

CORPORATE GOVERNANCE PRACTICES IN TEXTILE INDUSTRIES: A COMPARATIVE STUDY OF RAJASTHAN AND GUJARAT

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Abstract

The "quality of life" refers to the extent to which relationships between individuals and organisational factors exist in the workplace to provide a workplace that meets individual needs (QWL). If all else is equal, it is assumed that if employees have a more positive attitude toward productivity increases, the organisation will be more effective. Researchers looked at pre-existing conditions and demographics to see how quality of life and work life are linked in Gujarat's textile industries in Rajkot, Surat, and Ahmedabad. The six categories of work-related factors include the working environment, welfare measures, safety measures, supervision, participation in decision-making, and intercommunication. The quality of an employee's work-life perception is strongly linked to both work-related and personal factors. It is possible to broaden the scope of Ahmedabad's textile industry in order to conduct future research with people from various backgrounds.

To gain a better understanding of the corporate governance practises in Gujarat and Rajasthan's textile industries. Examine the differences in corporate governance practises in the textile industry between Gujarat and Rajasthan. Corporate Governance Guidelines in the Textile Industry are being implemented.

Key Words: Corporate governance, Textile Industries, Gujrat, Rajasthan, ANOVA, SPSS.

I. Introduction

In April 1992, a massive securities fraud was discovered. As a result, the stock market fell for the first time since 1991, when reforms were implemented. Second, the number of cases in which multinational corporations began to consolidate their ownership by granting preferred share allocations to their controlling group at significant discounts to the market price has skyrocketed. A third scandal involving bankrupt companies occurred between 1993 and 1994. The stock index had risen by 120 percent from July 1993 to September 1994. During this time period, a number of unknown companies issued shares at high premiums, aided by sales pitches from obscure investment banks and misleading prospectuses. Because the management of many of these companies stole their money, small investors were left with worthless stock. Six years later, due to investor scepticism, the main market was

nearly wiped out.

To put it another way, these three events drew the attention of the media, banks and financial institutions, mutual funds, and shareholders, all of whom recognised the growing importance of corporate governance. A national or regional macroeconomic and financial crisis did not spark the corporate governance movement in the United States. In fact, Indians were largely spared from the Asian economic downturn. A growing number of publicly traded companies are realising the importance of transparency and sound corporate governance in order to attract both domestic and international investment. The realisation that a lack of respect for minority shareholders is a recipe for suffocating access to competitive capital markets is one of the most pressing issues for CEOs. Even after more than a decade of economic liberalisation, evidence suggests that good corporate governance practises will continue for a few more years.

The term "Corporate Governance" refers to a company's internal processes and systems (CG). CG helps companies build their brands and reputations, as well as the trust and confidence of their customers, by making the business world more transparent to its stakeholders. Companies that follow CG's lead have lower financial and non-financial risk, as well as higher shareholder returns. Companies that are CG-compliant, or those that have better financial reporting, faster disclosures, more capable boards, and ethically responsible management, help build stronger businesses, have easier access to outside financing, and have a lower risk of corporate crises and financial scandals.

An effective and well-governed corporate governance (CG) structure creates a framework that, at least in theory, benefits all of the company's shareholders. CG practises protect stakeholder interests in the capital market. Enron, World Com, Satyam Computers, and Global Trust Bank all committed frauds, highlighting the importance of corporate oversight.

With an estimated 20 million investors, India is one of the world's most populous emerging markets. Concerns about corporate governance first arose in India in 1991, when it became clear that wealthy individuals and families, as well as large conglomerates, owned the majority of large corporations. As a result, those who are impacted by a company's decisions are forced to bear the brunt of those decisions, raising concerns. A promoter or promoters' group ran the major corporations. The Companies Act of 1956 governed all businesses, whether they were private or public. According to new regulations, companies' board structures have been strengthened in order to benefit all of the company's stakeholders. It also allows shareholders to file a complaint in cases of oppression or poor management, as well as stakeholders to hold the company's management accountable if they are not doing their jobs properly.

II. TEXTILE ENTERPRISES

Textile businesses must use clean manufacturing technology, operate in an environmentally responsible manner, and

engage in creative activities in order to supply primarily intangible resources. Each of their innovative efforts should be organised as a set of social constructs in order to obtain the resources they require (mostly intangibles) and to coordinate their actions. The textile industry can be found in nearly every state in Mexico, according to the Mexican National Chamber of the Textile Sector. In 2012, this one industry generated 12.3% of all jobs in Mexico City, 11.5 percent of all jobs in Mexico State, and 3.8 percent of all jobs in Hidalgo State. Despite the importance of this industry in terms of employment and export orientation, as well as the successes of the regulatory framework resulting from the Free Trade Agreement in the mid-1990s, the results of the thread-textile-clothing chain on the US market were not encouraging, according to Cardenas (2007).

The textile industry in India is one of the country's oldest and most well-known. India's textile exports brought in \$39,2 billion in revenue during the 2017–2018 fiscal year. Following China, India has the world's second-largest textile industry. In terms of exports, this industry accounted for approximately 12.4 percent of India's total exports in the fiscal year 2017–2018 (April–November) and approximately 5% of global textiles and apparel trade. India exports nearly half of its total textile and apparel exports to the EU-28 and the United States.

This industry, among other things, contributes to India's overall GDP through exports, employment, and FDI investment. We'll use numerical values to compare the data more effectively, such as 45 million people directly employed and 60 million people employed in allied sectors, which includes a larger number of women and rural residents.

Furthermore, the Indian government has taken a number of steps and provided incentives to assist the industry's growth. Women's Empowerment and Rural Youth Employment are two other initiatives.

III. METHODOLOGY

Development of Questionnaire

The survey's Parts P-1 and P-2 were distributed. P-1 contained questions about "Corporate Governance Practices in Textile Industries:

The questionnaire contained two parts P-1 & P-2. P-1 contained the respondent's details including

their age, income and experiences etc., and P-2 contained those questions that are related to “Corporate Governance Practices in Textile Industries: A Comparative Study of Rajasthan and Gujarat”.

Prior to beginning the questionnaire survey, the target population and sample size must be determined. The sample size refers to the total number of people chosen from the target population, whereas the target population is the total number of people from whom a sample can be drawn. A questionnaire was used to conduct a survey with a predetermined sample size. In this study, the respondent is referred to as the sample size respondent, and the information gleaned from the respondent is referred to as the response. Data on the textile industry was gathered from six different industries, three of which were in Rajasthan and three of which were in Gujarat. A total of 50 samples were taken from each industry, giving the study a total of 300 participants.

IV. RESULTS AND DISCUSSION

The Textile Industry, which includes textile development, production, and distribution, transforms raw materials into finished products. Agribusinesses, such as this one,

are an excellent example. Bhilwara has risen to the top of the industry as India's largest fabric manufacturer. It is also known as the Textile City of India and is a well-known industrial town in Rajasthan. India, which has a large supply of raw materials and strong manufacturing capabilities, is home to one of the world's largest textile industries. More than 50 million spindles and 842,000 rotors are installed in 3400 textile mills, making them the second largest in the world.

Aspects of research methodology include identifying, selecting, processing, and analysing data on a topic. In the research methodology section of this chapter, researchers can assess the validity and reliability of their findings.

One-Way ANOVA Test

Null Hypothesis: There is no significance difference in respondent’s score based on the salary of respondents.

Alternate Hypothesis: There is no significance difference in respondent’s score based on the salary of respondents.

If P-Value > 0.05 then Null Hypothesis Accepted.

If P-Value < 0.05 then Null Hypothesis Rejected.

		ANOVA					
		Sum of Squares	df	Mean Square	F	P-Value	Result
9. Does the Industry send regular communications to the Independent Directors for updating them on all business-related issues?	Between Groups	.077	4	.019	.100	.982	NHA
	Within Groups	27.797	145	.192			
	Total	27.873	149				
10. Does the Industry Organise programe/talk/training for Independent Directors in matters relating to Corporate Governance?	Between Groups	.316	4	.079	.347	.846	NHA
	Within Groups	33.017	145	.228			
	Total	33.333	149				
11. Does the Industry have	Between Groups	.596	4	.149	1.068	.375	NHA

Personnel Policy made known to its employees?	Within Groups	20.237	145	.140			
	Total	20.833	149				
12. Does the Industry have a whistle Blower Policy?	Between Groups	.128	4	.032	.223	.925	NHA
	Within Groups	20.706	145	.143			
	Total	20.833	149				
13. Does the Industry have any appraisal mechanism for reviewing effectiveness of the Board of Directors?	Between Groups	.400	4	.100	.435	.783	NHA
	Within Groups	33.260	145	.229			
	Total	33.660	149				
14. Which of the following Board committees exist in the Industry?	Between Groups	.322	4	.081	.090	.986	NHA
	Within Groups	130.318	145	.899			
	Total	130.640	149				
15. Does the internal Auditor directly report to the Audit Committee?	Between Groups	.867	4	.217	.968	.427	NHA
	Within Groups	32.466	145	.224			
	Total	33.333	149				
16. Does the Industry have Shareholders Grievance Committee?	Between Groups	.000	4	.000	.	0.00	NHR
	Within Groups	.000	145	.000			
	Total	.000	149				
17. Did the Industry purchase/sell goods/ materials or services to directors, their relatives, promoters, subsidiaries, associates etc. at less than prevailing market prices or allowed credit term to them not in conformity with prevailing market practices	Between Groups	.174	4	.044	.306	.874	NHA
	Within Groups	20.659	145	.142			
	Total	20.833	149				
18. Did the Industry make disclosure in the annual report about	Between Groups	.573	4	.143	.993	.413	NHA
	Within Groups	20.920	145	.144			

related party transaction including subsidiaries and associated Industries?	Total	21.493	149				
19. Does the Industry follow the Accounting Standards issued by the ICAI?	Between Groups	.465	4	.116	.518	.723	NHA
	Within Groups	32.528	145	.224			
	Total	32.993	149				
20. Does the Industry follow the cost Accounting Standards issued by the ICWAI?	Between Groups	.618	4	.155	1.147	.337	NHA
	Within Groups	19.542	145	.135			
	Total	20.160	149				
21. Does the Industry conduct Social Audit?	Between Groups	1.063	4	.266	2.017	.095	NHA
	Within Groups	19.097	145	.132			
	Total	20.160	149				
22. Has the Industry developed the surrounding areas of its project sites and has the local citizens benefited from the project location?	Between Groups	2.132	4	.533	2.186	.073	NHA
	Within Groups	35.342	145	.244			
	Total	37.473	149				
23. Did the Industry undertake forestation and plantation of trees?	Between Groups	1.893	4	.473	1.927	.109	NHA
	Within Groups	35.607	145	.246			
	Total	37.500	149				
24. Does the Industry have mechanism to prevent employment of child labour in its plants or that of the contractors?	Between Groups	.610	4	.152	.675	.610	NHA
	Within Groups	32.724	145	.226			
	Total	33.333	149				
25. Do the employees and their immediate family members take part in the community welfare initiatives of the Industry?	Between Groups	2.044	4	.511	2.090	.085	NHA
	Within Groups	35.456	145	.245			
	Total	37.500	149				

26. Whether the Industry following Corporate Governance Norms?	Between Groups	.569	4	.142	.618	.650	NHA
	Within Groups	33.404	145	.230			
	Total	33.973	149				
27. Has there been a consistent growth in the net worth of the Industry during the last three years?	Between Groups	1.198	4	.300	1.197	.315	NHA
	Within Groups	36.275	145	.250			
	Total	37.473	149				
28. Has the Industry issued any bonus shares in any of the previous three financial years?	Between Groups	.569	4	.142	.618	.650	NHA
	Within Groups	33.404	145	.230			
	Total	33.973	149				
29. Does the Industry have any policy for healthy supply chain management?	Between Groups	.240	4	.060	.315	.867	NHA
	Within Groups	27.633	145	.191			
	Total	27.873	149				
30. Did the Industry repay the matures deposit/principal and interest on debentures/deposit s in time?	Between Groups	.566	4	.142	.573	.682	NHA
	Within Groups	35.807	145	.247			
	Total	36.373	149				
31. Has the Industry received any award or recognition in any of the following areas?	Between Groups	3.818	4	.954	.304	.875	NHA
	Within Groups	455.016	145	3.138			
	Total	458.833	149				

The aforementioned one-way ANOVA tests can be performed using software such as SPSS. With the exception of one question ("Does the Industry have a Shareholders Grievance Committee? "), there is no statistically significant difference in respondents' scores based on salary. When discussing business-related matters with the company's executives, independent directors, according to the industry, receive frequent communications. In addition, all related-party transactions, including subsidiaries and related industries, are disclosed in the

industry's annual report.

V. CONCLUSIONS

The primary objective of this research is to examine the Gujarati and Rajasthani textile industries. According to the study's goals, three Gujarati and Rajasthani industries completed a questionnaire. A questionnaire survey resulted in a number of statistical analyses. A T-test on paired samples is required for data analysis, as is frequency analysis, descriptive analysis, and a T-test on single samples. According to the findings of a poll, we have the following:

There were 28 people in the 18-30 age range, 56 in the 31-40 age range, 44 in the 41-50 age range, and 22 people over the age of 50. Out of all the Gujarati states, Gujarat received the most submissions.

Gujaratis make up 14.7% of the population, 32.5 percent of whom earn between 20,000 and 30000 INR a month, 28.7 percent of whom earn between 30,000 and 40000 INR, and 14 percent of whom make up to 50000 INR a month. Ten percent of the population, however, make more than 50000 INR a month.

Three-quarters of Gujarati respondents had less than six months of textile industry experience, 30.7% had six months to a year of experience, 24.7% had one to two years of industry experience, 12.7% had three to five years of industry experience, and 16.7% had more than five years of industry experience.

- With regard to the reporting structure of the internal auditor, Gujarat and Rajasthan's textile industries are vastly different.
- Those in the textile industry in the states of Gujarat and Rajasthan receive lower prices or terms of credit than the market can afford.
- When it comes to related-party transactions, such as subsidiaries and associated companies, the textile industries in Gujarat and Rajasthan have very different annual reports.
- The textile industries in Gujarat and Rajasthan have a variety of policies and practises in place to prevent children from working in their factories.
- Corporate Governance Norms are adhered to differently in Gujarat and Rajasthan's textile industries.
- Bonus shares have not been issued in the textile industries of Gujarat and Rajasthan in the last three fiscal years.
- Award-winning textile industries in Gujarat and Rajasthan differ significantly in the following areas.
- A household name in India is Bhilwara, the country's largest fabric manufacturer. It is a well-known industrial town in Rajasthan.

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