

**CORPORATE GOVERNANCE AND ORGANIZATIONAL
PERFORMANCE IN NEPALESE TELECOMMUNICATION
INSUSTRY**

A Thesis Submitted By:

**Name: Saroj Chaureli
Shankar Dev Campus
Campus Roll No.: 1774/071
TU Regd. No.:7-2-882-43-2010
Exam Roll No.:391571**

**Submitted to:
Office of the Dean
Faculty of Management
Tribhuvan University**

*In partial fulfillment of the requirements for the Degree of
Masters of Business Studies (M.B.S.),*

**Kathmandu, Nepal
2024**

RECOMMENDATION

This is to certify that the thesis

Submitted by

Saroj Chaureli

Entitled:

“Corporate Governance and organizational performance in Nepalese telecommunication industry “has been prepared as approved by this Department in the prescribed format of the Faculty of Management. This thesis is forward for examination.

.....
Dr. Dhan Raj Chalise
(Thesis Supervisor)

.....
Assoc. Prof. Dr. Sajeeb Kumar Shrestha
(Head, Research Committee)

.....
Assoc. Prof. Dr. Krishna Prasad Acharya
(Campus Chief)

Date :

VIVA-VOCE SHEET

We have conducted the viva-voice examination of the thesis presented

By

Saroj Chaureli

Entitled:

“Corporate Governance and organizational performance in Nepalese telecommunication industry” and found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the degree of

Master Degree of Business studies (M.B.S.)

Viva-voice committee

Head of Research Committee

Head of the Department

Thesis Supervisor

External Expert

Date : _____

DECLARATION

I hereby declare that the work in this thesis entitled “Corporate Governance and organizational performance in Nepalese telecommunication industry” submitted to Shankar 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. Dhan Raj Chalise.

Name: Saroj Chaureli

Researcher

Campus Roll No.:1774/071

TU Regd. No.: 7-2-882-43-2010

ACKNOWLEDGEMENTS

The research entitled “Corporate Governance and organizational performance in Nepalese telecommunication industry” has been prepared to fulfil the partial requirement for the Master of Business Studies (MBS) degree under Faculty of Management, Tribhuvan University. I got the opportunity to gain knowledge from conducting research. It is impossible without the help of many assistance and support.

First of all, I would like to extend my sincere gratitude to my supervisor Dhan Raj Chalise for his eternal and friendly support, guidance and assistance throughout my research and report writing. I would like to thank Associate Prof. Dr. Sajeeb Kumar Shrestha, Head of Research Department of Shanker Dev Campus for his support and assistant. I would also like to thank all the staff members of Shanker Dev Campus who provided me the reference and reading materials during the period of research.

Finally, I am thankful to Shanker Dev Campus, Tribhuvan University for providing methis opportunity to conduct this research. I am also extremely thankful to my family, friends and well-wishers who directly and indirectly helped me during the research project.

Name: Saroj Chaureli

Researcher

TABLE OF CONTENTS

Chapter 1 Introduction

1.1	Background	1
1.2	Focus of the Study	2
1.3	Statement of the Problem	3
1.4	Objectives of the Study	3
1.5	Significance of the Study	3
1.6	Limitations of the Study	4
1.7	Organization of the Study	5

CHAPTER 2 REVIEW OF LITERATURE

2.1	Conceptual Review	6
2.2	Theoretical Review	8
2.3	Review of Related Studies	11
2.4	Research Gap	15

Chapter 3 Research Methodology

3.1	Research Design	17
3.2	Population and Sample	17
3.3	Instrumentation	17
3.4	Data Collection Procedure	17
3.5	Data Processing and Analysis	18
3.6	Research Framework of the Study	19

Chapter 4 Data Presentation and Analysis

4.1	Data Presentation	21
4.1.1	Presentation of Demographic Analysis	21

4.1.2	Descriptive result of variables under study	23
4.2	Correlation Analysis	25
4.3	Regression Analysis	26
4.4	Major Findings	30

Chapter 5 Summary, Conclusion and Recommendations

5.1	Summary	33
5.2	Conclusion	35
5.3.	Recommendations	37

Bibliography

Annex

LIST OF FIGURES

Figure 3.1

Research Framework of the Study

19

LIST OF TABLES

Table 4.1	
<i>Gender Group of Respondent</i>	21
Table 4.2	
<i>Age Group of Respondent</i>	22
Table 4.3	
<i>Education background of Respondent</i>	22
Table 4.4	
<i>Position of Respondent</i>	23
Table 4.5	
<i>Job experience of Respondent</i>	23
Table 4.6	
<i>Descriptive Analysis</i>	23
Table 4.7	
<i>Model Summary</i>	26
Table 4.8	
<i>Regression ANOVA</i>	26
Table 4.9	
<i>Regression Coefficient</i>	27

ABBREVIATIONS

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

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Corporate governance has emerged as a vital screening tool for both economic and non-economic companies due to numerous incidents of corporate fraud in both developed and developing nations. These frauds have adversely affected corporate performance and stakeholder interests, even leading to some firms' bankruptcies (Friedman, 1970, as cited in Chalise, 2014). Organizational failures in governance often exacerbate these issues, creating dire conditions. For instance, One-Tel, a major Australian company, collapsed in 2001, despite being the fourth-largest telecommunications enterprise in the country with over a million clients and operations in eight countries. Scholars analyzing this case pointed to failed expectations, strategic mistakes, incorrect pricing policies, and unchecked growth as primary factors. The company also suffered from severe deficiencies in corporate governance, such as inadequate internal controls, poor financial reporting, and insufficient board oversight (Monem, 2001).

In today's world, essential components of good governance practices include organizational transparency, financial disclosure, independence, board size, board composition, board committees, board diversity, and the fiduciary duties of directors. These factors are prominent on the agendas of global meetings and conferences, including those held by the World Bank, International Monetary Fund (IMF), and the Organization for Economic Co-operation and Development (OECD) (Inyanga, 2009, as cited in Shungu et al., 2014). These institutions emphasize that robust corporate governance standards are crucial for helping emerging markets regain competitiveness, restore investor confidence, and promote sustainable economic growth (Reddy, 2001; Koufopoulos, 2006, as cited in Inyanga, 2009).

1.2. Statement of the Problem

Nepal has recorded a significant variety of bank failures during the last decade. Several Public Enterprises have been positioned beneath Neath the control of a curator; a few closed their door while many are nonetheless dealing with survival demanding situations and maximum writers are concerning this to poor corporate

governance. Telecommunication industries are not the best-affected part of the economy, even different public and personal corporations are shaking.

Researchers have discussed the idea that an increase in corporate collapses is a result of inadequate corporate governance practices (Palmrose, 2013). The overarching issue is that there is still no consensus among researchers regarding the extent of the correlation between corporate governance and organizational performance (O'Connor & Byrne, 2015). The consequence of this lack of agreement in research findings is that corporate managers may not possess the necessary expertise or may struggle to implement the best practices in corporate governance (El-Faitouri, 2014). The specific challenge, particularly in Nigeria, is that corporate managers lack adequate knowledge about the impact of corporate governance on firms' performance and the potential benefits that could arise from improvements in corporate governance. While various research studies have been conducted on the Nigerian business environment (Adenikiju & Ayorinde, 2001; Sanda, Mikailu & Garba, 2005), this study aims to address the existing knowledge gap.

All this inspired the researcher to thoroughly inspect the corporate governance practices in context to Nepalese Telecommunication industries as Telecommunication industries are the most sensitive and vital area of each economy. For development-orientated economies like Nepal, enhancing corporate governance can serve some of the crucial public policy objectives. Good corporate governance reduces rising marketplace vulnerability to monetary crises, reinforces belongings rights, decreases transaction expenses and the fee of capital, and ends in capital marketplace development. Weak corporate governance frameworks, on the alternative hand, lessen investor confidence and might discourage out of doors investment.

1.3. Research Questions

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

- i. Does Telecommunication industries of Nepal are practicing corporate governance?
- ii. How is the relationship among factor of corporate governance in Nepalese Telecommunication industries?
- iii. Does factor of corporate governance have their impact on performance in Nepalese Telecommunication industries?

1.4. Objective of the Study

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

- i. To assess the extent to which corporate governance is being practiced in the Telecommunication industries of Nepal.
- ii. To investigate the relationships among various factors of corporate governance within the Nepalese Telecommunication industries.
- iii. To examine the impact of corporate governance factors on the performance of Nepalese Telecommunication industries.

1.5. Significance of the Study

This study examines the factors that affects corporate governance in the Telecommunication sector of Nepal. A study should be made in order to know the major factors that influence the corporate governance in Telecommunication sector. This study tries to explore the influence of various factors on the practice of corporate governance of Nepalese Telecommunication sector. This will reflect how the factors affect the practice of the corporate governance in the Telecommunication sector. This analysis will help to make the performance of the Telecommunication sector better as it analyses the factor affecting the corporate governance in Telecommunication sector of Nepal. This analysis will also throw light on various factors, which has most and least impact on corporate governance in working environment.

The findings of this study will provide a significant contribution to understanding the issues and the current state of corporate governance in the Nepalese

Telecommunication sector. This study can be generally useful for researchers who are investigating the factors affecting corporate governance in improving firm performance, as this study is one of the few that have examined the factors affecting the corporate governance in Nepalese Telecommunication sector. In general, this study provides a comprehensive representation of corporate governance to practitioners with a clear view of the factors that affects corporate governance in Nepal's Telecommunication sector.

1.6. Limitations of the Study

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

1.7 Organization of the Study

This study is structured into five chapters:

Chapter I: Introduction

- Provides a general background on microfinance and women's empowerment, outlines the problem statement and research questions, states the purpose, significance, limitations of the study, and chapter plan.

Chapter II: Review of Literature

- Includes a conceptual review, general article reviews, previous thesis reviews, hypotheses, and identifies the research gap.

Chapter III: Research Methodology

- Covers the research design, population and sample, data sources, and data collection methods.

Chapter IV: Data Presentation and Analysis

- Analyzes and interprets collected data using financial and statistical tools, presenting major findings.

Chapter V: Summary, Conclusion, and Recommendations

- Summarizes the study, presents conclusions and recommendations, and includes findings with suggestions and implications. The appendix and references are also provided.

CHAPTER II

REVIEW OF LITERATURE

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

2.1. Conceptual Review

The foremost objective in business is the enhancement of financial performance and the maximization of shareholders' wealth (Joseph & Dai, 2009). However, the realization of these goals hinges on the level of organizational performance attained (Katou & Budhwar, 2007). Performance indicators within organizations typically encompass factors such as the firm's efficiency, effectiveness, and satisfaction levels among employees and customers, among other relevant metrics. Observations derived from the examined literature suggest the presence of varying degrees of corporate governance practices concerning the independence of audit committees, board independence, CEO status, and board composition in Nigeria's listed economy. However, this landscape is still in a developmental stage, undergoing reforms periodically in response to changes in Nigeria's economic landscape. The establishment and operations of the Financial Reporting Council of Nigeria (FRCN) have contributed to the enforcement of corporate governance codes in the country.

Identified gaps and controversies in the literature underscore the need for further investigation, a void that this study aims to address by exploring the impact of corporate governance on the performance of listed non-financial companies in Nigeria. Kajola (2008) highlighted a positive and significant relationship between Return on Equity (ROE) and board size, while noting the lack of significant relationships between ROE and board composition and audit committees. Kajola recommended more attention to the study of small and medium-scale firms in Africa, representing the majority of businesses on the continent.

Mudasiru, Babatunde, Bakare & Ismaeel (2014) asserted that corporate governance has a positive influence on various performance indicators of an organization. Factors such as board size, board management skills, CEO's tenure, audit committee size and independence, ownership structure, and dividend policy demonstrated positive correlations with organizational performance. The authors emphasized the crucial role of the audit committee in ensuring the accuracy of financial statements, which serve as vital communication tools with stakeholders.

In a study by Priyanka Aggarwal (2013) on the impact of corporate governance on corporate financial performance, it was concluded that a company's governance rating significantly and positively influences its financial performance. This finding aligns with the perspectives of previous works emphasizing that strong governance practices contribute to favorable financial outcomes. Shungu, Ngirande, and Ndlovu (2014) investigate the impact of corporate governance on the performance of Telecommunication industries in Zimbabwe. This study has used board size, board composition, inner board committees, and board diversity as impartial variables and bank overall performance as established variables.

Babalola & Adedipe (2013) state the problem of corporate governance assumed remarkable significance across the world in the aftermath of the company economic scandals brought about through the lack of transparency and responsibility in governance. Sustainable banking however is a philosophy that underpins the entirety of banking, a cost system that announces a bank's business activities should not only be advantageous to its workforce and shareholders but also its clients and the broader

economy, at the same time preventing or minimizing any undue outcomes on society and the natural environment.

Sapkota et al. (2015) conducted a study to examine the relationship between corporate governance and bank performance. Non-performing loans, return on equity and return on assets have been used as efficiency variables of the bank, while board size, institutional ownership, foreign ownership, board independence and audit committee are used as variables of corporate governance. The various regression models were used to assess the importance and significance of corporate governance in Telecommunication industries in Nepal. The result indicates that corporate governance has a direct effect on the structure of capital in Telecommunication industries. The relationship between the capital structure and the size of the board, the duality of the CEO, tangibility and return on assets is negative, whereas the capital structure has a positive relationship with external managers and business size. The outcome suggests that rising independent directors and leverage would inevitably contribute to a decline in the output of the bank. Better bank performance would result in a business with duality.

In order to analyze the relationship between corporate governance and firm results, Lama et al. (2015) conducted research. The criteria such as CEO duality, board size, independent directors, leverage, EPS, equity capital, and total assets that have an impact on company performance represented by ROA and ROE have been used in this analysis. The aim of this study is to see if higher and better corporate governance leads to better business results. The study demonstrates that corporate governance practices have a significant effect on both the company's ROA and ROE and eventually on the success of the company. The outcome shows that the duality of the CEO, the number of independent directors and the amount of debt used have a negative effect on the performance of the company. The study also shows that the size of the board, EPS, total equity and total assets all have a positive influence on the success of the company.

2.2 Theoretical Review

A theoretical review of corporate governance involves examining various theoretical perspectives, models, and frameworks that provide insights into the principles, mechanisms, and practices of governance within organizations. These theories help us understand the rationale behind corporate governance and its impact on organizational behavior, performance, and stakeholder relationships. Here are some prominent theoretical perspectives in the field of corporate governance.

2.2.1 Theories on corporate governance

Corporate governance is of growing importance, particularly concerning the monitoring role of insiders. Now, this section reviews various theoretical perspectives that are relevant to this study. Special attention goes to the underlying theories of corporate governance like agency theory, stewardship theory, stakeholder theory and resource dependency theory.

2.2.1.1 The agency theory

Agency theory focuses on the alignment of interests between shareholders (the principal) and managers (the agents) within firms. Initially articulated by Jensen and Meckling (1976), agency theory highlights the inherent conflict between owners (shareholders) and management, a relationship first observed by Adam Smith (1776) and further explored by Ross (1973). This conflict became more pronounced with the evolution of capitalism, resulting in a distinct separation of ownership and control in corporations (Berle & Means, 1932).

In agency theory, shareholders delegate authority to managers with the expectation that managers will act in the best interests of the shareholders. However, managers may pursue objectives that diverge from shareholder interests, such as maximizing personal salaries, expanding market share, or prioritizing specific investment projects. Jensen and Meckling (1976) formalized the concept of agency costs, which are the expenses incurred due to conflicts of interest between shareholders and managers.

Key works in agency theory, such as those by Fama (1980), Fama and Jensen (1983), and Eisenhardt (1989), emphasize how self-interest among managers can lead to agency problems. These studies illustrate the challenges and mechanisms through

which firms attempt to mitigate these conflicts and align the interests of shareholders and management.

2.2.1.2 Stewardship theory

Stewardship theory, unlike agency theory, suggests that managers are inherently trustworthy and act as good stewards of the resources entrusted to them (Donaldson, 1990; Donaldson & Davis, 1991, 1994). Since inside directors spend their careers within the company, they possess a deeper understanding of the business compared to outside directors, enabling them to make better decisions (Donaldson, 1990; Donaldson & Davis, 1991, 1994). Advocates of stewardship theory argue that having a majority of inside directors leads to superior corporate performance as they are naturally inclined to maximize profits for the owners. Stewardship theory suggests unifying the role of the CEO and the chairman so as to reduce agency costs and to have greater role as stewards in the organization. It is empirically found that the returns have improved by having both these theories combined rather than separated Donaldson and Davis (1991).

2.2.1.3 The stakeholder theory

Stakeholder theory is fixed in the management discipline in 1970 and gradually developed by incorporating corporate accountability to a broad range of stakeholders. Wheeler et al. (2003) argue that stakeholder theory is derived from a combination of the sociological and organizational disciplines. Stakeholder theory emphasizes on the role of any group or individual associated with the firm. This theory stresses the dependency of many different groups on the firm. This theory attempts to address the group of stakeholders deserving and requiring management's attention. Clarkson (1995) suggests that a organization is a system, where there are stakeholders and the drive of the organization is to create prosperity for its members. Freeman (1984) contends that the network of relationship with many groups can affect decision making process as stakeholder theory is concerned with the nature of these relationships in terms of both processes and outcome for the firm and its stakeholders. So, this theory focuses on managerial decision making and interests of all stakeholders have intrinsic value, and no set of interests is assumed to dominate others.

2.2.1.4 Resource dependence theory

While stakeholder theory emphasizes the relationships with various groups, resource dependency theory focuses on the board of directors' role in providing essential resources to maximize performance. Hillman, Canella, and Paetzold (2000) argue that resource dependency theory highlights how directors secure vital resources through their external connections. This theory, drawing from sociology and management, lacks a universal definition of important resources (Pettigrew, 1992). Sociologists identify three key links: connections to business elites (Useem, 1984), access to capital (Mizruchi & Stearns, 1993), and links to competitors. Johnson et al. (1996) agree that appointing representatives of independent organizations is crucial for accessing essential resources, enhancing organizational performance, and ensuring survival (Daily et al., 2003). Directors can be classified into insiders, business experts, support specialists, and community influential.

2.3. Review of Related Study

Corporate governance has become a focal point of research in recent times due to its significant impact on organizational performance (Love, 2011). It is widely acknowledged that the effectiveness of organizations can be attributed to good corporate governance practices. Bernard (2014) conducted a study titled "Good Corporate Governance and Employee Job Satisfaction: Empirical Evidence from the Ghanaian Telecommunication Sector." This study examines the relationship between corporate governance and employee job satisfaction in the Ghanaian telecommunication sector. Within organizations, employees are often regarded as the most valuable assets. Since they play a crucial role in the day-to-day operations of a company, their behavior and commitment to the organization's goals are pivotal. Effective corporate governance is believed to foster a sense of corporate conscience among employees, encouraging behavior that contributes to positive organizational outcomes.

The essence of corporate governance lies in the idea that organizations should not only be well-managed but should also operate effectively, with both formal and informal internal regulations in place (Parker, 2006). Moreover, European corporate

governance emphasizes the importance of considering employees in corporate decision-making processes (Donald & Dowling, 2000-2001). This perspective underscores the need for employees to be involved in shaping a company's direction (Supra, 1987). Nwafor et al. (2017) conducted a study titled "Factors Influencing Corporate Governance of State-Owned Enterprises in Nigeria: The Case of Imo State." This study explores the factors that influence corporate governance in state-owned enterprises in Nigeria, with a focus on Imo State.

In recent years, high-profile corporate scandals such as Enron and WorldCom have drawn renewed attention to the significance of effective corporate governance. More recently, the Wells Fargo scandal exposed ongoing issues related to illegal and unethical sales tactics (Egan, 2016). Corporate governance is defined as "a set of relationships between an organization's management, its board of directors, its shareholders and stakeholders and other relevant bodies" (OECD, 2004: 11). This definition highlights the need for a formal system of oversight, accountability, and control of organizational decisions and resources (Thorne, Ferrell, & Ferrell, 2010). Corporate governance models can be broadly categorized into the Japanese model, the Continental-European model, and the Anglo-Saxon model (Nestor & Thompson, 2000). Among these, the Continental-European model is the most prevalent, as it emphasizes that shareholders have similar interests with the organization and actively participate in its management and control (Proctor & Miles, 2002).

Levrau (2020) explored the topic of corporate governance and board effectiveness in the article "Corporate Governance and Board Effectiveness: Beyond Formalism." Since the mid-1980s, corporate governance has gained substantial attention in both academic research and practical applications. Corporate governance is defined by Shleifer and Vishny (1997) as "the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment." It encompasses mechanisms through which stakeholders exercise control over corporate insiders and management to protect their interests (John and Senbet, 1998).

Recent corporate failures such as Enron and WorldCom have prompted a reevaluation of corporate governance principles and rules to restore investor confidence. At the

core of these reforms is a focus on the effectiveness of boards of directors (Williamson, 1985). Structural changes, including the appointment of independent directors and the separation of the roles of CEO and chairman of the board, have been advocated as important measures to enhance board power and protect shareholders' interests (Van den Berghe and De Ridder, 1999). Abriyani (2016) investigated the effect of good corporate governance and financial performance on corporate social responsibility disclosure in the telecommunications industry in Indonesia. Corporate Social Responsibility (CSR) practices have gained prominence as companies recognize their impact on society and the environment.

CSR disclosure is a managerial tool used to prevent social and environmental conflicts, align with existing rules, and establish active cooperation with stakeholders for the long-term survival of the firm (Utama, 2007). Sustainability reporting, which includes CSR disclosure, has become a criterion for assessing a company's social responsibility. The implementation of good corporate governance is seen as providing effective protection to investors, which increases their confidence and desire for a reasonable return on investment (Juniarti & Sentosa, 2009). Corporate governance implementation can be measured using indicators like managerial ownership, institutional ownership, independent commissioners, commissioners, and the size of the audit committee.

Sinaga, et. al., (2022) conducted a study on the factors affecting corporate governance and its implications for accounting information quality in Indonesia's trusted companies. Corporate governance mechanisms can play a role in safeguarding the rights and claims of non-financial stakeholders, including customers, employees, suppliers, and the broader society. Corporate limited liability specifies a sharing rule between financial and non-financial claimholders, potentially inducing agency costs. Changes in board structures, including the appointment of independent directors and the establishment of board committees, aim to enhance board power and protect shareholders' interests.

Ali Meftah Gerged (2021) explored factors affecting corporate environmental disclosure in emerging economies, focusing on the role of corporate governance structures. Increased awareness of global climate issues has elevated the importance of corporate environmental disclosure (CED). CED involves communicating a

corporation's environmental impact externally through annual reports (Fun, 2002). Governmental and international initiatives, such as the Kyoto Protocol and the Paris accord, emphasize the mitigation of environmental consequences and greenhouse gas emissions (Cadez and Czerny, 2016). Olaifa and Ajagbe (2015) examined factors affecting the financial decisions and corporate governance structure of commercial banks in Nigeria. Proper financial decisions are crucial for bank performance, and they can mitigate factors contributing to business failure. Challenges such as the lack of financial planning, limited access to funding, unplanned growth, and capital mismanagement can be managed effectively with appropriate financial strategies (Ibarra, 1995; Van-Auken and Howard, 1993). Strengthening corporate governance in banks can enhance public confidence and ensure efficient banking operations.

Goet (2022) conducted a study on the impact of corporate governance on the financial performance of Nepalese commercial banks. The study highlights the importance of banks' financial performance and efficiency in supporting economic development and stability. Corporate governance aims to reduce agency conflicts (Bozec & Bozec, 2007) and can be different in banks due to the presence of depositors, shareholders, and extensive government regulation. Internal and external corporate governance procedures, including board size, board independence, and the number of directors, play key roles in bank corporate governance.

Pradhan (2013) discussed the relationship between corporate governance and bank performance in Nepal. Corporate governance assumes greater significance in light of corporate frauds and the need to safeguard shareholders' interests. The Cadbury Report (1992) defines corporate governance as the system by which companies are directed and controlled, emphasizing its role in protecting shareholders' interests (Smerdon, 1998). Shamaila (2020) explored the relationship between corporate governance and corporate social responsibility (CSR) in the telecommunications sector of Pakistan. Corporate governance and CSR practices have been extensively adopted by Western countries and disseminated globally.

Corporate governance involves rules, regulations, and policies that influence how a corporation is managed and is critical in facilitating CSR activities (Khatab et al., 2011). Effective corporate governance positively impacts economic growth and the ability to meet societal welfare demands. Wahidahwati (2023) discussed the importance of corporate governance in ensuring proper company management and financial performance. Good corporate governance helps management achieve company goals, leading to improved financial performance and increased shareholder value (Dang et al., 2020). CSR activities and environmental performance also contribute to stakeholder value, leading to positive investor response in the stock market and an increase in company value (Napitupulu et al., 2020).

2.4. Research Gap

The current body of corporate governance literature primarily focuses on the board of directors as a mechanism to address agency problems arising from the separation of ownership and management. While agency theory recognizes the inherent conflicts of interest in modern corporations, recent research has delved into the impact of both internal and external factors on corporate governance, particularly in developing economies like Nepal. This review provides insights into the state of corporate governance in these nations, underscoring its significance for stability and economic development.

This study aims to fill a research gap by empirically analyzing the effectiveness of past and ongoing corporate governance reforms in the Nepalese telecommunications sector. The goal is to evaluate the outcomes of these reforms, identify implementation challenges, and clarify their implications for governance practices. The study takes a novel approach, treating factors as independent variables to understand their collective impact on corporate governance. Additionally, it broadens its scope by encompassing multiple telecommunications sectors, providing a more comprehensive understanding of governance dynamics.

Through an examination of the interplay of key factors, the study seeks to illuminate those significantly influencing corporate governance within the Nepalese telecommunications sector. Identifying and understanding these factors' relative importance will contribute to the development of targeted measures and reforms

aimed at enhancing governance practices. Ultimately, the research aims to improve the efficiency and success of the public sector in Nepal by providing evidence-based recommendations for enhanced corporate governance in the context of evolving economic landscapes and the consolidation of the telecommunications sector.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explain about the importance and process of entire research methodology and methods applied for this study. Research methodology refers to the systematic approach used to conduct scientific investigations, explore new knowledge, and gather information to answer research questions or test hypotheses.

3.2 Research Design

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

3.3 Population, Sample and Sampling design

In this research the concept of population, sample and sampling design are crucial for conducting the research. All the employee working in Nepalese telecommunication industry are considered as the population however employee from Nepal Telcom and NCEE the two largest telecommunication company in Nepal are considered as sample frame of study. All the employees of the enterprise are huge in numbers. Roscoe (1975) proposes the rule of thumb for unknown population with a minimum sample size of 150. Hence, the sample collected for the study will be 250. The sampling technique for this study follows convenience-sampling method. Random sampling method was used to select sample from the Nepalese Telecommunication sector.

3.4. Data Collection and Instrumentation

This study is based on primary source of data. Data collection has been done through the employees of the Telecommunication industries. The respondents of the Telecommunication industries include from different branches of the Telecommunication industries located in Kathmandu valley.

There were structured Likert scale questions for data collection. The study involves the examination of fifty-five items related to BSZ, BID, BDV, NBCM, BM, INV, innovative culture, and organizational performance. Each item is extensively measured using a five-point Likert scale (ranging from 5 for strongly agree to 1 for strongly disagree). The choice of a five-Likert scale is motivated by several factors, including its ability to reduce respondent frustration or irritation, ultimately leading to improved response quality and enhanced response rates (Sachdev & Verma, 2004). The corporate governance elements, are adapted from the work of Honghui (2017) Organizational performance items, is adapted from the studies of Henri (2006) and Teeratansirikool, Siengthai, Badir, and Charoenngam (2013).

3.5. Data Analysis

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

3.6. Model Specification of Study

Multiple regression is a statistical tool used to estimate the value of a dependent variable based on multiple independent (predictor) variables. This method allows for the simultaneous analysis of multiple factors to determine their influence on a specific outcome. It is particularly useful for predicting the effects of corporate governance practices on organizational performance. Multiple linear regression analysis provides point estimates and helps in understanding the extent to which each predictor variable affects the dependent variable.

Regression model

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

Where,

Y = Organizational Performance

X₁ = Board Interdependences

X₂ = Board Diversity

X_3 = Board Diversity

X_4 = Number of Board Committees

X_5 = Board Meetings Held in a Year

X_6 = Innovative Culture

a = Constant

E_i = Error term

3.7. Conceptual Framework and Definition of Variables

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

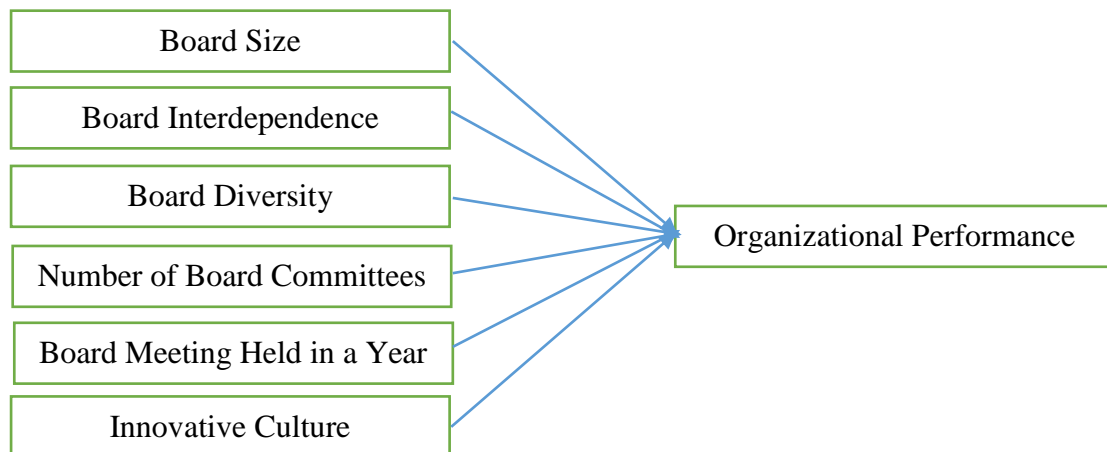


Figure 3.1 Conceptual Framework

Source: Sajjad et al., (2019)

Board Size:

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

Board Independence:

Board independence measures the degree to which members of a board of directors are independent and not directly affiliated with the company, its management, or significant shareholders. Board independence is crucial for ensuring unbiased

decision-making and effective oversight of management actions, reducing potential conflicts of interest.

Board Diversity:

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

Number of Board Committees:

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

Board Meetings Held in a Year:

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

Innovative Culture:

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

Organizational Performance:

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

CHAPTER IV

DATA PRESENTATION AND ANALYSIS

This chapter analyzes, discusses, and interprets results based on collected data, primarily from questionnaires filled out by respondents. The analysis uses the Statistical Package for the Social Sciences (SPSS) software, presenting data in tables and diagrams for clarity. Descriptive statistics such as mean, standard deviation, and frequencies are used to examine significant relationships between variables. Extensive use of tables and figures aids in the comprehensive analysis of the data.

4.1 Presentation of Data

In this study responses were collected from 250 respondents and the questionnaire were distributed to them through online form as well as printed form through different social media or personally reaching them. Among them all 250 of the respondents were employee of telecommunication sectors and were asked about organizational performance knowledge.

4.1.1 Gender Group of Respondent

The Table 4.1 show the age group of the respondent. Out of 250 respondents, 157 of them were male and 93 of them were female respondents. The result shows that the maximum number of respondents were male.

Table 4.1: Gender Group of Respondents

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

Sources: Field Survey, 2024

4.1.2 Age of Respondents

Table 4.2 shows the Age of the respondent. Out of 250 respondents, 28 of the respondents were Less than 30.109 of the respondents were 31 to 40. 113 of the respondents were 41 to 50. The result shows that the maximum number of employee were of 41-50 years of age.

Table 4.2: Age Group of Respondents

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

Sources: Field Survey, 2024

4.1.3 Education Background of Respondents

Table 4.3 shows the Educational of the respondent. Out of 250 respondents, 2 of the respondents were Intermediate pass. 77 of the respondents Bachelor pass. 168 of the respondents were masters pass. The result shows that the maximum number employee working in telecommunication sectors were Master degree holder.

Table 4.3: Educational Background of Respondents

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

Sources: Field Survey, 2024

4.1.4 Position of Respondents

Table 4.4 shows the profession of the respondent. Out of 250 respondents, 5 of the respondents were Executive. 99 of the respondents were manager. 146 of the respondents were officer. The result shows that the maximum number of employee were officer.

Table 4.4: Position of Respondents

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

Sources: Field Survey, 2024

4.1.5 Job Experience of Respondents

Table 4.5 shows the Job Experience of the respondent. Out of 250 respondents, 9 of the respondents had job experience of less than 5 year. 113 of the respondents had job experience of 5-10 year. 121 of the respondents had job experience of 11-15 year and 7 of the respondents had job experience of 7 year. The result shows that the maximum number of employee had job experience of 5-10 year.

Table 4.5: Job Experience of Respondents

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

Sources: Field Survey, 2024

4.2 Descriptive Statistics

This section presents a descriptive analysis of data collected via questionnaires. Descriptive statistics involve quantitatively summarizing key features of a data set, providing straightforward summaries about the sample and observations. These statistics simplify large data sets meaningfully. For this study, respondents answered questions on a "Five Point Likert Scale" ranging from 1 (strongly disagree) to 5 (strongly agree). A total of 250 respondents participated for each question item.

Here, factors affecting organizational performance is described by independent variables which Board Size, Board Interdependent, Board Diversity, Number of Board

Committees, and Board Meeting Held in a year, Innovative Culture. Likewise dependent variable is described as organizational performance. Descriptive statistics are shown below.

Table 6

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

Table 6 shows the mean and the standard deviation score of each item of the Attitude towards the organizational performance. The overall mean for the Innovative Culture is 25.4795 which indicates that the respondent has the positive attitude towards the organizational performance in the Nepal.

Majority of the respondent agreed on the items under the organizational performance descriptive statistics that are coded N_F, B_D, B_S, N_BC, B_M, B_I as indicated by the respective mean value of 24.1970, 18.4073, 15.2112, 11.3560, 11.3554 and 7.7467 respectively. It indicates that the respondent has the positive attitude towards the organizational performance in the Nepal. Similarly, they agreed on the statement that the engaging on organization, wise and meaningful to them and further agreed that engaging in the employee performance activities is a good idea to them. 25.4795. From this it can be concluded that the employee job performance has a positive performance towards the organization.

From this it can be concluded that all the variable have the positive sentiments towards the performance in the organization and are encouraged and motivated to involve in organizational performance in the Nepal. Further, they are encouraging their friends, family and the people around them to organizational performance.

4.3 Correlation Analysis

This section of the analysis encompasses all statistical tests conducted to verify hypotheses and identify factors affecting organizational performance in the Nepalese telecommunications sector. A Pearson correlation test was performed to examine the relationships between independent and dependent variables. Correlation, a bivariate analysis, measures the strength and direction of the association between two variables. A higher correlation value indicates a stronger relationship. A correlation of 1 or -1 denotes a perfect linear relationship, 0 indicates no relationship, values greater than 0 signify a positive relationship, and values less than 0 indicate a negative relationship.

Table 4.14: Correlation Analysis

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

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

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

Source: Data Analysis

Table 4.14 indicates that the correlations between Board Size, Board Independence, Board Diversity, Number of Board Committees, and Board Meetings Held in a Year, and Innovative Culture with organizational performance are 0.268, 0.101, 0.253, 0.141, 0.548, and 0.164, respectively. These high-degree positive correlations suggest that as one variable increases, the other tends to increase as well. The coefficients are significant at the 5% and 1% levels, implying substantial relationships between these board characteristics and organizational performance. The positive correlation between Board Independence, Board Diversity, and Innovative Culture with technology is 0.101, 0.253, and 0.548, respectively, all of

which are high-degree positive correlations. These significant coefficients suggest that the relationship between Board Size, Board Independence, Board Diversity, Number of Board Committees, Board Meetings Held in a Year, and Innovative Culture with organizational performance is substantial. The positive correlation between the variables indicates a significant relationship, with coefficients significant at the 5% and 1% levels.

4.4 Regression Analysis

Regression analysis is a statistical method used to estimate relationships between a dependent variable and one or more independent variables. Unlike correlation analysis, which simply indicates whether two variables are closely related, regression analysis provides deeper insights into the nature of this relationship. It helps in understanding how changes in independent variables affect the dependent variable and allows for making predictions based on these relationships.

In the context of this study, regression analysis was employed to test hypotheses related to organizational performance in the Nepalese telecommunications sector. This analysis identifies which independent variables (such as board size, board interdependence, board diversity, number of board committees, frequency of board meetings, and innovative culture) explain variability in the outcome (organizational performance). It also quantifies the extent to which these independent variables explain the variability in organizational performance and determines which variables significantly contribute to this explanation.

Linear regression was specifically used in this study due to its simplicity, interpretability, acceptance in scientific research, and widespread application. This method allows researchers to model and analyze the linear relationship between the dependent variable (organizational performance) and each independent variable individually, as well as in combination, providing a comprehensive understanding of their impact.

Regression Model

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

Where,

Y = Organizational performance

- X_1 = Board Size
 X_2 = Board Interdependence
 X_3 = Board Diversity
 X_4 = Number of Board Committees
 X_5 = Board Meeting Held in a year
 X_6 = Innovative Culture
a = Constant
 E_i = Error term

Table 4.15: Model Summary

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

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

b. Dependent Variable: Organizational Performance.

Source: Data Analysis

Table 4.15 presents the model summary of factors affecting organizational performance in the Nepalese telecommunications sector. The R-squared (R^2) value, also known as the coefficient of determination, is a statistical measure that indicates how closely the data fit the regression line. It represents the percentage of variation in the dependent variable explained by the independent variables. An R^2 value ranges from 0 to 100%, with higher values indicating a better fit. In Table 4.15, the R^2 value is 0.111, meaning that 11.1% of the variation in Organizational Performance is explained by independent variables such as Board Size, Board Interdependence, Board Diversity, Number of Board Committees, Board Meetings Held in a Year, and Innovative Culture.

After adjusting for degrees of freedom, the study found that 89% of organizational performance in the Nepalese telecommunications sector can be predicted by independent variables such as board size, board interdependence, board diversity, number of board committees, frequency of board meetings, innovative culture, and organizational performance itself.

The model summary also indicates a standard error of estimate of 4.32171 units. This value represents the variability of the observed values of organizational performance from the regression line, highlighting the accuracy of the predictive model in accounting for these factors.

Table 4.16: Regression ANNOVA

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

a. Dependent Variable: OP

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

Source: Data Analysis

Table 4.16 provides the ANOVA table description. The ANOVA table assesses the significance of the overall model and its applicability to the research. According to the results in Table 4.16, the p-value is less than α , specifically $0.00 < 0.01$, indicating the model's significance at the 1% level. Therefore, multiple linear models are suitable for analyzing the data and are the most appropriate choice for this study's analysis.

Table 4.17: Regression Coefficient

Model	Unstandardized		Standardized		t	Sig.
	Coefficients		Coefficient			
	B	Std. Error	Beta			
(Constant)	16.217	1.874		8.652	.000	
B-S	.386	.141	.269	2.738	.007	
B-I	.130	.150	-.059	-.864	.389	
B-D	.186	.093	.152	1.999	.047	
N-BC	.127	.108	.075	1.171	.243	
B-M	.130	.126	.077	1.035	.302	
I-C	.125	.089	-.133	-1.396	.164	

a. Dependent Variable: O-F

Source: Data Analysis

From regression coefficient Table 4.17, it is evident that higher beta values indicate stronger influence of independent variables on the dependent variable. Board Size shows the highest influence with a beta coefficient of 0.386, followed by Board Diversity at 0.186, Board Interdependence and Board Meetings held in a year both at 0.130, Number of Board Committees at 0.127, and Innovative Culture at 0.125.

Variables with significance values lower than 0.05 indicate a significant relationship between the independent variables and the dependent variable. Therefore, Board Size, Board Interdependence, Board Diversity, Board Meetings held in a year, Number of Board Committees, and Innovative Culture are inferred to have a significant effect on organizational performance, as their significance values are below 0.05.

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

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

Where,

BS = Board Size

BI = Board Interdependence

BD = Board Diversity

NI = Number of Board Committees

BM = Board Meeting Held in a year

IC = Innovative Culture

OP = Organizational Performance

4.5 Major Findings

The study has mainly focused on factor affecting organizational performance in Nepalese telecommunication sector. This study used organizational performance as dependent variable whereas Board Size, Board Interdependence, board diversity, Board Meeting held in a year, Number of Board Committees and Innovative Culture as independent variables. The results are obtained by making study based on the selected 2 telecommunication sector of Nepal.

The correlation analysis shows that there is a significant positive relationship between Board Size and organizational performance. The coefficient of a moderate correlation, suggesting that the way Board Size can influence organizational performance practices. There is a significant positive relationship between Board Interdependence and organizational performance. The coefficient of a moderate correlation, suggesting that effective board leadership has a substantial influence on performance practices. There is a significant positive relationship between board diversity and organizational performance. The coefficient of a moderate correlation, implying that having a diverse board with varied backgrounds and experiences contributes to better performance practices. There is a significant positive relationship between Board Meeting held in a year influence and organizational performance. The coefficient of a moderate correlation, indicating that Board Meeting held in a year factors can influence performance practices in telecommunication sectors. There is a significant positive relationship between Number of Board Committees and organizational performance. The coefficient of a moderate correlation, suggesting that Number of Board Committees influences performance practices in telecommunication sectors. There is a significant positive relationship between Innovative Culture and organizational performance. The coefficient of a moderate correlation, implying that innovative culture has a substantial impact on performance practices in telecommunication sector.

The R-squared value of 0.562 indicates that the regression model can explain approximately 56.2% of the variation in organizational performance. This suggests that the model fits the data reasonably well. Additionally, the ANOVA table indicates that the model is significant at a 1% level of significance, implying that the multiple linear regression model is suitable for analyzing the data.

The regression coefficient table reveals the relative influences of the independent variables on the dependent variable, which is organizational performance (OP). The variables with higher beta values indicate stronger influences. From highest to lowest, the dominant influences are as follows: IC with a beta of 0.387, NBC with a beta of 0.307, BI with a beta of 0.187, BD with a beta of 0.164, political influence with a beta of 0.059 and (BS) with a beta of 0.033. The significance values indicate whether there is a significant relationship between the independent variables and the dependent variable (OP). Variables with significance values lower than 0.05 are considered to have a significant effect. In this case, Board Size, Board Interdependence, board diversity, Board Meeting held in a year, Number of Board Committees and Innovative Culture as independent variables have significant effects on organizational performance, as their significance values are less than 0.05. This study result was similar as done by Nwafor, L. C. (2017) which found out that the ownership structure, board leadership and political influence factor are the most influential internal and external factor in Nigerian State Owned Enterprises.

The regression equation based on the coefficients of the variables .This equation suggests that Board Size (BS) have a negative impact on organizational performance, while the other variables have a positive impact. The equation can be used to estimate the level of organizational performance (op) based on the values of the independent variables. The findings from the correlation analysis and hypothesis testing provide insights into the relationships between independent variables and organizational performance. The independent variables, Board Size, Board Interdependence, board diversity, Board Meeting held in a year, Number of Board Committees and Innovative Culture have a significant relationship with organizational performance.

Overall, these findings suggest that Board Size, Board Interdependence, board diversity, Board Meeting held in a year, Number of Board Committees and Innovative Culture have substantial influences on organizational performance in Nepalese

telecommunication sectors. These factors can be important areas of focus for improving performance practices.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATION

This final chapter serves to encapsulate the research through three main sections. The first section provides an overview and summary of the study, detailing its findings. The second section draws conclusions based on these findings. Lastly, the third section offers several recommendations derived from the study's outcomes.

5.1 Summary

The primary aim of the research study was to investigate the factors influencing organizational performance within Nepal's telecommunications sector. The study reviewed relevant literature on organizational performance, examining various dimensions and exploring relationships with other variables. Furthermore, based on the above discussions, 6 variables were chosen to measure the impacts on organizational performance. After all, conceptual frame of reference 6 hypotheses were generated to answer the research question. For the purpose of conducting the study, the questionnaire with 44 questions was adapted to answer research hypotheses. 300 questionnaires were distributed among respondents which included groups of employees of the telecommunication sector. Finally, the study selected 250 valid questionnaires for data analysis. Through this analysis, the researcher determined that all variables examined—board size, board interdependence, board diversity, frequency of board meetings, number of board committees, and innovative culture—significantly impact organizational performance within the Nepalese telecommunications sector. To analyze the survey results, the study employed various statistical tests. Initially, descriptive analysis calculated the average values and standard deviations for each variable related to the hypotheses. Each hypothesis involved measuring at least six questions or variables. Respondents provided their responses on a five-point Likert scale from 'Strongly Disagree' to 'Strongly Agree'. Data collection was followed by organizing and analyzing the data using Microsoft Excel and SPSS software packages.

The study employed various statistical analyses to examine the relationships between independent variables (Board Size, Board Interdependence, board diversity, Board Meeting held in a year, Number of Board Committees and Innovative Culture) and the dependent variable (organizational performance).

The analysis involved conducting correlation analysis to assess the strength and significance of the relationships between the variables. The findings indicated that Board Size, Board Interdependence, board diversity, Board Meeting held in a year, Number of Board Committees and Innovative Culture had significant positive relationships with organizational performance. These variables were found to have moderate correlations, suggesting their influence on performance practices.

The study also utilized regression analysis to determine the relative influences of the independent variables on organizational performance. The regression coefficients provided insights into the magnitude and direction of these influences. The findings revealed that technology had the highest dominant influence on organizational performance, followed by Number of Board Committees, board Interdependence, and board diversity.

The study's results contributed to the existing literature by highlighting the importance of specific factors in shaping organizational performance practices. The findings emphasized the need for attention to Board Size, Board Interdependence, board diversity, Board Meeting held in a year, Number of Board Committees and Innovative Culture in improving performance practices in Nepalese telecommunication sector. These findings can serve as a basis for future research and provide valuable insights for policymakers and practitioners seeking to enhance organizational performance in the context of Nepalese telecommunication sector.

5.2 Conclusions

The primary objective of this study was to identify the factors influencing organizational performance in the Nepalese telecommunications sector. Upon analyzing the relationship between independent variables and organizational performance, a significant correlation was observed. The findings underscored the importance for the telecommunications sector to prioritize factors such as board size,

board interdependence, board diversity, frequency of board meetings, number of board committees, and fostering an innovative culture. These variables were identified as crucial in enhancing organizational performance within Nepal's telecommunications industry, according to the study's results. In Nepal, like in any other country, organizational performance is influenced by these factors. These factors shape the performance practices within organizations and impact their overall effectiveness.

In Nepal, many companies have family-owned or closely held ownership structures, which can sometimes lead to concentrated power and limited checks and balances. Boards in Nepal may lack diversity, independence, and expertise, which can affect decision-making and oversight. In Nepal, cultural factors such as hierarchical structures, nepotism, and traditional business practices may hinder transparency, accountability, and effective performance. The quality of leadership and management within a company has a direct impact on organizational performance. Weak leadership, lack of ethical behavior, and inadequate training and development can undermine performance mechanisms. The strength of laws, regulations, and enforcement mechanisms can shape the accountability and transparency of organizations. Economic and market conditions in Nepal affects organizational performance practices. Factors such as market competition, access to capital, and economic stability has influenced the extent to which companies prioritize good performance. Stakeholders, including shareholders, employees, customers, and communities, exert pressure on companies to adopt good organizational performance practices. Their expectations, demands, and activism have driven improvements in organizational performance. The overall institutional environment in Nepal, including political stability, government policies, and the level of corruption, have impact organizational performance.

It is important to note that these factors are interrelated and can have both positive and negative effects on organizational performance of Nepalese telecommunication sectors. Efforts to enhance organizational performance in the Nepal require addressing these factors holistically, through legal reforms, capacity building, awareness campaigns, and stakeholder engagement.

There are many factors which have generated the relationships and findings in this research. The significant positive relationship between ownership structure and organizational performance suggests that the way ownership is structured in Nepalese telecommunication sector may have an impact on performance practices. For example, if there is a clear separation of ownership and control, with strong oversight mechanisms in place, it can lead to more effective organizational performance. The positive relationship between board leadership and organizational performance suggests that there is strong and effective leadership within the board of directors. Competent and responsible board leaders can set the tone for the organization, establish clear performance frameworks, and promote ethical conduct. The positive relationship between political influence and organizational performance reflect the impact of political factors on the organizational performance landscape of Nepalese telecommunication sector. Political considerations and interventions have influenced the decision-making processes, performance structures, and accountability mechanisms in these organization. The positive relationships between globalization, technology, and organizational performance indicate the importance of adapting to global trends and technological advancements in performance practices. Globalization exposes organizations to international standards and best practices, while technology can enhance transparency, accountability, and efficiency in performance processes.

In aggregate this study concludes on emphasizes on significance of Board Size, Board Interdependence, board diversity, Board Meeting held in a year, Number of Board Committees and Innovative Culture in determining organizational performance practices in Nepalese telecommunication sector. These findings can guide efforts to enhance performance practices and improve overall organizational performance

5.3 Recommendations

Based on the research findings of this study, the following recommendations are proposed for guiding future research endeavors of a similar nature, beyond enhancing organizational performance within Nepal's telecommunications sector. Given the academic nature of this study, the sample size was relatively small. For more robust and generalizable results in professional research settings, increasing the sample size is advisable to reduce errors.

Moreover, while data collection for this study relied solely on questionnaires, survey forms, and feedback, future researchers could benefit from employing more detailed interview techniques to gain deeper insights into the factors influencing organizational performance. Additionally, ensuring the composition of a balanced and independent board of directors is recommended as a potential strategy to enhance organizational performance.

Nepalese corporations should work towards appointing qualified independent directors who can provide objective oversight and strategic guidance. Nepalese corporations should prioritize the development of an ethical corporate culture, emphasizing integrity, accountability, and responsible business practices. This can be achieved through establishing robust codes of conduct and ethics training programs for employees.

Future researchers should conduct in-depth studies on the specific challenges and opportunities for organizational performance in Nepal. This includes analyzing the cultural, legal, and institutional factors that influence organizational performance practices in the country. Comparative studies that analyze successful organizational performance models from other countries with similar socio-economic characteristics can provide valuable insights for Nepalese corporations and policymakers. In addition, Researchers can actively engage with policymakers, regulators, and industry stakeholders to advocate for policy reforms that strengthen organizational performance practices. Evidence-based research can help highlight the importance and potential benefits of effective organizational performance. A final recommendation for future researchers is to consider using a larger sample size that encompasses the entire telecommunications sector in Nepal. This approach would enable a more comprehensive understanding of the factors influencing organizational performance specifically within the Nepalese telecommunications industry.

BIBLIOGRAPHY

- Aguilera, R. V., & Cuervo- Cazorra, A. (2009). Codes of good performance. *Organizational performance: an international review*, 17(3), 376-387.
- Babalola, A and Adedipe, O. A. (2014). "Corporate Governance and Sustainable Banking Sector: Evidence from Nigeria," *Research Journal of Finance and Accounting*, Vol.5, No.12, 2014
- Barth, M. E., Beaver, W. H., & Landsman, W. R. (2001). The relevance of the value relevance literature for financial accounting standard setting: Another view. *Journal of Accounting and Economics*, 31(1), 77-104.
- Becht et al., 2002; Westphal, (1998). Organizational performance antecedents to shareholder activism: A zero inflated process.
- Berle, A., A. & Means, G. C. (1932). *The Modern Corporation and Private Property*. Macmillan, NY.
- Bhasin, M. L. (2010). Organizational performance disclosure practices: The portrait of a developing country. *International Journal of Business and Management*, 5(4), 150.
- Bozec, Y., & Bozec, R. (2007). Ownership concentration and organizational performance practices: substitution or expropriation effects? *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration*, 24(3), 182-195.
- Cadbury, A. (1992). *Report on the Committee on the Financial Aspects of Organizational performance*. Gee, London.
- Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003). Organizational performance, board diversity, and firm value. *Financial Review*, 38(1), 33-53.
- Chalise, M. (2014). Impact of Corporate Social Responsibility on Corporate Governance and Reputation in Nepalese Telecommunication industries. *The Journal of Development and Administrative Studies*, Vol. 22, No. 1-2, pp. 27-36, 2014.
- Cochran, P. L., & Wartick, S. L. (1988). Organizational performance: A review of the literature.

- Donaldson, L. & Davis, J.H. (1991). Stewardship theory or agency theory: CEO performance and shareholder returns, *Australian journal of management*, 8(5), 123-140.
- Donaldson, T. & Preston, L.E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications, *Academy of management Review*, 3(1), 55-78.
- Egan, (2016). *Factor influencing organizational performance of state owned enterprises in Nigeria: The case of IMO state*.
- Erhardt, N. L., Werbel, J. D., & Shrader, C. B. (2003). Board of director diversity and firm financial performance. *Organizational performance: An International Review*, 11(2), 102-111.
- Fanta, A. B., Kemal, K. S., & Waka, Y. K. (2013). Corporate governance and impact on bank performance. *Journal of Finance and Accounting 2013; 1(1): 19-26*.
- Fatimoh, M. (2012). Impact of Corporate Governance on Telecommunication industries Performance in Nigeria. *Journal of Emerging Trends in Economics and Management Sciences*, 3.
- Fred, M. O. (2012). *The effect of corporate governance on financial performance of Telecommunication industries in Kenya*. Unpublished Master thesis, The University of Nairobi.
- Freeman, R. (1984). *Strategic management: A stakeholder approach*. Pitman Publishing, Boston, 4(3), 125-133.
- Ghimire, R., Acharya, R., Shrestha, R., Singh, R., & Bhattarai, R. (2015). Corporate governance and firm performance: A study of selected Telecommunication industries of Nepal. *Nepalese Journal of Corporate Governance*, 2.
- Gugler, K., Mueller, D. C., & Yurtoglu, B. B. (2004). Organizational performance and globalization. *Oxford Review of Economic Policy*, 20(1), 129-156.
- Gull, S., Tanvir, A., Zaidi, K. S., & Mehmood, Z. (2020). A Mediation Analysis of E-Service Quality and E-Loyalty in Pakistani E-Commerce Sector. *Journal of the Research Society of Pakistan*, 57(2), 66.
- Hillman, A.J., Canella, A.A., & Paetzold, R.L. (2000) "The Resource Dependency Role of Corporate Directors: Strategic Adaptation of Board Composition in Response to Environmental Change". *Journal of Management Studies*, 37 (2), 235-255.

- Jensen & Meckling (1976). Factors Affecting the Implementation of Good Organizational performance in Control of Operation and Finance.
- Jensen M.C. & Meckling,W.H. (1976). Theory of Firms, Managerial Behaviors, Agency Costs and Ownership Structure”, *Journal of Financial Economics*, October, 15(3), 305-306.
- Jensen, M.C. (1993). The modern industrial revolution, exit, and the failure of internal control systems, *The Journal of Finance*, 8(3), 831–880.
- John and Senbet (1998) organizational performance and board effectiveness.
- Johnson et all, (1996) The effects of organizational performance and institutional ownership types on corporate social performance.
- Joshi, P. L., & Wakil, A. (2004). A study of the audit committees' functioning in Bahrain: Empirical findings. *Managerial Auditing Journal*, 19(7), 832-858.
- Juniarti, J., & Sentosa, A. A. (2009). Pengaruh good organizational performance, voluntary disclosure terhadap biaya hutang (costs of debt). *Jurnal Akuntansi dan Keuangan*, 11(2), 88-100.
- Kern (2004), the Choice of Legal Form and its Effects on Good performance: A Case Study of an Austrian Professional Soccer Club.
- Kula, V. (2005). The impact of the roles, structure and process of boards on firm performance: Evidence from Turkey. *Organizational performance: an international review*, 13(2), 265-276.
- Lama, M., Khadka, N., Acharya, P., Maharjan, P., & Rajbhandari, R. (2015). Corporate governance and firm performance: A study in Nepalese firms. *Nepalese Journal of Corporate Governance*, 2.
- McCarthy, D. J., & Puffer, S. M. (2003). Organizational performance in Russia: A framework for analysis. *Journal of World Business*, 38(4), 397-415.
- Mizruchi and Stearns (1988, 1993), Board composition and corporate financing: The impact of financial institution representation on borrowing.
- Nestor, S., & Thompson, J. K. (2000). Organizational performance patterns in OECD economies: is convergence under way? Organization for economic cooperation and development.
- Nmai, B. N., & Delle, E. (2014). Good organizational performance and employee job satisfaction: Empirical evidence from the Ghanaian Telecommunication

- sector. *International Journal of Humanities and Social Science*, 4(13), 209-217.
- Nwafor, L. C. (2017). Factors influencing organizational performance of state owned enterprises in Nigeria: the case of Imo State.
- OECD (2004). OECD principles of organizational performance, Paris, OECD.
- OECD (2009). Policy brief on organizational performance of banks, Paris, OECD.
- Padachi, K., Urdhin, H. R., & Ramen, M. (2016). Assessing organizational performance practices of Mauritian companies. *International Journal of Accounting and Financial Reporting*, 6(1), 38-71.
- Pettigrew, 1992, Accountability and creating accountability: A framework for exploring behavioural perspectives of organizational performance.
- Pradhan & Adhikari, (2011). *The Impact of Organizational performance on Efficiency of Nepalese Commercial Banks.*
- Quadri, H. A. (2010). Conceptual framework for organizational performance in Nigeria—Challenges and panaceas. *PM World Today*, 12(9), 1-8.
- Rashid, K. & Islam, S.M.N. (2013). Organizational performance, complementarities and the value of a firm in an emerging market: the effect of market imperfections", *Organizational performance*, 13 (1), 70-87.
- Reddy, K., Locke, S., & Scrimgeour, F. (2010). The efficacy of principle- based organizational performance practices and firm financial performance: An empirical investigation. *International Journal of Managerial Finance*, 6(3), 190-219.
- Roscoe, J. T. (1975) *Fundamental Research Statistics for the Behavioral Sciences*. 2nd ed. New York: Holt, Rinehart and Winston.
- Saidi, N. (2004). Organizational performance in MENA countries. *Improving Transparency and Disclosure. Beirut: The Lebanese Transparency Association. p81.*
- Sapkota, K. A., Gyawali, A., Thapa, A., Guvaju, A., & Panthee, A. (2015). Corporate governance and bank efficiency: a case of Nepal. *Nepalese journal of Corporate Governance*, 1.
- Sekaran (2000). Sekaran, U. (2000) Research methods for business. John Wiley & Sons, New York.

- Senasu, K., & Virakul, B. (2015). The effects of perceived CSR and implemented CSR on job-related outcomes: An HR perspective. *Journal of East-West Business*, 21(1), 41-66.
- Shen, Shu, and Chen, (2006) Corporate Social Responsibility, Corporate Performance, and Pay-Performance Sensitivity Evidence from Shanghai Stock Exchange Social Responsibility Index.
- Shleifer, A. & Vishny, R.W. (1997). A survey of organizational performance. *Journal of Finance*. 52(1), 737-783.
- Shleifer, A., & Vishny, R. W. (2012). A survey of organizational performance. *The Journal of Finance*, 52(2), 737-783.
- Shungu, P., Ngirande, H., and Ndlovu, G. (2014). Impact of Corporate Governance on the Performance of Telecommunication industries in Zimbabwe. *Mediterranean Journal of Social Sciences*. Vol 5 No 15.
- Smerdon, R. (1998). *A Practical Guide to Organizational performance*. London: Sweet & Maxwell, 233-256.
- Soludo, C. C. (2004). Consolidating the Nigerian banking industry to meet the development challenges of the 21st century. *In being an address delivered to the Special Meeting of the Bankers' Committee, held on July 6 (1)*, 14-15.
- Thorne, D. M., Ferrell, L., & Ferrell, O. C. (2010). *Social Responsibility and Business*. South Western: Cengage Learning.
- Tricker, B., & Tricker, R. I. (2015). *Organizational performance: Principles, policies, and practices*. USA: Oxford University Press.
- Ungureanu, M. (2012). Models and practices of organizational performance worldwide. *CES Working Papers*, 4(3), 625-635.
- Useem (1984), Book review: Corporate social and political action: Research in corporate and social performance and policy.
- Van den Berghe and De Ridder, (1999). Evaluating Boards of Directors: what constitutes a good corporate board?
- Wahidahwati, W., & ARDINI, L. (2023). Organizational performance and environmental performance: How they affect firm value. *Journal of Asian Finance, Economics and Business*, 8(2), 953-962.

Williamson (1985). Stewardship Theory or Agency Theory: CEO performance and Shareholder Returns.

Zabri, S. M., Ahmad, K., & Lean, J. (2015). Understanding owner-managers' preferences towards different sources of financing: The case of successful SMEs in Malaysia. *Advanced Science Letters*, 21(5), 1435-1438.

ANNEX

Questionnaire

Dear Respondent,

I am Saroj Chaureli, an MBS student at Shankerdev Campus affiliated to Tribhuvan University, and I am conducting research on “Corporate Governance and organizational performance in Nepalese telecommunication industry”. In this regard, I would request you to spare some of your valuable time in answering these few questions. I assure you that all information provided by you in this questionnaire will be kept confidential and used only for academic purpose. Your kind cooperation will be highly appreciated. Thanking You

1. Please tick one for each criteria group.

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

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

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

Q6	Board Size	5	4	3	2	1
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
6a	Smaller board enhances organizational performance.	5	4	3	2	1
6b	Larger size boards are more adept in the provision of resources.	5	4	3	2	1
6c	Large board of directors is prone to more conflicts among board members which makes it difficult to reach agreements	5	4	3	2	1
6d	The firm benefit from larger boards since they provide effective oversight of management and increase resource availability in the	5	4	3	2	1

organization which leads to the improvement of organizational performance

6e A larger board will bring more expertise and experience to the board. 5 4 3 2 1

2 B. Board Independence

5 4 3 2 1

Strongly Agree Agree Neutral Disagree Strongly Disagree

7a The number of executive directors is higher than that of Non-Executive Directors.. 5 4 3 2 1

7b The board is more independent when the proportion of outside directors increases.. 5 4 3 2 1

7c Executive directors are better placed in handling the affairs of the organization 5 4 3 2 1

since they have a deeper understanding of the organizations

Operations

2C Board Diversity

5 4 3 2 1

Strongly Agree Agree Neutral Disagree Strongly Disagree

8a Appointment of board members has always considered a mix of skills required in the stewardship of the organization. 5 4 3 2 1

8b The organization's board appointment process has been political 5 4 3 2 1

8c A member's academic qualifications have been considered before for appointment to the organization's board 5 4 3 2 1

8d	All stakeholders have been involved in the appointment of the Board.	5	4	3	2	1
8e	The board has been composed of both genders.	5	4	3	2	1
8f	All Board members have had relevant industry experience required to steward the organization.	5	4	3	2	1
2D	<i>Number of board committees</i>	5	4	3	2	1
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
9a	There is an audit committee established on the board.	5	4	3	2	1
9b	Independent committees would focus on improving the company competitiveness and performance.	5	4	3	2	1
9c	Audit committee are not effective against risk they are just overloaded	5	4	3	2	1
9d	The existence of independent committees enhances financial performance of the organization.	5	4	3	2	1
Q3	<i>Board meeting held in a year</i>	5	4	3	2	1
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10a	There is poor attendance in board meetings.	5	4	3	2	1
10b	All the Board meetings have been relevant to the organization's mandate.	5	4	3	2	1
10c	The Board meetings have been chaired by board members with the relevant qualifications.	5	4	3	2	1

10d	There have been other members attending Board meetings even when they are not gazetted as its members. The number of board meetings has an influence on firm performance	5	4	3	2	1
Q3F	<i>Innovative Culture</i>	5	4	3	2	1
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
11a	My organization culture is challenging.	5	4	3	2	1
11b	My organization culture is creative.	5	4	3	2	1
11c	My organization culture is enterprising.	5	4	3	2	1
11d	My organization culture is stimulating.	5	4	3	2	1
11e	My organization culture is driving.	5	4	3	2	1
11f	My organization culture is risk taking.	5	4	3	2	1
11g	My organization culture is result oriented.					
11h	My organization culture is pressurized					
Q3G	<i>Non-Financial Performance</i>	5	4	3	2	1
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
12a	The number of new product in my organization increase within the last 3 years	5	4	3	2	1
12b	My organization market share increase significantly within the last3 years	5	4	3	2	1
12c	My organization market development increase significantly	5	4	3	2	1

	within the last 3 years					
12d	My organization quality of product/services of organization increase within the last 3 years	5	4	3	2	1
12e	My organization employee commitment or loyalty to the organization increases within the last 3 years	5	4	3	2	1
12f	My organization employee productivity increase within the last 3 years	5	4	3	2	1
12g	My organization personnel development increase the last 3 years					
12h	My organization employee job satisfaction increase the last 3 years					

Corporate Governance and Organizational Perform...

By: saroj Chaureli

As of: May 27, 2024 8:59:48 AM
9,543 words - 48 matches - 9 sources

Similarity Index

8%

Mode:

sources:

156 words / 2% - Internet from 29-Sep-2022 12:00AM
vuir.vu.edu.au

117 words / 1% - Internet from 12-Feb-2023 12:00AM
www.researchgate.net

108 words / 1% - Internet from 13-Dec-2022 12:00AM
www.nepjol.info

85 words / 1% - from 06-Jan-2024 12:00AM
fastercapital.com

73 words / 1% - Internet from 17-Dec-2022 12:00AM
erepository.uonbi.ac.ke

72 words / 1% - Internet from 23-Nov-2022 12:00AM
repository.unam.edu.na

69 words / 1% - Internet from 13-Jan-2020 12:00AM
pdfs.semanticscholar.org

67 words / 1% - Internet from 14-Dec-2022 12:00AM
so03.tci-thajjo.org

65 words / 1% - Internet from 11-Oct-2018 12:00AM
stec.univ-ovidius.ro

paper text:

CHAPTER I INTRODUCTION 1.1. Background of the Study Corporate governance has emerged as a vital screening tool for both economic and non-economic companies due to numerous incidents of corporate fraud in both developed and developing nations. These frauds have adversely affected corporate performance and stakeholder interests, even leading to some firms' bankruptcies (Friedman, 1970, as cited in Chalise, 2014). Organizational failures in governance often exacerbate these issues, creating dire conditions. For instance, One-Tel, a major Australian company, collapsed in 2001, despite being