

**22<sup>ND</sup> WORLD CONGRESS ON TOTAL QUALITY**  
**"Board's Role in Managing Ethical Business – 20<sup>th</sup> January 2012**  
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Corporate Social Responsibility for any business organisation, using the tools of ethical business is of importance and must rest on the fundamentals of total quality, safety and continuous improvement. The Board which constitutes the senior most management in an organisation sets the company policies and directions which must include transparency and ethical business as their pillars.

Air India limited, being the national carrier stands on a pillar of Social Responsibility and ethical business, and incorporates the elements of total quality and safety.

Quality Management System (QMS), Safety Management System (SMS) and Environment Management System (EMS) have been introduced in Air India and are the foundation in developing a culture of safety, quality, customer satisfaction and continuous improvement.

The Board of any organisation by incorporating the principles of Total Quality and Ethical Business must ensure the maintenance of an effective Quality Management System complying with international standards and regulatory requirements to ensure compliance with relevant statutory, quality and safety requirements. Providing a safe and secure operation as the first and most fundamental obligation to our customers and employees, as well as to the communities, an organisation follows correct business ethics. This can be achieved and maintained by adhering to a high level of quality and safety. A good approach would be for the Board and senior management to prior to taking important decisions pertaining to quality and safety, ask themselves whether they would take the same decision if their family was involved and whether their conscience allows and supports the decision. On many occasions, where there is a grey area, and a decision has to be taken, this simple tool could be effective.

Good corporate governance begins with the "tone at the top", i.e. the signals that the board and company management communicate through their behavior and ethical policies and guidelines. Therefore, it is important for the Board to send the right message. Besides sending the right message, it is also important for the Board to actually implement and be seen to support the conduct of ethical business. It is only with the commitment displayed by the Board and senior Management that all employees would follow in a similar direction. Sometimes, problems do surface where the business and financial goals may seem to challenge or pose ethical dilemmas. All the more reason, that the Board must suitably be strong in their vision and actual actions to support business ethics. Otherwise, the principles of ethical business will not be actually followed by the employees in the organisation.

For the incorporation of business ethics principles, it is important for the Board to establish tangible targets, both financial and non-financial, and create better systems to monitor management accountability. Further, the Board could send a clear message by measuring the company's success factors not only for the company's financial results, but also for the results pertaining to the Corporate Social responsibility and Business Ethics.

The board of directors' key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its customers and stakeholders. In addition to business and financial issues, board of directors must deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

It is important that board meetings are held periodically, covering financial and non-financial aspects, so that directors can discharge their responsibility to control the company's overall situation, strategy and policy, and to monitor the exercise of any delegated authority, and so that individual directors can report on their particular areas of responsibility.

In Air India, fortunately, systems are in place, which ensure ethical business by incorporating Corporate Social Responsibility and Total Quality. Air India flies to many sectors including the remote areas to ensure that the nation is well connected even if those routes are non-profit making. Further, whenever there has been a national calamity, Air India without hesitation has been involved with operating flights for evacuation and relief purposes without looking at commercial benefit. For example, whether it was the Tsunami or the evacuation from Kuwait, Libya, etc. Air India, evacuated a large number of passengers and provided all assistance to the government. Air India also operates all VVIP flights of the President, Prime Minister and others to fulfill the national requirements.

It is important for any business organisation to also see whether it supports the society objectives, the national goals and the international requirements for a safe and healthy environment.

Air India, through its "Environment Management System" is committed to implement Green Initiative measures through effective implementation of programmes that reduce carbon emission, reduce noise and other pollution, reduce fuel consumption, reduce consumption of natural resources. Air India is also committed to provide sufficient resources to meet environmental objectives by continual measuring, monitoring, reporting and improving upon environmental performance. The Board sets performance targets wherein objectives are achieved through training and the implementation of work instructions and practices.

Air India is the first airline in India to go "GREEN" as a concept. The National Energy Conservation Award was received twice from the Ministry of Power and Bureau of Energy Efficiency. Air India also received the Earth Care Award in 2011 from JSW/Times of India. Air India's goal is to be an organization whose practices make it one of the most environmentally sensitive company in the aviation industry through an approach that safeguards and enhances the quality of life of its employees, customers and protects the environment.

Safety is treated as one of the core business functions of Air India Limited covering all Air Operator Permit's, subsidiaries and Strategic Business Unit(SBU) functions.

Air India was the first airline in India to obtain IOSA (IATA Operational Safety Audit) certification as well as ISAGO (IATA Safety Audit for Ground Operations). Through SMS, Air India is committed to developing, implementing, maintaining and constantly improving strategies and processes to ensure that all our aviation activities take place under a balanced allocation of organizational resources, aimed at achieving the highest level of safety performance through a Corporate Safety Management System(SMS) and meeting National and International standards, while delivering our services.

All levels of management and all employees are accountable for the delivery of this highest level of safety performance, starting with the Chairman and Managing Director (CMD) and Managing Committee of Air India Limited. All the Directors / SBU Heads / Chiefs / Exec. Directors/Departmental Heads, appropriately implement and integrate the Safety Management System(SMS) throughout the Organisation to address safety of aircraft operations.

Safety is visible throughout the Organisation by means of a Safety culture, supported by communiqué's, posters, website and other terms of information that fosters safe practices, encourages effective safety reporting and communication, and actively manages safety with the same attention to results as the attention to the results of the other management systems of the organization.

In conclusion, it can be stated that all business organisations must ensure safety, quality as well as social responsibility incorporating sound business ethics and principles. This can only be ensured with a strong corporate board direction as well as board implementation. By incorporating financial and non-financial objectives, supporting national goals as well as social obligations, any organisation will stand apart from a pure commercially driven organisation.

The Board should also ensure that no action is taken against any employee who discloses a safety, quality, ethical concern thus imbibing the correct corporate vision for business ethics. By adhering to these principles, organisations will set examples as leaders in the industry for total quality and corporate social governance.