

THE ROLE OF INSTITUTIONAL INVESTORS IN ENHANCING CORPORATE GOVERNANCE

A Dissertation submitted to the Office of the Dean, Faculty of Management in
Partial fulfilment of the requirements for the Master's Degree

By

Sanjeeb Bhusal

Exam Roll No: 6184/18

Campus Roll No: 280/074

TU Regd. No: 7-3-39-1331-2017

Shanker Dev Campus

Kathmandu, Nepal

June, 2024

Certificate of Authorship

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “ **The Role of Institutional Investors in Enhancing Corporate Governance**” The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation.

.....

Sanjeeb Bhusal

June 2024

REPORT OF RESEARCH COMMITTEE

Mr. Sanjeeb Bhusal has defended research proposal entitled "**The Role of Institutional Investors in Enhancing Corporate Governance**" successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidelines of supervisor Joginder Goet. Submit the thesis for evaluation and viva-voce examination.

.....

Joginder Goet

Dissertation Supervisor

Dissertation Proposal Defended Date:

.....

Dissertation Submitted Date:

.....

.....
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Head, Research Department

Dissertation Viva-voce Date:

.....

APPROVAL SHEET

We, the undersigned, have examined the thesis entitled "**The Role of Institutional Investors in Enhancing Corporate Governance** " Presented by Sanjeeb Bhusal Candidate for the degree of Master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

.....
Joginder Goet
Dissertation Supervisor

.....
Internal Examiner

.....
Internal Expert

.....
External Expert

.....
Asso. Prof. Dr. Sajeeb Kumar Shrestha
Chairperson, Research Committee

.....
Asso. Prof. Dr. Krishna Prasad Acharya
Campus Chief

Acknowledgements

This study, titled “ **The Role of Institutional Investors in Enhancing Corporate Governance**”, was conducted to fulfill the partial requirements for the degree of Master of Business Studies at Tribhuvan University.

First and foremost, I would like to express my immense gratitude to my supervisor Joginder Goet for his invaluable supervision and guidance throughout this study. His continued support, inspiration, and emotional encouragement have been instrumental in reaching the completion of this journey. I am also thankful for the support and continuous encouragement from the faculties of Shanker Dev Campus during my study and the preparation of this dissertation. I extend my appreciation to the authors and teachers whose knowledge has contributed to the successful completion of this study. Special thanks to Assoc. Prof. Dr. Sajeeb Kumar Shrestha, Head of the Research Committee, and Assoc. Prof. Dr. Krishna Prasad Acharya, Campus Chief, for their guidance and support in completing this work.

I am grateful to the staff members of all the teachers at Shanker Dev Campus, Kathmandu, who provided valuable assistance in making this dissertation report possible. I would also like to express my sincere thanks to my parents, family members, and friends for their constant encouragement and inspiration throughout this journey.

Sanjeeb Bhusal

Researcher

Table of Contents

<i>Certification of Authorship</i>	<i>ii</i>
<i>Report of Research Committee</i>	<i>iii</i>
<i>Approval Sheet</i>	<i>iv</i>
<i>Acknowledgements</i>	<i>v</i>
<i>Table of Content</i>	<i>vi</i>
<i>List of Tables</i>	<i>viii</i>
<i>List of Figure</i>	<i>ix</i>
<i>Abbreviations</i>	<i>x</i>
<i>Abstract</i>	<i>xi</i>

CHAPTER ONE: INTRODUCTION

1.1 Background of the study	1
1.2 Problem statement	3
1.3 Research questions	5
1.4 Objectives of the study	5
1.5 Hypothesis	5
1.6 Rationale of the study	6
1.7Limitation of the study	6

CHAPTER II: LITERATURE REVIEW

2.1 Introduction	7
2.2 Theoretical review	9
2.3. Empirical review	12
2.4 Research gap	20

CHAPTER III: RESEARCH METHODOLOGY

3.1 Research design	21
3.2 Population, sample and sampling design	21
3.3 Nature and sources of data	21
3.4 Data collection procedure and instrument	22

3.5 Data processing procedure	22
3.6 Methods of analysis	23
3.7 Research framework and definition of variables	24

CHAPTER IV: RESULTS AND DISCUSSION

4.1 Results	27
4.2 Discussion	37

CHAPTER V: SUMMARY AND CONCLUSION

5.1 Summary	39
5.2 Conclusion	40
5.3 Implications	42

REFERENCES

APPENDIX

List of Tables

Table 1: <i>Review of literature</i>	16
Table 2: <i>Cronbach's Alpha</i>	24
Table 3: <i>Gender Group of Respondent</i>	27
Table 4: <i>Age Group of Respondent</i>	27
Table 5: <i>Education background of Respondent</i>	28
Table 6: <i>Position of Respondent</i>	29
Table 7: <i>Job experience of Respondent</i>	29
Table 8: <i>Descriptive Analysis</i>	30
Table 9: <i>Model Summary</i>	34
Table 10: <i>Regression ANOVA</i>	35
Table 11: <i>Regression Coefficient</i>	36

List of Figure

Figure1: *Research Framework*

24

Abbreviations

&	: And
CED	: Corporate environmental disclosure
CSR	: Corporate Social Responsibility
FRCN	: Financial Reporting Council of Nigeria
IMF	: International Monetary Fund
OECD	: Organization of Economic Co-operation and Development
ROE	: Return on Equity
SPSS	: Statistical Package for the Social Sciences

Abstract

This study examines the role of institutional investors in enhancing corporate governance. In particular, it looks into institutional investors, who currently hold a sizable share of Nepal's equity. Businesses are frequently characterized as ephemeral, narrow-minded owners who have no desire to participate in governance. We investigate whether institutional owners limit managerial discretion by limiting earnings manipulation in order to test the veracity of this claim. Numerous attempts have been made to develop corporate governance (CG) rating methodologies as a result of institutional investors' need to assess the CG practices of listed companies. In light of this circumstance, this paper makes an effort to measure how closely Greek large-cap companies adhere to global best practices. Specifically, we investigate the connection between accounting behavior measured by discretionary accruals and institutional ownership. Our results are in line with institutional investors' encouragement of myopic management practices as well as institutional monitoring. Additionally, we run triangular tests that look at the effects of managerial discretion on capital market pricing at various institutional ownership levels. Corporate governance that is efficient and founded on values is the responsibility of independent directors, institutional investors, and regulators. This essay discusses activism related to corporate governance.

Keywords: *Corporate Governance, Institutional Investors, innovation, innovative culture, organizational performance.*

CHAPTER I

INTRODUCTION

1.1. Background of the Study

The incidence of corporate frauds in developed and developing countries has led to a greater emphasis on corporate governance as a screening tool for all enterprises, profit or non-profit. Friedman (1970), referenced in Chalise (2014), said that fraud negatively impacted the interests of stakeholders and the performance of corporations, even forcing some into bankruptcy. Moreover, the organization's incapacity to manage governance often produced the worst circumstances. For example, One-Tel, a well-known company, collapsed in Australia in 2001, according to Monem (2001). With more than a million consumers served across eight countries, it grew to become Australia's fourth-largest telecommunications firm at the time of its dissolution.

Ghana's economic growth was threatened by the country's escalating energy issue. Todorovic (2013) pointed out that poor corporate governance has a detrimental effect on performance. Power outages have been connected to Ghana's persistent energy issues, which have been ascribed to insufficient management of the country's public energy sector (Dye, 2023). Since most government agencies have failed to make energy production economical for the country, the government has entered into a series of public-private partnerships in an attempt to rectify the situation (Osei-Tutu et al., 2021). According to a research by Shaheen et al. (2020), companies with greater governance would also perform better organizationally, especially in Ghana during the economic crisis. It is regrettable that there is so little study that contrasts corporate governance.

After analyzing both quantitative and qualitative data, a number of scholars came to the conclusion that One-Tel is a prime example of unreasonably high expectations, bad strategic decisions, poor pricing, and unbridled expansion. The following aspects of the company's corporate governance were woefully deficient: appropriate and sufficient internal control; high-quality financial reporting and audits; board supervision of management; poor internal communications; and exorbitant CEO

remuneration. Corporate governance's responsibilities have a big influence on organizations' financial performance because they set the stage for long-term value creation and sustainable development (Bai et al., 2023).

Organizations are managing a more dynamic global environment, which makes effective governance processes more important. Corporate governance is the set of rules, laws, and practices that regulate and govern corporations (Dewri, 2022). The primary goal of corporate governance is to provide a long-term, good work environment while enhancing an organization's internal responsibility, ethics, and transparency. The link between corporate governance and economic development is complex. It is important to have a robust board of directors. The cornerstone of corporate governance, the board of directors is in charge of supervising and making strategic choices (Mertzanis et al., 2020).

A diverse, independent, and experienced board is more likely to offer effective checks and balances, reducing management mistakes and upholding financial policies. Effective governance frameworks promote sensitive financial management by lowering cash mismanagement (Gerged, 2021). This is necessary for both financial performance and capital allocation optimization. Transparent financial reporting, which is essential to effective governance, boosts investor trust and generates profits when conditions are favorable. In the present economic turmoil, corporate governance and financial performance are connected. Robust frameworks empower firms to adapt to market fluctuations, navigate challenges, and seize fresh prospects (Cumming et al., 2021).

However, incompetent leadership may make economic downturns worse by causing unstable finances and a decline in morals. Corporate governance today requires social responsibility. As public expectations have grown, companies are now required to consider environmental, social, and governance (ESG) issues when making choices. Sustainable and ethical corporate practices not only lower hazards to the environment and society but also attract a growing number of socially concerned investors, which boosts financial success. In a dynamic business climate, a firm's success is heavily influenced by its financial performance and corporate governance. Sustained financial

success requires a firm to possess resilience, flexibility, and ethics—qualities of a well-managed business. Effective corporate governance practices in the twenty-first century help companies achieve long-term financial success. Corporate governance has a major role in the financial performance of Nepalese commercial banks; this research examines the variables that impact long-term financial success (Karwowski

Financial disclosure, independence, board size and composition, committees, diversity, and the fiduciary duties of directors are the cornerstones of good governance practices, as the modern world has shown. These variables are typically on the main agendas of most international meetings and conferences, including those hosted by the World Bank, the International Monetary Fund (IMF), and the Organization for Economic Co-operation and Development (OECD) (Inyanga, 2009, as cited in Shungu et al., 2014). Moreover, these organizations see informed corporate governance norms as critical to helping developing countries recover investor trust, become more competitive, and promote sustainable economic development (Cumming et al., 2021).

1.2. Problem Statement

Over the last ten years, Nepal has had a wide range of bank failures. A number of public enterprises have been placed under the curator's supervision; some have closed, but many are still coping with difficult circumstances for survival, and most commentators attribute this to inadequate corporate governance. The economy is not only impacted by the telecommunications sector; many public and private companies are also feeling the pinch.

Ghana's economic growth was threatened by the country's escalating energy issue. Todorovic (2013) pointed out that poor corporate governance has a detrimental effect on performance. Power outages have been connected to Ghana's persistent energy issues, which have been ascribed to insufficient management of the country's public energy sector (Dye, 2023). Since most government agencies have failed to make energy production economical for the country, the government has entered into a series of public-private partnerships in an attempt to rectify the situation (Osei-Tutu et al., 2021). According to a research by Shaheen et al. (2020), companies with greater

governance would also perform better organizationally, especially in Ghana during the economic crisis. It is regrettable that there is so little study that contrasts corporate governance.

Academics have debated whether inadequate corporate governance practices are to blame for an increase in business failures (Palmrose, 2013). The fundamental issue is that researchers are still unable to agree on the degree of correlation between organizational performance and corporate governance (O'Connor & Byrne, 2015). This disparity in research results suggests that business managers may lack the necessary expertise or may encounter challenges while implementing the best corporate governance standards (El-Faitouri, 2014). The particular issue, particularly in Nigeria, is that corporate managers lack sufficient knowledge about the potential benefits of improved corporate governance as well as how it impacts the performance of organizations. Despite the fact that many inquiries about the Nigerian

The researcher was motivated by all of this to carefully examine how institutional investors are improving corporate governance. Within any economy, institutional investors are the most vulnerable and important segment. Improving corporate governance may help achieve some of the most important public policy goals for countries focused on development, such as Nepal. Effective corporate governance lowers the market's increasing susceptibility to financial crises, upholds property rights, lowers transaction costs and the capital charge, and leads to the expansion of the capital market. Conversely, weak corporate governance frameworks undermine investor trust and may deter foreign investment.

Research Questions

This section deals with the research questions that have been used in this study. Taking into the consideration, the missing link, objectives and statement of the problems, this research has been embarked upon to discover the solutions to the following research questions:

- i. What is the role of institutional investors in enhancing corporate governance?
- ii. Does relationship among factor of institutional investors in enhancing corporate governance in Nepal?

- iii. What is the impact of institutional investors in enhancing corporate governance?

1.3. Objectives of the Study

The main purpose of this study is to examine the corporate governance practices in context to Nepal. To achieve this basic objective, the specific objective are as follows:

- i. To assess the extent to which corporate governance is being practiced in Nepal.
- ii. To examine the relationships among factor of institutional investors in enhancing corporate governance in Nepal.
- iii. To analyze the impact of institutional investors in enhancing corporate governance.

1.4. Hypotheses

This section deals with the hypothesis and propositions that have been used in this study. Based on it, following hypothesizes are generated for testing statistical significance between the variables:

H₁: There is significant impact of Board Size on corporate governance.

H₂: There is significant impact of Board Independence on corporate governance

H₃: There is significant impact of Board Diversity on corporate governance

H₄: There is significant impact of Number of board committee on corporate governance

H₅: There is significant impact of Board meetings held in a year corporate governance

H₆: There is significant impact of Innovative Culture on corporate governance

1.5. Rationale of the Study

The variables influencing corporate governance in Nepal are investigated in this research. To find out the main elements influencing corporate governance, research has to be done. The goal of this research is to investigate how different variables affect corporate practice. This will demonstrate the ways in which various elements

impact corporate governance practice. Because it examines the factors influencing corporate governance, this study will contribute to improving the performance of the different industry. This research will also shed light on the several aspects that affect corporate governance in the workplace the most and the least.

The study's conclusions will make a substantial addition to our knowledge of the problems and the situation of corporate governance today. Because it is one of the few that has looked at the elements influencing corporate governance, this study may be generally helpful to academics who are exploring the factors impacting corporate governance in enhancing business performance. All things considered, this research gives practitioners a clear understanding of the variables influencing corporate governance via a thorough portrayal of the subject.

1.6. Limitations of the Study

1. The research is constrained by a time limit, which may impact the depth and comprehensiveness of the study
2. The analysis relies on primary data, and any deviation from reality may be attributed to the subjective nature of respondents' business perspectives.
3. The study considers only a limited set of components as independent variables, potentially overlooking other factors that could influence corporate governance.
4. The focus is exclusively on the investing sector, limiting the generalizability of findings to the broader Nepalese industrial market.
5. The sample collection is restricted to Kathmandu, and the limited sample size may not represent the diverse sectors adequately.
6. Responses are influenced by the mood, emotions, and mental states of the respondents during the questionnaire administration, introducing subjectivity into the results.

CHAPTER II

LITERATURE REVIEW

The introduction of this section signifies its focus on providing a concise overview of existing empirical studies that have delved into the subject matter under consideration. Specifically, the research centers on exploring the influence of corporate governance on bank performance, a topic that has garnered attention from scholars over an extended period. The section aims to draw insights from a multitude of studies conducted in various regions, encompassing both developed and developing economies. Through this literature review, the intention is to assimilate relevant findings and perspectives from prior research endeavors, thereby contributing to the contextual understanding of the impact of corporate governance on bank performance. The studies chosen for review likely present diverse methodologies, findings, and conclusions, offering a comprehensive examination of the subject's shades and complexities.

Improving financial performance and maximizing shareholder wealth are the two main goals of business (Joseph & Dai, 2009). But achieving these objectives depends on the caliber of organizational performance (Katou & Budhwar, 2007). Organizational performance indicators typically include metrics that are pertinent to the business, such as employee and customer satisfaction levels, effectiveness, and efficiency. Based on observations drawn from the reviewed literature, it appears that Nigeria's listed economy employs different levels of corporate governance with regard to audit committee independence, board independence, CEO status, and board composition. This landscape is still developing, though, and it is periodically revised to reflect shifts in Nigeria's economic environment. The Financial Reporting Council of Nigeria's founding and functioning

The existing body of literature has certain gaps and controversies that highlight the need for additional research. This study intends to fill this gap by examining the relationship between corporate governance and the performance of Nigerian listed non-financial companies. Return on Equity (ROE) and board size have a positive and

significant relationship, according to Kajola (2008), although there are no significant relationships between ROE and audit committees or board composition. Since small and medium-sized businesses make up the majority of businesses in Africa, Kajola suggested giving the study of these businesses more attention.

According to Mudasiru, Babatunde, Bakare, and Ismaeel (2014), corporate governance improves a number of an organization's performance metrics. Positive correlations between ownership structure, dividend policy, audit committee size and independence, CEO tenure, board size, and board management abilities were found to exist with organizational performance. The authors stressed the audit committee's critical role in guaranteeing the accuracy of financial statements, which are essential instruments for stakeholder communication.

The results of Priyanka Aggarwal's (2013) study on the relationship between corporate governance and financial performance showed that a company's financial performance is strongly and favorably impacted by its governance rating. This result is consistent with earlier research highlighting the role that sound governance procedures play in producing positive financial results. The impact of corporate governance on the performance of Zimbabwe's telecommunications industries is examined by Shungu, Ngirande, and Ndlovu (2014). The study employed established variables such as bank overall performance and impartial variables such as board size, composition, diversity, and inner board committees.

According to Babalola and Adedipe (2013), the issue of corporate governance gained international attention following business financial scandals caused by a lack of accountability and transparency in governance. However, sustainable banking is a philosophy that forms the basis of all banking; it is a cost system that declares that a bank's operations should benefit not only its clients and the wider economy, but also its employees and shareholders, while also preventing or minimizing any unfavorable effects on society and the environment.

A study by Sapkota et al. (2015) looked at the connection between bank performance and corporate governance. The bank's efficiency has been measured by non-

performing loans, return on equity, and return on assets; corporate governance has been measured by board size, institutional ownership, foreign ownership, board independence, and audit committee. The importance and significance of corporate governance in Nepal's telecommunications industries were evaluated using a variety of regression models. The outcome suggests that capital structure in the telecommunications industry is directly impacted by corporate governance. The size of the board, the CEO's dual role, tangibility, and return on assets all have a negative relationship with the capital structure, but the capital structure has a positive relationship.

Lama et al. (2015) carried out research to examine the connection between corporate governance and firm performance. The present analysis has employed various criteria, including CEO duality, board size, independent directors, leverage, EPS, equity capital, and total assets, that are known to influence the performance of a company as measured by ROA and ROE. The purpose of this research is to determine whether improved corporate governance is associated with improved business outcomes. The study shows that the company's ROA and ROE, and ultimately the company's success, are significantly impacted by corporate governance practices. The result demonstrates that the performance is negatively impacted by the CEO's dual role, the number of independent directors, and the amount of debt utilized.

2.1 Theoretical Review

Examining different theoretical stances, frameworks, and models that provide light on the rules, procedures, and methods of corporate governance is part of a theoretical study of corporate governance. These theories aid in our comprehension of corporate governance's justification as well as its effects on stakeholder relations, organizational performance, and behavior. These are a few well-known theories in the corporate governance space.

2.1.1 Theories on corporate governance

The relevance of corporate governance is rising, especially in light of insider surveillance. This section now examines some theoretical stances that are pertinent to the research at hand. The fundamental ideas of corporate governance, such as resource

dependence theory, agency theory, stewardship theory, and stakeholder theory, are given particular consideration.

2.1.1.1 The agency theory

Supporting the interests of managers and managers is the focus of agency theory, as shown by Jensen and Meckling (1976), Stano (1976), Fama (1980), and Jensen and Fama (1983). Its foundation is the idea that there is an inherent conflict between an owner's and management's interests in a company (Fama & Jensen, 1983). Its foundation is the idea that there is an intrinsic conflict between the management's and the owner's interests of the company (Fama & Jensen, 1983). Smith (1776) was the first to document this conflict, and Ross (1973) further investigated it. However, the significance of this conflict was not acknowledged until the late 1800s and early 1900s, when the growth of capitalism resulted in a widespread division of the ownership and control functions of the company (Berle & Means, 1932). It is described as the principal-agent relationship (executives and managers). The company's owners, or shareholders, appoint the agents and provide them permission to carry out their duties.

According to the agency hypothesis, shareholders anticipate that the agents will act and decide in the best interests of the principle. Conversely, judgments made by the agent may not always be in the principal's best interests. They could be committed to certain investment initiatives, want to increase their market share, or have other conflicting goals like raising their compensation. This theory was established by (Jensen & Meckling, 1976), who contended that agency costs are an unavoidable aspect of the management/ownership relationship. A number of seminal studies (e.g., Fama 1980; Fama and Jensen, 1983; Eisenhardt, 1989) have expounded on this agency issue and shown that managerial self-interest is evident.

2.1.1.2 Stewardship theory

In contrast to agency theory, stewardship theory posits that managers are essentially trustworthy individuals and good stewards of the resources entrusted to them Donaldson (1990), Donaldson and Davis (1991, 1994). Since inside directors spend their working lives in the company they govern, they understand the business better

than outside directors and so can make superior decisions. Donaldson (1990), Donaldson and Davis (1991, 1994). As a result, proponents of stewardship theory contend that superior corporate performance is linked to a majority of inside directors as they naturally work to maximize profit for owners. Stewardship theory suggests unifying the role of the CEO and the chairman so as to reduce agency costs and to have greater role as stewards in the organization. It is empirically found that the returns have improved by having both these theories combined rather than separated Donaldson and Davis (1991).

2.1.1.3 The stakeholder theory

After being firmly established in the management field in 1970, stakeholder theory evolved throughout time by embracing corporate responsibility to a wide spectrum of stakeholders. According to Wheeler et al. (2003), the organizational and sociology fields combined to create stakeholder theory. The role of any group or people connected to the company is highlighted by the stakeholder theory. This approach emphasizes how dependent various groups are on the corporation. This idea makes an effort to address the set of stakeholders that management should and must pay attention to. According to Clarkson (1995), an organization is a system with stakeholders and a goal of generating wealth for its constituents. Since stakeholder theory focuses on the nature of these interactions in terms of procedures and outcomes for the enterprise and its stakeholders, Freeman (1984) argues that the network of ties with several groups might impact the decision-making process. Because no group of interests is presumed to be more important than another, this approach concentrates on management decision-making and recognizes the inherent worth of all stakeholders' interests.

2.1.1.4 Resource dependence theory

The resource dependence theory focuses on the board of directors' role in granting access to resources required to enhance performance, whereas the stakeholder theory focuses on interactions with several groups. Resource dependence theory, according to Hillman, Canella, and Paetzold (2000), is centered on the part directors play in supplying or obtaining vital resources for a company via their connections to the outside world. Given that resource dependency theory incorporates concepts from

both sociology and management (Pettigrew, 1992), there is no consensus on what constitutes an essential resource. Sociologists have a tendency to focus on three different kinds of links: connections to rivals, access to financing, and the connections a board makes with the country's business elite (Useem, 1984; Mizruchi & Stearns, 1993). In fact, Johnson et al. (1996) agree that resource dependence theorists emphasize the appointment of independent organization representatives as a strategy for obtaining access to resources that are essential to the performance of the enterprise. Resources are said to improve organizational functioning, a firm's performance, and its survival; for this reason, a variety of directors are appointed, each bringing information, skills, and connections to important parties like suppliers, buyers, policy makers, social groups, and so on. According to Daily et al. (2003), directors may be divided into four groups: insiders, business experts, support specialists, and important members of the community.

2.2. Empirical Review

The capacity to satisfy social welfare needs and economic development are favorably impacted by effective company governance. Wahidahwati (2023) spoke on how crucial corporate governance is to good business management and sound financial results.

A research on the effect of corporate governance on the financial performance of commercial banks in Nepal was carried out by Goet (2022). Because of the existence of shareholders, depositors, and a great deal of government oversight, corporate governance, which tries to minimize agency conflicts, may take numerous forms in banks. The size, independence, and composition of the board, among other internal and external corporate governance practices, are important components of bank corporate governance. The report emphasizes how crucial banks' financial health and effectiveness are to promoting stability and economic growth.

A research on the variables influencing corporate governance and its consequences on the accuracy of accounting information in Indonesia's reputable enterprises was carried out by Sinaga et al. in 2022. Protection of the rights and claims of non-financial stakeholders, such as clients, staff, vendors, and the general public, may be

aided by corporate governance practices. A sharing rule between financial and non-financial claimants is specified by corporate limited liability, which may result in agency expenses. Aiming to strengthen board authority and safeguard shareholders' interests, modifications to board composition include the creation of committees and the recruitment of independent directors.

Ali (2021) investigated the function of corporate governance systems in relation to corporate environmental disclosure in developing economies. Corporate environmental disclosure (CED) is becoming more and more important as people become more aware of global climate challenges. CED entails using yearly reports to inform the public about a company's environmental effect.

According to Dang et al. (2020), Napitupulu et al. (2020) assists management in reaching organizational objectives, which enhances financial performance and boosts shareholder value. Stakeholder value is also influenced by environmental performance and CSR, which encourages investors to respond favorably to the company's shares and raises its worth.

In the Pakistani telecoms industry, Shamaila (2020) investigated the connection between corporate governance and corporate social responsibility (CSR). The practices of corporate governance and corporate social responsibility (CSR) have been widely embraced and spread across Western nations. Corporate governance has received a lot of attention in both academic study and real-world applications since the mid-1980s, according to Levrau (2020), who examined the subject in her paper "Corporate Governance and Board Effectiveness: Beyond Formalism." In order to safeguard their interests, stakeholders use procedures known as corporate governance, which is described as "the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment."

The variables influencing corporate governance in state-owned firms in Nigeria, with a particular emphasis on Imo State, are examined in a research by Nwafor et al. (2017) titled "Factors Influencing Corporate Governance of State-Owned Enterprises in Nigeria: The Case of Imo State." In order to regain investor trust, corporate

governance guidelines and practices have been reevaluated in the wake of recent business catastrophes like Enron and WorldCom. The efficacy of boards of directors is the central concern of these changes. It has been argued that structural modifications—such as the recruitment of independent directors and the division of the CEO and board chairman roles—are crucial steps toward strengthening board authority and safeguarding the interests of shareholders.

Abriyani (2016) looked at how financial success and sound corporate governance affected the disclosure of corporate social responsibility in Indonesia's telecom sector. Since businesses are becoming more aware of their influence on society and the environment, corporate social responsibility (CSR) practices have become more popular. International and governmental initiatives like the Paris Agreement and the Kyoto Protocol place a strong emphasis on reducing greenhouse gas emissions and their negative effects on the environment (Cadez and Czerny, 2016). The Fargo affair brought to light persistent problems with illicit and unethical sales practices (Egan, 2016). The term "corporate governance" describes "a set of relationships between an organization's management, its board of directors, its shareholders and stakeholders and other relevant bodies" . The need of a formal structure of monitoring, accountability, and control over organizational choices and resources is emphasized in this concept. The Japanese, Continental-European, and Anglo-Saxon corporate governance models may be generally divided into three categories (Nestor & Thompson, 2000). The Continental-European model is the most widely used of these, emphasizing that owners actively engage in the management and control of the company and have comparable interests (Proctor & Miles, 2002).

Olaifa et al. (2015) investigated the variables influencing the corporate governance framework and financial actions of Nigerian commercial banks. Making wise financial choices may reduce the likelihood of a firm failing and is essential to bank success. Appropriate financial techniques may successfully handle challenges such capital mismanagement, unanticipated expansion, restricted financing availability, and lack of financial planning. Increasing the effectiveness of corporate governance in banks may boost customer trust and guarantee smooth banking operations.

The link between corporate governance and employee job happiness in the Ghanaian telecommunications industry is examined in a research by Bernard (2014) titled "Good Corporate Governance and Employee Job Satisfaction: Empirical Evidence from the Ghanaian Telecommunication Sector." Employees are often thought of as the most significant assets in businesses. Their conduct and dedication to the organization's objectives are critical since they are essential to the day-to-day operations of a corporation. Good corporate governance is thought to encourage workers' feeling of corporate responsibility and to reward actions that advance the goals of the company.

The link between corporate governance and bank performance in Nepal was covered by Pradhan (2013). Given corporate scams and the need to protect shareholders' interests, corporate governance has become more important. Corporate governance, as defined by the Cadbury Report, is the framework that governs how firms are run, with a focus on safeguarding the interests of shareholders. According to Khatab et al. (2011), corporate governance is the set of laws, rules, and policies that affect how a company is run. It is essential to the success of CSR initiatives. Because corporate governance has such a big influence on organizational success, it has recently been a study focus (Love, 2011). Good corporate governance standards are generally recognized to be a key factor in an organization's performance. Sustainability reporting, which includes CSR disclosure, has evolved into a standard for evaluating a company's social responsibility. Effective protection for investors is seen as being provided by the use of sound corporate governance, which boosts their trust and desire for a respectable return on investment (Juniarti & Sentosa, 2009). Indicators such as management ownership, institutional ownership, the number of independent commissioners and commissioners, and the size of the audit committee may be used to gauge the implementation of corporate governance.

Table: 1*Summary Empirical Review:*

Author(s) Year	Title of Article	Objectives	Methodology	Major Findings
Wahidah wati (2023)	Corporate Governance and Environmental Performance: How They Affect Firm Value	Aims to examine the effect of environmental performance and good corporate governance on firm values mediated by corporate social responsibility.	Purposive sampling method, multiple linear regression method	Corporate social responsibility affects firm value; the direct effect of GCG is stronger than the effect of GCG through CSR.
Goet (2022)	The Impact of Corporate Governance on Nepalese Commercial Banks' Financial Performance	The overall goal is to determine the characteristics that have a major impact on the financial performance of Nepalese commercial banks.	Correlation analysis & Regression analysis	Findings reveal that board size, firm size, foreign ownership, and credit deposit ratio substantially influence the bank performance (ROE) of Nepalese commercial banks.
Judith et al., (2022)	Factors Affecting Corporate Governance and Its Implication on Accounting Information Quality: Indonesia	Aims to explain the factors affecting corporate governance and its implications for accounting information quality.	Partial Least Square - Structural Equation Modeling	Institutional ownership decrease implies better corporate governance; more independent directors increase good corporate governance.

	Trusted Company Awardees			
Ali (2021)	Factors affecting corporate environmental disclosure in emerging economies – the role of corporate governance structures	Aims to determine recent trends, levels, and patterns of Corporate environmental disclosure among a selected sample of Jordanian listed firms.	Financial and statistical tools	Results emphasize the need for more concerted efforts to integrate governance and environmental regulations within company law.
Shamaila (2020)	Corporate governance and corporate social responsibility: A study on the telecommunication sector of Pakistan	The article studies the influence of corporate governance on different corporate social responsibility activities in Pakistani organizations.	Deductive approach, correlation, regression analysis	Effective corporate governance mechanisms enable organizations to engage in CSR activities on a larger scale.
Lloyd and Virakul, (2017)	Factors Influencing Corporate Governance of State-Owned Enterprises in Nigeria: The Case of Imo State	Objectives are to study factors influencing corporate governance in State-Owned Enterprises and understand disparities within	Grounded theory method	State-Owned Enterprises need more effective alliances to prevent service replication and increase cost-effectiveness.

		the firm.		
Destya Ramia and Abriyani (2016)	The effect of good corporate governance & financial performance on corporate social responsibility disclosure of the Telecommuni- cation company in Indonesia	Aims to provide insight into corporate social responsibility disclosure in the Indonesian telecommunication sector and assess the impact of good corporate governance.	Correlation Analysis, Classic Assumption Test, Hypothesis Testing	Larger companies and higher profits do not guarantee more extensive disclosure of social responsibility; annual reports are not an efficient tool for disseminating CSR information.
Olaifa and Ajagbe (2015)	Factors Affecting Financial Decisions and Corporate Governance Structure of Commercial Banks in Nigeria	The main purpose is to ascertain factors affecting financial decisions and corporate governance structure of commercial banks in Nigeria.	Mean, standard deviation, minimum and maximum, correlation analysis	The research finds that a high board size would significantly reduce finance decisions, potentially affecting overall profit in the long run.
Bernard (2014)	Good Corporate Governance and Employee Job Satisfaction: Empirical Evidence from the Ghanaian	The study investigates the predictive relationship between corporate governance and employee job satisfaction.	Mean, standard deviation, correlation, regression analysis	Good corporate governance significantly and positively predicts employee job satisfaction, along with the three dimensions of corporate governance.

	Telecommunic ation Sector			
Pradhan (2013)	Corporate governance and bank performance in Nepal	The paper examines the impact and importance of Corporate Governance on firm performance.	Diagnostic Tests, Multicollinear ity Tests, Unit Root Tests, Co-integration Test, Testing for Autocorrelatio n, Normality Tests, Correlation Analysis	The results show that a larger number of executive directors lead to higher non-performing loans, while a larger number of independent directors results in lower non-performing loans.
Abigail (2007)	Corporate governance and board effectiveness: beyond formalism	The main objective of this research is to explain the differences between successful boards and board failures.	Input-process output approach	The research helps explain the differences between successful boards and board failures.

2.3. Research Gap

The majority of the literature on corporate governance that is now available concentrates on the board of directors as a means of resolving agency issues brought on by the division of ownership and management. Agency theory acknowledges the inherent conflicts of interest that exist in contemporary organizations; but, more recently, study has focused on the effects of external and internal variables on corporate governance, especially in developing nations such as Nepal. This research highlights the importance of corporate governance for stability and economic growth by shedding light on the situation of corporate governance in these countries.

By conducting an empirical analysis of the success of previous and current corporate governance changes in the Nepalese telecoms industry, this study seeks to close a research gap. The objective is to assess the results of these changes, pinpoint issues with their implementation, and make clear how they affect governance procedures. In order to investigate elements' combined effects on corporate governance, the research adopts a unique strategy by considering them as independent variables. Furthermore, it expands its purview by include several telecoms industries, offering a more thorough comprehension of governance dynamics.

The research aims to shed light on the elements that greatly affect corporate governance in the industry via an analysis of the interactions between important variables. Determining and comprehending the relative significance of these aspects will aid in the creation of focused policies and improvements meant to improve governance procedures. The ultimate goal of the study is to increase the effectiveness and prosperity of Nepal's public sector by offering evidence-based suggestions for improved corporate governance within the framework of changing economic environments and sector consolidation.

CHAPTER III

RESEARCH METHODOLOGY

This chapter explain about the importance and process of entire research methodology and methods applied for this study.

3.1 Research Design

The aim of the study was to identify the role of institutional investors in enhancing corporate governance that impacts organizational performance. The survey was carried out in the form of questionnaire in order to meet the research objectives. A descriptive as well as causal comperative research design has been carried out for this research. The data for this research was collected by formulating a set of questionnaires and the questionnaire were distributed to the respondents. The questionnaire was self-administered.

3.2 Population, Sample and Sampling Design

In this research the concept of population, sample and sampling design are crucial for conducting the research. All the institutional investors are considered as the population. All the employees of the enterprise are huge in numbers. Roscoe (1975) proposes the rule of thumb for unknown population with minimum sample size of 150. Hence, the sample collected for the study is 250. The sampling technique for this study follows convenience-sampling method. Convenience-sampling method was used to select sample.

3.3. Data Collection and Instrumentation

This study was based on primary source of data. Data collection has been done through the institutional investors. The respondents of the institutional investors include from different branches of the institution located in Kathmandu valley.

There were structured Likert scale questions for data collection. The study involves the examination of fifty-five items related to BSZ, BID, BDV, NBCM, BM, INV, innovative culture, and organizational performance. Each item is extensively measured using a five-point Likert scale (ranging from 5 for strongly agree to 1 for strongly disagree). The choice of a five-Likert scale is motivated by several factors,

including its ability to reduce respondent frustration or irritation, ultimately leading to improved response quality and enhanced response rates (Sachdev & Verma, 2004). The corporate governance elements, are adapted from the work of Honghui (2017) Organizational performance items, is adapted from the studies of Henri (2006) and Teeratansirikool, Siengthai, Badir, and Charoenngam (2013).

3.4. Data Analysis

Data were processed in systematic manner so that they are accurate and consistent in order to meet research objectives. To analyze and interpret the data, Microsoft Excel and SPSS were used. For presentation of data, several tools like tables and diagrams were used. Moreover, other tools like ANOVA test, t-tests, mean, frequency distribution, standard deviation, correlation and regression were carried out to draw the inferences from the collected responses

3.5. Model Specification of Study

A statistical technique called multiple regressions is used to determine a criterion's value based on a number of independent, or predictor, factors. It is the process of combining many variables at the same time to determine how and to what degree they influence a certain result. It may be used to predict how corporate governance policies would affect the performance of a business. One method for obtaining point estimates is to employ multiple linear regression analysis.

Regression model

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + E_i$$

Where,

Y = Organizational Performance

X₁ = Board Interdependences

X₂ = Board Size

X₃ = Board Diversity

X₄ = Number of Board Committees

X₅ = Board Meetings Held in a Year

X₆ = Innovative Culture

a = Constant

E_i = Error term

3.6 Reliability & Validity

The degree to which a test or other measuring tool really measures what the researcher intended it to measure is known as validity. It establishes if a research really measures what it set out to test or how accurate the findings are. The degree to which a researcher's measurement accurately captures the features of the phenomena under study is referred to as validity. In a similar vein, in order to establish validity, the questionnaire was created under the supervision of an expert who managed the process and assisted the researcher in developing a standard set of questions that address all relevant aspects of the phenomenon under investigation.

The uniformity of measurements across all series is referred to as reliability. Concepts related to reliability are used to assess the quality of research. They show how effective a researcher's strategy, method, or test measure is in measuring a particular item. The constancy of a metric is what reliability is all about. Reliable measurements are necessary for research. Measurement inaccuracy may be attributed to random influences that cause measurements to vary depending on the situation. Reputable measurements are only dependable to the degree that they are trustworthy. The dependability of this research was established by meticulous development of the questionnaire, ensuring accurate wording and meaning. In order to identify any potential misinterpretations of the question, a pilot research was carried out using a specific sample of responders for the pre-test. Before asking the respondents to participate, the questionnaire design was completed. Cronbach's Alpha was also computed for this questionnaire as a reliability test. The dependability of the instruments utilized was also assessed by calculating the Cronbach's Alpha coefficient. Following data collection, the reliability of the instruments utilized was determined by calculating the Cronbach's Alpha coefficient from the respondents.

The result of the reliability test is shown Table 2:

Table 2

Cronbach's Alpha test for 250 respondents

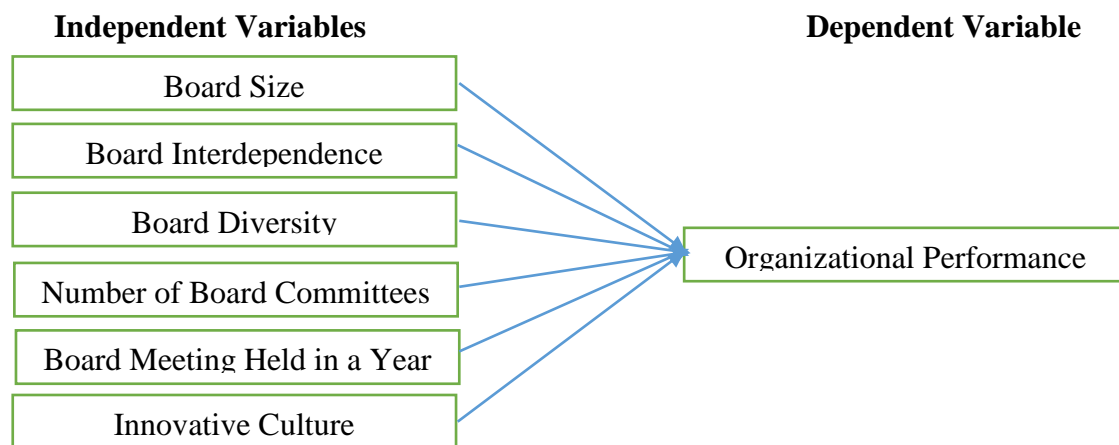
Variables	Cronbach's Alpha	No. of Items
Board Size	0.748	5
Board Interdependence	0.673	3
Board Diversity	0.658	6
Number of Board Committees	0.693	4
Board Meeting Held in a year	0.691	4
Innovative Culture	0.727	8
Overall	0.776	30

Board Interdependence ~0.673 Board Size 0.748 53 Diversity of Boards 0.6586 Board Committee Number: 0.693 Four Board Meetings in a Year: 0.691 Four Creative Cultures: 0.7278 Total 0.776 / 30

Table 2 displays the independent variables' Cronbach's alpha coefficient, including board size, diversity, interdependence, and number of committees as well as number of meetings held annually and innovative culture. It has a value between 0 and 1 and is usually related to internal consistency. Cronbach's Alpha values of less than 0.6 are regarded as bad; values of more than 0.6 but less than 0.8 are seen as acceptable; values of more than 0.8 are regarded as excellent. Out of all the criteria, Cronbach's Alpha is regarded as excellent. As a result, it is thought that the research's instruments are trustworthy.

3.7. Research Framework and Definition of Variables

After the cautious look of articles and research, the following conceptual version is formulated to demonstrate the connection among corporate governance, banking overall performance and sustainable banking.

Figure 1: Research Framework*Figure 3.1 Research Framework*

Source: Sajjad Nawaz Khan et al., (2019)

Board Size

Board size refers to the number of individuals serving on a company's board of directors. Board size can influence decision-making processes, communication dynamics, and overall governance effectiveness within an organization.

Board Independence

Board independence measures the degree to which members of a board of directors are independent and not directly affiliated with the company, its management, or significant shareholders. Board independence is crucial for ensuring unbiased decision-making and effective oversight of management actions, reducing potential conflicts of interest.

Board Diversity

Board diversity involves the inclusion of individuals from different backgrounds, experiences, and demographics on a company's board of directors. A diverse board brings varied perspectives, skills, and insights, contributing to better decision-making and governance outcomes.

Number of Board Committees

The number of board committees represents the specialized groups formed within the board to address specific functions or tasks, such as audit committees, compensation committees, or governance committees. Board committees enable more focused attention on critical aspects of governance, providing expertise in specialized areas.

Board Meetings Held in a Year

Board Meetings Held in a Year indicates the frequency with which the board of directors convenes for formal meetings within a specific time frame, usually a year. The frequency of board meetings influences the board's ability to address emerging issues, make strategic decisions, and maintain effective communication with management.

Innovative Culture

Innovative culture refers to the shared values, attitudes, and practices within an organization that encourage and support creativity, experimentation, and the generation of new ideas. An innovative culture fosters an environment where employees feel empowered to contribute novel solutions, driving the organization's adaptability and competitiveness.

Organizational Performance

Perceived organizational performance reflects the subjective assessment of how well an organization is achieving its goals and objectives, as perceived by individuals within or associated with the organization. This variable captures the subjective evaluation of the organization's success and effectiveness, considering factors beyond traditional financial metrics.

CHAPTER IV

RESULT AND DISCUSSION

The analysis, debate, and interpretation of the data-driven results are presented in this chapter. The primary data used in the study were obtained from respondents' completed questionnaires. Software known as the Statistical Package for the Social Sciences (SPSS) is used to examine the data. Tables and a picture are included with the data to make interpretation easier. The meaningful association between various variables has also been examined using the mean, standard deviation, and frequencies. A lot of tables and figures are employed in the data analysis.

4.1 Presentation of Results

A total of 250 replies were gathered for this research, and the participants were reached directly or via various social media platforms to get the printed and online version of the questionnaire. A total of 250 respondents, who worked for institutional investors, were questioned about their understanding of organizational performance.

4.1.1 Gender Group of Respondent

The respondent's age group is shown in Table 3. There were 93 female and 157 male replies out of a total of 250 respondents. The outcome reveals that men made up the majority of responders.

Table 3

Gender Group of Respondents

Gender Group	Frequency	Percent
Male	157	62.8
Female	93	37.2
Total	250	100

Sources: Field Survey, 2024

4.1.2 Age of Respondents

The respondent's age is shown in Table 4. 28 out of 250 respondents were under 30, while 109 were between the ages of 31 and 40. The age range of 113 responders was 41 to 50. The result reveals that the age range of the largest number of employees was 41 to 50.

Table 4

Age Group of Respondents

Age Group	Frequency	Percent
Less than 30	28	11.2
31-40	109	43.6
41-50	113	45.2
Total	250	100

Sources: Field Survey, 2024

4.1.3 Education Background of Respondents

Table 5 displays the respondent's educational background. Two responses, out of 250, passed the Intermediate pass. 77 responders have a bachelor's degree. A total of 168 responders have a master's pass. The outcome demonstrates that the greatest proportion of employees have master's degrees.

Table 5

Educational Background of Respondents

Educational Background	Frequency	Percent
Up to Intermediate	5	2.0
Bachelor	77	30.8
Master	168	67.2
Total	250	100

Sources: Field Survey, 2024

4.1.4 Position of Respondents

The respondent's occupation is shown in Table 6. Five respondents—or five out of 250—were executives. Of those surveyed, 99 worked as managers. Of those surveyed, 146 were officers. The outcome demonstrates that officers made up the largest group of employees.

Table 6

Position of Respondents

Position Group	Frequency	Percent
Executive	5	2.0
Manager	99	39.6
Officer	146	58.4
Total	250	100

Sources: Field Survey, 2024

4.1.5 Job Experience of Respondents

The respondent's work experience is shown in Table 7. Nine of the 250 respondents had fewer than five years of work experience. Of the responders, 113 had five to ten years of work experience. Seven respondents had work experience of seven years, whereas 121 respondents had 11–15 years of work experience. According to the results, the greatest number of employees had five to ten years of work experience.

Table 7

Job Experience of Respondents

Job Experience in year	Frequency	Percent
Less than 5	9	3.6
5-10	113	45.2
11-15	121	48.4
16-20	7	2.8
Total	250	100

Sources: Field Survey, 2024

4.2 Descriptive Statistics

The descriptive analysis of the information gathered throughout the study process via the questionnaires is covered in this part. The field of descriptive statistics involves the quantitative depiction of the principal characteristics of a dataset. Simple summaries of the sample and the observed data are provided by descriptive statistics. We may rationally simplify vast volumes of data related to these variables with the use of descriptive statistics. The respondents were asked "Five Point Likert Scale" questions for this purpose, which rated from 1, 2, 3, 4, and 5 for strongly disagree, disagree, neutral, agree, and strongly agree. There were 250 responses to each question item. The following independent variables—board size, board interdependence, board diversity, number of committees, number of board meetings held annually, and innovative culture—describe the elements influencing organizational effectiveness. Similarly, organizational performance is referred to as the dependent variable. The numbers below are descriptive.

Table 8

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
B_S	250	6.20	21.00	15.2112	3.15285
B_I	250	2.67	11.67	7.7467	2.07098
B_D	250	8.33	25.50	18.4073	3.70073
N_BC	250	4.00	16.25	11.3560	2.69086
B_M	249	4.00	16.25	11.3554	2.68455
I_C	250	10.13	34.63	25.4795	4.81879
O-P	250	10.63	34.63	24.1970	4.54510

The average and standard deviation scores for each attitude item related to organizational effectiveness are shown in Table 8. The respondent's favorable attitude regarding the organizational performance in Nepal is shown by the overall mean of 25.4795 for the Innovative Culture.

The elements under the descriptive statistics of organizational performance that are

coded O-P, B_D, B_S, N_BC, B_M, and B_I were agreed upon by the majority of respondents, as shown by their respective mean values of 24.1970, 18.4073, 15.2112, 11.3560, 11.3554, and 7.7467. It suggests that the responder has an optimistic outlook on Nepal's organizational performance. They also agreed that it is a good idea to include employees in performance-related activities and that involvement in organizational activities is sensible and meaningful. 25.4795. In light of this, it may be said that the worker's job performance benefits the company.

This leads to the conclusion that every variable has good attitudes regarding the organization's success and is inspired and driven to participate in organizational performance in Nepal. They are also inspiring those around them, including their family, friends, and coworkers, to do well in organizations.

4.3 Correlation Analysis

This component of the investigation includes every statistical analysis performed to confirm the hypothesis and identify the organizational element. To find relationships between the independent and dependent variables, a Pearson correlation test was also performed. A bivariate study called correlation quantifies the direction and degree of link between two variables. A higher correlation coefficient indicates a more robust association between the two data sets. There is no relationship between the two variables when the correlation is zero; a perfectly linear positive or negative relationship exists when the correlation is one or minus one; a positive relationship exists when the correlation is greater than zero; a negative relationship exists when the correlation is less than zero.

Table 9*Correlation Matrix*

Variables	B-S	B-I	B-D	N-BC	B-M	I-C	O-P
B-S	1	.324**	.464**	.226**	.426*	.766**	.268**
B-I		1	.373**	.227**	.392**	.300**	.101**
B-D			1	.269**	.505**	.426*	.253**
N-BC				1	.229**	.215**	.141**
B-M					1	.596**	.548**
I-C						1	.164**
O-P							1

*. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Data Analysis (field survey 2024)

Table 9 demonstrates that there is no association between organizational success and board size, interdependence, diversity, number of committees, number of meetings held annually, and innovative culture. 268, 0.101, 0.253, 0.141, 0.548, as well as 0.164, in that order. These high degree positive correlations show that the variables have a link that changes in the same direction, and the coefficients are significant at the 5% and 1% levels. These noteworthy coefficients suggest that there is a considerable correlation between organizational success and board size, diversity, interdependence, number of committees, number of meetings held annually, and innovative culture.

Board interdependence, board diversity, and innovative culture with technology have high degree positive correlations ($r = 0.101, 0.253, \text{ and } 0.548$, respectively) that show that the variables have a similar direction-changing relationship and that the coefficients are significant at the 5% and 1% level. These noteworthy coefficients suggest that there is a connection between organizational success and the following factors: innovative culture, number of board meetings held annually, diversity, interdependence, and size of the board.

High degree positive correlations between the variables show that they have a link that changes in the same direction, and the coefficients are significant at the 5% and 1% levels. These noteworthy coefficients suggest that the variables have a positive association with one another.

4.4 Regression Analysis

A collection of statistical procedures known as regression analysis is used to determine the correlations between a dependent variable and one or more independent variables. It includes a range of methods for assessing and modeling different factors. An investigation of correlation can only ascertain if

If two variables are closely related, or not. A correlation coefficient suggests that two variables are strongly correlated, but it is impossible to pinpoint the exact nature of that link. Regression analysis sheds further light on the nature of the link in this instance. It's used to forecast and describe the nature of a connection.

Regression analysis was used in this research to evaluate the hypothesis. This section identifies which independent variable accounts for the variation in the dependent variable, how much of the dependent variable's variability is accounted for by the independent variables, and which variables are significant (relative to other factors) in accounting for the dependent variable's variability. The link between the dependent variable (organizational performance) and the independent factors (board size, board interference, board diversity, number of board committees, number of board meetings held annually, and innovative culture) was determined using linear regression analysis. Because of its accessibility, ease of interpretation, scientific acceptability, and simplicity, linear regression is a more appropriate method.

Multiple Regression Model

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + E_i$$

Where,

Y = Organizational performance

X₁ = Board Size

X₂ = Board Interdependence

X_3 = Board Diversity

X_4 = Number of Board Committees

X_5 = Board Meeting Held in a year

X_6 = Innovative Culture

a = Constant

E_i = Error term

Tables below show the findings of regression analysis between independent and dependent variables.

Table 10

Model Summary

R	R Square	Adjusted R Square	Std. Error Of the estimation	Durbin-Watson
0.334 ^a	0.111	0.089	4.32171	1.907

a. Predictors: (Constant), Board Size, Board Interdependence, Board Diversity, Number of Board Committees, Board Meeting Held in a year, Innovative Culture, Organizational Performance.

b. Dependent Variable: Organizational Performance.

Source: Data Analysis

The model summary of the component influencing organizational performance is shown in Table 10. The coefficient of determination is another name for R². It is a statistical indicator of how well the regression line fits the data. It may be defined as the proportion of response variable variation that a linear regression model explains. The R-square value is a measure of how well a model fits the data; it ranges from 0% to 100%. Table 4.15 shows that the independent variables, such as Board Size, Board Interdependence, Board Diversity, Number of Board Committees, Annual Board Meetings, Innovative Culture, and Organizational Performance, account for 11.1% of the variation in the dependent variable, or Organizational Performance.

Independent factors such as Board Size, Board Interdependence, Board Diversity, Number of Board Committees, Annual Board Meetings, Innovative Culture, and Organizational Performance predict 89% of Organizational Performance after

correcting for degree of freedom. The standard error of estimate, which is 4.32171 in the model summary, demonstrates the variability of the observed organizational performance value from the regression line by 4.32171 units.

Table 11

Regression ANNOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	566.383	6	99.397	5.054	.000 ^b
Residual	4519.880	243	18.677		
Total	5086.264	250			

a. Dependent Variable: OP

b. Predictors: (Constant), Board Size, Board Interdependence, Board Diversity, Number of Board Committees, Board Meeting Held in a year, Innovative Culture, Organizational Performance

Source: Data Analysis

The ANOVA table's explanation is provided in Table 11. To determine if the model can be used to the study and whether it is significant overall, an ANOVA table is utilized. Table 11 result indicates that the p-value is smaller than α , or $0.00 < 0.01$. Thus, at the 1% significance level, the model is significant. Therefore, the data may be analyzed using a variety of linear models. For the analysis of this research, it is the best fitting model.

Table 12*Regression Coefficient*

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficient		
	B	Std. Error	Beta		
(Constant)	16.217	1.874		8.652	.000
B-S	.386	.141	.269	2.738	.007
B-I	.130	.150	-.059	-.864	.039
B-D	.186	.093	.152	1.999	.047
N-BC	.127	.108	.075	1.171	.034
B-M	.130	.126	.077	1.035	.032
I-C	.125	.089	-.133	-1.396	.004

a. Dependent Variable: O-P

Source: Data Analysis

Higher beta values suggest a more dominating impact of independent factors on the dependent variable, according to Table 12 of the regression coefficient. With a beta of 0.386, it can be concluded that board size has the most dominating impact. Board diversity is next with a beta of 0.186, board interdependence is at 0.130, the number of board meetings conducted annually is at 0.130, the number of board committees is at 0.127, and innovative culture is at 0.125.

A significant association between the independent and dependent variables is shown by a significance value less than 0.05. Based on the significance values less than 0.05, it can be concluded that the following factors have a substantial impact on organizational performance: number of board committees, diversity, interdependence, size of the board, number of annual board meetings, and innovative culture.

The regression equation based on the coefficient of variables can be inferred as:

$$OP(\text{est.}) = 16.217 + .386 BS + .130BL + .186BD + .127 NI + .130 BM + .125 IC$$

Where,

BS = Board Size

BI = Board Interdependence

BD = Board Diversity

NI = Number of Board Committees

BM = Board Meeting Held in a year

IC = Innovative Culture

OP = Organizational Performance

4.6 Discussion

Analyzing the variables influencing organizational performance was the main goal of the research. It looked at how several independent variables—like board size, diversity, interdependence, number of board meetings annually, number of committees, and innovative culture—relate to one another and how that connection affects the dependent variable of organizational performance. The results show that the following factors significantly improve organizational performance: number of board committees, size, diversity, interdependence, and meetings per year; innovative culture; and number of board meetings. This implies that these variables are important in determining how Nepalese performance practices are developed.

The results of the regression analysis show that innovative culture, as opposed to board diversity, interdependence, and number of committees, has the greatest overall impact on organizational success. The significance values of these factors support the notion that they have a substantial impact on organizational success. The results are consistent with a related research on Nigerian state-owned enterprises carried out by Nwafor (2017), which determined that political influence, board leadership, and ownership structure were the most important variables. This lends even more credence to the significance of these elements inside the framework. The results of Bernard Nmashie Nmai's (2014) study, which also found that board structure and political influence have a significant impact on the CG of the Nepalese sector, are consistent with the study's findings regarding the importance of these factors in the CG of telecommunication. Organizational performance levels may be estimated using the regression equation that is produced from the coefficients of the variables, taking into account the independent variables.

Every component seems to be positively correlated with Nepali organizational success. 250 people in all completed the questionnaire, which was developed based on a number of research publications. ANOVA and the t-test were used in the hypothesis

test to determine the association between the direct and indirect variables. A range of statistical techniques were used to evaluate and interpret the data, and the results were shown as tables and figures. The respondent's profile is the subject of the first section of the conversation. It includes demographic information of responder such as age, gender, educational background, position, employment experience and understanding about organizational performance. Following that, a descriptive analysis was carried out for every one of the organizational performance dependent factors. A t-test was used to evaluate the association and its significance. To investigate the link between the study's independent and dependent variables, an additional ANOVA test was run. In order to determine which variable influences organizational performance, correlation and regression analyses were performed. People received 250 surveys in all.

CHAPTER V

SUMMARY AND CONCLUSIONS

This last chapter provides an overview of the study's implications, conclusion, and research summary. Three parts provide a summary of the whole chapter. The study and a broad summary of the research results are provided in the first one. The study's conclusion is derived in the second part, and some suggestions are made in the third.

5.1 Summary

The primary goal of the research project was to identify the variables influencing Nepal's organizational performance. Numerous academic works on the topic of organizational performance were examined in order to respond to this query. Conversely, research has been done on the idea of organizational performance, including its dimensions and relationships with other variables. Additionally, six factors were selected to gauge the effects on organizational performance in light of the previously mentioned talks. Ultimately, the purpose of the conceptual frame of reference 6 hypotheses was to address the study issue. The 44-question questionnaire was modified with the aim of performing the study in order to address research hypotheses. Groups of workers were among the 300 respondents who received questionnaires. Following the selection of 250 valid questionnaires, data analysis was performed on them. Ultimately, the study discovered that every factor significantly affects organizational success. Several statistical tests were run in order to ascertain the survey outcome. To find the average value and standard deviation of each variable under each hypothesis, descriptive analysis was first performed. For each hypothesis, a minimum of six questions or variables were used. A five-point Likert scale, from "Strongly Disagree" to "Strongly Agree," was used by respondents to provide their answers. Software programs like Microsoft Excel and SPSS were used to gather the replies, organize the data, and conduct the analysis. In order to investigate the links between the independent factors (board size, diversity, interdependence, number of board meetings conducted annually, number of board committees, and innovative culture) and the dependent variable (organizational performance), the research used a variety of statistical techniques.

To evaluate the relevance and strength of the correlations between the variables, correlation analysis was performed as part of the study. The results showed that the following factors significantly improved organizational performance: number of board committees, size, diversity, interdependence, and meetings conducted annually; and innovative culture. The modest correlations between these factors indicate their potential impact on performance methods.

Regression analysis was also used in the research to ascertain the relative contributions of the independent variables on organizational performance. The amount and direction of these impacts were shown by the regression coefficients. The results showed that, in terms of organizational performance, technology had the most dominating impact, followed by the number of board committees, board diversity, and board interdependence.

The study's findings added to the body of knowledge by emphasizing the significance of certain variables in determining organizational performance practices. The results highlighted that in order to improve performance practices, consideration should be given to the following factors: board size, board interdependence, board diversity, number of board committees, number of annual meetings, and innovative culture. These results may be used as a foundation for further study and provide practitioners and policymakers useful information on how to improve organizational performance in Nepali contexts.

5.2 Conclusions

This study's primary goal was to identify the variables influencing organizational performance. There is a link between the independent variables and organizational performance, as shown by analysis. The findings showed that the sector should place more emphasis on the independent variables since they have a direct bearing on enhancing organizational performance. In Nepal, successful organizations are more strongly associated with factors like board size, innovative culture, diversity, interdependence, number of board meetings held annually, and number of board committees. This research indicates that each of these characteristics has a major role in fostering effective organizational performance. These variables affect organizational performance in Nepal, just as they do in any other nation. These elements influence the overall efficacy of companies and mold their performance methods.

Numerous businesses in Nepal have ownership structures that are tightly held or family-owned, which sometimes results in a concentration of power and insufficient checks and balances. Insufficient diversity, autonomy, and proficiency within boards may impact decision-making and supervision in Nepal. In Nepal, cultural elements including nepotism, hierarchical structures, and conventional business methods might impede accountability, transparency, and efficient operation. Organizational success of a corporation is directly impacted by the caliber of its management and leadership. Performance mechanisms may be compromised by insufficient training and growth, unethical conduct, and weak leadership. The accountability and openness of organizations may be influenced by the strength of laws, rules, and enforcement mechanisms. The state of the Nepali economy and market has an impact on organizational performance standards. Market competitiveness, capital availability, and economic stability are a few examples of factors that have impacted how much emphasis businesses place on high performance. Companies are under pressure from stakeholders, such as shareholders, staff, clients, and communities, to implement effective organizational performance standards. The performance of the organization has improved as a result of their demands, expectations, and action. Organizational performance is impacted by Nepal's general institutional environment, which includes the degree of corruption, government policies, and political stability.

It is crucial to remember that these variables are connected to one another and may affect organizational performance in both good and bad ways. In order to improve organizational performance in Nepal, it is necessary to address these variables comprehensively, including stakeholders, law changes, capacity development, and awareness campaigns.

Numerous variables have contributed to the linkages and conclusions found in this study. The noteworthy correlation between organizational sector and ownership structure might affect performance procedures. For instance, stronger monitoring procedures and a distinct division of ownership and control may result in improved organizational performance. There seems to be strong and capable leadership within the board of directors based on the favorable association between board leadership and organizational success. An organization's culture may be shaped by capable and accountable board members, who can also create transparent performance guidelines and encourage moral behavior. Political influence and organizational performance have a positive connection, which reflects the effect of political considerations on the organizational performance environment. These organizations' accountability systems, performance frameworks, and decision-making procedures have all been impacted by political interventions and concerns. The need of adjusting performance strategies to global trends and technical breakthroughs is highlighted by the favorable links found between globalization, technology, and organizational performance. Organizations are exposed to worldwide best practices and standards via globalization, and technology may improve performance processes' accountability, transparency, and efficiency.

The study's overall conclusion highlights the importance of many factors, including board size, diversity, interdependence, number of board meetings annually, number of committees, and innovative culture, in influencing organizational performance practices. The results of this study may direct initiatives aimed at improving performance procedures and overall organizational effectiveness.

5.3 Implications

In addition to enhancing the organizational component, the research results of this study provide the following guidelines for comparable future research projects. The sample size is minimal since this is just an academic research study. A larger sample size is recommended for professional research in order to reduce error and enhance the generalizability of the findings.

Only survey forms, feedback forms, and questionnaires were used to get the data. The answer may be gathered by future researchers using in-depth interviewing approaches to comprehend the variables impacting organizational success. Having an impartial and well-rounded board of directors may improve the functioning of the business. Nepalese firms must endeavor to choose suitably competent independent directors who has the ability to provide impartial supervision and strategic direction. The establishment of an ethical corporate culture that emphasizes responsibility, honesty, and ethical business practices should be given top priority by Nepalese firms. Establishing strong standards of conduct and providing staff with ethics training will help accomplish this.

Subsequent scholars have to carry out comprehensive investigations about the distinct obstacles and prospects for organizational effectiveness in Nepal. Analyzing the structural, legal, and cultural aspects of the nation's organizational performance practices is part of this. For Nepalese firms and politicians, comparative studies that examine effective organizational performance models from other nations with comparable socioeconomic features might provide important insights. Furthermore, researchers may actively advocate for policy changes that promote organizational performance practices by interacting with regulators, lawmakers, and industry stakeholders. Research that is grounded on empirical data may serve to emphasize the significance and possible advantages of successful organizational performance. Lastly, a suggestion for upcoming researchers is to use a bigger participant sample.

REFERENCES

- Aguilera, R. V., & Cuervo-Cazurra, A. (2009). Codes of good performance. *Organizational performance: an international review*, 17(3), 376-387.
- Barth, M. E., Beaver, W. H., & Landsman, W. R. (2001). The relevance of the value relevance literature for financial accounting standard setting: Another view. *Journal of Accounting and Economics*, 31(1), 77-104.
- Becht et al., 2002; Westphal, (1998). Organizational performance antecedents to shareholder activism: A zero inflated process.
- Berle, A., A. & Means, G. C. (1932). *The Modern Corporation and Private Property*. Macmillan, NY.
- Bhasin, M. L. (2010). Organizational performance disclosure practices: The portrait of a developing country. *International Journal of Business and Management*, 5(4), 150.
- Bozec, Y., & Bozec, R. (2007). Ownership concentration and organizational performance practices: substitution or expropriation effects? *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, 24(3), 182-195.
- Cadbury, A. (1992). *Report on the Committee on the Financial Aspects of Organizational performance*. Gee, London.
- Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003). Organizational performance, board diversity, and firm value. *Financial Review*, 38(1), 33-53.
- Cochran, P. L., & Wartick, S. L. (1988). Organizational performance: A review of the literature.
- Donaldson, L. & Davis, J.H. (1991). Stewardship theory or agency theory: CEO performance and shareholder returns, *Australian journal of management*, 8(5), 123-140.
- Donaldson, T. & Preston, L.E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications, *Academy of management Review*, 3(1), 55-78.
- Egan, (2016). *Factor influencing organizational performance of state owned enterprises in Nigeria: The case of IMO state*.

- Erhardt, N. L., Werbel, J. D., & Shrader, C. B. (2003). Board of director diversity and firm financial performance. *Organizational performance: An International Review*, 11(2), 102-111.
- Freeman, R. (1984). *Strategic management: A stakeholder approach*. Pitman Publishing, Boston, 4(3), 125-133.
- Gugler, K., Mueller, D. C., & Yurtoglu, B. B. (2004). Organizational performance and globalization. *Oxford Review of Economic Policy*, 20(1), 129-156.
- Gull, S., Tanvir, A., Zaidi, K. S., & Mehmood, Z. (2020). A Mediation Analysis of E-Service Quality and E-Loyalty in Pakistani E-Commerce Sector. *Journal of the Research Society of Pakistan*, 57(2), 66.
- Hillman, A.J., Canella, A.A., & Paetzold, R.L. (2000) "The Resource Dependency Role of Corporate Directors: Strategic Adaptation of Board Composition in Response to Environmental Change". *Journal of Management Studies*, 37 (2), 235-255.
- Jensen M.C. & Meckling, W.H. (1976). Theory of Firms, Managerial Behaviors, Agency Costs and Ownership Structure", *Journal of Financial Economics*, October, 15(3), 305-306.
- Jensen, M.C. (1993). The modern industrial revolution, exit, and the failure of internal control systems, *The Journal of Finance*, 8(3), 831-880.
- John and Senbet (1998) organizational performance and board effectiveness.
- Johnson et al, (1996) The effects of organizational performance and institutional ownership types on corporate social performance.
- Joshi, P. L., & Wakil, A. (2004). A study of the audit committees' functioning in Bahrain: Empirical findings. *Managerial Auditing Journal*, 19(7), 832-858.
- Juniarti, J., & Sentosa, A. A. (2009). Pengaruh good organizational performance, voluntary disclosure terhadap biaya hutang (costs of debt). *Jurnal Akuntansi dan Keuangan*, 11(2), 88-100.
- Kula, V. (2005). The impact of the roles, structure and process of boards on firm performance: Evidence from Turkey. *Organizational performance: an international review*, 13(2), 265-276.
- McCarthy, D. J., & Puffer, S. M. (2003). Organizational performance in Russia: A framework for analysis. *Journal of World Business*, 38(4), 397-415.

- Mizruchi and Stearns (1988, 1993), Board composition and corporate financing: The impact of financial institution representation on borrowing.
- Nestor, S., & Thompson, J. K. (2000). Organizational performance patterns in OECD economies: is convergence under way? Organization for economic cooperation and development.
- Nmai, B. N., & Delle, E. (2014). Good organizational performance and employee job satisfaction: Empirical evidence from the Ghanaian Telecommunication sector. *International Journal of Humanities and Social Science*, 4(13), 209-217.
- Nwafor, L. C. (2017). Factors influencing organizational performance of state owned enterprises in Nigeria: the case of Imo State.
- OECD (2004). OECD principles of organizational performance, Paris, OECD.
- OECD (2009). Policy brief on organizational performance of banks, Paris, OECD.
- Padachi, K., Urdhin, H. R., & Ramen, M. (2016). Assessing organizational performance practices of Mauritian companies. *International Journal of Accounting and Financial Reporting*, 6(1), 38-71.
- Pettigrew, 1992, Accountability and creating accountability: A framework for exploring behavioural perspectives of organizational performance.
- Pradhan & Adhikari, (2011). *The Impact of Organizational performance on Efficiency of Nepalese Commercial Banks*.
- Quadri, H. A. (2010). Conceptual framework for organizational performance in Nigeria—Challenges and panaceas. *PM World Today*, 12(9), 1-8.
- Rashid, K. & Islam, S.M.N. (2013). Organizational performance, complementarities and the value of a firm in an emerging market: the effect of market imperfections", *Organizational performance*, 13 (1), 70-87.
- Reddy, K., Locke, S., & Scrimgeour, F. (2010). The efficacy of principle- based organizational performance practices and firm financial performance: An empirical investigation. *International Journal of Managerial Finance*, 6(3), 190-219.
- Roscoe, J. T. (1975) *Fundamental Research Statistics for the Behavioral Sciences*. 2nd ed. New York: Holt, Rinehart and Winston.

- Saidi, N. (2004). Organizational performance in MENA countries. *Improving Transparency and Disclosure. Beirut: The Lebanese Transparency Association. p81.*
- Sekaran (2000). Sekaran, U. (2000) Research methods for business. John Wiley & Sons, New York.
- Senasu, K., & Virakul, B. (2015). The effects of perceived CSR and implemented CSR on job-related outcomes: An HR perspective. *Journal of East-West Business, 21(1)*, 41-66.
- Shen, Shu, and Chen, (2006) Corporate Social Responsibility, Corporate Performance, and Pay-Performance Sensitivity Evidence from Shanghai Stock Exchange Social Responsibility Index.
- Shleifer, A. & Vishny, R.W. (1997). A survey of organizational performance. *Journal of Finance, 52(1)*, 737-783.
- Shleifer, A., & Vishny, R. W. (2012). A survey of organizational performance. *The Journal of Finance, 52(2)*, 737-783.
- Smerdon, R. (1998). *A Practical Guide to Organizational performance*. London: Sweet & Maxwell, 233-256.
- Soludo, C. C. (2004). Consolidating the Nigerian banking industry to meet the development challenges of the 21st century. *In being an address delivered to the Special Meeting of the Bankers' Committee, held on July 6 (1)*, 14-15.
- Thorne, D. M., Ferrell, L., & Ferrell, O. C. (2010). *Social Responsibility and Business*. South Western: Cengage Learning.
- Tricker, B., & Tricker, R. I. (2015). *Organizational performance: Principles, policies, and practices*. USA: Oxford University Press.
- Ungureanu, M. (2012). Models and practices of organizational performance worldwide. *CES Working Papers, 4(3)*, 625-635.

- Useem (1984), Book review: Corporate social and political action: Research in corporate and social performance and policy.
- Van den Berghe and De Ridder, (1999). Evaluating Boards of Directors: what constitutes a good corporate board?
- Wahidahwati, W., & ARDINI, L. (2023). Organizational performance and environmental performance: How they affect firm value. *Journal of Asian Finance, Economics and Business*, 8(2), 953-962.
- Williamson (1985). Stewardship Theory or Agency Theory: CEO performance and Shareholder Returns.
- Zabri, S. M., Ahmad, K., & Lean, J. (2015). Understanding owner-managers' preferences towards different sources of financing: The case of successful SMEs in Malaysia. *Advanced Science Letters*, 21(5), 1435-1438.

Annex Questionnaire

Dear Respondent,

I am sanjeeb bhusal, an MBS student at Shankerdev Campus affiliated to Tribhuvan University, and I am conducting research on “The Role of Institutional Investors in Enhancing Corporate Governance”. In this regard, I would request you to spare some of your valuable time in answering these few questions. I assure you that all information provided by you in this questionnaire will be kept confidential and used only for academic purpose. Your kind cooperation will be highly appreciated.

Thanking You

1. Please tick one for each criteria group.

1. Gender	2. Age Group	3. Educational background	4. Position	5. Job Experience
1. Male <input type="checkbox"/>	1. 30 or less <input type="checkbox"/> 2. 31-40 <input type="checkbox"/> 3. 41-50 <input type="checkbox"/>	1. Intermediate <input type="checkbox"/> 2. Bachelor <input type="checkbox"/> 3. Master <input type="checkbox"/> 4. PhD <input type="checkbox"/>	1. Executive level <input type="checkbox"/> 2. Manager level <input type="checkbox"/> 3. Officer level <input type="checkbox"/>	1. Less than 5 years <input type="checkbox"/> 2. 5-10 years <input type="checkbox"/> 3. 11-15 years <input type="checkbox"/> 4. 16-20 years <input type="checkbox"/> 5. More than 20 years <input type="checkbox"/>
2. Female <input type="checkbox"/>	4. 51-60 <input type="checkbox"/> 5. More than 60 <input type="checkbox"/>			

2. The following is a list of items relating to the principles of corporate governance. Please state the extent to which you agree/disagree with the following items as they exist in your company.

(Please put a tick mark (✓) in appropriate box in following statements indicating how strongly you agree or disagree to the statement.

Q6	Board Size	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree
6a	Smaller board enhances organizational performance.	5	4	3	2	1
6b	Larger size boards are more adept in the provision of resources.	5	4	3	2	1
6c	Large board of directors is prone to	5	4	3	2	1

	more conflicts among board members which makes it difficult to reach agreements					
6d	The firm benefit from larger boards since they provide effective oversight of management and increase resource availability in the organization which leads to the improvement of organizational performance	5	4	3	2	1
6e	A larger board will bring more expertise and experience to the board.	5	4	3	2	1

2 B.	<i>Board Independence</i>	5	4	3	2	1
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
7a	The number of executive directors is higher than that of Non-Executive Directors..	5	4	3	2	1
7b	The board is more independent when the proportion of outside directors increases..	5	4	3	2	1
7c	Executive directors are better placed in handling the affairs of the organization since they have a deeper understanding of the organizations Operations	5	4	3	2	1

2C	<i>Board Diversity</i>	5	4	3	2	1
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
8a	Appointment of board members has always considered a mix of	5	4	3	2	1

	skills required in the stewardship of the organization.					
8b	The organization's board appointment process has been political	5	4	3	2	1
8c	A member's academic qualifications have been considered before for appointment to the organization's board	5	4	3	2	1
8d	All stakeholders have been involved in the appointment of the Board.	5	4	3	2	1
8e	The board has been composed of both genders.	5	4	3	2	1
8f	All Board members have had relevant industry experience required to steward the organization.	5	4	3	2	1

2D	<i>Number of board committees</i>	5	4	3	2	1
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
9a	There is an audit committee established on the board.	5	4	3	2	1
9b	Independent committees would focus on improving the company competitiveness and performance.	5	4	3	2	1
9c	Audit committee are not effective against risk they are just overloaded	5	4	3	2	1
9d	The existence of independent committees enhances financial performance of the organization.	5	4	3	2	1

Q3	<i>Board meeting held in a year</i>	5	4	3	2	1
-----------	--	----------	----------	----------	----------	----------

		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10a	There is poor attendance in board meetings.	5	4	3	2	1
10b	All the Board meetings have been relevant to the organization's mandate.	5	4	3	2	1
10c	The Board meetings have been chaired by board members with the relevant qualifications.	5	4	3	2	1
10d	There have been other members attending Board meetings even when they are not gazetted as its members. The number of board meetings has an influence on firm performance	5	4	3	2	1

Q3F	<i>Innovative Culture</i>	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree
11a	My organization culture is challenging.	5	4	3	2	1
11b	My organization culture is creative.	5	4	3	2	1
11c	My organization culture is enterprising.	5	4	3	2	1
11d	My organization culture is stimulating.	5	4	3	2	1
11e	My organization culture is driving.	5	4	3	2	1
11f	My organization culture is risk taking.	5	4	3	2	1
11g	My organization culture is result oriented.					
11h	My organization culture is pressurized					

Q3G	<i>Organizational Performance</i>	5 Strongly Agree	4 Agree	3 Neutral	2 Disagree	1 Strongly Disagree
12a	The number of new product in my organization increase within the last 3 years	5	4	3	2	1
12b	My organization market share increase significantly within the last3 years	5	4	3	2	1
12c	My organization market development increase significantly within the last 3 years	5	4	3	2	1
12d	My organization quality of product/services of organization increase within the last 3 years	5	4	3	2	1
12e	My organization employee commitment or loyalty to the organization increases within the last 3 years	5	4	3	2	1
12f	My organization employee productivity increase within the last 3 years	5	4	3	2	1
12g	My organization personnel development increase the last 3 years					
12h	My organization employee job satisfaction increase the last 3 years					

THE ROLE OF INSTITUTIONAL INVESTORS IN ENHANCIN...

By: Sanjeeb Bhusal

As of: Jul 10, 2024 1:33:17 PM
11,243 words - 32 matches - 6 sources

Similarity Index

6%

Mode: Summary Report ▼

sources:

147 words / 1% - Crossref

[Joginder Goet. "The Impact of Corporate Governance on Nepalese Commercial Banks' Financial Performance", Journal of Management, 2022](#)

137 words / 1% - Internet from 06-Nov-2020 12:00AM

onlinelibrary.wiley.com

128 words / 1% - from 21-Mar-2024 12:00AM

www.ijmsssr.org

119 words / 1% - Internet from 12-Feb-2023 12:00AM

www.researchgate.net

83 words / 1% - Crossref

[Padam Dongol, Sajeeb Kumar Shrestha. "Exploring the role of corporate governance in driving financial performance: An empirical investigation of Nepalese commercial banks", Investment Management and Financial Innovations, 2024](#)

59 words / 1% - Internet from 13-Dec-2022 12:00AM

www.nepjol.info

paper text:

Abstract This study examines the role of institutional investors in enhancing corporate governance. In particular, it looks into institutional investors, who currently hold a sizable share of Nepal's equity. Businesses are frequently characterized as ephemeral, narrow-minded owners who have no desire to participate in governance. We investigate whether institutional owners limit managerial discretion by limiting earnings manipulation in order to test the veracity of this claim. Numerous attempts have been made to develop corporate governance (CG) rating methodologies as a result of institutional investors' need to assess the CG practices of listed companies. In light of this circumstance, this paper makes an effort to measure how closely Greek large-cap companies adhere to global best practices. Specifically, we investigate the connection between accounting behavior measured by discretionary accruals and institutional ownership. Our results are in line with institutional investors' encouragement of myopic management practices as well as institutional monitoring. Additionally, we run triangular tests that look at the effects of managerial discretion on capital market pricing at various institutional ownership levels. Corporate governance that is efficient and founded on values is the responsibility of independent directors, institutional investors, and regulators. This essay discusses activism related to corporate governance.

Keywords: Corporate Governance, Institutional Investors, innovation, innovative culture, organizational performance. i CHAPTER I

INTRODUCTION 1.1. Background of the Study The incidence of corporate frauds in developed and developing countries has led to a greater emphasis on corporate governance as a screening tool for all enterprises, profit or non-profit. Friedman (1970), referenced in