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## Corporate Governance Ethics and Comparison of Tata and Infosys

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### ABSTRACT

Corporate governance and ethical systems of two most powerful and largest companies of India, Tata Group and Infosys Ltd., are studied in this research. Compared in minute detail, it shows how the two companies deal with issues of leadership, promoter ownership, and board procedures in their efforts to maintain their image of transparency and ethical practices. The case study deals with Cyrus Mistry (Tata) and Vishal Sikka (Infosys) leadership turbulences and draws rich insights into governance practices, beliefs, and ethical resilience.

### 1. Introduction

Corporate governance is the ethical and operational foundation of all institutions. Two models, Tata Group's heritage-governance and Infosys' professionally managed company, are discussed here seriously. The scandals of leadership at the two firms during 2016–2017 reveal some underlying issues in balancing heritage-based power and emerging trends in governance.

### 2. Objectives

To seriously scrutinize Tata and Infosys leadership changes.

To determine failure or success of governance models.

To compare promoter control of strategic decision-making.

To analyze effect on investor trust and ethics.

### 3. Scope & Limitations

Scope:

Leadership crises (2016–2018) highlighted.

Tata Group: philanthropic trust governance tradition.

Infosys: founders' professional management.

Limitations:

Secondary data (reports, articles) alone used.

No primary data or interviews.

Events after 2018 not considered.

### 4. Literature Review

Corporate governance explained with several theoretical frameworks:

Agency Theory: Focuses on principal-agent conflicts.

Stakeholder Theory: Interests extended beyond shareholders harmonized.

Stewardship Theory: Believes in shared interests between the firm and the managers.

Both companies are in compliance with SEBI guidelines varying on board independence and moral control.

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## 5. Methodology

Method: Qualitative case study method.

Data Sources: Annual reports, SEBI reports, media, academic literature.

Timeline: 2016–2018 with background material from 2010–2020.

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## 6. The Leadership Crisis

Tata Group (2016):

Deposition of Cyrus Mistry prompted boards' fears about board independence.

Tata Trusts (holding ~66%) had strong informal control.

Allegations varied from opaque decision-making and gagging of independent directors.

Infosys (2017):

CEO Vishal Sikka resigned at founder Narayana Murthy's insistence.

With an empowered board, founder influence was disruptive.

Informal monitoring strained governance mechanisms.

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## 7. Comparative Insights

Criteria    Tata Group    Infosys Ltd.

Governance Style    Legacy-driven, trust-managed    Professional, board-centric

Crisis Trigger    Difference in opinion on strategy and autonomy    Objections at foundation level to style of leadership

Promoter Influence    Direct by Tata Trusts    Indirect through public pronouncements

Outcome    Interim management, board restructuring    Return of co-founder, renewal of board

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## 8. Key Findings

Tata Group:

Ethically strong brand but weak board independence.

Internal ethics governed by Tata Code of Conduct.

Old systems are at odds with new executive expectations.

Infosys Ltd:

Governance trailblazer (e.g., SOX).

Independent board, susceptible to founder feeling.

Tech-enabled ethics and CSR tracking.

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## 9. Conclusion

Tata and Infosys are India's advance towards better governance—but leadership failure is an alarm call. Both companies teach us that:

Professional or legacy, no system is immune to governance failure.

Promoter power must be managed by strong, independent boards.

Transparency, stable ethics, and succession planning are essentials for long-term credibility.

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