

A STUDY ON EMPLOYEE'S AWARENESS ON CORPORATE GOVERNANCE WITH SPECIAL REFERENCE TO HDFC BANK IN COIMBATORE CITY

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ABSTRACT

Banks play a key role in the financial and economic system of a country. The banking system in India played a crucial role in the country's social and economic development. The Reserve Bank of India plays a leading role in the formulation and implementation of corporate governance standards for the banking sector in India. The banking system will develop transparency in its dealings and adopt global best practices in accounting and disclosure that will be driven by a value-enhancing slogan for all stakeholders. The Banking system is expected to continue to take into account the needs of growth and development of all segments of society. Corporate governance is expected to ensure that scientific management is in line with strong business ethics. The study aims to explore the impact of corporate governance on banks' performance and financial performance.

KEYWORDS: Bank, Economic, Transparency, Stakeholders.

INTRODUCTION

Corporate governance is a set of systems, structures and processes that aim at institutional discipline in accordance with international and regulatory standards as determined by the regulatory authorities concerned. Corporate management is concerned with ways to achieve the interests of investors and managers and to ensure corporate management for investors. Corporate governance includes a set of relationships between the management of the company, its board of directors, its shareholders and other stakeholders.

CORPORATE GOVERNANCE IN HDFC BANK

Corporate governance is essentially a set of systems and practices through which the organization is controlled, directed and managed. HDFC bank are engage and interact with stakeholders on a regular basis to know their aspirations and make efforts to achieve them. The Bank should make significant and sustained efforts to educate shareholders and other stakeholders. In recent years, there has been a lot of literature on corporate governance, especially on the subject of transparency and corporate disclosures.

AWARENESS OF CORPORATE GOVERNANCE

- Corporate governance and economic development are interlinked. Good corporate governance can remove mistrust among different stakeholders, reduce legal costs and improve social relations and labour relations.
- Research also confirms that good corporate governance and transparency will have a positive impact on the psychology of investors and customers.
- Corporate governance models are required to make an outline of the corporate governance structure of a corporation.
- Corporate governance arrange all the important members of the corporation in a structured manner that follows various government policies related to the capital market.

STATEMENT OF THE PROBLEM

Corporate governance means the idea of ensuring sound corporate governance through the institution and the mechanism available to shareholders. Corporate governance may also take audit procedures to monitor results, closely align with goals, and motivate the organization as a whole to work towards the company's goals. Awareness of corporate governance practices is essential to maintaining this confidence Governance in the banking sector is more complex than any other business sector. Therefore, it becomes necessary for the researcher to study the role of corporate governance in banks.

OBJECTIVES OF THE STUDY

- To study the awareness of Corporate Governance among the HDFC bank employee.
- To understand the framework of rules and practice that ensures with Accountability, Fairness and Transparency.

REVIEW OF LITERATURE

Saumya Jain and Narander Kumar Nigam (2014) studied “Companies Act, 2013 – A New Wave in Corporate Governance” & found that The Act makes sweeping changes in the corporate governance system of the country and indicates the intention of the government to move from control and command regime to placing the onus on those entrusted with the governance of the company.

Tansy P.M, (1997) found that E-channels are preferred by the Indian customers nevertheless of their socio economic background. These delivery methods have become an increasingly important technique to retain customers in today's dynamic banking environment since customers can make withdrawals, deposits and access

balances at their own convenience.

Joseph M. et al, (1999) examined the factors for high quality electronic banking services. The five important factors were categorized as: convenience/accuracy; feedback/complaint management; efficiency; line management; accessibility; and customization. The results of this study illustrated that banks have to maintain the standard of their convenience/accuracy and efficiency.

Sathye M, (1999) stated that six major determining factors for adoption or rejection of an Internet banking service in Australia were: the availability of infrastructure; resistance to change; ease of use; reasonable price; awareness of the service and its benefits; and security concerns. The results from the study demonstrated that security concerns and lack of awareness about Internet banking and its benefits played the most important role as the obstacles to non-adoption of Internet banking.

Boon O.H and Yu C.M, (2000) stated that the E-channels refer to the methods of delivering service, product using electronic media such as the Telephone, Internet, Mobile phones and Automated Teller Machines (ATMs).

RESEARCH METHODOLOGY

The Design of the study consists of Sampling Design, Area of study and Data analysis. In the present study, an extensive use of both primary and secondary data was made.

DATA COLLECTION

The primary data was collected through the questionnaire from selected sample respondents. Secondary data collected from regional, branch offices of the HDFC Bank, websites of the bank and lead Journals. In order to know the general working pattern and practice of corporate governance in the banking sector, several rounds of discussion were held with the Branch Managers and employee.

ANALYTICAL FRAMEWORK

CHI SQUARE TEST

The chi square test is an important test among the several tests of significance developed by statisticians. It is statistically measured and used in the context of sampling analysis for comparing variance to a theoretical variance. As a non-parametric test it can be used to determine if categorical data shows dependency or the two classifications are independent. It can be used to make comparison between theoretical populations and actual data when categories are used. In the present study the chi square test is used to test association between two attributes. In the present study chi square test is applied to find out the association between personal profiles of the respondents.

DATA ANALYSIS AND INTERPRETATION**CORPORATE GOVERNANCE WOULD BRING DESIRED LEVEL OF FAIRNESS, TRANSPARENCY AND ACCOUNTABILITY****TABLE-1**

		Frequency	Percent
Valid	Yes	59	98.3
	No	1	1.7
	Total	60	100.0

Sources: Primary Data

It is learned from Table no-1, that majority of the HDFC bank employee were under the category of Corporate governance would bring desired level of fairness, transparency, accountability in 98.3 percent and 1.7 percent not Corporate governance would bring desired level of fairness, transparency, accountability.

AGE AND ACCOUNTABILITY AND RESPONSIBILITY OF BANK EMPLOYEE

H₀: Age of the respondents' has no significance influence on Accountability and Responsibility of Bank employee.

H₁: Age of the respondents' has significance influence on Accountability and Responsibility of Bank employee.

TABLE -2

		Accountability and Responsibility of Bank employee		Total
		Yes	No	
Age	20-30	21	0	21
		100.0%	0.0%	100.0%
	30-40	22	3	25
		88.0%	12.0%	100.0%
	40-50	12	1	13
		92.3%	7.7%	100.0%
	50-60	1	0	1
		100.0%	0.0%	100.0%
	Total	56	4	60
		93.3%	6.7%	100.0%

Sources: Primary Data

CHI-SQUARE TESTS			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.736 ^a	3	.434
Likelihood Ratio	3.994	3	.262

Linear-by-Linear Association	.828	1	.363
N of Valid Cases	60		
a. 5 cells (62.5%) have expected count less than 5. The minimum expected count is .07.			

Sources: Primary Data

It is observed from the above table no-2 that chi-square analysis was performed between Age of the respondents and Accountability and Responsibility of Bank employee. The calculated Person chi-square value is 2.736, degree of freedom is 3, and its P-value is .434. This analysis is tested at 5% level of significance. Since the p-value is lower than the level of significance, the null hypothesis is rejected. It is concluded that Age of the respondents has significant influence on level of awareness with Accountability and Responsibility of Bank employee.

AGE AND STAKEHOLDERS KEPT INFORMED OF BANK INFORMATION

H₀: Age of the respondents' has no significance influence on Stakeholders kept informed of bank information

H₁: Age of the respondents' has significance influence on Stakeholders kept informed of bank information.

TABLE-3

		Stakeholders kept informed of bank information				Total
		News bulletin	Daily newspapers	Website Email	Others	
Age	20-30	5	7	6	3	21
		5.3	6.6	4.6	4.6	21.0
		23.8%	33.3%	28.6%	14.3%	100.0%
		33.3%	36.8%	46.2%	23.1%	35.0%
		8.3%	11.7%	10.0%	5.0%	35.0%
	30-40	7	7	5	6	25
		6.3	7.9	5.4	5.4	25.0
		28.0%	28.0%	20.0%	24.0%	100.0%
		46.7%	36.8%	38.5%	46.2%	41.7%
		11.7%	11.7%	8.3%	10.0%	41.7%
	40-50	3	4	2	4	13
		3.3	4.1	2.8	2.8	13.0
		23.1%	30.8%	15.4%	30.8%	100.0%
		20.0%	21.1%	15.4%	30.8%	21.7%
		5.0%	6.7%	3.3%	6.7%	21.7%

	50-60	0	1	0	0	1
		.3	.3	.2	.2	1.0
		0.0%	100.0%	0.0%	0.0%	100.0%
		0.0%	5.3%	0.0%	0.0%	1.7%
		0.0%	1.7%	0.0%	0.0%	1.7%
Total		15	19	13	13	60
		15.0	19.0	13.0	13.0	60.0
		25.0%	31.7%	21.7%	21.7%	100.0%
		100.0%	100.0%	100.0%	100.0%	100.0%
		25.0%	31.7%	21.7%	21.7%	100.0%

Sources: Primary Data

CHI-SQUARE TESTS			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.226 ^a	9	.896
Likelihood Ratio	4.367	9	.886
Linear-by-Linear Association	.129	1	.719
N of Valid Cases	60		
a. 10 cells (62.5%) have expected count less than 5. The minimum expected count is .22.			

Sources: Primary Data

It is divulged from the above table no-3 that chi-square analysis was performed between Age of the respondents and Stakeholders kept informed of bank information. The calculated Person chi-square value is 4.226, degree of freedom is 3, and its P-value is 0.896 this analysis is tested at 5% level of significance. Since the p-value is lower than the level of significance, the null hypothesis is rejected. It is concluded that Age of the respondents has significant influence on level of awareness with Stakeholders kept informed of bank information.

DESIGNATION AND SUFFICIENT INFORMATION AVAILABLE TO EMPLOYEE ABOUT NEW SCHEME

		Sufficient information available to employee about new scheme		Total
		Yes	No	
Designation	Branch manager	16	1	17
		14.7	2.3	17.0
		94.1%	5.9%	100.0%
		30.8%	12.5%	28.3%
		26.7%	1.7%	28.3%
	Pb authorizer	19	4	23
		19.9	3.1	23.0
		82.6%	17.4%	100.0%
		36.5%	50.0%	38.3%
		31.7%	6.7%	38.3%
	Teller authorizer	5	2	7
		6.1	.9	7.0
		71.4%	28.6%	100.0%
		9.6%	25.0%	11.7%
		8.3%	3.3%	11.7%
	Teller	12	1	13
		11.3	1.7	13.0
		92.3%	7.7%	100.0%
		23.1%	12.5%	21.7%
		20.0%	1.7%	21.7%
Total	52	8	60	
	52.0	8.0	60.0	
	86.7%	13.3%	100.0%	
	100.0%	100.0%	100.0%	
	86.7%	13.3%	100.0%	

Sources: Primary Data

CHI-SQUARE TESTS			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.909 ^a	3	.406
Likelihood Ratio	2.834	3	.418
Linear-by-Linear Association	.089	1	.765
N of Valid Cases	60		
a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .93.			

Sources: Primary Data

FINDINGS OF CHI SQUARE

- A majority (93.3%) of the employees have stated that the banks corporate governance has brought the desired level of fairness, transparency, and accountability.
- A majority of (88.3%) of the respondents have opined that their company has their own corporate governance policies.
- A majority of (88.3%) of the respondents have opined that their company has their own corporate governance policies and new policies.
- There is no difference between the age and Accountability and Responsibility of Bank employee.
- While analysing the reasons improving strategic thinking and rationalizing the management has been ranked as first and monitoring the enterprise by proper delegation of authority has been ranked as second.
- There is no difference between the Working experience and corporate governance policies are superior.

SUGGESTIONS

- The HDFC shall recognize that duty is to establish Corporate Governance Procedures that will serve to enhance shareholder value.
- The HDFC shall have an effective and Operating Audit Committee, Compensation Committee and Nominating/ Corporate Governance Committee.
- The HDFC shall disclose the information.
- The HDFC shall recognize that duty is to establish Corporate Governance Procedures that will serve to enhance shareholder value.

CONCLUSION

The effective implementation of good governance practices would ensure investors confidence in the corporate companies which will lead to greater investment in them ensuring their sustained growth. Thus good corporate governance would greatly benefit the companies enabling them to thrive and prosper.

Further, in the context of liberalization and globalisation there is growing realization in the emerging economies including India that a country's business environment must be maintained and operated in a manner that is conducive to investors' confidence so that both domestic and foreign investors are induced to make adequate investment in corporate companies. This will be conducive to rapid capital formation and sustained growth of the economy.

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