

EVALUATE THE LEVEL OF EMPLOYEE AWARENESS TOWARDS PRACTICING CORPORATE GOVERNANCE IN TEXTILE MANUFACTURING INDUSTRIES

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ABSTRACT

Corporate Governance is a structured and legal mechanism of creating a framework within an organization in context to encompass with rules, practices and processes by which a company is governed. It ensures every stakeholder in the company follows appropriate and transparent decision-making processes and to protect the interests of all the stakeholders (Shareholders, Managers, Employees, Suppliers, Customers, Government, Society) are protected. The study is quantitative and a survey design was adopted, with a sample size of 504 employees. It is a clear distinction between the role of the owners of a company and the managers when it comes to making effective strategic decisions. The aim of this objective is to examine the factors influencing employees towards corporate governance in textile manufacturing industries. The findings point to a presence of employee engagement is linked to customer satisfaction which is linked to an organization's financial success.

Keywords: Employee Interest, Corporate Success, Morality, Responsibility, Organized Meetings and Management Style.

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INTRODUCTION

Corporate governance is about promoting corporate fairness, transparency and accountability (Gopinath, 2020b). The World Bank states that “Corporate governance refers to that blend of law, regulation and appropriate voluntary private sector practices which enable the corporation to attract financial and human capital, perform efficiently and thereby perpetuate itself by generating long-term economic value for its shareholders, while respecting the interests of stakeholders and society as a whole (Gopinath, 2020a). It also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance.

LITERATURE REVIEW

Filatotchev, I., & Toms, S. (2006), this study illustrates the dynamics and focuses on the textile industry. A longitudinal approach is used to show the influence of the elimination of governance restrictions. The empirical evidence suggests that financial restraints become less serious to the range that there is an operational market for corporate control. This study outlines the overall case essential and ample circumstances for successful turnarounds.

Marie-France, B.T. et. al., (2007), this study focuses two NGOs revealed misuses of the rights of the maquiladora workers who make Gildan T-shirts in Honduras, it resulted in a five-year argument that completed only when the firm implemented the standard encouraged by the network of NGOs and unions the Fair Labour Association although it had already adopted several other one’s company code, worldwide responsible apparel production, verities, Austrian Textile Research Institute. The concern at stake was the verification and control devices of these criteria.

Ma. De Lourdes Elena Garcia Vargas & Magda Gabriela Sanchez Trujillo. (2016), this study examines the situation in the textile sector. Seventeen companies in technological development areas with diagnostic and exploratory study. Production and university services with quantitative study and transactional plan. Then were given qualitative perception with action research when interviews with government representatives, advisory councils and the chamber of commerce to establish their contribution in solutions finding in dealings to problems experiential, disbelief of the business sector programs presented by the government, minimal involvement in training and novelty forums in consultation councils and in the decision-making procedure which prevent the sector rise its progress.

Chatterjee, S. (2016), this study examines the Ghanaian manufacturing sector the connected between employer-employee dataset and dispersion in Ghana analyse from the period post extensive economic reforms of 1992 to 2003. The study found that increased variance of earnings from 1992 – 1998 and decreased afterwards, similar to an inverted U-shaped relationship. The analysis of variance and variance decomposition approaches to understand the underlying factors that led to such a pattern in earnings inequality. The findings of the study that between firm factors explain this pattern more than within-firm factors. It also found that the means earnings gap among below the 90th percentile of income distribution and workers above can describe the majority of the initial surge in disparity as 61 % but only explains a very small fraction of the eventual decline 9%. The findings suggestive evidence of changing patterns of worker firm sorting which contributes to the decline in quality. These designs though hold up only for private domestic firms and not for foreign- owned firms.

Leve, L. S., & Peter, A. J. (2016), this study examines the moral beliefs business people used to have guidelines to act by deciding the principles, manner and system. In India before independence social responsibility is made by the public sectors and NGOs. Nowadays almost all the organizations showing interest in various social activities. It also studies the development of textile industry productivity in Tiruppur, Tamilnadu.

India's contribution towards morals and social accountability with the limits of consuming safeguard, labour, human rights, environmental traits, employees welfare, supporting the deprived developing the local communities, economic aspects and so on.

Muthumoni, A. I., & Papraj, M. P. (2020), this study examines the cost of productions, purchase and sales of textile and non-textile goods in Tamil Nadu. Sarvodaya makes the village self-sufficient in the primary needs of life such as food, clothing and shelter and to promote the total development. It develops self-reliance in the individual and initiative in the community to enable the realization. The government also arranges awareness programmes in Sarodaya Sangam for preparing and organizing for the production and development of khadi and village industries in promoting and contributing rural area employment. Government has return providing enough financial assistance and subsidies for all the Sarvodaya Sangam workers it is the best way of promoting and improve economic level not only individual and also Indian economic status regarding with the textile product import and export.

RESEARCH OBJECTIVE

The research objective of this study was to examine the factors influencing towards practicing corporate governance in textile manufacturing industries.

RESEARCH METHDODOLOGY

Discriminant function analysis is a statistical procedure that classifies unknown individuals and the probability of their classification into a certain group. The typicality probability is how likely the unknown case belongs to a group based on variability within all groups. The universe of study comprise of 12 textile manufacturing industries of Tamil Nadu which was listed in NSE. The study is quantitative and a survey design was adopted, with a sample size of 504 employees. The proposed model has considered the entire twelve textile industries namely as Celebrity Fashions, Salona Cotspin, Gangotri Textiles, Shiva Texyarn, Bannari Amman Spinning Mills, Ambika Cotton Mills, Indian Terrain Fashions, Precot Meridian, Lambodhara Textiles, Super Spinning Mills, KPR Mill and Patspin India.

DISCRIMINANT FUNCTION ANALYSIS

Discriminant function analysis is a statistical procedure that classifies unknown individuals and the probability of their classification into a certain group. The typicality probability is how likely the unknown case belongs to a group based on variability within all groups.

Summary of Canonical Discriminant Functions

Canonical discriminant functions are meant as linear combinations that separate groups of observations and canonical variants are explicit as linear combinations associated with canonical correlations between two sets of variables (Employee Variables) and (Awareness Level).

Table 1 Eigenvalues for 2 Canonical Discriminant Functions

Function	Eigenvalue	Percent of variance	Cumulative per cent	Canonical Correlation
1	3.231 ^a	97.0	97.0	0.874
2	.101 ^a	3.0	100.0	0.303

First 2 canonical discriminant functions were used in the analysis
 Source: Computed from the primary data.
 *** Significant at 5 per cent, ** Significant at 1 per cent level

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Table 1 shows that an Eigenvalue indicates the proportion of variation explained (Between group's sums of squares and within the group's sum of squares). The canonical relation is a correlation between the discriminate function and levels of the dependent variable. The canonical correlation is 0.874. It indicates that canonical correlations are significant. 97 per cent of the variance among the awareness level among the employees can be explained by the first function (Gopinath, 2019).

Table 2 displays Wilks' Lambda for each predictor is the ratio of the within-group sum of squares to the total sum of squares. Its value varies between 0 and 1.

Table 2: Wilks' Lambda Predictor

Test of Function(s)	Wilks' Lambda	Chi-square	Df	Sig.
1 through 2	.215	221.546	14	(0.000)**
2	.908	13.835	6	(0.032)*

Source: Computed from the primary data. *** Significant at 5 per cent, ** Significant at 1 per cent level

The canonical relation is a correlation between the discriminant function and levels of the dependent variable. The canonical correlation is 0.874. It indicates that canonical correlations are significant. The chi-square value for the function is 221.546 which is statistically significantly at the 1 per cent level and Wilk's Lambda is 0.215.

Table 3: Classification of Level of Awareness with Function Coefficients

Employee Variables	Awareness Level		
	Low	Medium	High
Accountability	-2.244	-.404	2.825
Security	-2.746	-.570	3.586
Fairness	-1.250	-.652	2.302
Responsibility	-.775	-.089	.889
Transparency	-.882	-.206	1.190
Process	-.831	-.018	.821
Performance	-.931	-.252	1.317
(Constant)	-3.201	-1.261	-4.794
Fisher's linear discriminant functions			

Table 3 depicts the Classification function coefficients that are given for awareness levels like low, medium and high levels among the employees working in the textile industry towards practicing the corporate governance. The Employee Variables consists of Accountability, Security, Fairness, Responsibility, Transparency, Process, and Performance.

Following equations are drawn for low, medium and high levels of employee awareness towards practicing corporate governance Table 4.40 as given below

- Low level (Awareness Level) = -3.201 (Constant) -2.244 (Accountability) -2.746 (Security) - 1.250 (Fairness) - 0.775 (Responsibility) -0.882 (Transparency) - 0.831(Process) - 0.931(Performance).
- Medium level (Awareness Level) = -1.261 (Constant) - 0.404 (Accountability) - 0.570 (Security) - 0.652 (Fairness) - 0.089 (Responsibility) - 0.206 (Transparency) - 0.018 (Process) - 0.252 (Performance).
- High level (Awareness Level) = -4.794 (Constant) + 2.825 (Accountability) + 3.586 (Security) + 2.302 (Fairness) + 0.889 (Responsibility) + 1.190 (Transparency) + 0.821 (Process) + 1.317(Performance).

H₀: There is no relationship between the predicted group and categorical group variables.

Table 4: Predicted group membership classification & Model Summary

Awareness Level		Predicted Group Membership			Total
		Low	Medium	High	
Original	Low	34	5	0	39
	Medium	15	54	1	70
	High	0	7	34	41
	Low	87.2	12.8	.0	100.0
	Medium	21.4	77.1	1.4	100.0
	High	0.0	17.1	82.9	100.0
Goodness of Fit-Indices					Values
R					0.810
R ²					0.770
F Statistic					461.78
Significance					(0.00)**
Source: Computed results based on primary data.					
** Sign @ 1 per cent level.					

Table 4 shows that Predicted group member classification table measures the degree of success of the classification of the employee awareness level. The number and percentage of cases are correctly classified and misclassified are displayed in Table. Here 39 employee respondents or 87.2 percent of low awareness level, 70 respondents or 77.1 percent has the medium awareness level and 41 respondents or 82.9 percent of high awareness level which is correctly classified. Hence it is inferred that major respondents of the organization have medium level of awareness in practicing the corporate governance.

The Model summary regression illustrates the discriminant score and predicted score. The R-value is 0.810. Therefore, 77 percent of independent variables support the dependent variables. The F value is (461.78) and it is significant at 1per cent level. The null hypothesis (H₀) is rejected and the alternative hypothesis (H₁) is accepted. Therefore, it is considered that there is a significant relationship between predicted group and categorical group variables (Bhawiya Roopaa & Gopinath, 2020b).

CONCLUSION

The overall analysis of the tests confirms that the respondents were grouped 87.3 per cent correctly into the concerned categories (Gopinath, 2020c). 39 per cent of the employees belong to possessing low level of awareness towards practicing the corporate governance, 70 per cent of the employees consist of medium level of awareness and 41 per cent of the employees have high level of awareness of practicing corporate governance in their respective organizations (Bhawiya Roopaa & Gopinath, 2020a; Gopinath, 2020d)). Also, it can be inferred that majority of the employees (70 per cent) working across the textile companies have very good awareness of corporate governance practice and its application in their business.

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