

WOMEN EMPLOYEES' PERSPECTIVE ON CORPORATE GOVERNANCE EFFECTIVENESS – AN EMPIRICAL STUDY

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ABSTRACT

Corporate Social Responsibility (CSR) and corporate governance seem to be two sides of the same coin. Companies must be internally well-governed and externally responsible. Organisational CSR practices, perceptions of key personnel and employees can affect CSR practices. A limited number of studies have traced the effectiveness of corporate governance based on organizational, managerial, and employee orientations to CSR. Hence this study is to assess the relationship of CSR orientation, organizational CSR practices, and employee-involvement CSR practices in corporate governance effectiveness with special reference to the views of women employees working in IT sector. It is found that employees consider the management's decision-making, their involvement in conducting CSR practices and organisational CSR practices as impacting the Corporate Governance effectiveness.

Keywords: Corporate Governance Effectiveness, Corporate Social Responsibility, Employers and Employees' Perception, Employees Involvement and Organizational CSR Practices.

Introduction

Competitive advantage gives businesses an edge over their competition by enabling them to pull in more clients and expand their market share. At least one distinct advantage over the other businesses in its sector is essential for survival of business today. Replicating a company's competitive advantage is made easier with technical advancements. However, creating more than one competitive advantage is not always achievable in this extremely competitive market. When properly managed by corporations, even socially responsible actions benefit company by setting it apart from its competitors. International Organization for Standardization (ISO) 26000 aids corporates by providing guidance in performing corporate social responsibility (CSR) activities. CSR initiatives impacts more positively when corporates attempt to do it qualitatively rather than quantitatively. It has wide importance in brand recognition, Investor relation, Employee engagement, risk mitigation and financial performance.

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Jack Welch, CEO of General Electric from 1981-2001 says, "Don't manage; lead change - before you have to". In fact, it serves as one of the principles that many businesses use to guide governance and decision-making. A wise decision-maker attempts to make decision rationally that will benefit both themselves and other people. A variety of factors, including the availability of resources, management skills, environmental adaptability, and social support, influences the growth of a business. Companies must be internally well-governed and externally responsible.

The senior executives have been instrumental in formulating and regulating the rules and operations of the company. They take into consideration the organisational goals, culture, practices, employee's adherence, involvement, relation when framing the standards of operation. Therefore, corporate governance effectiveness can depend on vision of organisation, employees and top-level managers. The role of the board of directors and the management is crucial as they are the final deciding authorities of an organisation by considering the 3Ps (People, Planet and Profit). Effective corporate governance ensures social responsibility of the business.

However, at times, high-quality corporate governance has been associated with lower CSR investments (Chintrakarn et al., 2016). CSR can be interpreted as a factor that contributes to risk control and sustainable outcomes (Kim et al. 2021; Lins et al. 2017; Shiu and Yang 2015; Eccles et al. 2014). Organisational CSR-practices refers to the sustainable way of conducting business operations. Setting to the standards, adhering to the norms of production, and selling acts as a primary need of corporate governance. Employees ultimately carry out the framed policies of corporates. It is indeed to study the employee-involvement in CSR practices to assess the corporate governance effectiveness. It is a practice of engaging employees directly to perform organisational CSR practices.

Review Of Literature

Chakraborty et.al., (2023) have undertaken a study on the impact of corporate governance practises on voluntarily disclosed carbon emissions by Bangladeshi firms. Ordinary least square (OLS) techniques are used for the study. Sample covers from 2015 to 2019, consisting of 250 firm-year observations from listed companies on the Bangladeshi, Dhaka Stock Exchange (DSE). The findings indicate a favourable association between board size and the number of independent directors on the board and firms' readiness to share information about carbon. Secondly, the study has not marked any significant evidence on corporate-carbon disclosure with the majority presence of female directors on the board or with the functionality of environmental committee. Additionally, it is required to provide comprehensive and all-encompassing carbon-related information in order to improve Corporate Governance practises.

Kang et al., (2022) have analysed the role of organisational practices of providing sustainable training and reward to employees in influencing employee's adoption of sustainable organisational behaviours. Through judgemental sampling, the responses of 345 employees of Common Wealth Magazine's Sustainable Citizenship Award - winning companies were used for the study, and hierarchical regression analysis was applied. It was found that sustainable human resource (HR) practices of training and reward have a significant impact on employees' sustainable behaviour, and in addition, employees' perception of corporate sustainable responsibility was found to be mediating the relationship between them.

Al-Shaer et al., (2022) conducted research on the impact of CEO influence and CSR-related compensation on environmental performance. The researchers explore on the managerial authority of the CEO. The study's sample was gathered from firms that were listed on the London Stock Exchange (FTSE - All Share) between 2011 and 2019. The results showed that the CEO was motivated to enhance environmental performance by the compensation he received for participating in environmental initiatives. Additionally, freshly appointed CEOs are more enthusiastic about environmental initiatives than CEOs with administrative authority were because of the associated expenditures. This study presents new evidence for the management of environmental impact and enhancement of company environmental performance in relation to environmental-related incentives and managerial authority.

Zeimiene and Marmiene (2022) have conducted a study on 83 employees from various socially conscious UN organisations belonging to the Lithuanian Responsible Business Association. Regression analysis was conducted. It indicates that employees' attributions to socially responsible organisations negatively affect their behaviour towards social initiatives rather working towards turnover intentions.

Epure (2021) has conducted an empirical analysis on 3606 firm-year observations of listed manufacturing firms of various countries during the period from 2005 to 2010. The study proposed a production framework where sales generation is based on capital, labour, and corporate social responsibility and the results indicated the importance of CSR and its engagement by highlighting asymmetric effects on firm-outcome variables and counteracting financial distress.

Adel et al., (2017) carried out research to investigate the factors that influence the level of CSR reporting in the S&P 350 European companies. The researchers have taken 350 sample size and the hypotheses were tested using Tobit Regression Analysis. The results indicate that firm size, the existence of a Corporate Social Responsibility (CSR) committee, and directors' ownership have an advantageous influence on the degree of CSR reporting. However, board independence, the severity of environmental norms, and inflation have a detrimental impact on the level of CSR disclosure. The single element that significantly improves the disclosure of each CSR sub-category and the entire CSR inclusive index is the existence of a sustainability committee within the organisation. The researchers suggested that managers of the firms should make a greater effort to use the various media available for disclosing information for many stakeholders.

Nedelco and Potocan (2014) have examined the employee's perception of CSR and its impact on economic, environmental and societal aspects of organisational social responsibilities. Data analysis of a sample of 288 Slovenian organisation's employees have showed a positive relationship between employees' concern for CSR and their behaviour towards CSR at workplace.

Research Gap

Many studies have highlighted the perspectives of decision-makers in influencing CSR activities. There are some studies reflecting employees' perspectives with respect to management initiatives, purposes, business operations, and HR practices in their acceptance and adherence to CSR initiatives. Corporate Social Responsibility (CSR) and corporate governance seem to be two sides of the same coin. A limited number of studies have traced the effectiveness of corporate governance based on organizational, managerial, and employee orientations to CSR. Therefore, this study is attempted to empirically analyse the impact of manager's priority on CSR practices, organisational CSR practices and employee-involvement CSR practices in corporate governance.

Objective Of The Study

The primary purpose of the study is to assess the relationship of CSR orientation, organizational CSR practices, and employee-involvement CSR practices in corporate governance effectiveness with special reference to employee views. Corporate social responsibility activities are often classified into four categories: environmental concerns, ethical responsibility, philanthropic behaviour, and financial responsibilities. Secondly, the study extends to identify the employee's preferences in selected CSR initiatives.

Scope Of The Study

This study is undertaken to comprehend the impact of employees' perception and practice of corporate social responsibility to understand the effectiveness of corporate social responsibility. The study's scope is constrained to the responses of female employees; the responses of male workers were not considered. The present study focuses on women employees in various IT companies in Chennai city in India. It covers the influence of women employees on corporate social responsibility that results in managerial decision making of the IT Companies, employers' corporate social responsibility and its effective governance.

Significance Of The Study

Chennai is situated in India's southernmost coast and is one of the most economically prosperous cities in India. It is also known for urbanized, industrialized, and modernized city. Chennai is home to a number of manufacturing businesses, including those in the automotive, hardware, biotechnology, IT, and health industries. Huge number of IT companies are operating in Chennai today. The current study would present the effectiveness of corporate governance through the organisational social responsibilities of IT companies with specific reference to their practices and the involvement of employees' in CSR.

Research Methodology

The primary data were collected from women working at middle-level in Information Technology (IT) sector. Self-designed structured questionnaire based on 5-point Likert-scale was circulated to 372 working-women in the age group of 21 to 35. Snowball technique was used to identify the responders. Reliability and consistency of the variables were tested, and the Cronbach's Alpha value was found to be 0.857 indicates that the questionnaire is consistent and reliable in nature. Spearman's correlation technique and regression analysis and descriptive statistics have been used to interpret the results.

Data Analysis And Interpretation

The primary data collected were subjected to data analysis and interpretation through SPSS Version 28.0. The statistical tools such as, descriptive statistics, reverse weighted average mean ranking and multiple linear regression analysis has been applied and results are presented in table 1 to table 3.

Descriptive Statistics	Age (In Years)	Work Experience (In Years)	Working Hours Per Day
Mean	22.552	1.890	8.552
Std. Deviation	2.166	1.189	0.897
Minimum	20.000	1.000	7.000
Maximum	32.000	5.000	10.000

Table 1: Descriptive Statistics of Age, Work Experience and Working Hours

Source: Primary Data

Table 1 shows the nature of the study-population. The average age of respondents is 22.5 years. It is inferred that middle level women employees are at the age group of 22 and 23 years in IT sector. Their working hours ranging from 7 to 10 hours.

Title	Mean	SD	Rank
Service to Disable People Development	4.86	1.461	II
Service for Children & Adolescents	4.93	1.052	I
Service for Under-Privileged Development	4.72	1.017	III
Service for Pandemic Circumstances & Medical Camps	4.55	1.307	IV
Service for Rural CSR	4.45	1.679	V
Service for Environmental Protection	4.34	1.127	VI

Table 2: The Mean Based Ranking for the CSR activities of the Companies
Source: Primary Data

Table 2 interprets the overall respondents' priority over selected CSR activities. Accordingly, Service for Children & Adolescents was ranked at the top, which is followed by Service to Disable People Development, Service for Under-Privileged Development, Service for Pandemic Circumstances & Medical Camps, Service for Rural CSR and finally the women employees preferred Service for Environmental Protection. However, all the CSR initiatives have the mean value above 4 which indicates the respondents' strong agreement or agreement over corporate initiative towards CSR.

Variables	Mean (SD)	Cronbach Alpha	R Square	SE Estimate	F-Value (Sig.)	Co-efficient		Collinearity Statistics	
						Standardized Coefficients	t-Value (Sig.)	Tolerance	VIF
						Beta			
Dependent Variable									
Corporate Governance Effectiveness (5 Items)	4.14 (0.535)	0.840	0.583	0.348	99.306 (0.000)*				
Independent Variables									
(Constant)						***	5.761 (0.000)*	***	
CSR Orientation (5 Items)	4.06 (0.589)	0.902				0.632	10.690 (0.000)*	0.840	1.190
Employee CSR Involvement Practices (5 Items)	3.98 (0.871)	0.924				0.245	4.141 (0.000)*	0.840	1.190
Organisational CSR Practices (5 Items)	4.01 (0.535)	0.827				0.101	1.193 (0.235)	0.412	2.426

Table 3: Significant Predictors of Corporate Governance Effectiveness
Source: Primary Data

Table 3 interprets the regression results of the study. R Square is the measure of variance explanation of dependant variable by the independent variables of the study. It is noted at 0.583, which explains good amount of variance by all the three independent variables say CSR orientation, Employee CSR involvement practices and Organisational CSR practices. P-value of CSR orientation (0.000) and Employee CSR involvement practices (0.000) indicates that the change observed by such predictors will change the Corporate Governance effectiveness

Results And Discussion

From the study, it is known that employees believe their participation in CSR activities, the management decisions towards CSR, and organisational CSR activities will have an impact on the efficacy of corporate governance. Though organisational CSR practices are marked at lower significance in affecting Corporate Governance effectiveness, it retains its importance in finding effectiveness of Corporate Governance.

Managerial Implications

Women employees have more favourable attitude on the determinants of Corporate Governance which can impact positively and yield desired outcomes. The organisation governing policies in relation to CSR disclosure and CSR practices abide employees in turn influencing their involvement to CSR activities and favourable business outcomes as well. Therefore, it is advised that management's engagement in socially responsible activities can be done explicitly. Additionally, the organization's code of conduct should follow the governing standard.

Conclusion

The intention of this study aimed to assess the women employee's perspectives towards organisational CSR practices, Board members orientation to CSR and the employees' commitment to CSR activities in determining Corporate Governance effectiveness. Chakraborty and Dey (2023) does not mark any significant difference over the presence of the majority of female board members in corporate-carbon disclosure. However, this study found that women employees have more positive attitudes for being socially responsible. They prefer the corporate initiatives for Children, Adolescents, Disable People Development, Rural Development, and Environmental Protection.

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