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Corporate Services Audit: Evaluation of the Company's Response to Social Needs

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ABSTRACT

A customer does not depend on the company but a company certainly survives of the customer. A customer is the master. A company deals with various groups of people like customers, employees, investors, lenders, suppliers and public at large. A company has to assess its record of services to people coming in contact with it. An auditor while evaluating service records to various groups of people has to keep in mind social responsibilities of the company. An attempt has been made in this paper to highlight various facets of corporate services audit.

KEYWORDS : Corporate Services, Cost-Benefit Analysis, Globalisation, Social Responsibility, Quality.

Backdrop

In this era of globalization, companies are always mired in tough battles for achieving greater efficiencies, differential products and services to improve their corporate services and enhance their sustainable competitive edge. The term "Corporate Services" refers to the activities that combine or consolidate certain enterprise – wide needed support services, provided based on specialized knowledge, best practices, and technology to serve internal (and sometimes external) customers and business partners. This services co-ordinate the diverse organizational units and helps them to focus on organizational goals by effectively exploiting resources and developing core competencies that enable an organization to keep its edge over its industry competitors. It sometimes amounts to combining operations with another competitor in the same industry to increase competitive strengths and lower competition among industry rivals.

The business world is now becoming increasingly information intensive and complex. Therefore, companies have begun to incorporate web-based services into the work place. This has opened up many new challenges and initiatives. This has radically affected many of the established functions. Some of them have been reduced, combined or eliminated. This also means that corporate boundaries are completely changing with advantageous partnering connections with outside service suppliers. Corporate services have now become integral part of the business value chain.

Customer Services – The Support Infrastructure

Corporate services are the support infrastructure of a company. These include public relations, customer assistance or call centers, training, engineering, human resources and procurement etc. to create new business value and help the company function more effectively by improving internal processes, managing customer relationships and extending the organization. The advantages of corporate services are productivity gains, cost savings and service improvements. The benefits of these services extend to core business areas in form of reduced costs, less inventory, less working capital requirements, improved procurements and higher profits. It also helps in much higher efficiency and productivity of the employees as new technologies can introduce an array of new possibilities with powerful computers and integration of database with web technologies. For example, if departmental managers were earlier receiving weekly or monthly reports to help them take critical decisions, all this information shall be available real time online now to help them to track the things which were important to them and take decisions.

The Concept of Corporate Services Audit

With the enlarged role assumed by corporate organisations in this country, the corporate bodies are expected to have better social responsiveness than in past. The social or service obligations of these bodies to different segments of public such as consumers, community etc. are becoming a matter of considerable interest to the top management of many well known companies. The review of how such objectives are met is the subject matter of Social or Corporate Services Audit.

The concept of corporate cervices audit is that its appraisal system should consider the level of contribution a business entity makes to society and its environment towards raising the quality of life through better product quality and services rather than profit maximisation. The corporate services audit thus attempts to distinguish between the ends (i.e. profits) and means (i.e. services) of business and provides a new dimension to the concept of audit approach. It is the fulfilment of social responsibility of a business unit. Auditor's responsibility lies in checking the company's response to social needs.

Coverage Areas of the Audit

The scope of corporate services audit extends to the critical examination of the different aspects of services and their extent that have been satisfactorily rendered by a corporate body, and of evaluation of degrees of responsiveness and awareness on the part of such enterprise. Thus the performance of management towards consumers, employees, shareholders, community, fellow-businessmen and Government is studied separately and properly evaluated by the auditor. The areas of corporate services audit and the scrutiny and evaluation criteria can be categorized as follows:

Consumers	Quality goods in right quantities at right prices, place and time.
Employees	Pay, training, safety, welfare, industrial rela tions, etc.
Shareholders	Safety of investment, satisfactory return, ap preciation.
Community	Social cost and social benefit, public rela tions.
Fellow-businessmen	Business ethics and fair trade dealings.
State	Compliance with the spirit of laws, fair trade practices, payment of taxes, services during emergency.

In order to evaluate the social responsiveness of a business enterprise towards different strata of society, while conducting corporate services audit

- First emphasis is to ascertain what type of relations a company is having with its customers. In this area of examination, customers response to company's product will attract special consideration.
- Second point in corporate services audit will be to ascertain whether company is properly attempting to use country's natural resources. This review may bring to light cases of wastages of natural resources.
- The audit may ascertain whether the scope of company services is in line with regional interest. Company may be indiscriminately spending the resources, whose conservation in that area is vital for national interest.
- It may also attempt to review whether company is reasonably

charging for its product. There are situations in which company's make use of monopolistic positions at the cost of consumers.
- The audit may also review how far company has improved life internally and externally. Some organizations spend more than statutory limit for safety of their employees. Similarly, many public sector organizations are developing villages in the area enjoying proximity to the factory.

Points to be Evaluated

Evaluation of corporate services audit should be based on the following points:

Customers
- Does the company provide reliable and quality products or services to customers at reasonable prices?
- Are the goods or services readily available or customers are required to wait?
- Is proper education or training provided to customers to use the products like T.V., V.C.R., washing machines?
- Are after-sales services provided to customers?
- Are compliains of customers dealt with promptness and courtesy?
- Are customers dealt with respectfully by the sales staff?

Employees
- Are employees paid fair wages?
- Are employees treated fairly?
- Are these sufficient promotional facilities available for staff?
- Are working conditions reasonably good?
- Is there a mechanism to deal with employees grievances?
- Are special facilities provided for women workers?

Shareholders and Investors
- Is the return on investment adequate?
- Are queries of shareholders and investors promptly attended?
- Is payment of dividend and interest paid in time as per provisions of law?
- Is the growth of company reflected in the form of appreciation of share values?
- Does company issue bonus shares and rights shares to shareholders?
- Does the company communicate with investors and shareholders progress of various projects and future plans?

Suppliers
- Are the suppliers dealt with fairly and courteously?
- Are payments to suppliers made in time as per the terms of supply?
- Are queries from suppliers attended promptly?
- Is the interest of the suppliers protected, whenever possible?

Community
- Does company management think in terms of its social responsibilities?
- Does company factories cause any air, water or noise pollution or environmental hazards?
- Does company care not to supply any sub-standard products?
- Does company contribute to social causes in case of need like flood, earthquake, etc.?
- Does company donate to educational institutions and other public interest organizations and general welfare?

Concluding Remarks

An organization owes certain basic responsibilities. For example, it is the duty of a company to make product of right quality available at right price. Similarly, an organization must make its due contribution to the exchequer. On the same lines, it is the duty of an organization to ensure that its activities do not pose threat to the health of the common people having proximity to the factory.

The term "Corporate Services" is a generic term which implies service oriented obligations of a corporate body to different interested "public" such as consumers, shareholders, community, fellow-businessmen, government, etc. It indicates the social responsibilities of a business enterprise. According to social scientists and economists, service-oriented responsibilities of a business concern are necessarily to be different in different circumstances, and situations. Thus, corporate response during periods of emergency (e.g. earthquake, war etc.) will be different from that of normal circumstances. Similarly, it is also expected of the organization that it will develop its business relations with other countries based on the frame-work of national policy. In this review both the extent of the services and the quality of the services rendered will be subjected to critical appraisal.

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