

## **A STUDY ON GOOD CORPORATE GOVERNANCE PRACTICES AND ITS IMPACT OF EMPLOYEES IN THE PRESENT COMPANIES**

**Dr.J.Arul**

*Assistant Professor, Department of Management Studies, Karpagam Academy of Higher Education, Coimbatore*

*Email: activearul@gmail.com*

---

**Abstract**—*Etymology the term ‘Governance’ is derived from a Latin word Gabernare meaning to ‘Steer’ (King 2010, (Knell (2006)) views ‘Governance’ as the control and regulation and exercise of influence to maintain good order and compliance to pre-determine standard of behaviours. Efficiency of employees will naturally increase as the result of good governance. They will show the more loyal to the organization and feel that organization is their own. There should be good relation between the management and the employees. They feel more secure and their attitude towards the work and also to the organization will improve a lot. They will react positively towards the rules and regulations. Management should get a belief on them that will develop a good working culture among the middle management and also to with the workers. When they feel secure the efficiency of the individuals and overall output of the firm will considerably increase that will help the organization to meet the organization to solve the problems easily at the time of crisis. When the employees get normal support from the management they feel that the organization is their own. It will give a feeling that they are secure. This will show an attitude of solving the problems with bilateral discussions among them and also with the superiors. When it works as a chain of communication which builds a ‘Team’ with maximum performance which leads the organization to become a ‘Leader’ in the particular field.*

**Keywords**—*Company, Corporate Governance, Employee, Employer, Management.*

---

### **INTRODUCTION**

The concept of corporate Governance was originated in first world countries. The countries like UK, where the citizens felt that there was need to establish ways of controlling funds used by the organization. IN UK, Corporate Governance started in 1980’s with Cand Bury Report (1992) which became the Bible for Corporate Governance.

Corporate Governance access to external financing firms leading to create investment, higher growth and employment to promote the development for strong financial systems which have positive trend in growth of the organization as a whole.

Corporate Governance in India gained prominence in the wake of liberalization during the 1990’s and was introduced by (CII) Industry Association Confederation of India Industry as Voluntary measures to be adapted by Indian companies. It soon acquired a mandating status in early 2000’s through the introduction of clause 49 of the listing Agreement, as All companies (of certain size) listed on stock exchanges were required to comply with these norms. In the late 2009 the Ministry of Corporate Affairs has released a set of Voluntary guide lines for corporate governance which is a basic document for corporate governance issues.

An organization with good corporate governance will boost the morale of the employees. There should be good relation in between employees and employers. It provides good working condition, Welfare Schemes, Medical facilities, recreations, cultural activities. After all they feel that they are the owners of the organization and family members. Then they will have the commitment to improve the quality as well as quantity. They will feel a security that management is considering them as their family members and giving due respect to them.

### **STATEMENT OF PROBLEM**

A good Governance will create an atmosphere for overall development of organization and to achieve the best result with minimum reserve. Quality transparency, accountability welfare schemes etc. are the good sign of good governance. In this way it should be a good team irrespective of difference in opinion, cost creed, culture, social, economic & political. Corporate Governance is the marriage two terms corporate and governance. This concept has pervaded all international forums and Zimbabwe in particular. Ghiliyer views “corporate governance as the system by which business corporation

are directed and controlled. The term directed and controlled are used to describe corporate governance. It is the wholesome set of relationship among the management, Board of Directors, Shareholders, employees of organization that ensures the effective foundation of all systems of institution.

It is concerned with the relationships between economic and social goals and also with individual and communal goals. It may also to be considered have powers are shared and exercised by various groups to ensure that goals of the organization are attained.

We have to make study of 5 organizations in which the comparing those in which how good governance effects the efficiency of the employees. In their qualitative and quantitative achievements, in their attitude changes when there is good governance and up to what extend the team attains the goal as an effect of good governances. When the welfare schemes are introduced and giving good training how the efficiency is improved or in absence of good governance how the moral ethics of the employees are affected or whether they react negatively. When there is good governance how employees feel secured and the way in which they change their attitude towards management and to the organization.

#### **OBJECTIVES OF STUDY**

1. To examine the selected industries whether there are good corporate governance practices.
2. To study the efficiency of employee's exchanges in different situation.
3. To derive suggestions to improve the efficiency with good governance practices.

#### **RESEARCH MYTHOLOGY**

Questionnaire method

Data collected from Management and also from the employees by direct interview given some questions.

#### **Research designs.**

Descriptive research design has been used in research work. We have selected 5 Textile Industries in Thrissur District.

#### **Sources of Data**

The data were collected from both primary and secondary sources. The primary data were collected by using questionnaire method. Secondary data were collected from journals, company report, books, newspapers of periodicals.

#### **Area of Study**

The study is based in Textile Industries especially in Thrissur. As far as India is concerned, Textile Industry in India is facing lot of problems at the same time it is improving a lot due to mechanization and new technologies.

I have made an attempt to study 5 major textile mills in Thrissur District in Kerala. Mainly hosiery products are manufactured most of these mills. The first mill was established (SITARAM MILL) in 1909.

Indian Textile Industry has a significant presence in the Indian economy as well as in the international textile economy. It's contribution to Indian economy is measured in term of its contribution to industrial production and employment generation and foreign exchange earnings. It provides 20% of in industrial production and 18% in employment in Industrial sector and 20% in the total earnings of exports.

Textile mill in Kerala especially in private sector are closed down resulting unemployment and some are mechanised which also resulted the unemployment. Some of the mills are taken over by Kerala Textile Corporation. Employees in some mills are under threat of retrenchment due to retrenchment.

#### **ANALYSIS OF DATA**

The data collected by way of questionnaire and interview with the employees. The data were collected and samples were taken for analysis. Rechecking of data were made for avoiding the bias of the interviewer and also to eliminate error factor. The missing details are collected by revisits.

The data collected were edited and presented in tabular form and using 5 points scales for study on the efficient of workers as a result of good governance. Data collected were analysed with the help of right statistical tools.

The following statistical tools were used for analysing collected data @ simple percentage analysis (b) the Chi Square Test.

#### **Analysis of Interpretation**

To analysis and find the impact on the efficiency of employees as a result of good corporate governance in Textile Industrial sector in Thrissur District in Kerala with the help of percentage analysis. Data were collected from the respondents of 5 textile mills to enable analysis data were classified on the basis of their recreation maintained in the answers and percentage analyse were done.

1. Kerala Lakshmi Mills, Thrissur
2. Sitaram Spinning and Weaving Mills Ltd., Ponkunnam, Thrissur
3. Rajagopal Textiles, Karanchira, Thrissur
4. Alagappa Textiles, Amballur, Thrissur
5. Wadakkanchery Co-operative Spinning Mills, Wadakkanchery.

**Table 1: Classification among 565 respondents in 5 companies.**

Industries	Male		Female		Total
	No. of Respondents	Percentage	No. of Respondents	Percentage	
Kerala Lakshmi Mills	100	77	30	23	130
Sitaram Mills	75	71	30	29	105
Rajagopal Textiles	75	71	30	29	105
Wadakenchery Co-ops spinning mills	100	80	25	20	125
Alagappa textiles	100	100	0	0	100

**Table 2: Factors of good governance**

	Kerala Lakshmi Mills				Sitaram Mills				Rajagopal textiles				Wadakkanchery Spinning mills				Alagappa Textiles			
	HS	S	NS	Total	HS	S	NS	Total	HS	S	NS	Total	HS	S	NS	Total	HS	S	NS	Total
Board of directors	80	50		130	50	40	15	105	55	40	10	105	40	60	25	125	50	40	10	100
Share holders	65	65		130	45	30	30	105	60	40	5	105	50	40	35	125	60	30	10	100
Auditing	45	35	50	130	50	30	25	105	40	35	30	105	40	30	55	125	40	40	20	100
Policies of government	60	40	30	130	40	35	30	105	40	30	35	105	60	40	25	125	70	25	5	100
Legal requirements	80	20	30	130	60	40	15	105	55	40	15	105	80	25	20	125	45	30	25	100
Market conditions	65	35	30	130	75	25	5	105	75	20	10	105	70	30	25	125	65	20	15	100
Financial institutions	55	40	35	130	55	40	10	105	40	40	25	105	60	40	25	125	80	10	10	100

**Table 3: Factors affecting the efficiency of employees**

	Kerala Lakshmi Mills				Sitaram Mills				Rajagopal textiles				Wadakkanchery Spinning mills				Alagappa Textiles			
	HS	S	NS	Total	HS	S	NS	Total	HS	S	NS	Total	HS	S	NS	Total	HS	S	NS	Total
Delegation of power	40	30	60	130	30	40	35	105	35	40	30	105	60	20	45	125	25	50	25	100
Clear goals	70	30	30	130	50	20	35	105	50	35	20	105	40	20	65	125	40	35	25	100
Communication	60	40	30	130	20	50	35	105	50	20	35	105	30	40	55	125	50	35	15	100
Task skills	65	35	30	130	60	30	15	105	30	60	25	105	25	30	70	125	25	40	35	100
Incentives	55	40	35	130	40	25	40	105	25	40	40	105	50	20	55	125	50	35	15	100
Training and development	60	25	45	130	25	60	20	105	30	60	15	105	40	50	35	125	40	25	35	100
Feed back	45	35	50	130	40	35	30	105	40	50	15	105	35	45	45	125	45	40	15	105

		Board of directors			Total
		Highly Satisfied	Satisfied	Not Satisfied	
Delegation of power	Highly Satisfied	140	35	15	190
		73.7%	18.4%	7.9%	
	Satisfied	100	60	20	180
		55.6%	33.3%	11.1%	
	Not Satisfied	40	130	25	195
		20.5%	66.7%	12.8%	
Total		280	225	60	565

Null Hypothesis	Degrees of freedom	Calculated value	Table value	p-value	Significance
There is no significance relationship between delegation of power and board of directors	4	118.1	9.48	< 0.001	Significant

**FINDINGS**

1. The study reveals that among 565 respondents average 70 percentages of them are male and 30 percentage of them are female.
2. Most of them are satisfied with good governances.
3. Average more than 50 percentages of staff are satisfied with Directors, Shareholders, Government policies and Marketing conditions.
4. As per delegation of powers, 74 percentages are highly satisfied with the board of Directors.

**SUGGESTIONS**

1. Some valuable suggestions are recommended to improve the governance of textile / industry. Efficiencies of employees will improve as a result of good corporate governance.
2. Board of Directors and Shareholders can influence the efficiencies of employees up to certain extend.
3. Good policies of Government especially labour supported ones and legal support by and the better legislations will improve the results.
4. Efficiencies of workers will be improved by providing good communication systems.
5. Most of the textiles mills are in Kerala are making automations which leads to retrenchment of employees. As a result, they have stress in work up to certain extend. Welfare activities such as Canteen, Medical Aid, Trips to tourist destinations etc. will improve the overall efficiency of employees which will build a ‘team’ in the organizations.

**CONCLUSION**

Good governance is a sign of healthy and efficient management. Employees should feel that organization is their own. They should act as ‘members’ of the organization. It will boost the morale of employee. There should be good communication, delegation of powers, fixing of targets, find the challengers in the place, production, price and purchase and fix the problems and sort out the solution when problems such as threat from competitions, financial institutions, changing the culture of the society, or seasonal fluctuations or the problem arising due to new legislation. Good governed one will overcome all their problem as a team and the efficiencies of the employees will rise to the occasion and solve the problem with mutual discussion and Research and development by introducing new techniques such as raising of funds and policies formulation and giving training and development in various sections of employees and meeting the challenges in marketing by way of Discount, exhibitions, by back schemes and also by introducing new models. As a net result we can say that good governance will lead to improvement in qualitative management as well as the efficiencies of employees.

**REFERENCES**

- [1] Research Methodology – C.R.Kothari (2003) 2<sup>nd</sup> Edition.
- [2] Human Resource Management -V.S.P Rao-- Excel Books- New Delhi 2000.
- [3] Mathematical statistics – P.R. Vittal.
- [4] Human Resource Management – Biswajeet Pattanayak- 3rd edition.
- [5] Human Resource Management -Robert L.Mathis & John H. Jackson. – 10<sup>th</sup> edition.
- [6] Human Resource Management – P.C. Tripathi.

\*\*\*\*\*