheet

of 30 September 2008 contained: hyperbolic figures for hard currency and bank balances, an accumulated involvement of Rs. 376 crore which was non-existent, an unostentatious liability of Rs. 1, 230 crore and an exaggerated debtors ' place of Rs. 490 crore ( as against Rs. 2, 651 crore in the books ) . After probes are deepened, it was found that he had picked the lesser of two offenses when he decided to squeal the offense and he siphoned off finances by blowing up employee numbers, made many `` benami '' land trades, opened `` benami '' bank histories, through relations and friends and used them to merchandise in Satyam 's portions ( Aneja, 2009 ) .

Benami history means that when you purchase something in the name of person else by using your own finances, you use that individual as a name-lender and this is called a ' benami dealing ' and this is illegal, it can be made legal by reassigning the land in your name but this will affect stamp responsibility and enrollment charges.

As a consequence, merely a little use in the company 's balance sheet consequence in difference of INR 71, 36 one million millions between the existent operating net income As Mr. Raju besides stated in his missive, this difference continued to turn in many old ages and there had been taken many actions to make full this spread and the attempt to purchase Maytas was the last attempt to cover the fictitious assets with existent 1s.

He besides claimed that neither he nor the pull offing managers benefited financially from the hyperbolic gross and none of the board members had any cognition of the state of affairs in which the company was placed.

It is really hard to change over everything back to an ethical and right manner after a point and Satyam had already passed this point which means it was inevitable for Satyam to be revelation. After the confession, the board of managers was banned from working and 10 nominal managers are appointed. Ramalinga Raju had arrested on charges of breach of trust, disproof of records, cheating, counterfeit and go againsting insider trading norm. A figure of employees including a top executive and CFO who laid the basis for the fraud and involved in the distorting the bank statements. The CFO of Satyam besides arrested. PWC as being the audit house of Satyam had lost assurance by its clients and 2 of its top functionaries were arrested.

This dirt called by the media as Indian 's Enron and it has brought into inquiry the degrees of corporate administration in the state after this dirt. Satyam 's portions decreased by % 75 and it caused the Indian 's stock market to fall by % 7.

[ 1 ]

Rajiv Gupta, one of the investors of Satyam, told in an interview with BBC that he found the state of affairss occurred after the dirt really distressing and the clip is the worst possible clip to go on while the markets were merely started to look like they were retrieving.

[ 2 ]

However, it is non the market merely affected from this dirt ; investors, employees, providers, clients all injured from the incorrect making. It is

obvious that there are some people who violated some moral issues and act unethically.

Now I will seek to integrate moralss into existent life instance and evaluate in the visible radiations of different ethical rules to be able to do judgement whether it is in conformity with or in misdemeanor of moral criterions.

### **1. 3 Who has the moral duty? Who are to fault?**

The term moral duty sometimes means to fault a individual for something. A individual is morally responsible for the hurts or a incorrect if: caused or helped to do it, or failed to forestall it when he could hold and should hold, did so cognizing what he was making did so of his ain free will. In modern corporations duty is distributed among a figure of collaborating parties. The parties produce the corporate act together. The system arises a inquiry about who is responsible for jointly produced act. The traditional position is who is wittingly and freely lend the corporate act is responsible for the incorrect. In Satyam instance fraud and misrepresentation at Satyam Computer Services in India consist of several immoral Acts of the Apostless. Double accounting books, 1000s of bad bills, 1000s of unneeded employees and tonss of bogus bank statements, harmonizing to tribunal records ( Diaz, 2009 ) . So a figure of fraud Acts of the Apostless was seen. Harmonizing to corporate duty theory who is responsible for? Whole company employees, employees, directors, board of managers, stockholders even hearers? In immoral Acts of the Apostless an person merely be responsible for an fraud if the individual is wittingly and freely do the unlawful act or non to take part the act but cognizant of it so non the brand an action to

Under these conditions, we have to see both Mr. Raju, the audit house PricewaterhouseCoopers and board of managers and happen out if they were morally responsible for the fraud or non.

Mr. Raju ; we can evidently see that he caused the fraud, since he wrote a confession missive to the imperativeness and told all the fraud. Furthermore we know that Mr. Raju acted of his ain free will by moving intentionally and purposefully and his actions were non the consequence of some unmanageable mental urge or external force.

PwC ; the audit house claimed that they did non cognize about the fraud and the company gave them the incorrect fiscal statements, so they did non acknowledge the fraud. Hearers are responsible to analyze the fiscal statements of the company.

Satyam committed an erroneous entering assets which did no exist. PwC is the audit company and should hold recognized the fraud so PwC failed to forestall it when it could hold prevented due to their profession ( Pettet, 2009 ) . Through their profession, the audit house is in a place to observe any incompatibility or fraud in the statements.

The house could hold raised inquiries about the immense non-existingmoney. They should hold paid necessary professional attending to their work ( Sekhar, 2009 )

This demand is an duty for the hearers. In Satyam the hearers who are S. Gopala Krishnan and Srinivas Talluri, who have been suspended from

PricewaterhouseCoopers instances the hearers are besides confronting charges ( Diaz, 2009 )

Board of Directors ; when we think about the responsibilities of the board such as regulating the organisation, O. K. ing one-year budgets and oversee the activities of the company, it is clearly seen that the board did non make its responsibilities. They likely did non analyze the operations of the company carefully and did non cognize what was go oning in the company. Therefore, we can state that the board failed to forestall it when it could hold and should hold prevented it. In Satyam instances harmonizing to Ram Mynampati he and other board of directos had no cognition of the fiscal fraud. So they are non responsible for the immoral act because they have no cognition so ignorance of the act ( Vaswani, 2009 )

One can state that PwC and the Board are nescient about the issue, nevertheless, they might be intentionally nescient, and if they recognize that something was traveling incorrect and did non state anything. For illustration Mr. Raju wanted to purchase the Maytas Infrastructure Company 's portions and the board knows that their concern has no relationship with substructure but they did non seek about the grounds why Mr. Raju wants to purchase the portions.

The other exclusion of ignorance is being negligent. Both PwC and the Board failed to take necessary actions and they may pretermite the discernible hints of the fraud, it is non an alibi but it may cut down their duty.



## **Section 2 Philosophers oppugning the Scandal combined with ethical rules in Business**

### **2. 1 Kohlberg 's Moral Development**

Ramalinga Raju can be the victim of his ego involvements. He may believe that its effects would be profitable and positive to his ego involvements. He may gain more money if he did not squeal the fraud and resign.

Even if inflating figures and demoing a non-existent accumulated involvement are non ethical, but these actions would ensue in net income to him, hence, he sacrifice from being ethical. So, we can state that Mr. Raju is at the first degree "preconventional phases" and at "Instrumental and Relative Orientation Stage".

[ 3 ]

### **2. 2 Ethical Principles In Business**

#### **2. 2. 1 Utilitarianism:**

Harmonizing to Utilitarian attack, it is indispensable to see both the immediate and foreseeable hereafter costs and benefits that each option will bring forth for each and every person. The costs of the dirt are terrible. For illustration, 6 million guiltless stockholders some of them have lost their full life nest eggs because Satyam lost its value by 78 % ( Vaswani, 2009 ). Employees suffered from the falsified histories and lose their occupation in long term. He besides diverted big amounts of money belong to stockholders by feigning to do salary payments to non-existent employees mean that lessening the gross of stockholders.

Harmonizing to utilitarians, there is nil unethical to distort the informations in the records. Utilitarians think that the actions which produce the greatest benefit and the lowest cost for the society. Before the revelation of the fraud, the investors were puting their money into Satyam and so the company could go on to run.

If the company had showed the existent state of affairs to the society, no investors would take Satyam that the company would likely hold had to be near down. In short all of its 53000 employees would go out of employ which is a large cost to the society. So there is a benefit of protecting to occupations of employees and moreover Mr. Raju and some other managers besides might be benefited from the fraud and there were no one acquiring hurting before the revelation. So harmonizing to useful attack, it is right to rip off on study in this state of affairs. However there are jobs with rights and justness, because this behavior is n't a right moral regulation, it is non right to rip off on report. The legal system of India, petmits disproof of informations which means Mr. Raju and other people played function in fraud do non hold a legal right to make that. However is it besides incorrect harmonizing to moral rights? Moral rights are correlated with responsibilities. When a individual have a moral right, the other have a responsibility non to interfere him or to supply him his right.

Here in the instance, investors have right to cognize the existent place of the company which they are puting. However by rip offing on records is violated their rights.

Satyam dirt has damaged the remainder of the Indian tech services industry because foreign companies were discouraged for outsourcing owing to the dirt.

It is obvious that many U. S. and European clients including General Electric, General Motor, Nestle, and besides United States Government will rethink their trust on non merely the company but besides Indian outsourcing and the credibleness in western clients will endure in the long tally ( Gorkey, 2009 ) . As a effect of the instance, the full corporate administration system in India has been unfaithful for most companies.

On the other manus, dirt created an chance for India 's challengers in the outsourcing game and smaller IT companies in foreign states can get down concern with Satyam 's clients. However some clients are encouraged to maintain occupations at place state in order to avoid any hazards of fraud.

It can fresh place market of the clients who may prefer to make concern in their ain sector which will derive more net income itself. There are some Raju 's parts to society that can be calculated on benefits side like constructing an exigencyhealthcare supplier called EMRI and puting up an exigency medical service ( EMS ) .

At the terminal of cost-benefit analysis, net public-service corporation that produced by the dirt is negative intending more costs over benefits so it is non a right action.

## 2. 2. 2 Kantian Rights

Ramalinga Raju in his missive noted that, Satyam had really made 3 % border, nevertheless many economic experts and bookmans find it laughably low in IT industry ( Shirsat, 2009 ) . This claim supports the claim that Raju pick the lesser of two offenses when he decided to squeal the offense.

Besides he inflated the head count of employees to syphon off finances from company ( Vaswani, 2009 ) . Therefore we can reason that more money was coming into company but it was being siphoned out. He used his aged female parent 's name to do about 400 `` benami " land trades, invest in other concerns such as existent estate with the many.

First of wholly, he diverted big amounts of money belong to stockholders by feigning to do salary payments to non-existent employees.

The state of affairs can non go through both the universalizability and reversibility standards of Kantian rights. ( Velasquez, 2006 ) He besides violated the 2nd preparation of Kant because he used these non-existent employees and his aged female parent as a agency for his ain will and profaned human self-respectnorm. Besides misdemeanor of the belongings rights of stockholders by utilizing belongings belongs to company without permission can be seen as an unethical pattern.

Corporate jurisprudence practitioners said Raju violated officers ' right to cognize by abetting them to perpetrate fiscal fraud. Another issue is Raju is known for his philanthropic gift and committedness to assisting India 's rural hapless. He reportedly donated more than \$ 50 million of his ain money to make the plan. With the wealth generated by money of others doing such a

committedness to society is unethical. This violates the stockholders' right to take because they have a right to take how to utilize their own money for assisting hapless or non.

Furthermore harmonizing to Kant's first preparation, "the individual's grounds for moving must be grounds that he or she would be willing to hold all others use, even as a footing of how they treat him or her." Mr. Raju likely would not desire to put in a company that looks being in a good state of affairs but is really in a bad state of affairs. So besides harmonizing to Kant's Categorical Imperative it is non right.

Satyam dirt involves inquiries of justness and equity. From the "Distributive Justice" point of position which is the justness class based on the thought that benefits and loads should be distributed every bit, instance involves many unfair patterns.

Here Ramalinga Raju and his household diverted money from Satyam to their own will. Besides with the transportation of portions to the household members, they gave immense loss to the little investors. All benefits went to the Ramalinga Raju and his household. Employees, investors and creditors who had nil to make with the fraud all suffer awful effects and bear all loads. Besides IT industry in India has spent 20 old ages constructing up credibleness with Western clients, but this dirt is foreseen to do many U. S. and European clients rethink their trust on Indian outsourcing. From the retaliatory justness position, Mr. , Raju can be blamed and punished for making incorrect wittingly and in his own free will.

What is upsetting is that for over seven old ages the man of affairs who consistently committed fraud was supported by politicians in power in the Andhra Pradesh Government.

His association with the top leaders meant that Raju got immense balls of premier land at throw-away monetary values for Technology Park and other intents and many other installations which enabled Satyam to spread out and turn quickly ( Balachandran, 2009 ) . Banks and fiscal establishments allowed Raju to open 1000s of histories without oppugning. They provided statements about the company 's finances as Raju requested. Raju was allowed inside cognition of authorities policies, development programs and undertakings even before the blue-prints were prepared.

This enabled him and his pool, Maytas Infra, to offer for undertakings on favourable footings. The whole authorities system was harnessed to stand in function Raju 's involvements. Harmonizing to Rawls ' just equality of chance rule, everyone should be given an equal chance to measure up for the more privileged places. It can be seen that Raju had greater chances than other people and got discriminatory intervention by Banks, establishments and authorities. The dirt ends with heavy load on society and causes inefficiency in the system so is deemed to go against the difference rule which is the claim that a productive society will integrate inequalities. The difference rule implies that it is incorrect to victimize stockholders and investors because action creates inefficiency.

## **2. 2. 3 Virtue Ethical motives:**

Raju has an MBA Ohio University and is an alumna of Harvard Business School, in other words he is a knowing individual. Harmonizing to the Corruption Perception Index 2004 ( CPI ) which ranks the states in their order of corruptness, out of the 146 states listed, India where he grew ranks a hapless 91. In Satyam instance, Raju 's incorrect act might be related to the undermentioned three state of affairss: foremost, it might be related to his single sense of values, so wholly he has done come from his personal moral values.

Second, it might come from is the value cherished by society where he turn. Harmonizing to the thought, Raju might be affected by the Indian society and civilization. Finally, the system of administration might hold an influence on Raju 's behaviours.

I would personally hold with this point, each civilization and state has different tolerances and different ways to carry through concern. In India it might hold been easier to make it, than in any other state or the life conditions and society values may promote him to make such a thing.

## **2. 3 The Persons in The Organization**

### **2. 3. 1 Conflict of Interest**

The policies and processs under codification of struggle of involvement requires that the managers and associates of the company shall avoid any activity or association that creates or appears to make a struggle between the personal involvements of the managers and associates and the company 's concern involvements.

In the instance of Satyam, the hearers of Satyam might hold faced with struggles of involvement while attesting the fiscal record of Satyam. They have softened their criterion while scrutinizing the company fiscal statement. It is clear that the trueness or duty to the client, here it is Satyam, is divided or in struggle with opportunism of Hearers and the involvement of Satyam 's direction. In add-on, the company corporate administration does non demo any struggle of involvement between direction and proprietors, the job was caused by the struggle of involvement between the dominant stockholders ( boosters ) and the minority stockholders.

The boosters that involve Mr. Raju, together with their friends and relations were the dominant stockholders. The company proposed to put \$ 1. 6 billion to purchase existent estate and substructure houses, Maytas Properties and Maytas Infrastructure, run by the boies of its founder-chairman Raju.

Investors and analysts questioned the move by the Hyderabad-based package exporters to pay such a immense amount to get companies linked to Raju and raised concerns about corporate administration at Satyam and its credibleness in the eyes of planetary clients and stockholders. Ramalinga Raju, nevertheless, justified the determination, stating it was portion of a `` good variegation scheme ". Representatives of investors such as Templeton and Motilal Oswal complained that Satyam had no concern purchasing existent estate or substructure companies and that their investing in Satyam was because it was engaged in supplying package services ( www. tahindian. com ) . There is an existent struggle of involvement under this investing determination and besides supported the claim that `` all money invested in Maytas belongs to Satyam ". Then Raju stated that the aborted Maytas



trade was really last effort to make full the fabricated assets with existent 1s. Though the fiscal establishments owned bulk of interest, but historically they used to play a inactive function in the company. This was letting the boosters, Mr. Raju and his relations to play the corruptness game. The boosters were seeking to re-structure the concern and were besides deviating assets between group companies. So, this shows the struggle of involvement between these parties.

### **2. 3. 2 Insider Trading**

Satyam boosters and top functionaries may hold charged in insider trading. Research workers are coming across grounds of insider trading by the boosters even before the dirt broke. The probe is besides concentrating on the allegations of insider trading in the period before the failed December 16. There are adequate arrows to insider trading by the Satyam boosters and the companies floated by them and their relations.

The insider trading in Satyam is formed by the top direction of Satyam - the managers and senior functionaries - with selling portions in front with that books have been overstated, taking to an hyperbolic stock monetary value that helped the top direction do money.

The top direction offloaded the company 's 6. 01 lakh portions this fiscal twelvemonth merely before the confessions of Raju. It reminded the possibility that there may be people who must be cognizant of things to come and might hold offloaded their retention merely earlier fiasco ( Agarwal, 2009 ) .

Srinivas Vadlamani, the main fiscal officer of Satyam Computer Service, has been the most active in offloading the portions. Srinivas offloaded 92, 358 portions in two episodes in September. Ram Mynampati, president of Satyam and a member of the board, besides offloaded 80, 000 portions in three installments in May and June. Interestingly, during the past nine months, none of the top direction squad of Satyam has purchased its portions. The heavy merchandising of portions by the Satyam big-wigs in September was ab initio attributed to the developing uncertainty in the economic scenario. However, put in the larger strategy of things, the sale could be an instance of insider trading. The tendency has asserted in December when 28, 500 portions of the company were sold by its senior functionaries. The most recent sellout was done by AS Murthy, main information officer, who sold 21, 000 portions between December 12 and 15 ( Agarwal, 2009 ) . Mr. Raju inflated the history for increasing the monetary value of portions so that he and his confederates get maximal net incomes, in which he succeeded besides. The twenty-four hours this intelligence broke, the Satyam 's portion was surging. Here, the SEBI and Ministry of Company Affairs excessively have failed in their assigned occupations. SEBI is the highest regulator and keeps eagle oculus on the activities of the capital markets. When the net incomes of this company were registering unnatural growing, thereby the monetary values of the portions were surging, they do non hold any effort, there has been a batch of chromaticity and call with regard to insider trading ; a ululation SEBI failed to listen to and it inflicted to a great extent on Satyam.

Although insider trading per se is non illegal but it is unethical, furthermore when Company 's high functionary who were on portion selling fling must had the thought of what was traveling in the company.

Raju had besides opened multiple benami ( silent person ) accounts through relations and friends and used them to merchandise in Satyam 's portions, go againsting the insider trading norm. He used the company 's proprietary information to reassign securities to his brother Suryanarayana Raju and to his female parent Appalanarsama Raju. Crime Investigation Department ( CID ) of the Andhra Pradesh constabularies and Central bureaus has confirmed that the boosters indulged in insider trading of the company 's portions. ( NDTV Correspondent, 2009 )

## **2. 4 Rationalization**

It may look easy to apologize this at first. Managers ever trust in themselves and in their accomplishments a batch, and believe that their company is basically sound. They believe that they will do it up in the hereafter without anybody detecting it when there is a job and. They do everything to apologize their moves, their determinations in order to look guiltless. When the company faces the spread and unable to do it up, a larger deformation is needed to cover up,

as Raju added in his missive. He bet that neither him nor the pull offing manager has benefitted in the fiscal footings on history of the hyperbolic consequences, even 1 rupee/dollar. Put otherwise, he claims that he did distort histories in order to maintain operating traveling at Satyam and to be able to supply prompt payments of salary.

He besides gave an account to Maytas acquisition and rationalized it by claiming that he merely tried to make full the fabricated assets of Satyam with existent 1s. What is more, he said 'Significant dividend payments, acquisitions and capital outgos to supply for growing did non assist affairs. ' He asserted these claims to happen an alibi for his fraud.

## **2. 5 Stakeholder Analysis**

Harmonizing to new stakeholder theory, direction bears no extra fiducial relationships to 3rd parties but have morally important nonfiduciary duties to 3rd parties. It means direction may ne'er hold promised clients, employees a `` return on investing '' but obliged to take earnestly its extra-legal duties non to wound, lie to or rip off these stakeholders ( Goodpaster, 1991 ) .

Until the fraud, the secret of Raju 's outstanding success is thought to lie in his simple, yet extended direction theoretical account that creates value, promotes entrepreneurship, focuses unrelentingly on the client and purposes at changeless chase of excellence for all stakeholders. The fraud showed that he is far off from this first-class image. He failed to exert his duties which are non to wound, lie or rip off the stakeholders. All stakeholders are lied and cheated with the falsified Numberss and studies for many old ages. In May, Satyam has merely over 40, 000 employees, about each of them on the 'bench ' are in danger of losing employment at Satyam.

Equally good as, clients of Satyam including Nestle, Nissan, in a large scraping because they do n't desire to work with Satyam any longer but passage is besides hard for them. Furthermore IT industry participants, rivals and providers were lied, cheated and injured by Satyam

## **Section 3 The Ironies in the Scandal & A ; The Awards of the Ceo**

### **3. 1 Sarcasms**

This dirt includes many sarcasms in it, from the name of the company to present the house and the Ceo received:

Satyam means `` truth '' in Sanskrit,

Satyam earned a United Kingdom Trade and Investment India Business Award for Corporate Social Responsibility,

Satyam got Global Award for Excellence in Corporate Governance for 2008,

In 2007 Ramalinga Raju was chosen as the best enterpriser of the twelvemonth by Ernst & A ; Young,

Satyam was selected for the formal IT patron of the World Cup 2010-2014 by FIFA.

### **3. 2 Corporate Administration**

Golden Peacock award was given to Satyam for its corporate administration criterions. This is the sarcasm of the state of affairs that a company which was considered the best in IT industry has such low corporate administration criterions. On top it the Board of Directors was non even apprised of even anything. Corporate Administration as defined is `` Corporate administration refers to the legal and factual model of the direction and monitoring of companies. Corporate administration ordinances are geared towards transparenence and therefore beef up the trust in direction and control concentrating on value creative activity '' .

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There are few importance elements of corporate administration viz. Auditing, Independent Directors, Regulators and Finally the Board including CEO itself. If we examine these components one by one, it would be crystal clear that all the components either failed or did non move as was required. The function of Price Waterhouse Coopers, the Auditing house of Satyam has been dealt.

So, the Satyam fraud is unfolding and so are the built-in failings of Corporate Governance in India. The fraud has brought to illume the fact that in India the differentiation between proprietors and direction is still non really clear. Where the proprietors are besides the directors, such frauds are ever a possibility.

## **Section 4 Conclusion and Suggestions**

### **4. 1 What should hold been done, where did Raju make incorrectly?**

Satyam Computer company is a global company. The company has many clients all around the universe and the foreign investors come to India to put in the company. As being a large company, it requires a good corporate administration system and correlativity among parties of company.

All of the parties should follow their responsibilities harmonizing to the contract with the company. So that the company will last, spread out its market portion and function their clients in a confidential mode. The Chief executive officer of the Satyam Computers and other people involved in the procedure was blamed for the immoral Acts of the Apostless which was blow uping hard currency and bank balances, accruing involvement that are non-

existing, exaggerating debtors' place in the books, graft, insider trading and etc. A company director is responsible to transport the company in the chase of net income and while seeking ways to increase net income the company should obey the legal issues and Torahs. Mr. Raju did not follow these rules that the company lost its clients, reputation and damaged economically both in the place and foreign market. Mr. Raju used his authorization and power in an inappropriate ways. In this study, Satyam dirt and related ethical quandary are evaluated in the visible radiations of different ethical rules. The major purpose was to integrate moralss into this existent life to be able to do judgement whether it is in conformity with or in misdemeanor of moral criterions. Moral duty and incrimination analysis showed that Mr. Raju is morally responsible for the incorrect with no extenuating factor even he tried to apologize his incorrect making in his missive. PwC and board of managers stay negligent about the issue by neglecting to take necessary actions, their carelessness may decrease their duty but can not wholly take. At the terminal of cost-benefit analysis, net public-service corporation that produced by the dirt is found to be negative significance more costs over benefits so it is not a right action. Harmonizing to rights and justness.

Raju's actions are unfair and contradict to Rawl's rules and besides violate Kant's first and 2nd preparation and rights of others. As a president of the company, Raju failed to populate up the responsibility to prosecute the ends of the house by moving on a "struggle of involvement" and merchandising company's stock on the footing of "inside" information. Besides new stakeholder analysis proved that Satyam direction failed to exert their duties toward the stakeholders which are not to wound, lie to or rip off the

stakeholders. Raju 's actions are immoral and he sacrificed being ethical purposefully for his ego involvement which lead us to set him into the `` Instrumental egoism '' phase of Kohlberg 's moral development phases.

## **4. 2 Introduction of a Company Ethics Program**

Although Raju has an MBA Ohio University and is an alumna of Harvard Business School, he made the fraud, it shows the importance of holding common sense, the instruction does non count all the clip. `` Company Ethics Program '' should be formulated and each and every person should perpetrate this, Exercise of this plan should be followed and monitored persistently and systematically.

Peoples should be trained, retrained until the rules are internalized, It besides showed us the importance of whistle blowing, The harm would be less if person blew the whistling earlier. Audited account houses should be more careful while analyzing the fiscal statements of the companies. In the terminal they besides have a large portion in this game and they are to fault

Whistle blowing: Whistleblower is a individual who raises a concern about wrongdoing happening in an organisation or organic structure of people.

Normally this individual would be from that same organisation. This misconduct can be classified in many ways such as a misdemeanor of a jurisprudence, regulation, ordinance and/or a direct menace to public involvement, such as fraud, health/safety misdemeanors, and corruptness.

Whistle blowers may do their allegations internally ( for illustration, to other people within the accused organisation ) or externally ( to regulators,



jurisprudence enforcement bureaus, to the media or to groups concerned with the issues ) .

[ 4 ]