

**CORPORATE GOVERNANCE PRACTICES IN NEPALESE
COMMERCIAL BANKS**

Thesis

Submitted

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RECOMMENDATION

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DECLARATION

I hereby declare that the work in this thesis entitled **CORPORATE GOVERNANCE PRACTICES IN NEPALESE COMMERCIAL BANKS** submitted to Shanker Dev Campus, Faculty of management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master's Degree in Business Study (M.B.S.) under the supervision and guideline of Dr. Binita Manandhar.

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.....
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TABLE OF CONTENTS

RECOMMENDATION	ii
VIVA-VOCE SHEET	iii
DECLARATION	iv
ACKNOWLEDGEMENTS	v
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
CHAPTER I: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement and Research Questions.....	4
1.3 Purpose of the Study	5
1.4 Hypothesis.....	5
1.5 Significance of the Study	6
1.6 Limitations of the Study.....	6
1.7 Chapter Plan.....	7
CHAPTER II: LITERATURE REVIEW	9
2.1 Conceptual Review	9
2.2 Review of Journal Articles.....	12
2.3 Review of Previous Theses	13
2.4 Theoretical Framework.....	16
2.5 Research Gap	20
CHAPTER III: RESEARCH METHODOLOGY	21
3.1 Research Design.....	21
3.2 Population and Sample	21
3.3 Sources of Data	22
3.4 Data Collection Procedure	23
3.4.1 Primary Data Collection	23
3.5 Data Processing Procedure	24
3.6 Data Analysis Tools and Techniques.....	24
3.6.1 Statistical Analysis	24
3.6.1.1 Descriptive Statistics	25
3.6.1.2 Inferential Statistics	25

CHAPTER IV: DATA PRESENTATION AND ANALYSIS	27
4.1 Data Presentation and Analysis.....	27
4.1.1 Demographic Data.....	27
4.1.1.1 Age of Respondents.....	28
4.1.1.2 Gender of the Respondents.....	28
4.1.1.3 Marital Status of the Respondents.....	29
4.1.1.4 Educational Level of the Respondents	29
4.1.2 Descriptive Statistics	29
4.1.2.1 Perceived Transparency Analysis	30
4.1.2.2 Perceived Accountability Analysis	31
4.1.2.3 Perceived Fairness Analysis.....	32
4.1.2.4 Perceived Discipline Analysis.....	33
4.1.2.5 Perceived Responsibility Analysis	34
4.1.2.6 Perceived Performance Analysis.....	35
4.1.3 Inferential Analysis	35
4.1.3.1 Correlation Analysis.....	36
4.1.3.2 Regression Analysis	37
4.1.4 Hypothesis Testing	41
4.1.4.1 Hypothesis Results	42
4.2 Major Findings.....	43
4.3 Discussions	44
CHAPTER V: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS..	46
5.1 Summary.....	46
5.2 Conclusions.....	47
5.3 Recommendations.....	49
REFERENCES	
APPENDIX	

LIST OF TABLES

Table 4. 1: Respondent's Profile.....	28
Table 4. 2: Age of Respondents.....	28
Table 4. 3: Gender of the Respondents.....	28
Table 4. 4: Marital Status of the Respondents.....	29
Table 4. 5: Educational Level of the Respondents.....	29
Table 4. 6: Descriptive Statistics of Perceived Transparency Analysis.....	30
Table 4. 7: Descriptive Statistics of Perceived Accountability Analysis.....	31
Table 4. 8: Descriptive Statistics of Fairness.....	32
Table 4. 9: Descriptive Statistics of Perceived Discipline Analysis.....	33
Table 4. 10: Descriptive Statistics of Perceived Responsibility Analysis.....	34
Table 4. 11: Descriptive Statistics of Perceived Performance Analysis.....	35
Table 4. 12: Correlation Analysis.....	36
Table 4. 13: Model Summary of the Impact of Independent Variables of Corporate Governance on Perceived Performance.....	39
Table 4. 14: ANOVA of Impact of Independent Variables of Corporate Governance on Perceived Performance.....	39
Table 4. 15: Beta Coefficients of Impact of Independent Variables on Perceived Performance.....	40
Table 4. 16: Hypothesis Testing.....	42

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In Nepal's business sector, the idea of "corporate governance" is still relatively new, although it is beginning to acquire popularity. From the Latin verb "gubernare," which means "to rule or steer," derives the term "gubernance", which in English is borrowed as governance (Bhasin, 2010). Thus, corporate governance is the process through which various actors interact to define an organization's strategy and performance. The shareholders, management (headed by the chief executive officer), and the Board of Directors are the main participants in the corporate governance (OECD, 2019). As a result, interactions between a company's management, Board members, investors, and other stakeholders are collectively referred to as corporate governance in a broad sense. On the other hand, robust corporate governance, which is essentially the degree to which companies are run in an open and transparent way, is crucial for fostering market confidence in general (Oman, 2001). "The mechanism by which firms are directed and governed" is how the Cadbury Committee (1992) defined corporate governance. "

Corporate governance is the term used to describe how businesses are run. Corporate governance is necessary for holding companies accountable to their diverse stakeholders. According to a number of scholars, corporate governance is the important aspects of corporate governance highlighted. A framework for leading and managing companies and organizations is known as corporate governance. (Amarneh et al., 2014)

The corporate sector is the way in which an entity is managed or controlled. The relative effectiveness of corporate governance has a big influence on how well a firm runs. It is a widespread observation that businesses that have managed their operations well have prospered and continued to be wealthy. In a similar vein, poor performance is typically attributed to boards of directors that have not handled their companies' problems well enough. Corporate governance is a set of mechanisms in place to guarantee that the organization's obligations to its major stakeholders—

clients, employees, lenders, suppliers, and distributors—are met honorably and in compliance with applicable laws and regulations. The Organization for Economic Cooperation and Development (OECD) has classified corporate governance principles into six categories: 1) laying the groundwork for a strong corporate governance framework; 2) protecting shareholder rights and significant ownership functions; 3) treating shareholders fairly; 4) involving stakeholders in corporate governance; 5) disclosure and transparency; and 6) the board's duties (Oman, 2001). Between shareholders and management, the board of directors serves as an intermediary layer of governance. In the ongoing argument about America's competitive position, According to Dooley (1991), "having an efficient board is the first step in the game; winning is secondary." This provides evidence in favor of the theory that boards play a major role in successful governance. The topics of board composition, director remuneration, and making sure directors are answerable to shareholders invariably come up in talks regarding corporate governance. Gouri (1998) in the book. Government is greatly influenced by culture in a similar way. A greater part of corporate and professional culture is anticipated to support their position in the national economy, according to Shrestha (1993), which includes the formation of all sorts of firms.

It is commonly acknowledged that a crucial instrument for fostering respect and trust within an organization is corporate governance. It is essential for banks because they handle public capital, and not repaying the investment can lead to bank failure and negatively affect the economy of the country. Bernanke (2003) and Grossman (2005) both stated that bank failures can have a significant negative impact on future economic activity. Lower income, slower pay growth, more poverty, and fewer jobs were the outcomes of the bank's failure. The objective of corporate governance is not self-contained. Three objectives can be met with it: long-term growth, economic security, and economic efficiency. Results can be obtained with the aid of good governance. In the financial sector, corporate governance aims to reduce financial irregularities brought on by the agency problem and promote good business practices. Among its many functions, the banking system acts as a middleman in capital formation, taking deposits from clients, raising funds from lenders or investors (supply-side of credit), and subsequently lending this money to companies and other economic activities (demand side of credit). Along with offering clients other

financial services, it also purchases securities. Therefore, the financial system is believed to be a financial market that improves the efficiency of the growth engine of an economy. Because it inhibits the market force brought about by multiple stakeholders, effective corporate governance is crucial to the financial system.

Given these realities, the governance of the banking industry in developing countries has much wider ramifications. First, banks are the main forces behind economic growth in developing nations, accounting for a disproportionately significant part of the financial market. Levine (2004) is a well-known musician. Second, the bulk of enterprises primarily obtain their cash from financial markets due to their frequent underdevelopment. Third, they usually serve as the main repositories of a nation's savings. Fourth, the relevance of economic regulation has decreased as a result of the recent liberalization of the financial systems in many emerging nations. Executives at financial institutions now have more leeway in how they run their companies.

A commercial bank is an indispensable part of any economy. It uses deposits of saved money to make investments in order to finance the expansion of trade, business, and industry. All of a nation's economic activities are greatly influenced by its commercial banking sector. By actively participating, commercial banks have impacted the world economy. A country's integrated and rapid development will only be possible once competitive banking facilities are available throughout all of its corners (Olokoyo, 2019).

Corporate governance is the system through which companies are managed and overseen. Boards of directors are responsible for supervising their organizations. Shareholders have the duty of selecting directors and auditors and ensuring an appropriate governance framework is in place. Directors are tasked with establishing the company's strategic objectives, providing leadership for their implementation, supervising the company's management, and communicating about their governance to investors. The Board's activities are regulated by laws, regulations, and the Cadbury commission, which is chosen by shareholders in a general meeting (1992). The term corporate governance encompasses all factors that impact a company's decision-making. It seeks to protect not only the interests of shareholders, but also those of other stakeholders. This encompasses reducing the influence of creditors and setting limits on contracts. Employees, customers, and suppliers all become more

dedicated to corporate governance. It involves the ability to mitigate risks by uniting all resources when combined.

Nepal's banking system has transformed in recent years, shifting from a slow-moving, government-controlled market to one that is now more exposed, competitive, and lucrative. There has been a recent influx of international banks, intensifying the competition among commercial banks. The primary focus for banks is to enhance their services in order to gain a competitive edge and draw in more customers (Boot and Thakor, 2009).

1.2 Problem Statement and Research Questions

The literature has recently shown a lot of interest in corporate governance in developing nations, attributing credit to the growth prospects of these economies. Claassen and Yurtoglu (2013) have demonstrated that noise trading, rather than fundamentals, impacts the markets of these economies. Due to the inherent inefficiency of these marketplaces, a higher level of corporate control is necessary. Enhancing company performance can assist developing economies like Nepal in achieving various significant public policy objectives. Sound corporate governance reduces the exposure of emerging markets to financial crises, reinforces property rights, reduces transaction costs and capital costs, and fosters the development of capital markets. Conversely, weak corporate governance systems can erode investor confidence and discourage external investment. Due to the potential for growth in these economies, corporate governance in developing countries has received a lot of attention lately in the literature. Additionally, it is demonstrated by Claassen and Yurtoglu (2013) that noise trading influences these economies' markets rather than fundamentals. Higher levels of corporate control are necessary in these markets because they are generally less efficient. In emerging markets such as Nepal, enhancing corporate governance can complement several important goals of public policy. Stronger property rights, fewer capital expenditures and transaction costs, less chance of financial crises in developing nations, and increased capital market development are all benefits of good corporate governance. On the other hand, inadequate corporate governance frameworks can undermine investor confidence and discourage external investment.

This study identifies a number of factors that are crucial to Nepalese commercial banks' corporate governance, enabling such institutions to develop plans to improve corporate governance. These strengthen the bank's position as a competitor in the financial sector and guarantee its survival—particularly crucial in the current climate of intense competition. The purpose of the study is to provide banks with a reference for enhancing their corporate governance practices. This will help banks improve the working environment by raising the level of corporate governance, especially in areas where expectations and reality diverge considerably. Future research in the banking industry or a similar field on corporate governance will build on this study. With improved standards, banks can set benchmarks for their strategies and policies that promote a positive work environment, quality improvement initiatives, and overall industry advancement in the banking sector, which could potentially impact other areas of the economy.

The following research questions have been attempted to be addressed in this study:

- i. What is the governance practices in the commercial banks of Nepal?
- ii. What is the impact of corporate governance on organizational performance?
- iii. What are the main problems of corporate governance in banks of Nepal?

1.3 Purpose of the Study

The primary aim of the research is to examine the corporate governance practices of commercial banks in Nepal. Some of the main objectives of the study are as follows:

- i. To analyze corporate governance practices in the commercial banks of Nepal.
- ii. To examine the impact of corporate governance on organizational performance.
- iii. To evaluate the primary corporate governance issues of Nepalese banks.

1.4 Hypothesis

The study presents the five most significant characteristics of corporate governance that have been collected from a variety of academics. While some terminologies have consistent definitions throughout studies, others have varied meanings. We will now utilize corporate governance as a constant variable and five independent variables to test our hypothesis. Transparency, Responsibility, Discipline, Fairness, and

Accountability are among the most important factors of corporate governance, according to various past studies. As a result, the hypothesis that will be evaluated in this research study is:

- 1) Alternative Hypothesis 1 (H1) Transparency and perceived performance are significantly correlated.
- 2) Alternative Hypothesis 2 (H2): There is a substantial correlation between perceived performance and accountability.
- 3) Alternative Hypothesis 3 (H3) Fairness and perceived performance are significantly correlated.
- 4) Alternative Hypothesis 4 (H4): Discipline and perceived performance are significantly correlated.
- 5) Alternative Hypothesis 5 (H5): Perceived performance and responsibility are significantly correlated

1.5 Significance of the Study

The study will assist corporations in comprehending the importance of corporate governance and the factors that influence it. Numerous research studies have examined corporate governance and its impact on consumer perception, financial performance, and corporate reputation. The research findings will assist managers, researchers, and organizations in developing corporate governance policies that enhance positive relationships with stakeholders in Nepal, where corporate culture is still relatively new and the country is transitioning from an agricultural to a service economy. Academics will find this study useful if they want to utilize the results as a springboard for additional research on the topic.

1.6 Limitations of the Study

- a) This study is concentrated on corporate governance practices in Nepalese commercial banks.
- b) The study is based on primary source of data.
- c) The data are taken from Agricultural Development Bank Limited, NIC Asia Bank Limited, Citizens Bank Limited, Nabil Bank Limited and Nepal Bank Limited.

1.7 Chapter Plan

The study is organized into five chapters as follows:

Chapter I: Introduction

The first chapter of the study deals with the introduction of the topic in which background information on the research topic and the study's outline. It further includes the historic information, problem statement, aims, hypotheses, importance, limitations, and operational definitions of the key terms.

Chapter II: Literature Review

The second chapter covers review of related literature. It consists of theoretical and empirical review of the literature. In addition, it contains the theoretical framework that has been used to construct the entire book. In conclusion, the chapter focuses on a review of the literature on corporate governance in relation to corporate governance variables.

Chapter III: Research Methodology

Chapter three consists of discussion upon methodology and procedures of the study. It contains details on the research methodology, data analysis methodologies, questionnaire, demographic and sample size, sampling methodology, data collection instrument, and data sources dedicated to this project.

Chapter IV: Data Presentation and Analysis

Chapter four of this study includes results and discussions where analysis and interpretation of the data is included. As a result, this chapter offers data visualization and analysis using graphical representations such as pie charts and bar graphs, as well as mathematical and statistical procedures such as descriptive analysis, correlation analysis, and regression analysis.

Chapter V: Summary, Conclusion and recommendation

The fifth chapter derives findings and makes recommendations for future research. This is the concluding chapter of the research project; hence it focuses on presenting a

summary of the entire project. It focuses on bringing the study to a close by presenting the most important discoveries, as well as making recommendations and providing guidelines for potential users, readers, and researchers in the future. In the end, references and appendices are included.

CHAPTER II

LITERATURE REVIEW

This chapter provides an overview of the research and literature that are relevant to the current study, highlighting previous studies and how their findings inform the current investigation.

2.1 Conceptual Review

From the Latin verb "gubernare," which means "to rule or steer," derives the term "gubernance", which in English is borrowed as governance. (Bhasin, 2010). Thus, corporate governance is the process through which various actors interact to define an organization's strategy and performance.

In Nepali management science, the term "corporate governance" is relatively new, but its significance is growing quickly. Major banking institutions in Nepal are facing severe operational setbacks, and some may even contemplate bankruptcy. The inadequate corporate governance and management frameworks currently in place to handle the latest market shifts are contributing factors to these declines. The term 'governance' is derived from a latin verb gubernare, which means "to rule or steer." It literally means "to control, guide, or manipulate" (Bhasin, 2010). Although corporate governance seems like a simple topic, trying to explain it causes confusion. The circumstances are confusing. However, we need to have a solid understanding of corporate governance, and the researcher believes that the OECD's definition of governance practices is the best. Corporate governance is the interaction of various actors in determining an organization's performance and strategy. The key players in corporate governance include shareholders, management (led by the CEO), and the board of directors (OECD, 2019). Corporate Governance encompasses the relationships between a company's management, board of directors, ownership, and other stakeholders. These relationships, governed by a range of regulations and incentives, provide the structure for defining the company's objectives and the strategies for realizing them (Oman, 2001). The relationships that exist between a company's ownership, management, executive board, and other stakeholders are collectively referred to as corporate governance. These interactions, which consist of

a range of guidelines and rewards, provide the foundation for establishing the objectives of the business and outlining the strategies for accomplishing them and evaluating performance. Sound corporate governance, where the company is based, is based on clear corporate structures and operations, management and board accountability to shareholders (including foreign owners), and corporate responsibility to employees, creditors, suppliers, and other stakeholders (Oman, 2001). But more broadly, the degree to which businesses are conducted honestly and openly is known as effective corporate governance. This level of conduct is essential for the health of the global economy, the resurgence of industrial bases around the world, and, eventually, the prosperity and well-being of entire nations. Nation-states seeking to promote foreign direct investment are now paying more attention to the way businesses are managed and how they cater to the needs and preferences of investors, no matter where those investors may be located. In order to build the foundation for long-term growth and job creation, it is imperative that more patient, long-term capital be attracted. A report by the Organization for Economic Cooperation and Development (OECD) was released in 2001. In 1992, the UK Corporate Governance Code (the Code) was released in its initial edition by the Cadbury Committee. Paragraph 2 point 5 of the Code continues to provide the standard definition of its context, which states that "Corporate Governance is a method for directing and controlling businesses." Those organizations' boards of directors are in charge of overseeing their governance. The nomination of directors and auditors, along with the establishment of an appropriate governance framework, are the duties of the shareholders in terms of governance. The board's responsibilities include setting the company's strategic objectives, providing the leadership needed to carry them out, supervising the management of the business, and informing shareholders about the governance of the company. Laws, regulations, and shareholder intentions control the board's decisions. assemblies in general (Cadbury Committee, 1992). "The World Bank defines corporate governance from both a public policy and business perspective, emphasizing the relationships between owners, management, and stakeholders. Ensuring the company's survival, expansion, and advancement while also guaranteeing accountability in the use of authority and control over it is known as corporate governance. Contributing to the same body of literature, the (OECD, 2019) defines corporate governance as ". a group of relationships that exist between the board, shareholders, and other stakeholders of a

company. As Solomon and Solomon (2004) define it, "the system determines the company's objectives, the means of achieving those objectives, and the means of monitoring performance." It can also offer the framework through which the company's objectives are set, as well as the means of achieving those objectives and monitoring performance.

Corporate Governance is necessary to cultivate an awareness, transparent, and open culture. To enable businesses to maximize long-term shareholder value, a system of laws, policies, legislation, procedures, and voluntary activities is in place. The literature on corporate governance and economics has long been entwined, with references to "the theory of the business.". These were the initial efforts to understand the shortcomings of the macroeconomic model of perfect competition-based market behavior. The body of literature prepared the ground for the current discussion and debate about the behavior and potential governance of corporations. Even the tiniest living organism on the earth abides by the laws established by its creator. No existence could endure in peace without some sort of structure or guidance. Any financial company that wishes to prosper needs to have a strong base and well-defined goals. Corporate governance tasks are completed in compliance with the regulations.

Berle and Means proposed the most important conventional socio-scientific study "The Modern Corporation and Private Property" in 1932. It focused on the division of ownership and control in large organizations, sparking the start of the current debate on corporate governance. They addressed how ownership and control are distributed in huge businesses, which served as a catalyst for the present corporate governance controversy. These massive corporations raised funds from the riches of numerous small private investors, unlike small, private enterprises," they said. A small or nonexistent portion of the company's ownership capital was frequently held by the managing directors of these kinds of businesses. Rather than receiving a variable return based on the firm's performance, the majority of their income came from fixed pay. The wealthiest people were controlling an increasing amount of these companies during this time who were not personally motivated to pay close attention to the firm's performance.

Coase (1937) argued that traditional fundamental microeconomic theory was deficient because it solely addressed production and delivery costs, omitting the costs

associated with making and carrying out contracts and managing organizations. A sizeable amount of the economy's overall resource utilization is made up of these costs, which are usually referred to as transaction costs. Therefore, not all of the restrictions that tie economic agent allocations were taken into account by classical theory. The existence of organizations, different corporate structures, variations in contractual agreements, the layout of the financial system, and even the basic elements of the legal system can all be explained in relatively straightforward terms when transaction costs are taken into account. By including a variety of transaction costs, Coase set the standard. The way for a thorough analysis of the institutions and applicability of the economic system was paved by Coase.

Corporate governance applies solely to the corporate entity. Ensuring that every function is operating as intended allows the organization to grow, and this is the board's responsibility. The most discussed topic at the tea table right now is corporate governance. Experts in philosophy and academia are worried about its succession. A significant number of financial institutions have already embraced it. One may conclude that an essential element of the financial institution's operation is its corporate governance.

2.2 Review of Journal Articles

Desoky and Mousa (2017) conducted a study on corporate governance practices: transparency and disclosure - evidence from the Egyptian Exchange. The aim of this study was to assess various aspects of corporate governance practices by companies listed on the Egyptian exchange. The study utilized statistical analysis such as mean and standard deviation to explore the correlation between firm characteristics transparency and disclosure. The study found that there is a significant positive association between the dependent variables and independent variables.

Ilyas and Rafiq (2019) conducted a study on impact of corporate perceived organizational success. The aim of conducting the study was to investigate the impact of corporate governance on organizational success. The study used reliability test (Cronbach's alpha test) to analyze the data. The results show that effective organizational performance is significantly impacted by social consciousness, accountability, discipline, justice, and responsibility. Furthermore, the results also

show that organizational effectiveness is not much impacted by independence or transparency.

Neupane (2020) carried out a study on governance practices on Nepalese commercial banks. The study was carried out to examine the corporate governance procedures of Nepalese commercial banks. He used descriptive statistical tools in order to analyse the data. The study found that, corporate governance can have a significant impact on any type of business, and financial firms that practice sound corporate governance are better able to maintain long-term economic growth and financial stability.

Tuteja and Nagpal (2020) conducted a study on formulation of corporate governance. The researcher used regression analysis together with cash flow analysis and funds flow analysis in order to investigate the relationship between the variables. The study found a connection between evaluations and banks' commercial governance index. Finally, an index of commercial governance was created specifically as the outcome of this study.

Mahmood,(2023) carried out a study on impact of credit risk management. The study aimed to analyse the credit risk management on the sustainable performance of commercial banks in Pakistan. Multiple regression analysis and descriptive statistical correlation were used for the for data analysis in the study. The research found a noteworthy positive correlation between bank performance and bank liquidity. On the other hand, non-performing loans, bank liquidity, market profit potential, loan and advances, and capital adequacy ratio are detrimental to the long-term viability of commercial bank performance.

2.3 Review of Previous Theses

During the process of examining relevant material for the study, I came across a number of national and international theses that have been conducted about processes related to corporate governance. A few of the existing literatures related to the topic have been reviewed in the chronological order below.

Poudel (2016) conducted a study on relationship between corporate governance and corporate social responsibility: evidence from Nepalese commercial banks. The research aimed to show the relationship between corporate governance and corporate social responsibility disclosure in Nepalese commercial banks. The collected data

were used to extract CSR disclosure items and corporate governance and T-test was employed to test the level of significance. At the same time regression analysis was also used in the study in order to examine the relationship between corporate social responsibility disclosure and independent variables associated with corporate governance practices. The study found a positive and significant correlation between corporate social responsibility and corporate governance procedures.

Abhi and Premalatha (2017) conducted a study on financial performance and corporate governance of commercial banks in Nepal. The study was conducted to investigate the relationship between financial performance and corporate governance of commercial banks in Nepal. The researcher used regression analysis as the statistical tool in order to analyse the data. The study observed the effects of return on equity, nonperforming loans, and the size of the audit committee and board on these factors. It was found from the study that while the size of the board has a negative effect on the financial performance of commercial banks, the size of the audit committee and the percentage of independent directors has a positive effect.

Hirindu and Panditharathna (2017) carried out a research on the factors effecting on bank profitability. This research was conducted to investigate on the effects of bank specific factors of profitability in commercial banks. A regression analysis was used as the statistical tool along with the financial analysis tools such as; trend analysis, cash flow analysis, and funds flow analysis. The variables that determined the outcome were deposits, capital, net profit margin, and liquidity. The study found that net profit margin, capital ratio, and deposit ratio are significant bank-specific predictors of bank profitability.

Abdullah (2019) carried out a research on issues and challenges around corporate governance in the Nigerian banking industry. The objective of the research was to examine the issues and challenges of corporate governance practices in the Nigerian banking sectors. Together with statistical tools like sample size calculation, standard deviation, and hypothesis testing, he employed financial analysis tools like trend analysis, cash flow analysis, and funds flow analysis. The study found that ineffective corporate governance is the primary cause of bank failure in Nigeria. It also found that important factors supporting effective corporate governance include fraud, the overriding of internal control and disregard for authority limits in an effort to meet

targets, recapitalization of banks, and the lack of information presented in banks prior to consolidation compared to the post-consolidation era.

Baral (2020) carried out a study on corporate governance mechanisms in commercial banks of Nepal. The study was conducted with the objective of examining the corporate governance mechanisms adopted by Nepalese commercial banks. The study employed ANOVA test to examine differences in corporate governance mechanisms among state-owned, joint venture, and domestic banks. The research findings indicate that the corporate governance practices of financial institutions in Nepal are relatively satisfactory. Nevertheless, notable enhancements are necessary, particularly for state-owned banks and local private banks.

Chalise (2022) carried out a research on impact of corporate social responsibility on corporate governance and reputation in Nepalese commercial banks. The objective of the research was to investigate on impact of corporate social responsibility on corporate governance and reputation in Nepalese commercial Banks. Descriptive statistical methodology was used for the data analysis in the study, where the researcher has summarized the data using indexes such as mean and median. The findings of the study show that good corporate social responsibility has a positive impact on banks' reputation, while poor corporate social responsibility has the opposite effect. It was also found that good corporate governance by itself is not enough to build a positive reputation; however, when combined with good social responsibility, it can.

Neupane (2023) conducted a study on corporate governance practices in Nepalese commercial banks. This study was carried out to analyze the existing practices of corporate governance in commercial banks of Nepal. Descriptive and correlation analysis were used to examine the hypotheses in this study and to draw the conclusions. The research found that effective corporate governance frameworks may enhance accountability, boost efficiency, and draw in long-term investors at a reduced cost to both companies and nations. They then support a nation's growth by making it more competitive. Additionally, it was discovered that the instant progresses in information technology, worldwide legal deregulation, and globalization have presented businesses with both opportunities and difficulties.

Pathak (2023) conducted research on the financial performance analysis of Kumari Bank Ltd., using a range of financial tools to examine the operations and features of the bank as well as its lending policies and resource usage. Financial tools like ratio analysis and trend analysis were used to help analyze the study's data. It was found in the study that Kumari Bank possesses ample liquidity and lacks investment sectors to make use of their liquid funds. The study also found a strong positive correlation between Kumari Bank's total deposits, credit, and advances as a result of the economic downturn and return concerns on investments.

2.4 Theoretical Framework

The various elements that impact corporate governance are illustrated in the study's theoretical schema, as shown in Figure 2.1. With regard to measuring corporate governance, this approach designates perceived performance as the dependent variable and uses construct variables and independent variables such as accountability, discipline, transparency, and fairness. The following schematic illustrates the elements that guide the research question.

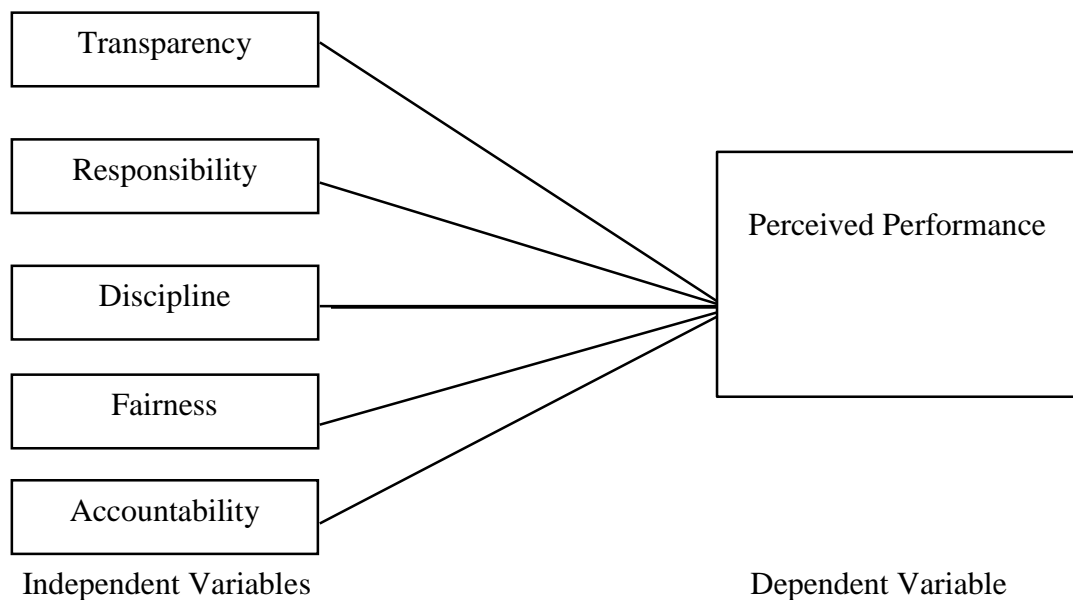


Fig. 2.1: Theoretical framework

Research on corporate governance practices was carried out by Hermalin (2007), and Denis and Kruse (2000) being based on the afore-presented theoretical framework. The outdated corporate governance method is no longer thought to be reliable due to

the complex environment. Modern corporate governance has come to understand that a mistake in decision-making or policy could cost a company or present an opportunity for loss of business. It's a dangerous game, business. There might not be another opportunity. Accountability, Responsibility, Transparency, Fairness, and Discipline are therefore necessary for proper performance.

Transparency

Transparency refers to a group of elements that include an organization's degree of disclosure regarding its financial and operational data, its management structure, investor rights as outlined in the company's governing documents, and the qualifications of each board member and management (Denis and Kruse, 2000). It is an essential part of contemporary corporate governance and greatly influence an organization's attractiveness to prospective investors. In the context of Nepalese commercial banks' openness and disclosure policies it makes sure that all relevant information, including the financial status, performance, ownership, and corporate governance, is disclosed in a timely and accurate manner.

Corporate transparency refers to how visible a company's activities are to third parties. The reason for this is because of laws, customs, and a collection of information, privacy, and business guidelines that control how transparent corporate decision-making and activities are to staff members, investors, stakeholders, and the broader public. Simply put, transparency is the rivals' assessment of the voluntary information that the company shares and how good it is. Information sharing, clarity, and accuracy are the three main dimensions of corporate transparency, according to recent studies (Baral, 2020). To improve transparency, corporations engage with stakeholders with greater disclosure, clarity, and accuracy. The voluntary disclosure of information about the company's environmental impact to environmental activists is an example of governance at work. Effectively limiting the use of technical terms, fine print, or complex mathematical notations in the company's communications with suppliers and customers is another example of clarity. Accuracy is demonstrated by decisions not to bias, embellish, or otherwise distort known facts in the company's communications with investors. Strategic transparency management requires purposeful adjustments to transparency, accuracy, and clarity in order to meet the firm's objectives.

Responsibility

The term "corporate responsibility" describes the steps that a business takes in response to these responsibilities in order to fortify the company's and society's mutually dependent relationship (Hermalin, 2007). Obviously, corporate directors have more duties than just making sure that financial reports are accurate, performing necessary company operations, and abiding by all legal requirements. The democratic society in which businesses operate has expectations that are often unwritten as formal law, and they must also live up to these expectations. "Corporate responsibility" describes how businesses respond to these demands by taking steps to improve the mutually beneficial relationship between industry and society. As a matter of fact, investors want their companies to increase in value while simultaneously fulfilling societal demands. In fact, the long term success of such organizations is higher (Baral, 2020).

Discipline

Corporate discipline is the top management of a company's dedication to acting in a way that is widely seen as appropriate and right (Denis and Kruse, 2000). In particular, at the executive level, this expresses to a company's understanding of and commitment to the core values of good governance. The efficacy of internal policies is contingent upon their execution. A company's personnel must be inspired to implement the plan, even if management spends years formulating a plan to enter new markets. Otherwise, the initiative will fail. Putting policies, resolutions, and strategies into practice requires discipline and commitment to corporate governance.

Denis and Kruse (2000) examined the frequency of disciplinary actions that reduce the control of current managers and corporate restructuring among businesses that are greatly underperforming in their operations during an active acquisition phase (1985–1988) and a less active period (1989–1992). They discovered a notable drop in disciplinary events between the periods of activity and inactivity, which they correlate with a drop in disciplinary takeovers—takeovers that result in the dismissal of a senior executive. However, there is a significant uptick in operating performance following a period of diminishing performance, as well as extensive corporate reorganization during the active and passive takeover phases.

Fairness

Fairness is often evaluated in light of the many stakeholders in a company. The stakeholder's position on the power-interest matrix is taken into consideration when determining what is most likely and fair. In order to be fair, companies must give shareholders an opportunity to voice their concerns and talk about any issues pertaining to a violation of their rights. A company's stakeholders can include its employees, customers, distributors (lenders), investors, and the general public. Investors are entitled to accurate and timely financial information as well as details about the composition of the board. To be fair, one must treat all people equally. Prejudice towards one or more organizations over another must be avoided (Hermalin, 2007).

Accountability

Generally speaking, accountability refers to taking ownership of all business decisions and giving stakeholders a clear, impartial, and fair evaluation of the state and future prospects of the organization. The firm's strategic direction, the board's efficient management oversight, and the board's accountability to the business and its shareholders should all be ensured by the corporate governance structure (Denis and Kruse, 2000).

According to Hermalin (2007), in order to maintain the integrity of the vital reporting and monitoring systems, the board must create and enforce distinct lines of duty and accountability throughout the organization. Clear accountability should be established for the board and the board as a whole. As it relates to corporate governance, accountability encompasses accountability requirements as well as blameworthiness and responsibility. It has been the main topic of discussion when it comes to challenges facing the government, nonprofit organizations, the private sector, and individual situations as a part of governance. Conflict can arise when managers intentionally violate employees' trust by withholding important information from reports, acting incompetently, or being ignorant. Companies (as a group) should act openly and responsibly toward their stakeholders, including shareholders, in order to prevent this. Accountability, therefore, is not only a component of corporate governance but also offers a number of advantages. Accountability forms the basis of corporate governance (Denis and Kruse, 2010). Without it, it would be hard to solve the agency issue. It consequently increases the confidence of stakeholders. Maintaining uniformity across various corporate governance aspects—most notably

reporting—is how it is achieved. The reliability and correctness of the reporting are also influenced by various laws and guidelines.

2.5 Research Gap

A study specifically examining the perceived performance of banking sector workers in Nepal is conspicuously absent from the literature, despite the fact that several research have been undertaken on diverse facets of employee interactions and perception. Moreover, to date, very few studies have been conducted on any aspect of the perceived performance of banking sector employees in Nepal. Because of this, the current study investigates empirically the crucial questions related to workers' perceptions of the listed banks' performance in Nepal and suggests methods to enhance their contributions to the effectiveness and prosperity of the banking industry. Prior studies have employed different components to evaluate perceived performance, and in certain instances, external variables have also been taken into account. This study examines five dimensions of corporate governance: accountability, transparency, fairness, regulation, and responsibility. This allowed researchers to evaluate the influence of perceived performance, a topic that had not been included in earlier research. The study has looked at both extrinsic and internal aspects to evaluate the overall higher perceived efficiency in Nepalese commercial banks.

CHAPTER III

RESEARCH METHODOLOGY

Research methodology is a systematic way of solving problems. This chapter covers research design, sampling procedures, data processing tools, and other pertinent topics. The main goal of this chapter is to demonstrate the techniques and processes used to obtain the most accurate outcome in accordance with the predetermined goal of the research topic. Based on the descriptive research type, the design and methods have been implemented.

3.1 Research Design

The present study employed a descriptive research design to gather data. The findings of this research are based on the primary source of data. In order to gather the data, a series of questionnaires was created, and then it was administered to the respondents by seeking their consent. The data and information collected from the sampled respondents serve as the sole foundation for the conclusions. Furthermore, in order to easily measure and quantify employee's responses, the researcher has examined corporate governance in the national level commercial banks.

Numerous statistical analyses and tests form the basis of the study. The quantitative data was analyzed and interpreted for this purpose using Microsoft Excel and the Statistical Package for Social Science (SPSS) software. The mean and standard deviation were computed using descriptive statistics in accordance with the respondent's profile. The research process included the use of correlation analysis, t-tests, regression analyses, and hypothesis testing. Various tables have been used to present the results followed by interpretation, and analysis as needed. As the most popular test for determining the inter-item consistency reliability, the Cronbach's alpha test is also used to analyze the reliability of scales.

3.2 Population and Sample

This study includes a sample of five Nepalese commercial banks in order to investigate corporate governance processes in those institutions. Additionally, forty

workers from each of the five commercial banks were chosen for the questionnaire. 200 workers from five Commercial Banks of Nepal, located throughout the Kathmandu Valley, provided data for this study. Convenience sampling was used to follow research participants. Respondents chosen for this sampling technique are those who are easily accessible and live close to the researcher. Since convenience sampling offers benefits like fairness and in-time data collection, it was a suitable choice for this study.

3.3 Sources of Data

The data collection process initially involved secondary sources like journals, books, PDF files, research papers, and websites with the aim of developing a theoretical framework for the study. Then, the primary data was gathered from the original source in order to analyze and ascertain the results at a later time. The primary data sources for this study were standardized questionnaires with multiple-choice questions and rating scales. List of sample banks selected for the study were; Agricultural Development Bank Ltd., NIC Asia bank Ltd., Citizens Bank Ltd., Nepal Bank Ltd., and Nabil Bank Ltd. This study uses the Dennis (1974) Information Climate survey to gauge employee perceptions of an organization's communication style. It further applies the Information Climate survey that was developed by Hayase (2009) to look into the internal climate of an organization. This study employed the measure to evaluate how workers felt about the communication climate inside the firm in relation to their level of engagement. The survey identifies five key elements: information quality, superior honesty and openness, upward communication opportunities, superior-subordinate communication, and information dependability.

The primary tool used in the study was a structured questionnaire that was designed to align with the aims of the research. A thorough review of the literature was done to maximize content validity in order to understand corporate governance. On an attempt to summarize the findings of the theoretical framework generated by consulting relevant literature on this problem based on the questionnaire, data were gathered and analyzed using the statistical program SPSS. The questionnaire included thirty opinion seeking statements to measure six different factors, five of which are independent variables and one is dependent. A total of 25 viewpoint statements were used to define the independent variables, such as "transparency," "responsibility,"

"fairness," "discipline," and "accountability." In contrast, 5 opinion statements were used to describe the dependent variable, "perceived performance."

Data for the study was collected using a 5-likert point rating scale questionnaire where the first section of the questionnaire focuses on demographic information about respondents, such as age, gender, income level, education, and the bank with which they are affiliated. The second section of the study deals with questionnaires on several variables of commercial bank corporate governance, as mentioned in the theoretical framework. The 5- likert point rating scale questionnaire ranged from 1- strongly disagree to 5-strongly agree. On the scale, 1 represents the lowest value and 5 the highest. The researcher has assigned a code to each element that was questioned in the questionnaire. Transparency (TR), responsibility (RS), discipline (DI), fairness (FA), and accountability (AC) are the five independent variables whereas, perceived performance (PP) is a dependent variable coded for the analysis of the questionnaire. The data collected from the survey instruments has been utilized to measure a variety of independent and dependent variables in the research study.

3.4 Data Collection Procedure

Primary data for the study was collected using the survey method. Respondents received a standardized questionnaire electronically and in person. Their responses were gathered mainly through personal networks. Mathematical methods were used to evaluate the survey data, and the findings were then presented in tables and charts for better understanding. Conclusions were drawn based on the research analysis findings, and relevant recommendations were made accordingly..

3.4.1 Primary Data Collection

Primary data collection method used in this study refers to information that is first used to test a working hypothesis before being used to support a researcher's claim. A survey questionnaire was chosen because it is most suitable for descriptive research, similarly, it is easy to administer and can ensure that the data is fully completed with a less chances of possibility of missing. The questionnaire for this study were sent to participants in their service sector with the deadline of fifteen days. The responses were received within allocated time frame and compiled for the processing procedure.

3.5 Data Processing Procedure

A Cronbach's Alpha (α) test was performed on a sample of 200 items to see if the questions in this questionnaire accurately measured the variables under consideration. Cronbach's Alpha was used to evaluate the quality and consistency of the survey.

Reliability Test of Dependent and Independent Variables

S.N.	Variables	Cronbach's Alpha	No of item (N)
1.	Transparency	.832	6
2.	Accountability	.813	5
3.	Fairness	.793	6
4.	Discipline	.632	4
5.	Responsibility	.712	4
6.	Perceived Performance	.791	5

According to Sekaran (2000), if the Cronbach's Alpha coefficient is less than 0.7, it is considered "poor", if greater than 0.7 but less than 0.9, it is considered "acceptable," and if it is greater than 0.8, it is considered "good". In this case, the Cronbach's Alpha of transparency is considered as good, as it exceeds 0.8. Conversely, the accountability is deemed poor since it falls below 0.7. All other variables are below 0.8, making them acceptable. Consequently, the instruments utilized in this study are considered reliable.

3.6 Data Analysis Tools and Techniques

The acquired data in the raw form is analyzed and interpreted in a statistical and descriptive way as per the need of the study. I processed the received data following statistical computation with the Microsoft excel application and the Statistical Package for Social Science (SPSS) software. Those processed data were explained to avoid uncertainty of presented data and to support the evidence clearly in the study. The research process included the use of both descriptive and inferential analysis including: mean, standard deviation, correlation analysis, regression analyses, and hypothesis testing.

3.6.1 Statistical Analysis

Exploring and analyzing data through statistical methods is a vital aspect of research. Statistical tools were primarily utilized for two main purposes: (i). assessing the distribution and patterns of questionnaire data, and (ii). testing the study's hypotheses.

Various tools, including tables, graphs, and diagrams, were employed to visualize data distribution and trends. The hypothesis testing section encompassed the use of charts, mean, standard deviation, Pearson's correlations, and linear regression.

3.6.1.1 Descriptive Statistics

The first step in our research is descriptive statistics. Arithmetic mean and standard deviation are calculated and examined in descriptive statistics.

Mean or Average

The quantity that represents the greatest mass is called the mean. The most commonly used mean is the arithmetic mean, which is calculated by dividing the sum of all variables by the number of variables.

Standard Deviation

The standard deviation (S.D.) is the most widely used and useful indicator of dispersion. It demonstrates the extent and size of variances from the median or average. Its purpose is to calculate the absolute dispersion. Variability rises as the standard deviation grows, and decreases in the opposite situation. It is the affirmative square root of the average of the squares of differences from the distribution's mean.

3.6.1.2 Inferential Statistics

Inferential statistics is a subfield of statistics. The use of various analytical tools in inferential statistics allows drawing inferences about the population data from sample data. Inferential statistics consist of the investigation of correlation, regression, and hypotheses.

Correlation Analysis

Correlation is a statistical method used to measure the extent of the relationship between two variables. When the value of one variable seems to be connected to the value of another variable, it indicates that two or more variables are correlated. The term "correlation" pertains to the level of connection between two or more independent variables. It does not provide information about the cause-and-effect

relationship. Positive and negative correlations can both exist. The correlation ranges from -1 to +1. When Pearson's correlation (r) is close to 1, it indicates a strong association between the two variables, suggesting that changes in one variable are closely related to changes in the other. A correlation (r) close to zero indicates a weak relationship between the two variables as, when the correlation (r) is close to zero, there is no correlation.

Regression Analysis

The statistical correlation between two or more variables can be estimated using a method that relates changes in independent variables to changes in the dependent variable. Multiple regression is a statistical technique used to calculate reference values from a group of independent variables or predictors. This entails assessing numerous factors simultaneously to ascertain their impact on an outcome. It is suitable for predicting the influence of a change. Multiple linear regression can be utilized to obtain an estimate.

Hypotheses

Several previous studies have demonstrated that Transparency, Accountability, Discipline, Fairness, and Responsibility as important aspects in deciding corporate governance. As corporate governance will be the constant variable for the sake of our hypothesis, and we have selected five of those as independent variables.

- 1) Alternative Hypothesis 1 (H1) Transparency and perceived performance are significantly correlated.
- 2) Alternative Hypothesis 2 (H2): There is a substantial correlation between perceived performance and accountability.
- 3) Alternative Hypothesis 3 (H3) Fairness and perceived performance are significantly correlated.
- 4) Alternative Hypothesis 4 (H4): Discipline and perceived performance are significantly correlated.
- 5) Alternative Hypothesis 5 (H5): Perceived performance and responsibility are significantly correlated

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

This chapter is concerned with the presentation, analysis and interpretation of the collected data. The systematically collected data are presented, interpreted, and analyzed to understand the connection between the dependent and independent variables in this chapter.

4.1 Data Presentation and Analysis

The chapter outlines the analysis of the results obtained from the data collection process and addresses the interpretation of the primary data gathered from 200 respondents via a questionnaire. In order to achieve the goals, the methodically obtained data are analyzed and evaluated in this chapter under the four sub headings as; demographic analysis, descriptive Statistics, inferential analysis and hypotheses testing.

4.1.1 Demographic Data

The data was gathered from Kathmandu valley by conducting personal visits wherever possible. In cases of geographical limitations, data was collected through email contact. A structured questionnaire was used to gather demographic information and opinion survey. The respondents were chosen by using random and convenient sampling methods. The data analysis for this section will involve using frequency distribution tables and demographic statistics. Additionally, descriptive statistics such as measures of central tendency (mean, median, and mode) and measures of dispersion (variance and standard deviation) are calculated.

Table 4. 1: Respondent's Profile

Profile		Frequency	Percent
Age	Below 20	0	0
	21-30	97	48.5
	31-40	91	45.5
	Above 40	12	6
	Total	200	100
Gender	Male	88	44
	Female	112	56
	Total	200	100
Marital Status	Single	84	42
	Married	116	58
	Total	200	100
Educational Level	Higher Secondary	0	0
	Under Graduation	2	1
	Graduation	73	36.5
	Above Graduation	125	62.5
	Total	200	100

Sources: Field Survey, 2023

4.1.1.1 Age of Respondents

Table 4. 2: Age of Respondents

Age	Frequency	Percentage
Below 20	-	-
21 to 30	97	48.5
31 to 40	91	45.5
Above 40	12	6
Total	200	100

Sources: Field Survey, 2023

Table 4.2 shows that 48.5 percent of respondents are between the ages of 21 and 30, and 2% of respondents are under the age of 20. In contrast, just 6% of all respondents are older than 40, with 45.5% of respondents falling between the ages of 31 and 40. In summary, the data makes clear that people in the age range of 21 to 30 and 31 to 40 are the most regular consumers of commercial bank services.

4.1.1.2 Gender of the Respondents

Table 4. 3: Gender of the Respondents

Gender	Frequency	Percentage
Male	88	44
Female	112	56
Total	200	100

Sources: Field Survey, 2023

Based on the data in table 4.3, it shows that 44 percent of the total respondents are male, while 56 percent are female. Consequently, we can infer that the majority of the workers, which is 56% of the respondents, are female in the commercial banking sector.

4.1.1.3 Marital Status of the Respondents

Table 4. 4: Marital Status of the Respondents

Marital status	Frequency	Percentage
Single	84	42
Married	116	58
Total	200	100

Sources: Field Survey, 2023

The data in table 4.4 indicates that 42 percent of the respondents are not married, whereas 58 percent are in a marital relationship. Based on this information, we can conclude that a significant majority of the respondents in the study are married.

4.1.1.4 Educational Level of the Respondents

Table 4. 5: Educational Level of the Respondents

Educational level	Frequency	Percentage
Higher secondary	0	0
Under graduation	2	1
graduation	73	36.5
Above Graduation	125	62.5
Total	200	100

Sources: Field Survey, 2023

Based on the information shown in Table 4.5, no consumers possess education beyond high school, and only 1 percent of the participants have an undergraduate degree. Consumers with a bachelor's degree constitute 73 percent of the total, while those with postgraduate qualifications account for 62.5 percent. Therefore, the data indicates that individuals with at least a bachelor's degree are the primary users of commercial bank services.

4.1.2 Descriptive Statistics

To analyze the information received from respondents during survey, I have employed descriptive statistics. For each of the e-service attributes that make up our dependent variables, I have included the frequency distribution in this part along with

some other information like the lowest, highest, average, and standard deviation. The frequency distribution for each corporate governance dimension that contributes to the dependent variables has also been displayed, and associated information such as the lowest, highest, average, and standard deviation for each dimension has been included.

4.1.2.1 Perceived Transparency Analysis

An organization's management style, investors' rights under the company's governing documents, the qualifications of each board member and management, and its openness with regard to financial and operational data are all considered aspects of transparency and disclosure. According to Hermalin and Weisbach (2007), many suggested corporate governance reforms aim to increase openness. This objective has been mostly uncontroversial since most observers concur that increased openness is clearly a good thing.

Table 4. 6: Descriptive Statistics of Perceived Transparency Analysis

Variable	Mean	Std. Deviation
Management has disclosed three- or five-year's performance.	3.79	.743
Public announcement of results have been no longer than two working days of board meeting.	4.38	.573
The reports are clear and informative (Based on perception of analyst).	4.58	.570
Analyst has good access to senior management.	4.05	.861
The bank has a website where results and announcements are updated promptly (no later than one business day).	4.34	.604
The bank consistently discloses major and market sensitive information punctually.	4.15	.873
Transparency	4.2142	.52768

Sources: Field Survey, 2023

Referring to Table 4.6, concerning the variable (T) items, it is evident that the mean of each question exceeds 4, signifying a higher frequency of responses falling under "strongly disagree," "disagree," "neutral," and "agree." One example is "The bank promptly provides results and announcements on its website (within one business day)," with a mean of 4.58 and a standard deviation of .570. Likewise, the statement "Public release of findings occurs within two working days of the board meeting" has the lowest mean value of 3.79 and a standard deviation of .743, indicating a majority

of respondents hold a neutral or agreeable stance. The mean value for transparency is 4.2142, with a standard deviation of 0.52768.

4.1.2.2 Perceived Accountability Analysis

The board is responsible for all of the company's actions and must provide stakeholders with a clear and understandable evaluation of the company's situation and future prospects. The corporate governance framework should ensure the company's strategic guidance, effective management oversight by the board, and the board's answerability to the company and its shareholders. The board must create and uphold transparent lines of responsibility and answerability across the company to safeguard the integrity of crucial reporting and oversight systems.

Table 4. 7: Descriptive Statistics of Perceived Accountability Analysis

Variable	Mean	Std. Deviation
The board members of executive or management committee should be substantially different (i.e., no more than half of one committee sits on the other).	3.71	.761
Fully board meetings are held at least once a quarter. (Here employees are accountable to the concerned officer)	3.90	.719
Audit committee nominates and conducts a proper review of the work done by external auditors.	3.96	.469
The audit committee supervises internal audit and accountability procedures.	4.01	.698
There are any foreign nationals on the board.	2.92	1.159
Accountability	3.6440	.41488

Sources: Field Survey, 2023

The service quality of commercial banks' Accountability was assessed using five alternative opinion statements, as detailed in table 4.7. The mean of each question is above two (>2). The statement "Audit team nominates and conducts a proper assessment of the work performed by external auditors" has the highest mean of 4.01, and a standard deviation of .698. For the statement "Are there any foreign nationals on the board?" the lowest mean is 2.65, with a standard deviation of 1.159. On average, the Accountability scores 3.6440 and has a standard deviation of 41488. This suggests a positive perception of commercial bank accountability, with the majority of respondents either agreeing or strongly agreeing.

4.1.2.3 Perceived Fairness Analysis

It is important for companies to be fair by giving shareholders an opportunity to voice their grievances and address any issues pertaining to a violation of their rights. Investors are entitled to accurate and timely financial data as well as information on the composition of the board. To treat everyone equally is to be fair. It necessitates refraining from favoring one or more groups above another (s). The many stakeholders in a corporation are often taken into account when evaluating fairness. A determination of what is most likely and fair is made, taking into consideration the stakeholder's position on the power-interest matrix. A company's stakeholders include its employees, consumers, investment companies, distributors (lenders), shareholders, and the general public.

Table 4. 8: Descriptive Statistics of Fairness

Variable	Mean	Std. Deviation
All the employees have access to their appraisal record.	3.84	1.020
Criticism/suggestions are easily given to employees.	3.97	.921
All necessary information for appraisal criteria is made available prior to evaluation.	3.95	.991
There have been no questions or controversy over whatever bank has issued transparency report or not.	3.94	.781
Is it true that over past five years the total director's remuneration has not increased faster than employees?	3.74	.952
The head of department report to either CEO or board member concerned to employees' equality.	3.79	.806

Sources: Field Survey, 2023

Six different opinion statements were used to characterize the fairness of commercial banks, as shown in table 4.8 above. Each question's mean is more than three (>3), meaning that there are more agree and strongly agree responses in this variable. The statement "Criticism/suggestions are easily given to employees" had the highest mean, 3.97, with a standard deviation of.921. In a similar vein, 3.74 is the lowest mean and the standard deviation is.952. With a standard deviation of.55225 and an overall mean value of 3.8708 for fairness, the employees firmly concur that there is justice in commercial banks.

4.1.2.4 Perceived Discipline Analysis

Corporate discipline is the top management of a company's dedication to acting in a way that is widely seen as appropriate and right. This speaks to a company's understanding of and commitment to the core values of good governance, particularly at the leadership level. The effectiveness of internal policies depends on how well they are carried out. Denis and Kruse (2000) examine the incidence of disciplinary actions that reduce the control of current managers and corporate restructuring among businesses that are experiencing a significant decline in operating performance during an active acquisition phase (1985–1988) and a less active period (1989–1992).

Table 4. 9: Descriptive Statistics of Perceived Discipline Analysis

Variable	Mean	Std. Deviation
The bank has issued a “mission statement” that clearly places a priority on good corporate governance.	3.88	.866
Over the past five years, is it true that the bank has declared any warrants against indiscipline?	3.24	.930
Over past five years, is it true that the bank has not built-up disciplinary action report?	3.32	.939
The bank’s Annual Report includes a section devoted to the bank’s performance in implementing corporate governance principles.	3.66	.823
DISCIPLINE	3.5238	.50661

Sources: Field Survey, 2023

In table 4.9, four different statements were employed to outline the concept of corporate governance in commercial banks. The statement "The bank's Annual Report includes a section dedicated to the bank's performance in embracing corporate governance principles" received the highest mean score of 3.88, with a standard deviation of 0.866. This suggests that most respondents either feel neutral, agree, or strongly agree with this assertion. On the other hand, the statement "Over the previous 5 years, is it true that the bank has not built-up disciplinary action report?" received the lowest mean value of 3.24, with a standard deviation of 0.930. This indicates that the majority of respondents strongly agree, agree, or feel neutral about this statement. The standard deviation is 50661 and the average mean is 3.5238. The commercial bank has established effective and structured discipline.

4.1.2.5 Perceived Responsibility Analysis

The concept of "corporate responsibility" pertains to the actions taken by companies in response to such demands, aiming to enhance the interdependent relationship between the company and society. Naturally, the duties of corporate directors go beyond providing accurate financial reporting, carrying out essential corporate functions, and complying with all relevant laws. The final independent factor examined in this research is responsibility. Table 4.6 displays the descriptive examination of each created query and the comprehensive descriptive analysis of this factor.

Table 4. 10: Descriptive Statistics of Perceived Responsibility Analysis

Variable	Mean	Std. Deviation
There is any corrective action on the decision made by board on their favor at the expense of management.	3.50	.763
There were any punishments given to the responsible person for misbehavior or business failures.	3.55	.918
There were any questions over whether the board takes measures to safeguard the interest of all and not just one.	3.53	.701
There are mechanisms to allow punishment of the management committee in the event of mismanagement.	3.72	.771
Responsibility	3.5750	.49748

Sources: Field Survey, 2023

The average of every question in table 4.10, which is concerned with the variables (R) items, is more than three (>3), which means that there is a larger frequency of responses that indicate agreement and strong agreement. At 3.72 with a standard deviation of 0.771, "Any sanctions imposed to the accountable person for misbehaving or business failures" had the highest mean. Analogously, the statement "There were concerns about whether the board takes action to protect the interests of everyone and not just one" has the lowest mean value, 3.50, while the standard deviation is 0.763. Overall, there is a 3.5750 mean and a.49748 standard deviation for responsibility. The board member was affected by the outcomes. The data reveals that directors are more qualified and experienced than the Board of Directors, and most

survey respondents believe that the roles and responsibilities of the board and management are clearly defined.

4.1.2.6 Perceived Performance Analysis

Table 4. 11: Descriptive Statistics of Perceived Performance Analysis

Variable	Mean	Std. Deviation
Employees' commitment towards bank has been loyal due to good corporate governance.	4.12	.834
The productivity of the bank has increase.	4.15	.876
The rate of employees' turnover has decreased.	3.62	.1.159
Distribution of gender on the board and other levels are fair.	4.14	.800
The procedure of selecting employee for the post is open and fair with clear job description.	4.24	.698
Perceived Performance	4.0510	.55456

Sources: Field Survey, 2023

Table 4.11 contains the descriptive analysis of perceived performance. In this study, Perceived Performance was used as the dependent variable. The Perceived Performance of commercial banks was described through five opinion statements. The mean for each question is above 4 (>4), which suggests a high frequency of responses such as "strongly agree," "strongly disagree," and "agree."

With a maximum mean score of 4.24 and a standard deviation of 0.698 for the statement "The bank's productivity has increased," the majority of participants agreed or strongly agreed with the statement. Similarly, the majority of participants strongly agree or agree with the statement "Gender distribution on the board and other levels is fair," as indicated by the lowest mean value of 3.62 and standard deviation of 1.159 for this statement. 4.0510 is the mean perceived performance score, while 0.55456 is the standard deviation. The fact that most participants agree or strongly agree on this measure suggests that the average mean of commercial bank performance in Nepal is good.

4.1.3 Inferential Analysis

This section's objective is to demonstrate the process of examining empirical data and verifying the hypothesis set that was developed in the preceding chapter. The statistical procedures known as inferential statistics enable researchers to extrapolate

or generalize results from samples to the larger population from which they were taken. It permits the inference of population values from one or more data samples. To determine if differences between variables or groups that are shown to exist are genuine or just coincidental, inferential analysis is used to test hypotheses. It produces new information by generating a forecast and drawing inferences from samples. There are two distinct categories of analytical tools in this section:

4.1.3.1 Correlation Analysis

The purpose of conducting Pearson Correlation analysis is to understand the connection between the various independent and dependent variables in the research. This analysis helps to gauge the level of linear correlation between two specific variables. In this study, the analysis focused on variables with uncomplicated multi-option responses. A correlation matrix was employed to assess the extent of association between the research variables. A positive correlation signifies a direct relationship, where one variable increases in response to the increase of the other. Conversely, a negative correlation indicates an inverse relationship, with an increase in one variable accompanied by a decrease in the other.

Table 4. 12: Correlation Analysis

		Perceived Performance
Transparency:	Pearson Correlation	.391**
	Sig. (2-tailed)	.000
	N	200
Accountability:	Pearson Correlation	.418**
	Sig. (2-tailed)	.000
	N	200
Fairness:	Pearson Correlation	.462**
	Sig. (2-tailed)	.000
	N	200
Discipline:	Pearson Correlation	.465**
	Sig. (2-tailed)	.000
	N	200
Responsibility:	Pearson Correlation	.179**
	Sig. (2-tailed)	.000
	N	200
Perceived Performance:	Pearson Correlation	1
	Sig. (2-tailed)	
	N	200

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

Sources: *Field Survey, 2023*

Table 4.12 displays a positive connection and link between the two variables, transparency and perceived performance as indicated by the coefficient of correlation of .391 between the independent variable transparency and the dependent variable perceived performance. The positive correlation coefficient stands at 3.91 at the 1% significance level.

The table gives information that the correlation coefficient between the accountability independent variable and the perceived performance dependent variable is .418. This suggests a positive correlation between the two variables, indicating a strong relationship. The positive correlation coefficient of .418 is significant at the 1% level.

The table displays the correlation coefficient between the fairness independent variable and the perceived performance dependent variable is 0.462, suggesting a strong positive association between the two variables. At a 1% significance level, the correlation coefficient of 0.462 is deemed significant.

The table has figured on a positive connection between the two variables, as seen by the correlation coefficient of .462 between the independent variable discipline and the dependent variable perceived performance. Discipline and perceived performance are significantly correlated, at the 1% significant level.

The data in the table confirms that the correlation coefficient between the independent variable responsibility and the dependent variable perceived performance is 0.465, indicating a positive relationship between the two variables. With a significance level of 1%, the significant positive correlation coefficient of 0.465 demonstrates a strong association between Responsibility and Perceived Performance.

4.1.3.2 Regression Analysis

Regression analysis is applied to explore the connections between a dependent or criterion variable and multiple independent or predictor variables. It is a statistical method to establish the relationships between variables in statistical research. When the focus is on the relationship between a dependent variable and one or more independent variables, it involves several methods for modeling and assessing multiple variables. A correlation study can only ascertain whether two variables have

a strong relationship. Yet, even if a correlation coefficient indicates a strong association between two variables, the specific structure of that relationship cannot be determined. In such cases, regression analysis provides additional insights into the slope of the relationship. It is employed to elucidate the nature of a relationship and make predictions. The aim of regression analysis is to gain a deeper comprehension of how the internal communication climate affects employee engagement. In this section, the focus is on determining which independent variable accounts for the variability in outcomes, the extent to which independent variables and the dependent variable account for variability in the dependent variable, and which factors are most significant in accounting for variability in the dependent variable in comparison to other variables. Multiple regression was utilized to examine how independent factors such as transparency, responsibility, discipline, fairness, and accountability impact the dependent variable of Perceived Performance. Predicting the impact of independent variables on perceived performance is achieved through the use of multiple linear regression analysis. The equation below represents how independent variables influence perceived performance:

$$PF = \alpha + \beta_1 TR + \beta_2 RE + \beta_3 DI + \beta_4 FA + \beta_5 AC + e_i$$

Where,

PF = Perceived Performance (dependent variable)

TR = Transparency

RE = Responsibility

DI = Discipline

FA = Fairness

AC = Accountability

α = Constant

$\beta_1, \beta_2, \dots, \beta_5$ = Regression coefficients of Factor 1 to Factor 5 respectively

e_i = Error term

The results of the model summary, analysis of variance (ANOVA), and beta coefficients depicting the influence of independent factors of corporate governance on perceived performance are stated below.

Table 4. 13: Model Summary of the Impact of Independent Variables of Corporate Governance on Perceived Performance

Model	R	R Square	Adjusted R	Std. Error of the Estimate
1	.632 ^a	.400	.385	.43491

Predictors: (Constant), Accountability, Responsibility, Transparency, Fairness, Discipline:

Sources: Field Survey, 2023

In the model summary, the R-square, also known as the coefficient of determination, can help explain variance. According to Table 4.14, the R-square value is 0.400, indicating that the independent factors explain 40% of the variance in Perceived Performance. However, the remaining 60% (100% - 40%) is not explained by this study. This means that there are other important corporate governance variables of Nepalese commercial banks that are crucial to understanding Corporate Governance but have not been considered in this study.

After adjusting for degrees of freedom, the adjusted R-squared value is 0.385, suggesting that the independent variables explain 38.5% of the variance in Perceived Performance (df). This reveals a moderate association between all corporate governance characteristics and Perceived Performance. The model summary also displays the standard error of the estimate for 0.43491, indicating the variability of the observed Perceived Performance values from the regression line is 0.43491 units.

Table 4. 14: ANOVA of Impact of Independent Variables of Corporate Governance on Perceived Performance

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.505	5	4.901	25.911	.000 ^b
	Residual	36.695	194	.189		
	Total	61.200	199			

a. Dependent Variable: Perceived Performance

b. Predictors: (Constant), Accountability, Responsibility, Transparency, Fairness, Discipline:

Sources: Field Survey, 2023

The p-value of 0.000 is less than the alpha value of 0.01, indicating that the model is a strong predictor of the relationship between the dependent and independent variables. Consequently, transparency, responsibility, discipline, fairness, and accountability are all significant independent factors in explaining the variance in Perceived

Performance. In other words, at least one of the five independent factors has a substantial impact on Perceived Performance.

Table 4. 15: Beta Coefficients of Impact of Independent Variables on Perceived Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
1 (Constant)	.420	.357		1.175	.241
Transparency	.166	.068	.158	2.455	.015
Responsibility	.247	.089	.185	2.772	.006
Discipline	.252	.066	.251	3.846	.000
Fairness	.382	.067	.343	5.670	.000
Accountability	-.089	.068	-.081	-1.308	.192

Sources: Field Survey, 2023

a. Dependent Variable: Perceived Performance

The unstandardized beta coefficients ($\beta_1, \beta_2, \dots, \beta_5$) and the constant needed to form the predicted solution for the impact of independent variables on Perceived Performance are outlined in Table 4.15. By utilizing the values of unstandardized beta coefficients and the constant, we can create the estimated equation as follows:

$$PF = 0.420 - 0.166TR + 0.247RE + 0.252DI + 0.382FA - 0.089AC + e_i.$$

In Table 4.16, it can be observed that the independent variables of responsibility, fairness, discipline, and accountability are significant. However, the independent variable accountability does not show significant findings as the associated p-value exceeds 0.05.

In regression analysis, beta coefficients are utilized to demonstrate the relative significance of independent variables in influencing the variability in the dependent variable. The highest impact on Perceived Performance comes from Responsibility (2=0.382, p=0.000), followed by fairness (4=0.252, p=0.000), transparency (1=0.166, p=0.015), discipline (3=0.-089, p=0.192), and accountability (5=-0.247, p=0.006), as demonstrated in Table 4.16. When all other factors are held constant, a one-unit enhancement in discipline leads to a 0.-089 unit increase in Perceived Performance. Likewise, a one-unit rise in Transparency corresponds to a 0.166-unit advancement in Perceived Performance, whereas a one-unit increase in the Accountability component

leads to a 0.247-unit decline in Perceived Performance, and so forth. Ultimately, transparency, accountability, discipline, and fairness significantly influence perceived performance. Except for the measure of accountability, the findings from the multiple regression analysis provide backing for alternative hypotheses indicating a relationship between the independent variables of Corporate Governance and Perceived Performance.

4.1.4 Hypothesis Testing

a) Alternative Hypothesis 1 (H₁)

Transparency and perceived performance are significantly correlated.

The correlation between transparency and perceived performance, as indicated in Table 4.12, is 0.391. This shows a favorable and moderately high relationship between transparency and perceived performance. This relationship is statistically significant at the 1% level since the p-value is less than the alpha, specifically $0.001 < 0.01$. Consequently, H₁ is approved.

b) Alternative Hypothesis 2 (H₂)

There is a substantial correlation between perceived performance and accountability.

The results indicate a Pearson Correlation Coefficient of $r = 0.418$ for the relationship between Accountability and Perceived Performance, showing a favorable and moderate-to-high association. This correlation is statistically significant at the 1% level, with a p-value of $0.001 < 0.01$, making H₂ acceptable.

c) Alternative Hypothesis 3 (H₃)

Fairness and perceived performance are significantly correlated.

The correlation between Fairness and Perceived Performance, as indicated by a Pearson Correlation Coefficient of $r = 0.462$, shows a notable and moderate-to-high connection. This connection is statistically significant at the 1% level, given that the p-value (0.001) is less than the alpha value of 0.01. Consequently, H₃ is supported.

d) Alternative Hypothesis 4 (H₄)

Discipline and perceived performance are significantly correlated.

The results indicate that the Pearson Correlation Coefficient between Discipline and Perceived Performance is $r = 0.465$, showing a moderate-to-high positive association between the two variables. The association is statistically significant at the 1% level since the p-value (0.001) is less than the alpha (0.01). Consequently, H₄ is supported.

e) Alternative Hypothesis 5 (H₅)

Perceived performance and responsibility are significantly correlated

The results specify that there is a correlation coefficient of $r = 0.179$ between Responsibility and Perceived Performance, showing a positive and moderate-to-high association between the two. With a p-value of $0.001 < 0.01$, the association is deemed significant at the 1% level, leading to the approval of H₅.

4.1.4.1 Hypothesis Results

The results of each of these hypotheses are presented by given below:

Table 4. 16: Hypothesis Testing

S.N.	Alternative Hypothesis	Results
H1	Transparency and perceived performance are significantly correlated.	0.001<0.01, H1 is accepted
H2	There is a substantial correlation between perceived performance and accountability.	0.001<0.01, H2 is accepted
H3	Fairness and perceived performance are significantly correlated.	0.001<0.01, H3 is accepted
H4	Discipline and perceived performance are significantly correlated.	0.001<0.01, H4 is accepted
H5	Perceived performance and responsibility are significantly correlated	0.001<0.01, H5 is accepted

Sources: Field Survey, 2023

4.2 Major Findings

This study's results confirm the well-documented link between corporate governance and its various factors. The hypothesis test and analysis of descriptive statistics have been finalized and the results have been disclosed. The subsequent summary outlines the descriptive statistics findings for both the independent and dependent variables:

- Based on the findings, the average mean value for Transparency is 3.79, 4.38, 4.58, 4.05, 4.34, and 4.15. The overall mean is 4.2142, suggesting that participants generally believe transparency significantly influences how they are perceived. According to the show's results, Transparency has a mean average value of 3.79, 4.38, 4.58, 4.05, 4.34, and 4.15. The highest mean is 4.2142, indicating a shared belief among participants that transparency plays a crucial role in shaping their perception. Single mean 3.71, 3.90, 3.96, 4.01, 2.65, according to the results of the show. Accountability has an average mean score of 3.6440, indicating that respondents feel that accountability is an important aspect of corporate governance that influences perceived performance.
- The results indicate that the personal mean ratings are 3.84, 3.97, 3.95, 3.94, and 3.74, while the mean average value of fairness is 3.8708. This suggests that fairness is considered a significant factor affecting perceived performance by employees in the banking sector.
- The results show that the mean values for individuals are 3.88, 3.24, 3.32, and 3.66, respectively. Additionally, the average mean value for Discipline is 3.5238, suggesting that discipline is valued by banking employees and influences the perceived performance of Nepalese commercial banks.
- The results point out individual mean values of 3.50, 3.55, 3.53, and 3.72, respectively. The average mean value of Responsibility is 3.5750, showing that employees in the banking sector consider responsibility to be highly important in commercial banks and that it affects perceived performance.
- The results show that the individual mean values were 4.12, 4.15, 3.62, 4.14, and 4.24. The average mean score for Perceived Performance is 4.0510, suggesting that the Nepalese commercial banking sector has a good level of perceived performance.

- The mean value for transparency is highest at 4.2142, with a standard deviation of 0.52768. It is evident that staff members perceive commercial banks as placing a significant emphasis on transparency, and this is reflected in the banking success section of the bank's annual report. Therefore, the overall transparency level of the bank is deemed acceptable.
- Based on the descriptive data, the average fairness mean across different independent variables is 3.8708, with a standard deviation of 0.55225. This suggests that fairness is not given high priority in the business, as reported by bank employees.
- The average transparency mean is 4.2142, and the standard deviation is 0.52768. It is believed by employees that commercial banks highly prioritize transparency. There is an Annual Report section dedicated to the bank's implementation of corporate governance standards, demonstrating this high value placed on transparency. Consequently, the overall discipline of the bank is considered acceptable.

4.3 Discussions

The results of this research demonstrate the presence of corporate governance in a banking institution in Nepal, as documented in existing literature. This connection has the capability to support bank executives and leaders in enhancing corporate governance. Senior management can establish and uphold effective corporate governance, potentially resulting in increased corporate governance integration and consequently improved perceived performance. Recognizing the role of corporate governance in organizational efficiency is crucial for the success of the banking sector. The substantial relationship between all five aspects of service quality and perceived performance is indicated by the correlation coefficient. The multiple regression analysis shows that transparency, responsibility, discipline, and fairness are significant independent factors, while accountability yields non-significant results due to its p-value being greater than 0.05. The study calculated the Pearson Correlation coefficient between all five independent factors and the dependent variable perceived performance. The results showed that all variables are positively associated at a 1% level of significance. Hence, the findings indicate that there is no strong relationship

between accountability and perceived performance in commercial banks, suggesting that accountability does not have an impact on perceived performance.

Neupane's (2020) research indicated that accountability was not significantly correlated with perceived performance in commercial banks. This suggests that accountability does not affect perceived performance, and therefore, banks need to focus on improving other important aspects of corporate governance. Similarly, Baral (2020) discovered that perceived performance and other variables have positive relationships in commercial banks with strong corporate governance. Whereas, in Sigdel and Koirala's (2015) research, they delved into the insider perspectives regarding the factors that underpin corporate governance in the Nepalese banking sector. As per their findings, the factor scores related to accountabilities, fairness, independence, and social awareness were deemed insignificant, suggesting that the assessment of corporate governance within the banking industry is likely to be reactive and centered on adherence to regulations. This outcome emphasizes the need for analysts, policymakers, and professionals to adopt a forward-looking approach and avoid solely relying on financial metrics and short-term gains (or losses) when appraising corporate governance. The prominence of financial governance in enterprises within the growing industry might be the pivotal concern regarding corporate governance. He recommended that maintaining strong corporate governance in a commercial bank involves effectively managing other variables. In my perception, it is essential to uphold discipline and accountability in order to drive success of the business in commercial banks. The evidences also consistently show that discipline plays a significant role in organizational performance. The results of this research, together with the SEC manual on corporate governance, emphasize the importance of accounting standards in maintaining organizational discipline, revealing that discipline is the fundamental and most critical element for the success of banking sector institutions. Consequently, it can be inferred that corporate governance factors can significantly influence the perceived performance of a commercial bank. Furthermore, this study identifies five essential characteristics from various research studies which have contributed to the formulation of a corporate governance framework, and it showcases the significance of each factor in determining their relative importance.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The last chapter of this thesis is composed of three sections: the initial part summarizes the study, the second part presents the study's conclusion, and the final part suggests potential actions to address the identified problem based on the findings.

5.1 Summary

The main objective of the study was to explore potential connections between corporate governance and various other factors. To address this inquiry, the study delved into existing literature on corporate governance, covering the factors influencing it, the drivers for achieving it, and methods for assessing it. Additionally, the study delved into concepts and research relating to corporate governance, its various aspects, and its relationship with other factors. Chapter 2 provides an analysis of five corporate governance factors based on the aforementioned considerations. Furthermore, the study developed five hypotheses within the conceptual framework to address the research question. A research study used a 30-question survey to address research questions and hypotheses. A total of 220 questionnaires were distributed to respondents, including 88 men and 125 women who were commercial bank personnel. Following this, 200 questionnaires were selected for data analysis. After analyzing the data, the researcher found that all the variables examined impacted perceived performance.

The survey's findings were determined using a variety of statistical tools. Descriptive analysis was used to calculate the mean values and standard deviation for each variable in relation to each hypothesis. Each hypothesis was evaluated using a minimum of four to six questions or variables. Respondents were requested to indicate their level of agreement on a five-point Likert scale, spanning from "Strongly Disagree" to "Strongly Agree." The data was collected, organized, and analyzed using Excel Software and SPSS software packages.

5.2 Conclusions

This study aimed to explore how corporate governance influences the perception of performance in the Nepalese commercial banking sector. To assess the effect of five aspects of corporate governance (transparency, responsibility, discipline, fairness, and accountability) on perceived performance, five research hypotheses were formulated and tested. The significant value derived from the sample is also utilized to analyze the significance of the relationship between the variables. The data and findings of the study suggest that employees feel that commercial banks prioritize transparency, as shown by the inclusion of a section in the bank's Annual Report devoted to the bank's adherence to corporate governance standards. Consequently, the overall discipline of the bank is deemed satisfactory.

This study aimed to analyze how corporate governance impacts performance perception in the Nepalese commercial banking industry. To assess the influence of transparency, responsibility, discipline, fairness, and accountability on perceived performance, the study developed and tested five hypotheses. The study also used the significant value generated from the sample to evaluate the significance of the relationship between the variables. Transparency, responsibility, justice, discipline, and accountability are recognized as alternative theories. The correlation data were utilized to address the five research hypotheses. A correlation coefficient was computed between all five independent factors and the dependent variable perceived performance, demonstrating a positive association between all variables at a 1% significant level. The results indicate that there is no significant relationship between accountability and perceived performance in commercial banks, suggesting that accountability does not impact perceived performance.

The primary goal of this research was to analyze corporate governance practices in the commercial banks of Nepal and other variables such as transparency, responsibility, discipline, fairness, and accountability. Based on the assessment of perceived performance and corporate governance traits, a correlation between the two was identified. The results indicate that commercial banks ought to make corporate governance a top priority to enhance their overall performance.

The study's conclusions indicate that corporate governance has a range of implications for the success of organizations. Discipline, fairness, openness, and accountability are more important factors in successful commercial banks in Nepal. This study indicates that the establishment of strong corporate governance in commercial banks is significantly influenced by these four attributes. The study's conclusions indicate that perceived performance is not much impacted by responsibility. Employee dissatisfaction with the audit committee's effectiveness is another prevalent corporate governance issue in businesses, along with the absence of a board of directors and management. According to workers board meetings at the bank are often not scheduled punctually and also the bank's documented code of conduct is being ignored despite its existence.

The findings of this survey point out that Nepalese commercial banks can maintain their competitive edge by upholding strong corporate governance practices. This research aims to raise awareness among analysts, policymakers, and industry professionals about the importance of forward-thinking and not judging corporate governance solely based on financial metrics and short-term outcomes. This emphasis may stem from the growing emphasis on financial governance within the corporate governance sector. Policymakers should take into account public policy, ethical behavior in the workplace, a corporate culture that prohibits the employment of underage workers, employee accountability, and equity in record-keeping and selection criteria.

In summary, the results suggest that corporate governance factors, together with their variations, can significantly impact banks. The bank's corporate governance has a significant influence when the aspects of corporate governance such as accountability, responsibility, discipline, and fairness are taken into account. The unexpected result shows that that transparency does not impact corporate governance. Given the preceding explanation, the effective operation of banks relies heavily on Corporate Governance, and its factors are pivotal in managing corporate governance. Overall, senior management should prioritize corporate governance to attract customers and ensure the organization's overall success.

5.3 Recommendations

Based on the analysis of the study, policymakers are encouraged to place greater emphasis on accountability and responsibility. The study's findings suggest that instead of primarily relying on disciplinary measures, commercial banks in Nepal should clearly implement corporate governance standards. Policymakers should prioritize transparency in the workplace, equitable treatment of employees, accurate record-keeping, and fairness in selection criteria based on the study's results. This research can be a footprint for those who are interested in conducting research in the same field. Some General implication and specific action plan for further research-related recommendations are offered below.

- This study covered a small scale due to time and expense constraint, therefore the further researches can investigate in a large scale.
- The sample used in this study was from a commercial bank, so it cannot be applied to other development banks, manufacturing companies, or finance companies.
- The study was limited to the Kathmandu valley. To make the research more effective and real, it might be conducted across the entire country.
- The focus of this research was on five components of corporate governance that have an impact on commercial banks' perceived performance. However, greater research into other facets of corporate governance, not only in the Kathmandu valley but also in other big commercial banks, would be more fascinating.
- Future researchers could carry out studies in manufacturing sectors instead of commercial banks.
- The collection of data relied solely on a series of survey questions. Researchers in the future may opt to employ more extensive interviewing methods to acquire a deeper comprehension of the company's corporate governance and perceived performance.
- The entire data collection process relied on a series of survey questions. In the future, researchers may opt for more thorough interviewing methods to achieve a deeper comprehension of the company's corporate governance and perceived performance.

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APPENDIX

QUESTIONNAIRE

Dear Participants,

You are kindly requested to participate in a short survey for the partial fulfillment of the requirements of the degree of Master in Business Studies (MBS) from Tribhuvan University. The person in charge of this research will describe this study to you and answer all of your questions. The information you provide will only be used for the research purpose and your information will be kept highly confidential. Please read the information below and ask questions about anything you don't understand before deciding whether or not to take part. Your participation is entirely voluntary.

Title of Research Study: Corporate Governance Practices in Nepalese Commercial banks

Researcher: Jeevan Rekha Pantha

Supervisor: Dr. Binita Manandhar

Section 1: Participant Information (Please tick an appropriate option)

Gender	<input type="checkbox"/> Male		<input type="checkbox"/> Female	
Age	<input type="checkbox"/> Below 20	<input type="checkbox"/> 21-30	<input type="checkbox"/> 31 to 40	<input type="checkbox"/> Above 40
Marital Status	<input type="checkbox"/> Single	<input type="checkbox"/> Married	<input type="checkbox"/> Others	
Educational Level	<input type="checkbox"/> Higher Secondary	<input type="checkbox"/> Under Graduation	<input type="checkbox"/> Graduation	<input type="checkbox"/> Above Graduation

Screening Question: Please tick mark on your best suited option.

1. What is the name of the banking organization you work for?
 - i. Agricultural development bank limited
 - ii. NIC ASIA Bank Limited
 - iii. Citizens Bank Limited
 - iv. Nabil Bank Limited
 - v. Nepal Bank Limited
2. For how long have you been working this particular bank (chosen bank)?
 - i. Less than 3 years
 - ii. between 3- 6 years

iii. More than 6 years

Section: 2 (Please use the following rating scale and tick the best suited options.)

1 = Strongly Disagree	2 = Disagree	3 = Neutral	4 = Agree	5 = Strongly Agree
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Transparency

Code	Opinion Statement	1	2	3	4	5
3	Management has disclosed three or five year's performance.					
4	Public announcement of results have been no longer than two working days of board meeting.					
5	The reports are clear and informative. (Based on perception of analyst).					
6	Analyst has good access to senior management.					
7	The bank has a website where results and announcements are updated promptly (no later than one business day).					
8	The bank consistently discloses major and market sensitive information punctually.					

Accountability

Code	Opinion Statement	1	2	3	4	5
9	The board members of executive or management committee should be substantially different (i.e.no more than half of one committee sits on the other).					
10	Fully board meetings are held at least once a quarter. (Here employees are accountable to the					

	concerned officer)					
11	Audit committee nominates and conducts a proper review of the work done by external auditors.					
12	The audit committee supervises internal audit and accountability procedures.					
13	There are any foreign nationals on the board.					

Fairness

Code	Opinion Statement	1	2	3	4	5
14	All the employees have access to their appraisal record.					
15	Criticism/suggestions are easily given to employees.					
16	All necessary information for appraisal criteria is made available prior to evaluation.					
17	There have been no questions or controversy over whether bank has issued transparency report or not.					
18	Is it true that over past five years the total director's remuneration has not increased faster than employees?					
19	The head of department report to either CEO or board member concerned to employee's equality.					

Discipline

Code	Opinion Statement	1	2	3	4	5
20	The bank has issued a mission statement that clearly places a priority on good corporate governance.					
21	Over the past 5 years, is it true that the bank has declared any warrants against indiscipline's?					
22	Over past 5 years, is it true that the bank has not built up disciplinary action report?					
23	The bank's Annual Report includes a section devoted to the bank's performance in implementing corporate governance principles.					

Responsibility

Code	Opinion Statement	1	2	3	4	5
24	There is any corrective action on the decision made by board on their favor at the expense of management.					
25	There were any punishments given to the responsible person for misbehavior or business failures.					
26	There were any questions over whether the board takes measures to safeguard the interest of all and not just one.					

27	There is mechanism to allow punishment of the management committee in the event of mismanagement.					
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Perceived Performance

Code	Opinion Statement					
28	Employees' commitment towards bank has been loyal due to good corporate governance.					
29	The productivity of the bank has increase.					
30	The rate of employees' turnover has decreased.					
31	.Distribution of gender on the board and other levels are fair.					
32	The procedure of selecting employee for the post is open and fair with clear job description.					

Thank you!!

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CHAPTER I INTRODUCTION 1.1 Background of the Study In Nepal's business sector, the idea of "corporate governance" is still relatively new, although it is beginning to acquire popularity. From the Latin verb "gubernare," which means "to rule or steer," derives the term "gubernance", which in English is borrowed as governance (Bhasin, 2010). Thus, corporate governance is the process through which various actors interact to define an organization's strategy and performance. The shareholders, management (headed

by the chief executive officer), and the Board of Directors are **the**

main participants in the corporate governance (OECD, 2019). As a result, interactions between a company's management, Board members, investors, and other stakeholders are collectively referred to as corporate governance in a broad sense. On the other hand, robust

corporate governance, which **is** essentially **the** degree **to which companies are run in an open and** transparent way, **is** crucial **for** fostering **market confidence** in general (Oman, **2001**

). "The mechanism by which firms are directed and governed" is how the Cadbury Committee (1992) defined corporate governance. " Corporate governance is the term used to describe how businesses are run. Corporate governance is necessary for holding companies accountable to their diverse stakeholders. According to a number of scholars, corporate governance is the important aspects of corporate governance highlighted. A framework for leading and managing companies and organizations is known as corporate governance. (Amarneh et al., 2014) The corporate sector is the way in which an entity is managed or controlled. The relative effectiveness of corporate governance has a big influence on how well a firm runs. It is a widespread observation that businesses that have managed their operations well have prospered and continued to be wealthy. In a similar vein, poor performance is typically attributed to boards of directors that have not handled their companies' problems well enough. Corporate governance is a set of mechanisms in place to guarantee that the organization's obligations to its major stakeholders— clients, employees, lenders,