



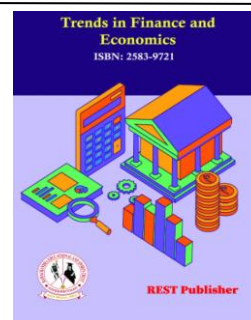
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Corporate Governance Practices of Changampally Ayurveda Vaidyasala - A Study from Employees' Perspective

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Abstract: Corporate governance is the arrangement in which companies are directed and controlled (OECD, 2004). Each stakeholder is important to every company and Corporate Governance is the driver of stakeholders' satisfaction (Rejeb, 2012). Among the stakeholders of a company, employees are the most critical stakeholders as they hold direct and long-term contact with the productivity of every company (Lynch Fannon, 2006). This study intended to understand employees' perceptions of Changampally Ayurveda Vaidyasala's corporate governance practices. The famous Changampally family was invited from Tulunadu to perform in the famous Mamanka festival in Thirunavaya, and later, they were forced to settle in Thirunavaya.

(<http://www.changampallyayurveda.com/ayurveda-medicine-manufacturing.php>, n.d.). They are considered one of the oldest and most renowned Ayurveda practitioners specializing in AsthiMarma Chikilsa. It is an Ayurvedic manufacturing company with a GMP certification and is well-known for its employee maintenance system. This study went through their existing corporate governance practices like transparency, fairness, accountability, and responsibility of the company from the employees' perspective. It is found that the company has favourable transparency, fairness, accountability, and responsibility policies towards employees and its overall corporate governance practices are found exemplary.

Keywords: Corporate Governance, Transparency, Fairness, Accountability, Responsibility, and Employee Perception.

1. INTRODUCTION

Corporate governance has become an important necessity for corporations for their survival. Better corporate governance drives businesses toward competitive advantage which is acute to its social and economic progress. In the history, the Dutch East India Company shaped the face of contemporary corporate governance practices in the 17th century as they were experienced a dispute among shareholders and directors in 1609 which was the first recorded corporate governance dispute in the history. Corporate governance is all about acquiring satisfaction of all relevant stakeholders of the company. The stakeholders may be the board of directors, shareholders, accounting professionals, consumers, employees, suppliers, society, government, etc. and each of them has their own expectations from the company. The favourable responses of the company toward these expectations are called good corporate governance practices. This study focused on the employee's perception towards corporate governance of Changampally Ayurveda Vaidyasala. Even though, there are several stakeholders in the company (it may be internal or external); employees are one of the important internal stakeholders and can contribute to the real picture of the governance of the company because their performance contributes to the performance of the company. So, the company's attitude towards them is very important. Every organization wants to govern them properly. Here the need arises to know their perception towards corporate governance. So, this study is an attempt to know the internal governance of Changampally Ayurveda Vaidyasala, by collecting data from the major internal stakeholder employees. In this study, the researcher identifies the current corporate governance practices and checks whether there is transparency, fairness, accountability, and responsibility in the company. And also identifies employee satisfaction with various incentives provided by the Changampally Ayurveda Vaidyasala.

1.1 Corporate Governance:

According to OECD principles, "Corporate governance is a set of relations among a company's shareholders, board of directors, its management, and other important stakeholders" (OECD, 2004). Which offers the structure to determine the objectives, decide the means of attaining them and finally monitor the performance of the company (OECD, 2004). Simply, it is the process of balancing the interests of various stakeholders of the company. Transparency, Fairness,

Accountability, and Responsibility are regarded as the main pillars of corporate governance. (Karsono, 2023). Corporate governance has undergone many reforms by Kumar Mangalam Committee (1999), the overview of clause 49 in the listing agreement (2000), revision in clause 49 on the recommendation of the Narayan Murthy Committee (2006), issue of voluntary guidelines on corporate governance (2009), issue of guiding principles on corporate governance (2012), based on recommendations of Adi Godrej committee, enactment of the revised Companies Act (2013) and finally the new corporate governance norms by SEBI. The need for corporate governance in every company serves the need to alleviate the conflict between their stakeholders and obtain maximum support and satisfaction of its existence contributors.

1.2 Employee Perception of Corporate Governance:

The process of identification, organization and interpretation of sensory information to signify and recognise the presented information or environment is called Perception (Schacter et al., 2011). The same situation can be interpreted differently so it may be different among individuals. Employee perception means the employees' understanding of the corporate governance of the company. Understanding employees' perceptions is important to a company's success as they are the most valuable resource in every company. Corporate governance is the satisfaction of every stakeholder of the company. Among them, employees and their perceptions play a significant role in the good governance of companies.

1.3 Changampally Ayurveda Vaidyasala:

Changampally Ayurveda Vaidyasala was started in 1946 by Shri. C.H. Alikutty Gurukkal (late) by his learning and experiences in Marma treatment with his mentor Mammu Gurukkal. Now the establishment is run under the leadership of Dr. C. H. Abdul Raheem Gurukkal and his brothers Abu Yoosuf Gurukkal and Mr. Abdu Jabbar Gurukkal. It is one of the leading and ancient ayurvedic manufacturing companies in the Malabar region located at Kattipparuthy near Valanchery with 2500sq.ft. It is a GMP (Good Manufacturing Practices) certified unit, manufacturing products with traditional ayurvedic prescriptions and principles (<http://www.changampallyayurveda.com/ayurveda-medicine-manufacturing.php>, n.d.). The company manufactures over 600 Ayurvedic medicines and self-patented Ayurvedic formulations as per the directions of highly qualified Ayurvedic doctors from the Changampally family. The unit has acquired a manufacturing license from the drug controller of Kerala. It uses a modern scientific lab along with traditional sensory quality control techniques for testing the quality of manufactured products. The manufacturing unit is very conscious of maintaining its traditional dignity in its operations and quality. After a rigorous quality examination, the medicines are delivered only through its outlets like agencies, branches and franchisees. At present, the company has more than 100 branches, agencies, and franchisees. The main products manufactured are Kashayam, Arishtam, Lehyam, Gudika, Thailam, Gridam, Choornas, Basmam and, some special medicines.

2. REVIEW OF LITERATURE

(Anis & Hamid, 2017) conducted a study on perception of employee towards the implementation of corporate governance from an Egyptian perspective. The paper identified the perception of employees towards corporate governance and it is beneficial for the promotion of the firm. A questionnaire was used to collect data and the same was analysed with SPSS software. Factor analysis was also used to make conclusions. It was concluded by saying that, the employees have a fair understanding of corporate governance issues in Egypt and some of them have a negative attitude towards the corporate governance practices of their companies.

(Bordbar & Kamali Saraji, 2017) Searched the effect of corporate governance on employee voice and proved that there is a positive and expressive relation between corporate governance and employee motivation and empowering and which in turn build their teamwork. At the same time the study disproved the relation between corporate governance and employee discouragement, organization indifferences, and organization objections. The questionnaire was used to collect data, and SPSS was used to test the hypothesis and analyses. This study concluded by finding that, corporate governance increases teamwork, empowering and motivating employees and it can prevent discouragements, organizational indifferences, etc.

(Nmai & Delle, 2014) investigated the predictive relation between corporate governance and employee job satisfaction through their study. Correlational research was carried out to seek answers to the research problem with 196 respondents by using convenient sampling techniques. Based on empirical insights received from the Ghanaian telecommunications, it is found that corporate governance significantly and positively predicted the job satisfaction of their employees. Furthermore, the study individually ensuring the positive impact of three dimensions of corporate governance on the job satisfaction of employees they are corporate structure, code of governance, and internal control of organization.

(Natarajan, 2011) This paper deals with corporate governance in software industries. The major objectives of this study are, to study the existing corporate governance practices in India in software industries, to identify the stakeholder's perception towards corporate governance, and also to identify their satisfaction level. This study was conducted with

special reference to five selected companies; they are INFOSYS, WIPRO, TCS, HCL, and SATYAM. A structured questionnaire was used to collect the data from the respondents. Survey methods were deployed in the study. Here both male and female investors were approached irrespective of their age, educational qualification, occupation, etc. The final sample consists of 530 respondents and the same was selected by employing a convenience sampling technique. Variables used were demographic, expectation, and satisfaction. Here factor analysis, rank test, correlation, U-test, T-test, ANOVA, etc are used for analysis. Finally, it is found that stakeholders' perception level of corporate governance is almost the same in all companies. He concludes his research by suggesting that companies improve awareness among their stakeholders and make proper disclosure of details.

3. RESEARCH OBJECTIVES

The primary objective behind the study is to know the presence of corporate governance in Changampally Ayurveda Vaidyasala by studying its various pillars such as transparency, fairness, accountability, and responsibility in detail. The specific objectives are as follows: -

1. To study the employees' satisfaction with various incentives provided by Changampally Ayurveda Vaidyasala
2. To gain an idea about transparency maintained by the Changampally Ayurveda Vaidyasala
3. To check the fairness of the operation of Changampally Ayurveda Vaidyasala
4. To study the accountability and responsibility system of Changampally Ayurveda Vaidyasala.

4. HYPOTHESES OF THE STUDY

H1: There is corporate governance in Changampally Ayurveda Vaidyasala

5. RESEARCH METHODOLOGY

It is a descriptive study to know the employees' perception of the corporate governance practices of the Changampally Ayurveda Vaidyasala. 50 employees are working in the selected manufacturing unit of the company. Hence, the employees were selected by a simple random sampling technique with an interview schedule. The collected data were analyzed by using IBM SPSS Statistics 26 with tools like frequency tables, mean and standard deviation, and one sample t-test.

6. RESULTS AND DISCUSSION

The collected data were analyzed by using IBM SPSS Statistics 26. The researcher used various presentation and statistical tools such as frequency tables, and descriptive statistics such as mean and standard deviation. A detailed analysis of the study is given below:

TABLE 1. Satisfaction of Employees towards Incentives Provided by the Company

Incentives	Mean	SD
Bonus	4.2400	.43142
Profit sharing	1.8600	.60643
Increment in pay	4.0800	.56569
Contribution to PF	4.7800	.41845
Retirement benefits	3.6600	.84781
Compensation policy	3.6600	.89466
Promotion	4.2000	.63888

Appreciation and recognition	4.4000	.90351
ESI and insurance	4.7000	.54398
Transfer according to demand	4.5600	.61146
Tour/ leisure/ pleasure trips	4.8600	.35051
Average mean score	4.0909	

The above table 4.1 reveals the satisfaction of employees with incentives provided by the company. The employees are satisfied with various incentives provided by the company since the average mean score is 4.0909. From the above table, it is clear that employees are very much satisfied with tour or leisure trips, contribution to PF and ESI, and insurance provided by the company since the mean scores are 4.8600, 4.7000, and 4.7800 respectively. The mean value for all incentives except profit sharing (Mean 1.8600 and SD 0.6063) is greater than 3.00. It means that the practice of sharing profit among employees is not followed by the Changampally Ayurveda Vaidyasala.

TABLE 2. Employee's Opinion Regarding Transparency

Statements	Mean	SD
My company properly informs me about new decisions taken or changes made in the activities.	4.5200	.64650
I have a right to share any problems & suggestions directly with the top management.	4.6000	.57143
I never get instructions from multiple superiors at a time.	4.2600	.44309
I can share my views through online ideas submission tools on the company's website	1.6400	.52528
I get the job description at the time of the appointment	4.4600	.76158
At the time of the appointment, I had a clear idea about the rules and regulations of the company	3.7600	1.04119
The supervisory structure of the company is well-defined in front of me.	3.7000	1.21638
I know well what the company expects from me	3.8800	1.02300
Company informing me its plans up to date. So, I can work for its attainment.	3.7200	1.40029
Average mean score	3.8377	

The above table 4.2 shows that, the employees' perception of the transparency of the company. The mean value of all except sharing ideas and suggestions through the company's website (Means score 1.6400, SD 0.52528) is greater than 3.00 and the average mean score is 3.8377 so the overall transparency side of the company is favorable in the opinion of employees. From the above table, it is said that the company is good at following its transparency practices like giving freedom to share suggestions directly to top-level management (Mean score 4.6000, SD 0.57143), properly informing all

decisions and changes happening within the company (Mean score 4.5200, SD 0.64650), giving correct job description at the time of appointment (Mean score 4.4600, SD 0.76158) and never give instruction from multiple superiors at the same time (Mean score 4.2600, SD 0.44309). And here the company doesn't follow the scalar chain. So, there is no restriction to share employee matters directly with top-level employees. And it is found that the company has clear unity in commands in order to avoid confusion because of instructions from multiple superiors. But at the same time company's website doesn't provide any online opportunity for idea submission. It should be updated for the existence of the company in this modern era.

TABLE 3. Employee's Opinion Regarding Fairness

Statements	Mean	SD
I believe that my participation is involved in all changes in the company.	4.3200	.74066
I am comforted to share my ideas and suggestions with my supervisor	4.3200	.97813
I never feel any partiality from the management between employees.	4.0600	1.37633
There is a strictly maintained disciplinary system in the company	2.8400	1.31491
I am satisfied with the performance of the grievance redressal system of the company	3.9600	1.06828
I get training and workshops timely from the company	2.6800	1.39152
Average mean score	3.6966	

The above table 4.3 shows that, the employees' perception towards the fairness maintained by the company. Here, the mean score for all statements except strictly maintained disciplinary system in the company (Mean score 2.8400, SD 1.3149) and giving training and workshops to employees (Mean score 2.6800, SD 1.39152) are greater than 3.00 and the average mean score is 3.6966. So, put into a nutshell, the company has a positive attitude towards fairness in dealing with their employees. But at the same time, employees expressed their disagreements with the timely conducting of training and workshops and strictly maintained disciplinary systems within the company.

TABLE 4. Employee Opinion Regarding Accountability and Responsibility

Statements	Mean	SD
The company has given me a proper idea about the work I want to perform	3.8000	1.24540
I am satisfied with the division of work among us	3.5800	1.52650
There is no other intervention in my work	4.1000	.70711
I have the authority to take sudden decisions while doing work without informing the top-level management	2.5600	1.19796
I get the freedom to perform when I get additional work	3.5000	1.29756
My performance is not measured based on my co-	4.1600	1.21823

worker's performance		
Average mean score	3.6166	

The above table 4.4 reveals that, the employees' perception towards the accountability and responsibility system of the Changampally Ayurveda Vaidyasala. Here, the mean score received for all statements except the authority to take sudden decisions while doing work without informing the top-level management is greater than 3.00 and the average mean score is 3.6166. So, it is concluded that the company's accountability and responsibility are favorable toward employees, and at the same time employees don't have the authority to take sudden decisions without informing top-level management.

7. HYPOTHESIS TESTING

This study was conducted to know the presence of corporate governance in Changampally Ayurveda Vaidyasala and here, the same is studied based on four pillars of corporate governance. They are transparency, fairness, accountability, and responsibility only. To study the presence of corporate governance in Changampally Ayurveda Vaidyasala, the researchers proposed a hypothesis as given below;

H1: There is corporate governance in the Changampally Ayurveda Vaidyasala

To test the hypothesis, the researchers used a one-sample t-test. The result of the hypothesis is described in Table no: 6.5 as follows:

TABLE 5. One Sample t-Test Corporate Governance in Changampally Ayurveda Vaidyasala

Hypothesis	Test Statistic	P value	Inference
There is corporate governance	20.098	0.000	Significant

From Table 4.5, the result of the testing hypothesis at the 5% level shows that there is corporate governance in the Changampally Ayurveda Vaidyasala since the P value is 0.000 which is less than 0.05. Hence, hypothesis H1 is accepted. So, put into a nutshell, it is clear from the study that there is a presence of corporate governance in Changampally Ayurveda Vaidyasala based on transparency, fairness, responsibility, and accountability.

8. CONCLUSION AND SUGGESTIONS

Corporate governance is the balancing the distinct interests of the distinct stakeholders of the company. This study is conducted to know the employees' perception towards corporate governance practices of Changampally Ayurveda Vaidyasala. A reputed manufacturing company was selected which gained good manufacturing practices certificate from the government of Kerala. This study was carried out to check the presence of corporate governance by studying transparency, fairness, accountability, and responsibility of the selected company from the employee's perspective because they are one of the important stakeholders of every company. It is also carried out to know the employee satisfaction towards incentives provided by the company. The company provides various incentives to employees and employees are satisfied towards the same in which, employees are very satisfied with the tour, ESI, and other insurance, contribution to PF, and not satisfied with profit sharing from the company. As a result of the mean values obtained, the company's transparency and fairness sides are favourable towards employees and they have also a positive attitude towards the accountability and responsibility of the company. Moreover, it is found that there is corporate governance as the results of the hypothesis tested by using one sample t-test. It is concluded that the company is good at exercising corporate governance practices towards their employees and employees also have a similar opinion about the company to which they belong. Anyhow, it is better to consider the following suggestions for redressing the employees' dissatisfaction in some areas they are provided an opportunity to express their opinions and suggestions through the company website, allowed to share a portion of extra profits if arise, accept the interventions of a trade union if needed, and to give options for the higher study if any employee demanded, and all these considerations will help to strengthen good corporate governance that emulated by all other companies.

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