INNOVATIONS

Content available on Google Scholar

www.journal-innovations.com

Shareholders awareness of corporate Governance practices: evidence from Indian stock market

Ritesh Kumar Jain
Research Scholar, IMSAR, MDU, Rohtak, Haryana-124001, India
Dr. Rishi Chaudhary
Professor, Research Guide, IMSAR, MDU, Rohtak, Haryana-124001, India

Corresponding Author: **Ritesh Kumar Jain**

Received: 08.03.2021
Revised: 10.03.2021
Accepted: 14.03.2021

Abstract

Corporate governance contributes to development of organizations. Increased access to capital encourages new investments, boosts economic growth, and provides employment opportunities. Corporate governance is described as the structure and processes by which companies are directed and controlled by entities outside the corporation. It represents a number of relationships between the management of a corporation, its board of directors, its owners and other stakeholders. Corporate governance includes the structure within which the goals of the organisation are set and the means to accomplish those goals. Effective corporate governance helps companies run more effectively, enhance access to resources, reduce risk and avoid mismanagement. It makes businesses more accountable and responsive to customers and provides them with tools to respond to stakeholder concerns. Current research study on analysing shareholders awareness of corporate governance practices. In a survey of 529 online indian shareholders, it was found that shareholders are more and more aware of the corporate governance practices and take active part in formation of practices and give due consideration to transparency in the disclosure system. Study indicates that corporate governance practices differ significantly across the age,gender and educational level of respondents, some of the managerial implications and future scope of the study is presented in the research work.

Key words: *1corporate governance,2 economic growth, 3 risk mitigation,4 stakeholders*

Introduction

Business organizations have changed over the past century from single ownership, structure and partnerships to more complicated arrangements of ownership and partnerships. This entity is generally described as corporation. A corporation simply refers to a corporate entity that, independent of its owners and members, has eternal life, powers and liabilities. Corporations have been seen to play a lot of important roles all over the world in the economy of a country. This is due to the fact that these businesses invest capital and contribute to the nation's economy.

Corporate governance over the years has witnessed phenomenal growth and gain significancebecause of their wide spread activities and influence within nations. Good corporate governance is not an end in itself. It is a mean to create market confidence and business integrity, which in turn is essential for companies that need access to equity capital for long-term investment. Access to equity capital is particularly important for growth oriented companies. Today, millions of households around the world have their savings invested in public companies, both directly and indirectly. Strong corporate governance safeguards the interests of these stakeholders and their ability to participate in the development of corporate value. The level of corporate governance influences the cost to companies of accessing capital for development and the confidence in which those supplying capital will contribute and share their wealth creation on equal and equitable terms. The body of corporate governance principles and best practices offers a structure that fills the divide between household savings and spending in the real economy. As a result, effective corporate governance would encourage shareholders and other stakeholders that their interests are secured and make it easier for corporations to reduce the cost of capital and to facilitate their access to institutional investors. This is of significant importance in today's globalized capital markets.

The role of stakeholders in corporate governance

Stakeholders, though at times unrelated to an organisation, cannot be overlooked because of the diverse positions they perform in the operations of the organisation. In accordance with this statement, john and sebet (1998) concluded that corporate governance is concerned with processes by which corporate stakeholders exert influence over corporate insiders and management to ensure that their rights are preserved. It is also necessary for companies to be familiar with the rights of stakeholders as laid down in the legislation. Stakeholder should be made aware of the corporate governance practices, various disclosure practices and rules related to consumer protection so as to gain confidence of investors.awareness that good corporate governance needs high-quality, consistent financial statements and trust can be seen as well as developed. In order to have faith, investors must trust that a business can regularly enforce accepted accounting principles (rutteman, 2001). A business cannot have good governance if the structural context in which it operates does not embrace the values of good governance (koh, 2001). Knowledge of corporate governance and problems is the first step toward effective corporate governance. Current research work focuses on exploring investor understanding of corporate governance policies and what makes them more successful in making investment decisions.

Review of related literature

Corporate governance continues to present interest for scientists, academicians and practitioners as a result of the dynamic and unpredictable financial and economic environment and the information technology field generating profound changes and challenges in the way businesses are run.a large body of publicly available knowledge is discussing this phenomenon from the viewpoint of developing economies. While the knowledge base on corporate governance in developed countries continues to be small, it is increasing. Investors in the stock sector have had a tough ride over the last few months due to economic recession, global market effect, downgrade earnings etc. Apart from the above, the negative effect was caused by the lack of sound corporate governance policies in many of the listed entities. The overwhelming majority of investors are not aware of this problem of corporate governance arising as a result of the economic downturn. There is sufficient empirical evidence across the globe that poor corporate governance process impacts share prices negatively.

While evaluating the importance of stakeholders to the corporation, it is important to present the role they play in maintaining corporate governance. Freeman, (2008) argues that the stakeholder approach to corporate governance helps to respond to the important priorities of based on cross relationships and how to manage those relationships. In 2009, zollinger concluded that stakeholders are characterised by their relationship with the business as well as the desire, interests and issues that evolve and thereby become the focal point of the process of engagement with the organisation. Governance processes are clarified as tracking processes and control processes such as measuring the social and environmental effect of the company's goods, gathering sustainability performance information such as carbon footprint, waste and water management statistics, labour policies, ensuring regulatory compliance with increasing international, national and regional programmes, and planning sustainability (young llp, 2013).

Today, several performance rating firms consider sustainability practices in addition to financial results. Stakeholders expect not only the cooperation of sustainable practices in the organisation's strategy, but also the prompt, relevant and objective monitoring of those practices (young llp, 2013). As a result, the governance outcome is the willingness of small and medium-sized businesses to incorporate structural reform (brunning, 2007) for long-term future sustainability. External environment (li, 2012; sarkis, 2010) such as political linkage (li, 2012; sarkis, 2010), globalisation of the capital market and growth of the financial market (banham, 2010; cheung, 2004), integrity of accounting standards (cheung, 2004), regulation of the legal system (cheung, 2004; li, 2012), development of information technology that fills the information gap between corporate insiders and culture (cheung, 2004; sarkis, 2010), investors' willingness to pay for premium for good corporate governance (cheung, 2004) also contribute the corporate performance outcome. These environmental influences may vary by location and sarkis (2010) suggested for cross-cultural investigation.

Nicholas j. Price(2019) indicated that corporate governance is important to investors, and shareholders have rights and expectations under good corporate governance principles and practices. Their share of corporate ownership makes their portfolios less vulnerable to device losses. Investors in the stock sector have had a tough ride over the last few months due to economic recession, global market effect, downgrade earnings, etc. Apart from the above, the negative effect was caused by the lack of sound corporate governance policies in many of the listed entities. The overwhelming majority of investors are not aware of this problem of corporate governance arising as a result of the economic downturn. There is ample empirical proof around the globe that weak corporate governance has a negative effect on share prices.

While corporate governance is a core concern in boardrooms today, the achievement of best practices has been hampered by a patchwork regulatory framework, a combination of public and private decision makers, and a lack of an agreed matrix for deciding what constitutes good corporate governance. Investors are looking at the following things which are commonly available to any listed firm. Disclosure of activities, decisions on employee pay and information, dividend policy, disclosure of related party transactions, conciliation of conflicts of interest between company, board members and shareholders. Apart from the above, investors should review the standards of corporate governance on the equitable and fair treatment of all shareholders; the civil, contractual and social responsibilities of non-shareholders such as staff, suppliers and society; the number of complaints received from shareholders in one year and how many of them have been answered and how many are still pending and the reasons for them; the number of complaints received by shareholders in a year; investors also review if the organisation has developed a code of ethics for board members and executives, and disclosed it to relevant stakeholders. Dr. Arindamgupta (2012),in his project work on, "a study of investors' awareness, activism and redressal of grievances in india", analyzed the investor awareness by carrying out survey of 431 individual equity investors. The study provides evidence that majority of shareholders do not attend agms. They also do not take the initiative to appoint representatives for the agms by signing and sending the proxy forms. This is the reason that most decisions are passed in the agms in favor of the management with little resistance from the shareholders.

It can be concluded from the study that contrary to the common belief, neither age nor income of the investors influences their level of awareness. Awareness is thus found to be an independent variable and does not vary among individuals with change in age or income. Awareness level may depend on other factors like attitude, education level, motivation, investment level, etc. The study also observes that activism is influenced by the level of awareness of the investors. Such awareness may in turn depend upon some factors including the guidance provided to them by the regulators. Hence, the role of the regulators in educating the investors is indispensable for aiding the investors to exhibit activism. They will spell out their grievance against violation of their rights if the investors are aware. A proactive role has to be taken up by the regulators in educating the investors.

The study depicts that most of the individual shareholders with grievance had taken the trouble to lodge their complaint. This is attributable to the internet based redressal mechanism that allows the disgruntled shareholders to lodge their complaint on line in a few easy steps. However, the rate of redressal received is only 52% which reveals that much more is desirable from the regulators. The regulators must make an effort to resolve all complaints irrespective of their importance and size to maintain the confidence of investors in the redressal mechanism. Ultimately, they should aim to minimize the reasons for such complaint so that the events leading to discontented shareholders do not occur at all. Of late, the sebi had already formed a system, called scores (sebi complaints redress system) for speedy redressal of grievance. All grievances will be in the electronic mode with facility for online updating of the action taken reports. The new system would also facilitate lodging of complaints pertaining to any regional sebi office from anywhere.

Rima al-sager & durga prasad samontaray (2018) analyses the gender wise saudi investors' understanding of the corporate governance process and its significance in their investment decision making and finds that investors do not have a strong concept of corporate governance, but agree that it is relevant from the corporate point of view. Moreover, most investors do not often rely on knowledge or considerations relevant to corporate governance as the basis for their investment decisions. Mainly, saudi investors are worried about board committees, accountability and accountability as corporate governance structures. These arguments lead to the following hypothesis:

Hypotheses tested: following hypotheses were tested along with the objectives stated below:

Hypothesis1

H0: awareness of about corporate governance norms and practices do not differ significantly across various stakeholders

H1:awareness of about corporate governance norms and practices differ significantly across various stakeholders

Hypothesis 2

H0: shareholders awareness about corporate governance norms and practices do not differs significantly across the demographic characteristics of respondents.

H1: shareholders awareness about corporate governance norms and practices differs significantly across the demographic characteristics of respondents.

Statement of problem

Corporate governance in india is a collection of internal controls, policies and procedures that form the basis of a company's operations and its dealings with different stakeholders, such as consumers, executives, staff, government and industry. The framework for such policies should be such as to follow the values of accountability, dignity, ethics and authenticity. Corporate governance is the soul of an enterprise and must be practiced by all corporate activity. Although there is no established relationship between corporate governance and the stock value of a business, it does increase shareholder satisfaction and loyalty. Global understanding is increased that good corporate governance, as evidenced by transparency, accountability and equal and equitable representation of shareholders, is already a requirement for efforts to promote sustainable growth. To this end, there is a need for both public (as represented by governments) and private sector collaborations to raise awareness of the value of strengthening corporate governance and to help enforce the reform of corporate governance. Corporate governance in india plays a vital role in protecting corporate valuations and the ultimate aim of good governance is to optimise the benefit of all stakeholders. Several reforms and amendment have been brought in the past to bring strategic change in corporate governance. The consumer knowledge and awareness level of investor with various corporate governance practices are essential for its success and bringing stakeholders confidence.

Objective of the study

This research work has been undertaken with the following specific objectives

A) To assess the of shareholders awareness about corporate governance norms and practices.
B) To assess shareholders awareness about corporate governance norms and practices across the demographic characteristics of respondents.

Research methodology

Data for the present study was collected from indian investors using an online survey developed on google forms over a period of three months from august 2020 to october 2020. Shareholders were requested to participate in the study through email and by posting invitations to well-known sites asking potential respondents to visit the website to complete the questionnaire. Variables for corporate governance norms, disclosure practices, corporate governance practices influencing investor in their favor were identified through the review of relevant literature. The survey questionnaire consisted of three sections. The first part consisted ofquestions related to demographic characteristics of respondents, second part consist of corporate governance norms and practices, and third part consist corporate governance practices influencing investors to invest in the firms. Demographic characteristics of respondents were taken of nominal scale and other corporate governance practices scale were developed on likert scale (where 5 designated highly aware and 1 designated not aware at all).dimension of corporate governance practices were identified as board size, board meeting, audit committee existence, disclosure practices, listing agreement and other clauses under company act 2013.in order to ensure the validity of the survey instrument, the initial questionnaire was sent to a panel of experts and faculty members to determine the validity of the survey instrument, the accuracy of its purpose and to ensure its ties with the objectives of the report. In order to validate the reliability, 45 respondents, comprising 8.5% of the overall sample size, who were deemed to be members of the research population, checked the questionnaire as a pilot. The value of cronbach's alpha was found to be 0.8, suggesting the acceptable level of reliability of the questionnaire. The questionnaire was sent to 1500 respondents. Researchers received 600 responses and 529 respondents were considered suitableand being used in this study, excluding 71 responses that were unreliable or insincerely answered. The data thus received was systematically arranged, tabulated and analyzed using spss 22. Data analysis involves descriptive statistics, and anova using spss 22.table 1 indicate the demographic characteristics of respondents.

Results

The respondent profile as presented in table 1 indicates the demographic information of the respondents. It is found that the survey is a mixture of younger generation respondents as more than two-thirds of respondents (35.7+37.1=72.8%) fell between 26 and 50 years of age. 10% of respondents fell in the 51-65 age range where 9.1% of respondents were older than 65 years of age. A few (8.1%) of respondents were below 25 years of age. The study indicates that 68.2 per cent of respondents are male respondents and the remaining 31.8 per cent are female respondents. 72.6 per cent of respondents are married and the remaining 27.40 per cent are single. Information regarding education level indicates that sample is the combination of good educated level as 30.2% respondents are having post graduation degree to their credit and 27.2% are in possession of professional degree to their credit. 12.7% respondents are educated upto graduation , 29.9% respondents are having technical degree / diploma certificates. Survey reveals that more than half of the respondents (52.2%) indicated that they are earning from inr 40000-inr60000pm., 32.7% respondents indicated that they are earning from inr 20000-40000, 7% respondents are having monthly income from inr 60001-100000, 1.9% respondents indicated their earning more than inr 100000pm and 6.2% respondents indicated that they are having monthly income upto inr 20000pm.

Table1**: Demographic characteristics of respondents**

	Categories	***Count***	***Percentage***
		529	100
Age	Less than 25 years	43	8.1
	26-35 years	189	35.7
	36-50 years	196	37.1
	51-65 years	53	10.0
	Above65 years	48	9.1
Gender	Male	361	68.2
	Female	168	31.8
Marital status	Married	384	72.6
	Unmarried	145	27.4
Education Level	Upto graduation	67	12.7
	Diploma/ certification courses	90	17.0
	Technical graduation	68	12.9
	Post-graduation	160	30.2

	Professional qualification	144	27.2
Income level	Less than rs20,000	33	6.2
	Rs20,001-rs.40,000 pm	173	32.7
	Rs40,001-rs 60,000	276	52.2
	Rs60,001 -rs100000pm	37	7.0
	Above rs100000pm	10	1.9

Data summarized in table 2 depict the profile of stake holders. It is observed that sample consists of investors, employee of the company, member of the corporate governance, business partner and others. Table summarized that 40.8% respondents belongs to investor categories of respondents, 19.7% respondents belong to employee of the company, 14.7% employee are from member of corporate governance, 9.8% respondents are from business partner and remaining 14.9% . This signifies that sample is the combination of diverse categories of respondents

Table2: **Nature of stakeholder**

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Investor	216	40.8	40.8	40.8
	Employee of the company	104	19.7	19.7	60.5
	Member of corporate governance	78	14.7	14.7	75.2
	Business partner	52	9.8	9.8	85.1
	Others	79	14.9	14.9	100.0
	Total	529	100.0	100.0	

Table 3 indicates the shareholders awareness with the corporate governance practices adapted by organizations. It is observed that shareholders indicated high awareness with the statement like –"i am aware about governing authority having jurisdiction and power over listed companies issues under sebi guidelines" that scored mean =3.58 and sd=1.050. It is followed by the "i am aware about the standard listing agreement of share on stock exchanges" with mean =3.40 and sd=1.139. It is significant to note that investor pay less attention toward constitution of the board and its administration and disclosure under the companies act, 2013 as it has scored mean of 2.64 and sd =1.042.

Table3: **Shareholders awareness with corporate governance practices across : A descriptive statistics**

	N	Mean	Std. Deviation
I look about the constitution of the board and its administration and disclosure under the companies act, 2013	529	2.64	1.042
I am aware about governing authority having jurisdiction and power over listed companies issues under sebi guidelines	529	3.58	1.050
I am aware about the standard listing agreement of share on stock exchanges.	529	3.40	1.139
I am aware about accounting standard followed in the financial statement of the company	529	3.24	1.256

I look the changes in ownership pattern of major shareholders	529	3.20	1.209
In addition to the executive officers, i see the involvement of elected and non-executive members on the board of directors.	529	3.10	1.126
I see the patterns of disclosure of compensation to the members of the board of directors	529	2.85	1.127
I am concerned at the disclosure of the important details of the organisation on innovations and major events	529	2.80	1.175
Valid n (listwise)	529		

The information presented in table 4 depicts the relative importance of corporate governance practices while making investment decision. Descriptive statistics calculated of each corporate governance practices indicates that shareholders give more importance to transparency of the company in general as it has scored highest mean of 3.64 and sd=0.986. This is followed by the disclosure of board members' compensations that scored mean of 3.42 and sd =1.256. It is observed thatinvestor give very less consideration to number of members of the board of directors in making investment decision as it score lowest mean of 2.90 and sd =. 1.228.

Table4: **Relative importance of corporate governance practices While making investment decision: a descriptive statistics**

	N	Mean	Std. Deviation
Number of board of directors executives	529	2.90	1.228
Existence of independent and non-executive members (other than executive members) in the board of directors	529	3.08	1.192
Ownership of government/sovereign funds within the company	529	3.32	1.194
Disclosure of compensation of board members	529	3.42	1.256
The presence of the nomination and compensation committee in the company	529	3.29	1.312
Organization emphasis on compliance activities	529	3.32	1.303
Company's internal policies, control mechanisms and reputation building practices	529	3.30	1.142
Transparency of the company in general	529	3.64	.986
Valid n (listwise)	529		

One way anova test was carried out to determine whether there are any statistically significant differences between the means of corporate governance practices across the demographic characteristics of respondents. Three important demographic characteristics(age, gender and education level) was taken into consideration for the study. Here null hypothesis is assumed as mean of different factors of corporate governance practices does not differs significantly across the demographic characteristics(age, gender, and education level) of respondents. P –value is used to make a decision about the statistical significance of the assumed model. Basically p-value is a probability that measures the evidence against the null hypothesis. Lower probabilities provide stronger evidence against the null hypothesis. It is evident from the table5 that p value of all the factors of corporate governance practices is higher than the .05 in the case of number of board members, existence of independent and non-executive , disclosure of boardmembers' compensations and transparency of the company in general and hence null hypothesis is accepted indicating no significant different in the mean of different corporate governance practices across gender categories of respondents. However null hypothesis is rejected in the case of the ownership of government/sovereign funds in the company, disclosure of board members' compensations, the existence ofnominationand compensation committee in the company, organization's focus on compliance practices, company's internal policies, control mechanisms and reputation building practices across the gender categories of respondents,

Table5: **One way anova of mean ofcorporate governance practices**
Across the gender categories of respondents

		N	Mean	Std. Deviation	Std. Error	F(v1=1, v2=527)	Sig.
Number of board of directors executives	Male	361	2.95	1.206	.063		
	Female	168	2.80	1.269	.098	1.708	.192
	Total	529	2.90	1.228	.053		
Existence of independent and non-executive members (other than executive members) in the board of directors	Male	361	3.01	1.224	.064		
	Female	168	3.21	1.111	.086	3.257	.072
	Total	529	3.08	1.192	.052		
The ownership of government/sovereign funds in the company	Male	361	3.40	1.162	.061		
	Female	168	3.15	1.248	.096	4.716	.030
	Total	529	3.32	1.194	.052		
Disclosure of board members' compensations	Male	361	3.44	1.210	.064		
	Female	168	3.39	1.353	.104	.187	.666
	Total	529	3.42	1.256	.055		
The existence of nomination and compensation committee in the company	Male	361	3.47	1.218	.064		
	Female	168	2.91	1.426	.110	21.492	.000
	Total	529	3.29	1.312	.057		
Organization's focus on compliance practices	Male	361	3.42	1.243	.065		
	Female	168	3.10	1.402	.108	7.374	.007
	Total	529	3.32	1.303	.057		
Company's internal policies, control mechanisms and reputation building practices	Male	361	3.40	1.037	.055		
	Female	168	3.09	1.317	.102	8.869	.003
	Total	529	3.30	1.142	.050		
Transparency of the company in general	Male	361	3.67	.913	.048		
	Female	168	3.60	1.128	.087	.617	.433
	Total	529	3.64	.986	.043		

It is evident from the table6 that p value of all the factors of corporate governance practices is higher than the .05 in the case of number of members of the board of directors and organization's focus on compliance practices and hence null hypothesis is accepted indicating no significant different in the mean of different corporate governance practices across age categories of respondents.however null hypothesis is rejected in the case of existence of independent and non-executive members (in addition to the executive members) in the board of directors, the ownership of government/sovereign funds in the company, disclosure of board members'compensations, the existence of nomination and compensation committee in the company and organization's focus on compliance practices. Hence null hypothesis is rejected and concluded that mean of these corporate governance practices differs significantly across the age categories of respondents,

Table6: **One way anova of mean ofcorporate governance practices across the age categories of respondents**

		N	Mean	Std. Deviation	Std. Error	F	Sig.
Number of board of directors executives	Less than 20	43	2.81	1.385	.211	.586	.673
	21-35 years	189	2.84	1.219	.089		
	36-50 years	196	2.98	1.261	.090		
	\51-65 years	53	3.00	1.225	.168		
	Above65 years	48	2.77	.973	.140		
	Total	529	2.90	1.228	.053		
Existence of independent and non-executive members (other than executive members) in the board of directors	Less than 20	43	3.14	1.082	.165	8.236	.000
	21-35 years	189	3.08	1.235	.090		
	36-50 years	196	2.81	1.156	.083		
	\51-65 years	53	3.79	1.291	.177		
	Above65 years	48	3.31	.689	.099		
	Total	529	3.08	1.192	.052		
The ownership of government/sovereign funds in the company	Less than 20	43	3.35	1.307	.199	13.727	.000
	21-35 years	189	3.34	1.200	.087		
	36-50 years	196	2.96	.957	.068		
	\51-65 years	53	4.19	1.128	.155		
	Above65 years	48	3.69	1.417	.204		
	Total	529	3.32	1.194	.052		
Disclosure of board members' compensations	Less than 20	43	3.56	1.076	.164	12.931	.000
	21-35 years	189	3.70	1.166	.085		
	36-50 years	196	3.19	1.290	.092		
	\51-65 years	53	3.92	1.107	.152		
	Above65 years	48	2.56	1.183	.171		
	Total	529	3.42	1.256	.055		
The existence of nomination and compensation committee in the company	Less than 20	43	3.19	1.350	.206	8.397	.000
	21-35 years	189	3.50	1.270	.092		
	36-50 years	196	2.90	1.255	.090		
	\51-65 years	53	3.70	1.551	.213		

	Above65 years	48	3.69	.949	.137		
	Total	529	3.29	1.312	.057		
Organization's focus on compliance practices	Less than 20	43	3.14	1.283	.196	2.297	.058
	21-35 years	189	3.39	1.132	.082		
	36-50 years	196	3.18	1.275	.091		
	\51-65 years	53	3.74	1.643	.226		
	Above65 years	48	3.31	1.560	.225		
	Total	529	3.32	1.303	.057		
Company's internal policies, control mechanisms and reputation building practices	Less than 20	43	3.49	.910	.139	27.382	.000
	21-35 years	189	3.60	.993	.072		
	36-50 years	196	2.70	1.107	.079		
	\51-65 years	53	3.96	1.344	.185		
	Above65 years	48	3.69	.589	.085		
	Total	529	3.30	1.142	.050		
Transparency of the company in general	Less than 20	43	3.47	.935	.143	9.191	.000
	21-35 years	189	3.60	.836	.061		
	36-50 years	196	3.47	1.078	.077		
	\51-65 years	53	4.25	.677	.093		
	Above65 years	48	4.02	1.139	.164		
	Total	529	3.64	.986	.043		

It is evident from the table6that p value of the factors of corporate governance practices is higher than the .05 in the case of existence of independent and non-executive members (in addition to the executive members) in the board of directors and hence null hypothesis is accepted indicating no significant different in the mean of different corporate governance practices across education categories of respondents. However null hypothesis is rejected in the case number of members of the board of directors, the ownership of government/sovereign funds in the company, disclosure of board members' compensations, theexistence of nomination and compensation committee in the company, organization's focus on compliance practices, company's internal policies, control mechanisms and reputation building practices, transparency of the company in general. Hence null hypothesis is rejected and concluded that mean of these corporate governance practices differs significantly across the education categories of respondents.

Table7: **One way anova of mean of corporate governance practices Across the education level of respondents**

		N	Mean	Std. Deviati	Std. Err	Minimum	Maximum
Number of board of directors executives	Graduation	67	2.78	1.265	.15	8.47	.000
	Diploma/ certification courses	90	3.48	1.220	.12		
	Technical graduation	68	3.15	1.026	.12		
	Post-graduation	16	2.76	1.186	.09		
	Professional qualification	14	2.64	1.227	.10		
	Total	52	2.90	1.228	.05		
Existence of independent and non-executive members (other than executive members) in the board of directors	Graduation	67	3.13	1.043	.12	.225	.925
	Diploma/ certification courses	90	3.13	1.124	.11		
	Technical graduation	68	2.97	1.327	.16		
	Post-graduation	16	3.08	1.221	.09		
	Professional qualification	14	3.07	1.210	.10		
	Total	52	3.08	1.192	.05		
The ownership of government/sovereign funds in the company	Graduation	67	3.49	1.198	.14	3.44	.009
	Diploma/ certification courses	90	3.13	1.351	.14		
	Technical graduation	68	3.07	1.111	.13		
	Post-graduation	16	3.55	1.132	.08		
	Professional qualification	14	3.22	1.154	.09		
	Total	52	3.32	1.194	.05		
Disclosure of board members' compensations	Graduation	67	3.43	1.362	.16	5.02	.001
	Diploma/ certification courses	90	2.97	1.258	.13		
	Technical graduation	68	3.65	1.076	.13		
	Post-graduation	16	3.64	1.089	.08		
	Professional qualification	14	3.35	1.381	.11		
	Total	52	3.42	1.256	.05		
The existence of nomination and compensation committee in the company	Graduation	67	3.19	1.340	.16	4.20	.002
	Diploma/ certification courses	90	3.00	1.290	.13		
	Technical graduation	68	3.04	1.343	.16		
	Post-graduation	16	3.61	1.239	.09		
	Professional qualification	14	3.28	1.320	.11		
	Total	52	3.29	1.312	.05		
Organization's focus on compliance practices	Graduation	67	3.24	1.372	.16	4.96	.001
	Diploma/ certification courses	90	2.96	1.170	.12		
	Technical graduation	68	3.07	1.176	.14		
	Post-graduation	16	3.64	1.296	.10		
	Professional qualification	14	3.35	1.345	.11		
	Total	52	3.32	1.303	.05		
Company's internal policies,	Graduation	67	3.22	1.139	.13	5.76	.000
	Diploma/ certification courses	90	3.04	1.151	.12		

control mechanisms and reputation building practices	Technical graduation	68	3.21	1.030	.12		
	Post-graduation	16	3.65	1.089	.08		
	Professional qualification	14	3.17	1.171	.09		
	Total	52	3.30	1.142	.05		
Transparency of the company in general	Graduation	67	3.76	.971	.11	2.96	.019
	Diploma/ certification courses	90	3.41	.982	.10		
	Technical graduation	68	3.62	1.093	.13		
	Post-graduation	16	3.81	.899	.07		
	Professional qualification	14	3.56	1.008	.08		
	Total	52	3.64	.986	.04		

It is evident from the table8 that p value of the factors of corporate governance practices is higher than the .05 in the case of transparency of the company in general and hence null hypothesis is accepted indicating no significant different in the mean of different corporate governance practices across the various categories stakeholders. However null hypothesis is rejected in the case number of members of the board of directors, existence of independent and non-executive in the board of directors, the ownership of government/sovereign funds in the company, disclosure of board members' compensations, the existence of nomination and compensation committee in the company, organization's focus on compliance practices and company's internal policies, control mechanisms and reputation building practices. Hence null hypothesis is rejected and concluded that mean of these corporate governance practices differs significantly across the various categories stakeholders.

Table8: **One way anova of mean of corporate governance practices Across the education levels of respondents**

		N	Mean	Std. Deviation	Std. Error	F	Sig.
Number of board of directors executives	Investor	216	2.93	1.240	.084	6.868	.000
	Employee of the company	104	3.34	1.204	.118		
	Member of corporate	78	2.49	1.203	.136		
	Business partner	52	2.96	1.028	.143		
	Others	79	2.62	1.191	.134		
	Total	529	2.90	1.228	.053		
Existence of independent and non-executive members (other than executive members) in the board of directors	Investor	216	3.41	1.030	.070	16.743	.000
	Employee of the company	104	2.79	1.384	.136		
	Member of corporate	78	2.29	.775	.088		
	Business partner	52	3.08	1.186	.164		
	Others	79	3.33	1.248	.140		
	Total	529	3.08	1.192	.052		
The ownership of government/sovereign funds in the company	Investor	216	3.45	1.060	.072	24.810	.000
	Employee of the company	104	3.11	1.148	.113		
	Member of corporate	78	2.35	1.204	.136		
	Business partner	52	3.83	.923	.128		

	Others	79	3.87	1.136	.128		
	Total	529	3.32	1.194	.052		
Disclosure of board members' compensations	Investor	216	3.63	1.031	.070	17.907	.000
	Employee of the company	104	2.86	1.622	.159		
	Member of corporate	78	2.82	1.365	.155		
	Business partner	52	3.81	.768	.106		
	Others	79	3.95	.876	.099		
	Total	529	3.42	1.256	.055		
The existence of nomination and compensation committee in the company	Investor	216	3.31	1.273	.087	3.361	.010
	Employee of the company	104	3.43	1.419	.139		
	Member of corporate	78	2.83	1.283	.145		
	Business partner	52	3.25	1.235	.171		
	Others	79	3.52	1.270	.143		
	Total	529	3.29	1.312	.057		
Organization's focus on compliance practices	Investor	216	3.50	1.157	.079	9.034	.000
	Employee of the company	104	2.89	1.468	.144		
	Member of corporate	78	2.87	1.097	.124		
	Business partner	52	3.42	1.433	.199		
	Others	79	3.77	1.300	.146		
	Total	529	3.32	1.303	.057		
Company's internal policies, control mechanisms and reputation building practices	Investor	216	3.65	.972	.066	17.337	.000
	Employee of the company	104	2.92	1.163	.114		
	Member of corporate	78	2.65	1.193	.135		
	Business partner	52	3.19	1.103	.153		
	Others	79	3.58	1.093	.123		
	Total	529	3.30	1.142	.050		
Transparency of the company in general	Investor	216	3.66	.932	.063	1.757	.136
	Employee of the company	104	3.71	1.067	.105		
	Member of corporate	78	3.38	1.187	.134		
	Business partner	52	3.77	.783	.109		
	Others	79	3.70	.897	.101		
	Total	529	3.64	.986	.043		

Discussion and conclusions

Globalization of business and large scale privatization has brought complexity in the corporate governance practices. Government has introduced many rules and regulation for effective corporate governance and enhance investor confidence and building faith in the system so as to take appropriate decision in favor of investment. The finding of present research and literature shows how different corporate governance practices influence shareholders decision making. Results indicate that respondents were aware with different corporate governance practices and give due consideration to transparency in the disclosure system. Cross table analysis indicates that awareness related to ownership of government/sovereign funds in the company, disclosure of board members' compensations, the existence of nomination and compensation committee in the company, organization's focus on compliance practices, company's internal policies, control mechanisms and reputation building practices differs significantly across the age,gender and educational level of respondents, these support research finding by katarachia et al. (2018), katarachia, a., pitoska, e., giannarakis, g. , & poutoglidou, e. (2018). Dr. Arindamgupta (2012) who suggest that managers have valuable role in enhancing corporate governance awareness among investors with suitable advertising and promotional techniques.however, katarachia et al. (2018) declared that there is a need for improvement in corporate governance disclosure by indian companies, as they fail to comply with the majority of the proposed disclosure items. Therefore, the study suggest that management should formulate combination of different marketing and advertising techniques practices and implement it effectively to get the desired result existing practices should be enriched to ensure that they are comprehensive and suit the needs of shareholders.

Limitations and future implications

This study only concentrated on limited sample of shareholders in a limited geographical area and thus research recommends that a similar study be conducted in broader scope to know how corporate governance practices has impacted on the investor decision making . Hence, in the interest of organization as well as investor, corporate governance practices and its influence on shareholder decision making needs to be strictly examined inthe socio economic context. It is forming the interest of organization to achieve higher standard of corporate governance with minimum resistance from shareholders as a happy partnership contributing to gaining better outcomes. All the strategies and policies related to corporate governance practices should be focused on gaining long term objectives related to investor confidence towards organization and contribute to society at large.

References:

1. Koh, t.n. (2001). "responsibilities of corporate powers and control of corporate powers" in 3r's of corporate governance, responsibilities, risks and reform. Malaysian institute of corporate governance: kuala lumpur, pp.1-20 5
2. Rutteman, p. (2001). "financial reporting and risk management" in 3r's of corporate governance, responsibilities, risks and reform. Malaysian institute of corporate governance: kuala lumpur, pp.28-47
3. Reema sharma & fulbag singh(2017) awareness and understanding of corporate governance norms in india: an empirical investigation amity journal of corporate governance 2 (2), (1-16)
4. Nicholas j. Price(2019) p saravanan (2019) equity investments: need to check corporate governance norms retrieved from : www.financialexpress.com
5. Rima al-sager & durga prasad samontaray(2018) gender wise saudi investors' awareness of corporate governance mechanism and its importance in their investment decision making – an empirical study, international business research; vol. 11, no. 3; 2018
6. Young llp, e. C. (2013). Integrating the triple bottom line into an enterprise risk management program. The committee of sponsoring organizations of the treadyway commission (coso).
7. Li, w. Y. (2012). A survey of corporate governance: international trends and china's mode. Nankai business review international, 4-30.

8. Brunning, o. M. (2007). Corporate governance and strategic change in smes: the effects of ownership, board composition and top management teams. Small business economics, 295-308.
9. Cheung, s. Y. (2004). Corporate governance in asia. Asia-pacific development journal, 11(2), 1-31.
10. Sarkis, j. M. (2010). Reverse logistic and social sustainability. Corporate social responsibility and environmental management, 337-354.
11. Dr. Arindamgupta (2012) in his project work on a study into investors' awareness, activism and redressal of grievances in india retrieved from www.vidyasagar.ac.in
12. Katarachia, a. , pitoska, e. , giannarakis, g. , & poutoglidou, e. (2018). The drivers of corporate governance disclosure: the case of nifty 500 index. International journal of law and management , 60(2), 681–700.