

A study on Corporate Governance and Social Responsibility Synergies and Interrelationships in Private Manufacturing Industries with Reference to Ernakulam

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Abstract: Corporate Governance(CG) is worried with keeping the balance between monetary and social dreams and between man or woman and communal goals. The relationships between CG & CSR are fine interpreted by means of abandoning the widespread view of the company as a shareholder price maximize and embracing the view of a company as a stake holder maximize. Corporate social responsibility(CSR) is worried with treating the stakeholders of the firm ethically or in a socially responsible manner. The basis of company responsibility has transitioned from why organizations have to be socially responsible to how they can emerge as socially responsible. CSR is now a major aspect of new business and CG models for long-term sustainability. Lack of transparency in monetary reporting and combat of interest of directors are the major CG issues. Social responsible investing and partnership with community are the region which is extra sizable as compared to others. Irregular work and Fair pay are the primary two issues that the companies are facing recently. This learn about is carried out to locate out the synergies and interrelationship between CG and CSR in personal manufacturing industries and additionally the structuring, functioning and troubles associated are been focused. The existing study focuses CG and CSR things to do of private manufacturing industries in Ernakulam.

Index Terms: Corporate Governance, Corporate Social Responsibility, Companies, Synergies.

I. INTRODUCTION

Corporate Governance (CG) is concerned with maintaining the balance between economic and social dreams and between man or woman and communal goals. The Corporate Governance framework is there to inspire the efficient use of resources and equally to require accountability for the positive administration of these resources. The aim is to align as nearly as possible the pastimes of individuals, corporations and society. Corporate social responsibility (CSR) is worried with treating the stakeholders of the association ethically or in a socially responsible manner.

CSR is regularly getting fused into corporations CG practices. Both CG and CSR center of attention on the moral practices in the enterprise and the responsiveness of an organization to its stakeholders and the surroundings in which it operates. They result into higher photo of an organization and immediately have an effect on the overall performance of an organization. CSR is based totally on the notion of self-governance which is associated to external legal and regulatory mechanism, whereas CG is a widest control mechanism within which a employer takes it administration decisions. The relationships between CG & CSR are first-rate interpreted by way of forsaking the preferred view of the company as a shareholder value maximize and embracing the view of a association as a stake holder maximize. CG & CSR are a strong praise to every other. The wonderful relation between CG & CSR on one hand and the market price of the company on the different hand recommend that market is by some means able to notice the corporations which are beyond the standard bottom line and toward an extended bottom line. The purpose of the research is to study Corporate Governance, Corporate Social Responsibility, their interrelationship and synergies and additionally to recognize the present day activities of private manufacturing industries in terms of service to society.

II. STATEMENT OF THE PROBLEM

Corporate Governance and Corporate Social Responsibility are regarded as two facets of the identical coin. This find out about is conducted to locate out the synergies and interrelationship between CG and CSR in non-public manufacturing industries and additionally the structuring, functioning and issues related are been focused. The existing find out about focuses CG and CSR things to do of non-public manufacturing industries in Ernakulam.

III. REVIEW OF LITERATURE

Corporate governance is important to a firm's performance and success. Much of the research in this area files how corporate governance mechanisms have an effect on dimensions of financial reporting and performance. Abdel-Khalik (2002) proposed post-Enron governance reforms to, among different things, enhance auditor selection, retention and compensation. Recent work also archives monetary reporting benefits from corporate governance.

MacMillan et al. (2004) concluded that in broader view company governance emphasize that every business is responsible closer to the one of a kind stakeholders that furnishes it with the necessary assets for its survival, competitiveness, and success. In Regard to research accessible on measuring the impact of corporate governance factors on CSR disclosure by firms, even although limited, research nevertheless suggests that board variety to a positive extent can have an effect on social and environmental aspects of the business.

A narrow view of CG portrays it as an enforced system of laws and of financial accounting, where socio environmental issues are accorded a low precedence (Saravanamuthu, 2004). There is, however, a broader CG conception, emphasizing each and every business' obligations toward the different stakeholders that supply it with the imperative sources for its survival, competitiveness, and success (MacMillan et al., 2004).

Companies with desirable corporate governance commonly think about the protection of stakeholders, customers and society's have faith to be of indispensable importance in ensuring mutual sustained development. In contrast, CSR literature focuses on the want to keep the best requirements of governance internally, specifically in discussions of the internal dimension of CSR (Grosser & Moon, 2005; Perrini, Pogutz, & Tencati, 2006).

Kolk and Pinkse (2010) discovered that attempts to fortify company governance has seen an elevated focus on unique mechanisms such as board behavior, auditor independence, controls, chance management, and no longer only ethical components of remuneration, managerial and worker behavior, such as whistle-blower and grievance provisions, but also voluntary components of environmental, social and stakeholder duties.

IV. OBJECTIVE

- To find out about the corporate governance of private manufacturing industries, their structure, functioning and problems in Ernakulam.
- To observe the elements influencing the Corporate Governance and Corporate Social Responsibility practices in non-public manufacturing industries in Ernakulam.
- To discover the interrelationship between Corporate Governance and Corporate Social Responsibility practices in private manufacturing industries in Ernakulam.

V. METHODOLOGY

The essential information was amassed from the respondents by administering a structured questionnaire and additionally via observation, dialogue with the management. A sample of 15 Private Manufacturing corporations in Ernakulam which has CG and actively participating in CSR is taken for the study. The tools used in this learn about are Mean, One Way ANOVA, Chi Square test. Data analysis was once carried out the usage of SPSS.

VI. HYPOTHESIS OF THE STUDY

1. There is no association between factors influencing corporate governance in your company by approach suitable to promote good Corporate Governance.
2. There is no association between Corporate Governance by approach suitable to promote good Corporate Governance.
3. There is relationship between public kept informed of company information By Factors influencing Corporate Governance – Performance.
4. There is relationship between factors influencing Corporate Governance – Performance By main benefits of adoption of CSR – increase in efficiency.
5. There is relationship between legal mandate for compulsory CSR spending affected the CG decisions By Factors influencing CSR – Government policy.

VII. ANALYSIS AND INTERPRETATION

1. **To find out the association between factors influencing corporate governance in your company by approach suitable to promote good Corporate Governance**

Ho: There is no association between factors influencing corporate governance in your company by approach suitable to promote good Corporate Governance

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Corporate Governance has impacted_Financial Performance	Between Groups	3.067	2	1.533	3.136	.080
	Within Groups	5.867	12	.489		
	Total	8.933	14			
Corporate Governance has impacted_access to new capital	Between Groups	.533	2	.267	.211	.813
	Within Groups	15.200	12	1.267		
	Total	15.733	14			
Corporate Governance has impacted_Reduced cost of Capital	Between Groups	1.352	2	.676	.701	.515
	Within Groups	11.581	12	.965		
	Total	12.933	14			
Corporate Governance has impacted_Improve Corporate Social	Between Groups	.076	2	.038	.033	.967
	Within Groups	13.657	12	1.138		
	Total	13.733	14			
Corporate Governance has impacted_Increased market value of shares	Between Groups	.343	2	.171	.205	.818
	Within Groups	10.057	12	.838		
	Total	10.400	14			

Interpretation: The Significant Values are 0.80, 0.813, 0.515, 0.967 for the impact of corporate Governance like financial performance, access to new capital, reduced cost of capital, improve corporate social, increased market value of shares the value is > 0.05. Hence null hypothesis is Accepted. It might be because the companies which I have selected for the study might not have association between factors influencing CG and approach suitable to promote good CG.

2. To find out the association between Corporate Governance by approach suitable to promote good Corporate Governance

Ho: There is no association between Corporate Governance by approach suitable to promote good Corporate Governance.

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Corporate Governance issues_Lack of integrity and ethics among top management	Between Groups	1.276	2	.638	.878	.441
	Within Groups	8.724	12	.727		
	Total	10.000	14			
Corporate Governance issues_Lack of transparency in financial reporting	Between Groups	1.638	2	.819	.568	.581
	Within Groups	17.295	12	1.441		
	Total	18.933	14			
Corporate Governance issues_Conflicts of interest of directors	Between Groups	2.743	2	1.371	1.516	.259
	Within Groups	10.857	12	.905		
	Total	13.600	14			
Corporate Governance issues_Inadequate and inefficient risk management	Between Groups	.210	2	.105	.167	.848
	Within Groups	7.524	12	.627		
	Total	7.733	14			
Corporate Governance issues_Ineffective connectivity between board and management	Between Groups	.476	2	.238	.380	.692
	Within Groups	7.524	12	.627		
	Total	8.000	14			

Interpretation: The Significant Values are 0.441, 0.581, 0.259, 0.848, 0.692 for the issues in corporate Governance like Lack of integrity and ethics among top management, lack of transparency in financial reporting, conflicts of interest of directors, inadequate and inefficient risk management, ineffective connectivity between board and management the value is > 0.05. Hence null hypothesis is accepted. It might be because the companies which I have selected for the study might not have association between factors influencing CG and approach suitable to promote good CG.

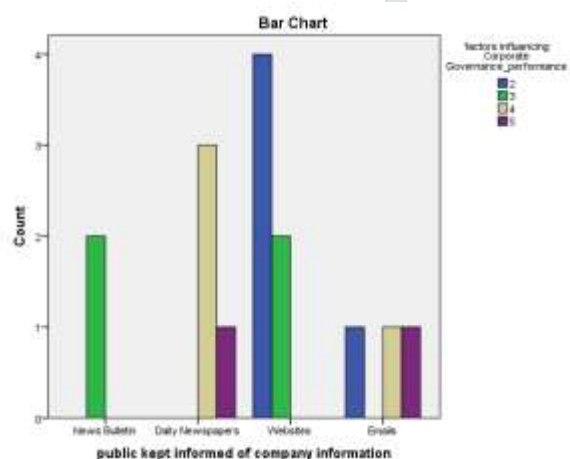
3. To find out relationship between public kept informed of company information By Factors influencing Corporate Governance – Performance

Ho: There is no relationship between public kept informed of company information By Factors influencing Corporate Governance – Performance

H1: There is relationship between public kept informed of company information By Factors influencing Corporate Governance – Performance

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.063 ^a	9	.034
Likelihood Ratio	21.465	9	.011
Linear-by-Linear Association	.256	1	.613
N of Valid Cases	15		

Source : Primary Data



Interpretation: Here the Pearson Chi-Square value is 0.034 and the likelihood is 0.011. Since the significant level is less than 0.05, null hypothesis is rejected which means there is relationship between public kept informed of company information by factors influencing corporate governance – performance.

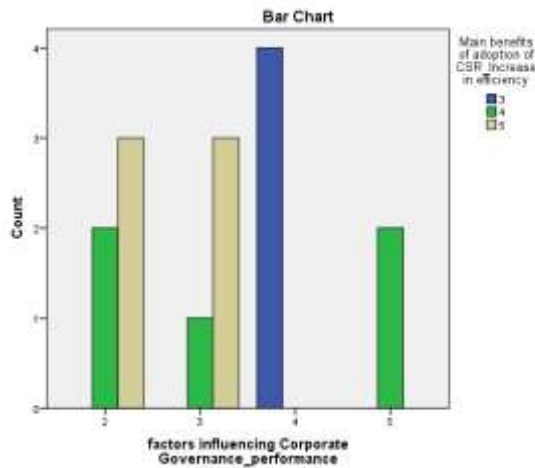
4. To find out relationship between factors influencing Corporate Governance – Performance By main benefits of adoption of CSR – increase in efficiency

Ho: There is no relationship between factors influencing Corporate Governance – Performance By main benefits of adoption of CSR – increase in efficiency.

H1: There is relationship between factors influencing Corporate Governance – Performance By main benefits of adoption of CSR – increase in efficiency.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.275 ^a	6	.004
Likelihood Ratio	21.327	6	.002
Linear-by-Linear Association	4.803	1	.028
N of Valid Cases	15		

Source: Primay Data



Interpretation: Here the Pearson Chi-Square value is 0.04 and the likelihood is 0.02. Since the significant level is less than 0.05, null hypothesis is rejected which means there is relationship between factors influencing Corporate Governance – Performance By main benefits of adoption of CSR – increase in efficiency.

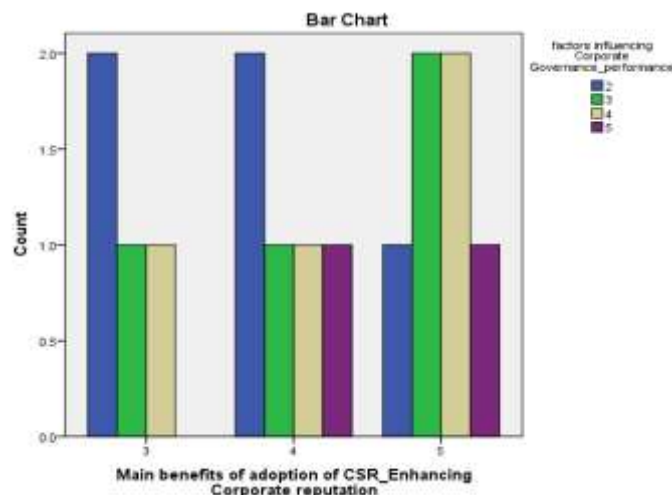
5. To find out relationship between main benefits of adoption of CSR – Enhancing corporate reputation By Factors influencing corporate governance – performance.

Ho: There is no relationship between main benefits of adoption of CSR – Enhancing corporate reputation By Factors influencing corporate governance – performance.

H1: There is relationship between main benefits of adoption of CSR – Enhancing corporate reputation By Factors influencing corporate governance – performance.

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.025 ^a	6	.917
Likelihood Ratio	2.598	6	.857
Linear-by-Linear Association	1.137	1	.286
N of Valid Cases	15		

Source : Primary Data



Interpretation: Here the Pearson Chi-Square value is 0.917 and the likelihood is 0.857. Since the significant level is greater than 0.05, alternative hypothesis is rejected which means there is no relationship between main benefits of adoption of CSR – Enhancing corporate reputation By Factors influencing corporate governance – performance.

VIII. FINDINGS

1. To study the corporate governance of private manufacturing industries, their structure, functioning and issues.

- Male category is more when in contrast to girl category. Here, age between 36-45 years is extra as in contrast to other age category.
- Board of Directors and Company Secretary play a integral function in the decision making the top managers are the one who enforce the same.

- The role of the employees is related to their academic qualification. Top managers and Board of Directors are to be enormously qualified individuals.
 - Size of the Board depends upon the Firm size. Board contributors are the core decision makers in a company. When those decision making powers are in few hands, better the choices will be made.
 - A Mix of Executive Directors and Non-Executive Directors is preferred by most of the groups which is higher alternative to preserve proper CG and CSR in a company.
 - Meeting of the Board of Directors by using putting a quota is more superb for correct CG and CSR operations in a company.
 - Board conferences are conducted to take proper choices in right time. It is better to conduct meetings in every quarter of a year.
 - Electing new Board of Directors are quintessential for the clean working of a company. Electing the identical in 3 years is viewed by means of most of the businesses in the study. Changing the Board of Directors regularly may additionally have an effect on the company's performance adversely, so that selections' involving any trouble is never the much less late or early.
 - Informing the public about the corporation information is an essential factor for the company's development. Websites are more often than not used to saved the public informed. It is the greater efficient and superb way to get them knowledgeable as the web people are very excessive in number.
 - Sanctioning the Board of Directors for Violating their responsibilities are used to happen in companies. This is performed for the preserving the groups goodwill and popularity in the society. Here, no groups have sanctioned any of their board members.
2. **To examine the factors influencing the Corporate Governance and Corporate Social Responsibility practices in private manufacturing industries.**
- Firm size and Investment are the primary thing that have an effect on the CG in a company.
 - CG has its foremost affects on financial performance, get entry to to new capital and improve CSR.
 - Lack of transparency in economic reporting and conflict of activity of administrators are the primary CG issues.
 - Mixed method prescribes only the simple framework by way of rules and permitting agencies to develop greater special exercise with the aid of their own. It is the suitable approach to promote right CG.
 - In most companies' surroundings protection and relationship with community are the place which is more widespread as compared to others.
 - Social accountable investing and partnership with neighborhood are the region which is extra vast as in contrast to others.
 - Irregular work and Fair pay are the essential two problems that the corporations are going through recently.
 - Waste recycling is the foremost measure adopted through agencies to limit environmental impact.
 - Enhancing corporate recognition and make bigger in effectively are the primary benefits of adoption of CSR.
 - High cost and no immediate commercial enterprise benefits are the main problems associated to development of initiatives in the discipline of CSR.
 - Organizational culture, compensation and government coverage are the primary elements that have an effect on CSR.
3. **To explore the interrelationship between Corporate Governance and Corporate Social Responsibility practices in private manufacturing industries**
- Legal mandate for compulsory spending has affected CSR in an positive way.
 - Board structure and composition and govt and director compensation are the two important CG strengths that have an effect on CSR.
 - CSR as a dimension of CG is the main hyperlink between CG and CSR.
 - CG with CSR have greater have an impact on on the financial overall performance of the company.

IX. CONCLUSION

The foundation of corporate duty has transitioned from why corporations should be socially accountable to how they can grow to be socially responsible. CSR is now a important thing of new commercial enterprise and CG fashions for long-term sustainability. It has converged with the new vogue of CG and contributed to the moving of the ordinary idea of CG to a vehicle for pushing company management to consider broader social issues. CSR defines company duties to society as follows: firstly, that groups have a accountability for their have an impact on society and the natural environment, which on occasion goes past prison compliance and the liability of individuals; secondly, that agencies have a duty for the behaviour of others with whom they do business; and thirdly, that enterprise wants to control its relationship with wider society, whether for reasons of commercial viability or to add value to society.

X. REFERENCES

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QUESTIONNAIRE

A Study on Corporate Governance and Corporate Social Responsibility Synergies and Interrelationships in Private Manufacturing Industries with Reference to Ernakulam

1. Name of the Respondent?

2. Respondent's company name?

3. Gender?
 Male Female
4. Your age?
 Below 35 years 36 – 45 years 46 – 55 years Above 55 years
5. Your Position?
 Manager/Executive Company Secretary
 Board of Director Others(Please Specify)_____
6. Highest educational qualification?
 School Level Diploma Bachelor's Degree
 Post Graduate Diploma Master's Degree Doctoral Degree
7. What is the size of the board?
 5 7 10 Others(Please Specify)____
8. What is the composition of the board?
 (i) Executive Directors only
 (ii) Non-Executive Directors only
 (iii) Independent Directors only
 (iv) Mix of (i),(ii) and (iii)
 (v) Others(Please Specify)_____
9. Is there a set quota for meetings of the board?
 Yes No
10. How often do board and sub-committees conduct meetings?

- Every one month
- Every quarter
- Twice a year
- Others(Please Specify)_____

11. How often is the Board of Directors elected?

- Yearly
- In 3 years
- In 5 years
- In 10 years
- Others____

12. How are public kept informed of company information?

- News Bulletin
- Daily Newspapers
- Websites
- Emails
- Others(Please Specify)_____

13. Have any of the Board of Directors ever been sanctioned for violating any of his/her duties?

- Yes
- No

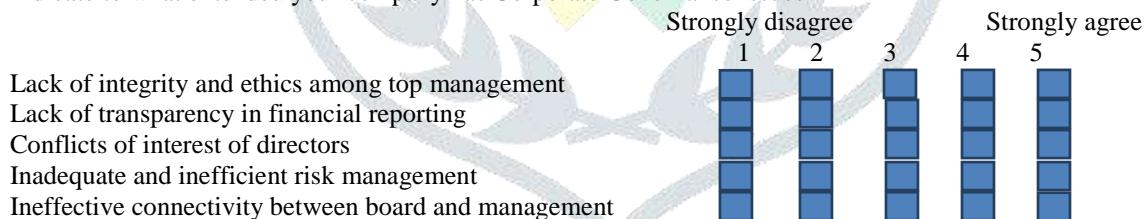
14. How do you rank the main factors influencing Corporate Governance in your company?



15. In Your company how Corporate Governance has impacted on the following?



16. Indicate to what extent your company has Corporate Governance issues?



17. In Your Opinion what approach is suitable to promote good Corporate Governance?

- Prescriptive Approach
- Non Prescriptive Approach
- Mixed Approach

18. Which is the area of Corporate Social Responsibility is more significant for your company?

- Governance and dialogue with the stake-holders
- Policy towards employees
- Relationship with clients and suppliers
- Relationship with the community
- Environment protection

19. In which of the following area your company has realized significant operations?

- Health and development of employees
- Practice of responsible business
- Climatic changes
- Social responsible investing
- Partnership with community

20. Which of the following problem your company has recently faced?

- Employee safety
- Children Safety
- Irregular work
- Women rights
- Fair pay

21. Which of the following measures has your company adopted to reduce environmental impact?

- Energy saving
- Waste recycling
- Development of environment friendly products
- Use of renewable resources
- Life cycle assessment process

22. What are the main benefits of adoption of Corporate Social Responsibility?



23. What are the problems related to development of initiatives in the field of Corporate Social Responsibility in your company?



24. How do you rank the factors influencing Corporate Social Responsibility in your company?



25. Did the legal mandate for compulsory Corporate Social responsibility spending affected the Corporate Governance decisions?

- Yes
- No

26. How the following Corporate Governance strengths impacts Corporate Social Responsibility in your company?



27. As per your company, how do you assess the link between Corporate Governance and Corporate Social Responsibility?

- Corporate Governance as a pillar of Corporate Social Responsibility
- Corporate Social Responsibility as a dimension of Corporate Governance
- Corporate Governance and Corporate Social Responsibility continuum

28. Which of the following have a greater impact on the financial performance of the company?

- Corporate Governance
- Corporate Social Responsibility
- Corporate Governance with Corporate Social Responsibility
- None of these