

CORPORATE GOVERNANCE AND BANK PERFORMANCE IN NEPAL

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

By

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CERTIFICATION OF AUTHORSHIP

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

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

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REPORT OF RESEARCH COMMITTEE

Mr. Bhisma Shrestha has defended research proposal entitled “**Corporate Governance and Bank Performance in Nepal**”, successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Suman Kamal Parajuli and submit the thesis for evaluation and viva voce examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**Corporate Governance and Bank Performance in Nepal**” presented by Bhisma Shrestha a candidate for the degree of master of Business Studies (MBS Semester) and conducted the Viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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This study entitled “**Corporate Governance and Bank Performance in Nepal**” has been prepared in partial fulfillment for the Degree of Master of Business Studies (MBS) under the Faculty of Management, Tribhuvan University is based on research models involving the corporate governance and firm performance of commercial banks in Nepal.

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Abbreviations

BOD	:	Board of Directors
BS	:	Board Size
C.V.	:	Coefficient of Variation
D/Y	:	Dividend Yield
FS	:	Firm Size
GDP	:	Gross Domestic Product
ICAN	:	Institute Of Chartered Accountants of Nepal
IPO	:	Initial Public Offering
LC	:	Letter Of Credit
LIC	:	Life Insurance Corporation Limited
LM	:	Female Director
NEPSE	:	Nepal Stock Exchange
NIM	:	Net Interest Margin
NRB	:	Nepal Rastra Bank
ROA	:	Return on Assets
ROC	:	Registrar of Companies
ROE	:	Net Profit Margin
S.D.	:	Standard Deviation
SEB	:	Securities Exchange Board
SEC	:	Securities Exchange Centre
SIZE	:	Firm Size

ABSTRACT

Corporate governance is the process through which top management, the board of directors, and shareholders collaborate to determine the performance and course of the company. It also discusses how the goals that direct the corporation's governance interact with its stakeholders. Finding the characteristics that best capture corporate governance and banking performance is the primary goal of the study; to investigate the connection between bank performance and corporate governance. Analyzing Nepalese commercial banks' corporate governance and bank performance is one of the study's main goals. A descriptive, causal comparative research design was used in this investigation. To describe the relationship between multiple factors or features and their causes, a casual research design is used.

This survey includes 20 commercial banks. For the study, ten out of the twenty commercial banks have been chosen. According to the study, ROA and NIM are negatively impacted by board size, earnings per share, and female directors. While earnings per share and the number of female directors are statistically negligible, board size is statistically significant. ROA and NIM are positively impacted by the capital adequacy ratio and the ethnic group as well. Performance is positively impacted by the capital adequacy ratio in a statistically significant way. Ethnic group is important as a result. Therefore, the following variables have a linear relationship with ROA and NIM: board size, earnings per share, ethnic group, capital adequacy ratio, and number of female directors.

Key Words: Corporate Governance, Performance, ROA, NIM, Board and Ethnical Group.

CHAPTER I

INTRODUCTION

1.1 Background of the study

The management and leadership styles of businesses are referred to as corporate governance. Companies cannot be accountable to their various stakeholders without corporate governance. Corporate governance is characterized by a number of academics as a defining feature. According to Amarneh (2014), corporate governance can be thought of as a mechanism used to direct and control businesses and organizations.

Corporate administration can be characterized as the relationship among investors, the top managerial staff and the top administration in deciding the course and execution of the organization (Wheelen and Yearning, 2006). It also includes the relationship between stakeholders and the corporation's governing objectives. The shareholders, management, and board of directors are the primary stakeholders. Employees, suppliers, customers, regulators, the environment, and the community as a whole are additional stakeholders. It is possible to say that governance is all about ensuring that stakeholders' interests are protected while simultaneously ensuring that an institution's management is accountable for its operations and is transparent. Current corporate administration rehearses have advanced over the long run and various codes of the prescribed procedures on corporate administration have been created by different associations. The guidelines for good governance are the OECD code of corporate governance and the Basel code of corporate governance principle. These standards by and large connect with the obligations of the board, chiefs, administrator, Presidents, senior administration, reviewers, investors, and controllers. These governance principles have focused heavily on accountability, internal control, related party transactions, conflicts of interest, and information disclosure (Cabraal, 2014).

Corporate governance is a combination of best practices and corporate policies that are used by corporate bodies to meet their goals in relation to their stakeholders. The many issues that arise from ownership and control separation are also studied in the field of economics. According to Pradhan & Adhikari (2011), the corporate governance structure lays out the guidelines and procedures for making decisions regarding the affairs of the

company as well as the distribution of rights and responsibilities among the various participants in the business, such as board managers, shareholders, and other stakeholders.

Corporate administration, as a term, has come to suggest great, in the non-moral as well as the ethical sense. Monks and Minow (2011), some of its non-moral applications include effective decision-making, appropriate resource allocation, strategic planning, and so on. Still, in a moral sense, good corporate governance has come to be seen as fostering an ethical climate that is both morally appropriate in and of itself, in that ethical business behavior results in desirable commercial outcomes (Francis, 2003). Accordingly, the connections here are with an expected level of effort, chiefs' obligations, and the general fixing of corporate obligation. An important concept in corporate performance refers to how an organization's financial, material, and human resources are used effectively to achieve the organization's overall corporate objective. It keeps the company in business and opens up more opportunities for the future.

Investors' confidence in our nation's economy should rise as a result of good corporate governance. Building credibility, ensuring transparency and accountability, and preserving an efficient means of information disclosure are all components of good corporate governance. Therefore, it is essential that every industry and service sector adhere to a solid corporate governance ethos. Nowadays, corporate governance is recognized as an effective method for fostering trust and confidence in an organization. It is basically significant for banks on the grounds that such organizations manage reserves raised from general society and inability to recuperate the speculation can prompt bank disappointment alongside influencing the public economy. According to Bernanke (2003) and Grossman (2005), bank failures can have a significant negative impact on future economic activity. The bank's failure resulted in lower income, increased compensation, higher poverty rates, and fewer jobs. A goal in and of itself is not good corporate governance. It is a method in help 3 of monetary effectiveness, reasonable development, and monetary strength. Good governance can lead to good performance.

Corporate governance is important for the banking industry, but it's important for all other parts of the economy. According to Hambrick et al. (2008), not only can the banking

sector's constituents benefit or suffer from the nature and quality of corporate governance therein, but the entire national system can also benefit or suffer. Katrodia (2016) showed that the stability of the economy's banking sectors is closely linked to its health. The collapse of large US banks sparked the 2008 global financial crisis. This, in turn, had an impact on almost every sector, including pension holders' income security. Poor governance was to blame for the failures of the financial system in the United States, which resulted in a major crisis that had an impact on the global economy at the time. Mareinkowska (2017) expressed that any worldwide emergency is connected with unfortunate administration in monetary foundations.

Corporate administration in the financial area needs extraordinary consideration utilizing exceptional devices to screen, regulate and assess its working. According to the Bank for International Settlement, public confidence in the banking industry must be earned and maintained through efficient corporate governance. Trust and certainty of the overall population are the most for store preparation. Implementing corporate governance still appears to be a difficult task in developing nations. Research on the development of corporate governance policies, frameworks, and structures in developing nations is required. There has been less consideration made on corporate administration in agricultural nations.

Corporate governance has received a lot of attention in recent years and has become a topic of interest worldwide, particularly in light of the most recent economic crisis and the financial ruin of many banks and businesses. However, corporate governance and the performance of the banking sector globally have received very little attention (Maria, 2010). In the context of Nepal, one of the earlier studies revealed that companies that hold their annual general meeting (AGM) on time, submit their financial statements on time, and employ an "A" class auditor have a higher rate of return and market price per share (Pradhan & Adhikari, 2011).

1.2 Problem Statement

After the financial crisis in the United States, Brazil, Thailand, etc., banks and other financial intermediaries are at the Center. The decay of their resource portfolio, to a great

extent because of the misshaped credit the board was one of the underlying wellsprings of the emergency (Sanusi, 2010). In large part, poor governance was to blame for this issue.

The literature has recently paid a lot of attention to corporate governance in developing nations, which contributes to these economies' growth prospects. Furthermore, commotion exchanging, instead of basics, has been archived to influence markets of these economies (Claessens & Yurtoglu, 2012). Because of their generally lower efficiency, these markets call for more stringent corporate governance.

Corporate governance is an extremely significant topic. Pradhan and Adhikari (2011) revealed that there is a great deal of debate regarding the efficacy of governance mechanisms even in advanced market economies. This study is connected with deciding the connection between corporate administration factors and bank execution factors. Here, board part size, number of autonomous chiefs, profit per share, capital sufficiency proportion, influence, and bank size are considered as corporate administration factors and their connection to the Firm Size and net revenue edge are tried.

The protection of domestic investors is just one aspect of good corporate governance that is becoming increasingly important to international investors. Domestic investors, in contrast to international investors, who have sophisticated instruments to diversify their overall portfolio risk, are frequently constrained to local markets and run the risk of losing their entire life's savings when governance systems are flawed and transparency is lacking. Jensen and Meckling (2003) recognized that the head specialist hypothesis which was likewise embraced in this study is for the most part viewed as the beginning stage for any discussion on the issue of corporate administration. Various corporate administration components have been proposed to enhance the head specialist issue among directors and their investors. Board size, board composition, CEO pay-performance sensitivity, director ownership, shareholder rights, and other governance mechanisms identified by agency theory include According to the agency theory, a smaller board is suggested to reduce agency costs by effectively controlling management, whereas larger boards may increase the number of possible interactions and disagreements among group members. On the other hand, there is another school of thought that is in favor of having a larger board. This school of thought holds the belief that businesses with a larger board size are in a

better position to encourage managers to track lower debt costs because creditors perceive these businesses as having better monitors of their financial accounting process and higher performance (Hovey, 2013).

A number of important public policy goals can be served by improving corporate governance in a developing nation like Nepal. Great corporate administration lessens developing business sector weakness to monetary emergencies, builds up property privileges, diminishes exchange costs and the expense of capital, and prompts capital market improvement. On the other hand, weak corporate governance frameworks can discourage outside investment and lower investor confidence.

By revising and updating policies and instructions, Nepal Rastra Bank (NRB), the country's central bank, has consistently attempted to enhance bank governance. Some of the guidelines that have been developed to guarantee improved governance in banks include the most recent comprehensive directive, guidelines for stress testing, guidelines for CEO compensation, and so on.

Even with these rules and instructions, corporate governance is still hard because bad people come up with new ways to waste public money. Organizations in Nepal have yet to adopt a culture of good governance that takes adequate care of the public interest. The line that separates management from ownership is still murky. According to Khatiwada (2015), it is extremely difficult for directors and employees in Nepal to participate in fraudulent activities. Misappropriation charges were brought against CEO of KIST bank (2013) and H and B bank (2012). In a similar vein, employees at Himalayan Bank and NABIL (2011) were charged with stealing the ATM's pin number. According to Khatiwada (2015), these cases have made it difficult for the general public to deposit their cash with banks. Good governance must be prioritized in order to foster a more secure and trusting community. Banks' profitability can rise as well as their customers' deposits if they implement governance. The following research questions have been formulated following a literature review and consideration of the study's background:

- i. What are the dimensions that represent corporate governance and banking performance?

- ii. Is there any relationship between female directors, ethical group, size, earnings per share, Capital Adequacy ratio, ROA and NIM of Nepalese Commercial Banks?
- iii. How does female directors, ethical group, size, earnings per share and capital adequacy ratio effect on ROA and NIM of Nepalese Commercial Banks?

1.3 Objectives of the study

The study's overarching goal is to learn more about the connection between bank performance and governance factors. The following can be said to be the study's goal:

- i. To determine the dimensions that represents the corporate governance and banking performance.
- ii. To analyze the relationship among female directors, ethical group, size, earnings per share, Capital Adequacy ratio, ROA and NIM of Nepalese Commercial Banks.
- iii. To examine the impact of female directors, ethical group, size, earnings per share and capital adequacy ratio on ROA and NIM.

1.4 Hypothesis

In this review, the speculation testing is utilized to test the meaning of the connection among reliant and autonomous factors:

H₁: Female Director (BM) significant negative relation to the bank performance.

H₂: Board directors is significant positive relation to the bank performance.

H₃: ROA is significant negative relation to the bank performance.

H₄: Bank size is significant positive relation to the bank performance.

H₅: There is significant positive relationship between capital adequacy ratio and bank performances.

H₆: There is significant positive relationship between EPS and bank performances.

1.5 Rationale of the study

Because the economic aspect is linked to research on corporate governance and bank performance, it is important. A number of studies have demonstrated that an organization's performance is directly correlated with good governance. Therefore, good performance will result from sound governance, and vice versa. Governance has a number of factors that vary depending on the type of business and organization. These

factors likewise affect the association. Therefore, it is essential for the banks to know which variables have a greater or lesser impact on them. Governance has been the focus of a lot of recent research and policy debate in Nepal (Khatiwada, 2002; Rawal, 2003; and Kafle, 2004). Paudel and Hovey (2013) looked at 20 Nepalese commercial banks to see how corporate governance affected their efficiency. The exploration showed that a greater board and review council and lower recurrence of executive gatherings with a lower extent of institutional possession lead to improved proficiency in the business banks. This study therefore also focuses on determining how variables of good governance affect bank performance. As an independent variable, the size of the bank, the number of female directors on the board, earnings per share, the capital adequacy ratio, ethnicity, and bank size are all considered to have an effect on the net interest margin and ROA. By focusing on the relationship between the corporate governance variable and performance measuring variables, this study will ensure that the banks can achieve the performance. The banks can use this study to keep the number of board members and the participation of an independent director the same.

1.6 Limitation of study

The required number of bank samples and time period were used in the research. This study did have some limitations, though. The following are the study's limitations:

- There are altogether 20 commercial banks operating in the country, but the study does not cover all these commercial banks. Only 10 banks are considered for the purpose of the study.
- The study used board member size, female directors, earnings per share, capital adequacy ratio, ethnical group, and bank size as independent variables, there are also other variables such as number of board meetings, number of female directors in the board, age period, members in the management team etc. which were omitted.
- The study used two dependent variables to develop a relationship. There are other dependent variables such as return on assets that can be taken for study.
- The banks which were taken as sample for study were only the commercial banks due to which the relationship between dependent variables and independent variables for development banks, microfinance, Commercial banks, and other non-financial institutions may vary.

- The data collected for the study were for the period of 2013/14 to 2022/23. The study could have been done taking data for a longer period.
- It may also be noted that only secondary data were considered for the study purpose. Data collection conducting the primary survey is not taken into consideration. Hence, the result of the study is not broad and flexible. It is limited to the data available in the annual reports of the sample banks.
- All the portion of the study is based on secondary data and available information. Therefore, the consistency of finding and conclusion are dependent upon the reliability of secondary data and information.
- The time period for research was limited, so research was conducted in a short period.

CHAPTER II

LITERATURE REVIEW

2.1 Introduction

This chapter examines the evidence and conclusions of various previous studies in this area. The examinations and proof were significant for additional examination with respect to corporate administration and bank execution.

2.2 Theoretical Review

Like the public authority, the word administration gets eventually from the Greek word Kubernaio (to guide). In the 1990s, an economist and political scientist coined the term "governance," which was then propagated by organizations like the United Nations Organization, the International Monetary Fund, and the World Bank. Neoclassical economics is the foundation for a lot of theories about governance as a process. Those speculations fabricated insightful models, in view of the presumptions of the cutting edge economy to show public entertainers may come to lay out and support formal associations including firms and expresses, a casual association like organizations and practices for administering the center.

2.2.1 Assimilation theory

Hawley and Williams (1998) showed a writing survey of corporate administration as a foundation paper for the association for monetary participation and improvement. They found four theories of cooperative governance in their study in the United States: the simple finance model, also known as agency theory, the stewardship model, the stakeholder model, and the political model. Stakeholder theory, agency theory, and stewardship theory all played important roles in corporate governance. The majority of the corporate administration issues were connected with the administration and investors, the distinctions in perspectives and thoughts acquired issues administration. The four speculations recognized by Hawley and Williams were momentarily depict underneath.

2.2.1.1 Simple finance model / agency theory

In this hypothesis, the focal issue corporate administration was viewed as to develop rules and motivators for emotionally adjusting the way of behaving of administrators (specialists) with the cravings of proprietors. The finance model refers to the rules and

incentives set by businesses rather than the host nation's legal or regulatory system. It assumes that managers prioritize their own interests over those of shareholders, which is why the issue arises. These issues arose as a result of differences between owners and managers, and they were referred to as agency issues. The agency's costs have gone up as a result of these issues, as has the organization's governance. As a result, agency theory was developed, a supposition that explains the business relationship between principals and agents and is concerned with resolving potential agency-related issues.

2.2.1.2 Stewardship theory

Managers were regarded as good stewards of the company in stewardship theory or model because they worked to achieve high levels of corporate profit and shareholder returns. Being a manager comes with a lot of social and professional advantages. Here, managers were thought to be motivated by the need to succeed and the satisfaction that comes from successfully completing tasks that are naturally difficult. In order to earn the respect of their coworkers and superiors, they exercise their authority and carry out their duties appropriately. According to this theory, there should be non-executive directors on the board in order for the organization to have good governance.

2.2.1.3 Stakeholder theory

The firm was a system of stakeholders operating within the host society's larger system, which provided the necessary legal and market infrastructure for the activities of the firm. By converting shareholders' stakes into goods and services, a company's goal was to generate wealth or value. As a result, the company's overall wealth should be maximized as the goal of managers and directors. Instead of focusing on managers or organizations, this theory emphasizes increasing the firm's value. Additionally, it was necessary to align the interests of critical stakeholders with those of outside or passive shareholders by providing important ownership-like incentives to firm participants who contributed or controlled critical specialized inputs. According to this theory, corporations should have long-term owners and encourage significant customers, suppliers, employees, community representatives, and so on to serve on their boards.

2.2.1.4 Political theory

The political model acknowledges that the government determined the distribution of corporate power, privileges, and profits among owners, managers, and other stakeholders.

The corporate sector had an impact on the capacity of corporate stakeholders to direct allocation at the micro level between themselves. The development of corporate governance was greatly influenced by the political governance model.

2.3 Empirical Review

2.3.1 Review of Journals Articles

Wulandari, Sudaryanti and Fakhriyyah (2024) conducted a study on the moderation effect of corporate governance mechanisms on the relationship between capital structure and company performance. The target of the review was to research the effect of Capital Construction on Organization Execution, accentuating the directing impact of Corporate Administration systems. The data were analyzed using the PLS path in the study. According to the findings, the impact of the company's capital structure on performance was minimal. The impact of Capital Construction, as measured by the obligation resource proportion (DAR), on Organization Execution, surveyed through the Profit from Resources (ROA), stays unimportant in any event, while thinking about the directing variable of Chief's Size. With board size acting as a moderating variable, the study found that the effect of capital structure (DAR) on company performance (ROA) was insignificant. The impact of Audit Committee Size as a Moderating Variable on Company Performance (ROA) is negligible.

Ahmed et al. (2023) researched on the relationship between capital structure and firm performance: the moderating role of agency cost. The study's objective was to investigate the moderating effect of agency cost on the relationship between firm performance and capital structure. The data were analyzed in the study using multiple regression. The outcomes show that capital design is adversely connected with firm execution. Corporate performance is negatively impacted by agency costs as well, but the relationship between ROA and EPS is positive. The study came to the conclusion that by using data from listed Iranian manufacturing companies, it provides new perspectives on the connection between a company's performance and its capital structure. As a result, these new insights from a developing market enhance our comprehension of capital structure in Asian and Middle Eastern markets.

Musa and Yahaya (2023) researched on corporate governance and firm value. The study's objective is to investigate how corporate governance contributes to maximizing a company's value. The data were analyzed in the study using panel multiple regression. The findings demonstrated that the size of the risk committee, leverage, asset tangibility, profitability, and firm size all have a significant impact on the value of the company. Concentrated ownership, board size, audit committee size, remuneration committee size, audit quality, and dividend yield had no significant impact on company value, according to the study.

Tasya and Kusumaning (2023) conducted a study on the impact of corporate governance and firm performance on waste and effluent disclosure: Evidence from polluting industries in Indonesia. The study's objective is to investigate the impact of corporate governance, such as the presence of a board with gender diversity, independence, attention, and an audit committee. The data were analyzed using multiple regression in this study. The study showed that corporate governance has a significant impact on waste and effluent disclosure, including the presence of gender diversity on the board, board independence, board attention, and an audit committee. The study came to the conclusion that companies in polluting industries listed on the Indonesia Stock Exchange's waste and effluent disclosure are unaffected by firm performance, as measured by return on assets (ROA).

Dawood (2023) researched on contribution the effect of corporate governance on firm performance in Pakistan. The study looks at how corporate governance affects businesses. Performance in Pakistan's commercial banking industry. The study looked back at previous research from 1980 to 2021. Board size, long-term CEOs, audit committee independence, foreign ownership, institutional possession, annual preferred meeting, and dividend coverage all improve Pakistani banks' financial performance, according to these studies. The banks have advocated for the implementation of sound corporate governance practices in order to enhance the overall financial performance of the company as well as protect shareholders. In particular, by authorizing suitable supports for rebelliousness and guaranteeing consistence with proper corporate administration, the administrative authority should empower the development of the business banks of Pakistan. The study aims to strengthen company governance in other areas, such as the relationship between a company and its finance vendors, compliance with societal demands for felony, ethical,

and environmental standards, and others, in addition to the rights and responsibilities of various stakeholders in the management of a company. In this regard, the study's most significant contribution to knowledge is the contribution has significantly improved the study competence of the interpretations that have framed corporate governance in relation to the company's overall performance.

Jebran and Chen (2023) conducted a study on can we learn lessons from the past? COVID-19 crisis and corporate governance responses, by using various corporate houses for the period in COVID-19. The study focuses on how practices of corporate governance can assist businesses in surviving the COVID-19 crisis. In order to accomplish this, it examines articles published in leading business journals to learn from previous crises and identifies key corporate governance mechanisms that may be useful in the ongoing COVID-19 crisis. Several governance mechanisms that may assist businesses in coping with the COVID-19 crisis are highlighted in a review of a large body of literature. Risk management committees, board diversity, independent directors, foreign investors, institutional ownership, ownership concentration, the CEO's dual roles, block ownership, and family ownership are all examples of good governance practices. After looking at the literature on corporate governance, the study offers several policy implications. Companies may learn how these governance characteristics can be effective in the COVID-19 crisis from our review, which shows that they may be subject to at least one of the identified governance mechanisms. The review outlines that autonomous gamble the executives advisory groups, institutional possession, board autonomy, block holders, and family proprietorship are a portion of the fundamental and powerful administration components contrasted with other administration credits during Coronavirus emergency.

Khan (2023) investigated a study on impact of corporate governance on firm performance: a case of Pakistan stock exchange by using the stock market of Pakistan for the period of 10 years. This study examines the impact of corporate governance on company performance. To operationalize corporate governance, eight indicators have been used: board size, ownership structure, and CEO duality, independence of the audit committee, firm size, firm age, leverage, and firm growth. Firm performance has also been taken into account when calculating Firm Size and Return on Assets. The examination was directed utilizing the Pakistan Stock Trade, with an example of 100 public non-monetary organizations. Using the appropriate statistical techniques, data

pertaining to the research variables have been gathered and examined for ten years, or from 2013 to 2022. The findings indicate that CEOs serving on multiple boards, the size of large companies, young businesses, sustainable growth, a high degree of independence on audit committees, a smaller board size, and low leverage all contribute to a company's success. Leverage has been found to have a negative impact on a company's profitability, especially when interbank offered rates are high. These findings should be taken into consideration by researchers, practitioners, and corporate regulators alike. It is prompted that more corporate administration list markers be viewed as in future examination to grasp their impact on firm achievement completely.

Khanal (2023) examined a study on corporate governance and its impact on financial performance of Nepalese commercial banks by using commercial banks in Nepal for the period of 10 years. The motivation behind this study is to look at how bank execution and corporate administration structure connect with each other. Based on evaluations of previous research, the conceptual model for this study primarily examines how bank performance is influenced by audit committee procedures and board structure. Using a questionnaire, employees were surveyed, and percentages were used to analyze the primary data. The mean and standard deviation were then analyzed using descriptive statistics, regression, and correlation. Performance metrics like banks' Firm Size (SIZE) and Return on Assets (ROA) have been used as the dependent variables, while corporate governance variables like board size, board independence, audit independence and activity, and CEO duality have been regarded as independent variables. Board size, CEO duality, and corporate governance requirements are significant corporate governance mechanisms that improve banks' performance in order of their relative importance. Primary evidence lends support to these findings. More specifically, board freedom, Chief duality and review panel autonomy are the corporate administration components that will generally impact the exhibition in sure way. It suggests that raising any one of these factors will likely result in improved performance for the banks. The report encourages banks to raise their corporate administration norms, which will ensure the dependability of the monetary area as well as upgrading each bank's exhibition. Furthermore, it is prompted that banks execute evenhanded corporate administration techniques to help financial backer certainty and attract seriously subsidizing through straightforward and excellent revelation.

Musa and Yahaya (2023) researched on corporate governance and firm value. This paper uses the Generalized Method of Moments to examine the role of corporate governance in maximizing firm value over a ten-year period (2013-2022) for 134 listed companies on the Nigerian Exchange Main Board. The information utilized in this study is board information hand-picked from the yearly reports and records of the examined firms. STATA 15.1 is used to process the data. Risk committee size, leverage, asset tangibility, profitability, and firm size all have a significant impact on firm value, whereas concentrated ownership, board size, audit committee size, remuneration committee size, audit quality, and dividend yield do not. Managers, shareholders, creditors, market participants, and regulators can all benefit from these findings. The study's sample size, specifically 134 businesses, limits its scope. It is anticipated that additional research will cover all 156 Nigerian Exchange-listed businesses. Further examination is supposed to add other corporate administration qualities that have ended up being powerful.

Tasya and Kusumaning (2023) conducted a study on the impact of corporate governance and firm performance on waste and effluent disclosure: Evidence from polluting industries in Indonesia. This study analyzed the impact of corporate administration - including the presence of board orientation variety, board autonomy, board consideration, and review council - and firm execution on waste and profluent revelation in contaminating industry organizations in Indonesia. The companies' annual and sustainability reports from 2017 to 2021 provided the secondary data for this study. A scoring system based on Global Reporting Initiative (GRI) Standard 306: Waste and Effluent was used to evaluate the disclosure of waste and effluent. Pulp and Paper, Chemicals, Oil and Gas, Metals and Mining, and Infrastructure, Utilities, and Transportation were the five polluting industries that were the focus of this study. The study demonstrates that corporate governance, such as the presence of an audit committee, board attention, gender diversity on the board, independence on the board, and waste and effluent disclosure, has a significant impact. On the other hand, companies in polluting industries listed on the Indonesia Stock Exchange's waste and effluent disclosure are unaffected by firm performance, as measured by return on assets (ROA).

Ferriswara et al. (2022) examined on do corporate governance, capital structure predict financial performance and firm value. The study's objective was to investigate the Jakarta Islamic Index's corporate governance, capital structure, financial performance, and firm

value. The data in the study were analyzed using structural equations (SEM) and partial least squares (PLS). The discoveries showed that two determinants altogether influence firm worth from the five speculations proposed. Firm value is significantly influenced by financial performance. Capital structure and corporate governance do not affect a company's value, but they do have an impact on financial performance, both positively and negatively. The study came to the conclusion that the corporate governance variable has a negative coefficient direction and has a significant effect on financial performance. This suggests that the proxy company's corporate governance has not been implemented optimally, with a low proportion of independent commissioners and independent audit.

Alabdullah (2022) investigated on corporate governance system and firm financial performance. Based on the concepts, theories, and evidence from previous studies in the literature review regarding corporate governance and its mechanisms as an internal control system and its impact on firm financial performance, this study examines the systematic understanding of the link between the corporate governance system and companies' financial performance from a theoretical and practical perspective. The current study provides numerous explanations for the mechanisms that play a role in corporate governance, such as the size of the board of directors, independence, and CEO duality, as well as their effect on the financial performance of the company. The findings of this study suggested that good corporate governance necessitates the board's features and internal controls mechanisms. The mechanisms of corporate governance, according to previous research in the literature, boost a company's financial performance. As a result, the current study demonstrated the significance of internal control mechanisms for business success.

Boachie and Mensah (2022) examined a study on the effect of earnings management on firm performance: The moderating role of corporate governance quality. A dynamic framework is used to investigate the connection between earnings management and financial performance in Anglophone sub-Saharan African companies. Best-practice corporate governance quality metrics and aggregate disclosure are shown in the study to moderate this relationship. Controlling for the earnings management-performance relationship's dynamic endogeneity, simultaneity, and unobserved time-invariant heterogeneity, the results show that earnings management's performance effects persist. Again, the findings back up the prediction made by agency theory about how adhering to

best-practice internal governance systems effectively monitors how earnings management practices are limited and how performance is improved. Furthermore, the African context is distinct from other emerging markets that report opportunistic motives because of the positive effect of earnings management on performance, which suggests efficiency motives behind earnings management practices in Africa. Concerning the moderating role, our research demonstrates that corporate governance quality tends to increase the positive impact of earnings management on firms' financial performance.

Huynh (2022) researched a study on does financial leverage mediates corporate governance and firm performance? By using 150 firms for the period of 2011-2021. Financial leverage is taken into account as a mediating variable in this study, which aims to investigate how corporate governance influences company performance. This study was led in the non-monetary area of Pakistan, and information was gathered from fiscal summaries. The findings demonstrate a link between company performance and corporate governance. Firm performance is positively correlated with board size; the firm's performance also rises in tandem with board size. The performance of a company is strongly and positively correlated with board independence. Firm performance is also positively correlated with audit committee size. Positive company performance is also linked to female board directors. Board freedom, board size, review panel, and female directorship were decidedly connected with monetary influence. Shareholders' interests are safeguarded and risk is transferred to debt holders through corporate governance. According to the findings, raising the debt-to-financial-leverage ratio raises the cost of financial distress. While audit committee size and the relationship between firm performance and female directorship are fully mediated by financial leverage, board size and board independence are partially mediated by financial leverage.

Jesuka, (2022) analyzed a study on corporate governance and firm performance: does sovereign rating matter? By using the 823 companies for the period of 2004 to 2018. Between 2004 and 2018, the purpose of this paper is to investigate how sovereign rating and corporate governance affected the performance of Latin American businesses. This study played out a staggered relapse with fixed and irregular coefficients for 823 organizations and checked the effects of nation, firm and time levels on the presentation variety. The study measured governance using the following variables: board size, chief executive officer/chairman duality, CEO/board member duality, dummy for the chairman

as a former CEO, audit committee, independence and expertise of the audit committee, and return on assets as the dependent variables. Findings: Latin American companies performed better when their countries adopted improved board of directors and audit committee mechanisms and had higher sovereign ratings. Sovereign rating expects unmistakable jobs relying upon the presence or nonattendance of administration factors. Rating and governance could serve as alternatives to safeguard investors. The authors believe that this is the first study to examine the effects of sovereign rating on firm performance in Latin America. In Latin American studies, the application of governance metrics is novel, such as the expertise of the audit committee and the chairman's dummy as a former CEO.

Guluma (2021) examined a study on the impact of corporate governance measures on firm performance: the influences of managerial overconfidence. Using a Chinese listed company, the purpose of this paper is to investigate the relationship between corporate governance (CG) mechanisms and firm performance and the role of managerial behavior in this relationship. The independent board, dual board leadership, ownership concentration, and other CG mechanisms were used in this study to measure both internal and external corporate governance. External CG measures included debt financing and product market competition. Corporate earnings forecasts were used to gauge managerial overconfidence. ROA and TQ are measures of a company's performance. The researcher used panel data from 11,634 samples of Chinese listed companies from 2010 to 2018 to accomplish the study's goal. To dissect the proposed speculations, the review utilized framework Summed up Technique for Minutes assessment model. Ownership concentration and product market competition have a positive and significant relationship with firm performance as measured by ROA and TQ, according to the study's findings.

Debt financing also has a negative significant association with both measures of firm performance ROA and TQ, and dual leadership has a negative relationship with TQ. Furthermore, managerial overconfidence has a negative impact on the relationship between firm performance and board independence, dual leadership, and ownership concentration, according to the empirical findings. Overconfident management, on the other hand, has a negative impact on the relationship between debt financing and operational firm performance while positively moderating the impact of debt financing on firm performance as measured by Tobin's Q. First, the study adds to the body of

knowledge on the connection between CG and a company's performance by utilizing the Chinese CG structure. Second, this study demonstrates a previously unexplored interaction between managerial behavioral bias and CG mechanisms to influence firm performance. Thusly, the aftereffects of this study add to the hypothetical point of view by giving an understanding into the affecting job of administrative conduct in the connection between CG practices and firm execution in a developing business sectors economy. As a result, the empirical findings of the study have significant managerial implications for the practice and are crucial for policymakers attempting to enhance corporate governance in the emerging market economy.

Khatib (2021) conducted a study on the impact of corporate governance on firm performance during the covid-19 pandemic: evidence from Malaysia by using the 188 non-financial organization for the period of 2019 to 2020. The purpose of this study is to determine how COVID-19 affects attributes of corporate governance and the relationship between firm performance and COVID-19. This study used a sample of 188 non-financial Malaysian businesses for 2019 and 2020. We discovered that the COVID-19 pandemic has affected every aspect of a company, including its performance, governance structure, dividend, liquidity, and leverage level. However, there is not much of a difference between before and after the pandemic. The investigation also found that the size of the board has a significant positive effect on the performance of the company. In the wake of parting the example in view of year, in any case, we found that load up size doesn't make any difference in the dubious season of the ebb and flow emergency, while load up variety seemed, by all accounts, to be essentially improving firm execution in the emergency time contrasted with the earlier year where it has an opposite relationship with firm execution in the two pointers. Both before and after COVID-19, it appeared that board and audit committee meetings had a significant negative impact on the company's performance. The first empirical evidence on the relationship between the Coronavirus and firm performance and corporate governance is provided by this study, which adds to the limited body of existing research.

Koutoupis (2021) investigated on corporate governance and COVID-19: a literature review. This study addresses three research questions: What characteristics are present in the literature on corporate governance (CG), environmental, social, and governance (ESG), and corporate social responsibility (CSR) during the Coronavirus disease 2019

(COVID-19) pandemic? What are the subjects in CG in the Coronavirus period? Also, what are the most important areas for future research on CG and COVID-19? Plan/strategy/approach - The creators endeavored an orderly writing survey of 62 examinations distributed in 2020. The authors used three criteria to identify key themes in the literature on CG and the pandemic and four criteria to identify characteristics of the CG and COVID-19 literature. In order to direct future research, the authors looked at the responses to the aforementioned research questions and the proposals from the studies they reviewed. Results: CG in relation to COVID-19 has primarily been studied theoretically and in developed nations. As bookkeeping information are deficient, more examination is expected in all nations (created, arising and other). Further, there are no decisive outcomes with respect to the pertinence of ESG and CSR to monetary execution. To fully explain the impact of COVID-19 on CG, subsequent research should make use of additional data sources and methodologies.

Muharam and Atyanta (2021) researched on the effect of corporate governance on firm performance. The purpose of this study is to investigate how company performance is affected by corporate governance mechanisms. Companies that were listed on the Indonesia Stock Exchange (IDX) from 2016 to 2019 comprised the sample for this study. There were a total of 100 samples used in this study. Purposive sampling is the method of sampling that is used. The annual report of the business served as the source for the research data. This study utilizes different relapse investigation strategy which worked through information handling program IBM SPSS Measurements 25. This study found that the proportion of institutional ownership, independent commissioner, and audit committee had a positive and significant impact on Adjusted Tobin's Q. In the interim, size of governing body and administrative possession found to meaningfully affected Changed Tobin's Q. Adjusted Tobin's Q was found to be positively influenced by firm size and age as control variables, whereas leverage was found to have no effect.

Haron (2020) analyzed a study on corporate governance and firm performance in an emerging market: The case of Malaysian firms. The mechanisms of corporate governance and their effects on company performance in Malaysia are the subject of this research. The CG issues have been the most debated, discussed, and researched since the 1997/98 financial crisis in an effort to improve the CG structure so that it can accommodate all economies, regardless of their economic landscapes. This study used extensive data from

16 years of observation on Malaysian businesses to find that the MCCG is a common strategy used by businesses in Malaysia to boost performance. Firm performance is significantly affected by certain CG mechanisms. Companies appear to operate with a large board size, which suggests that board independence and performance are positively correlated. CEO duality has a negative correlation with performance, supporting the separation of roles. In contrast, board independence and ownership structure have a positive correlation with performance. Firms in Malaysia appear to be influenced by agency theory in their CG structure.

Hermuningsih (2020) conducted a study on corporate governance and firm performance: An empirical study from Indonesian manufacturing firms. The inconsistent outcomes may be attributable to the utilization of various proxies to measure good corporate governance (GCG). In order to improve comparable empirical studies, a new single measure must be used. The reason for this study is to inspect the connection between corporate administration and company's presentation. Purposive sampling was used in this study, and specific criteria were used to select all manufacturing companies that were listed on the Indonesia Stock Exchange (IDX) between 2014 and 2016. Out of 144 qualified organizations, 110 organizations could be handled due to finished information as monetary data from their budget summaries during the exploration time frame. The information was obtained from IDX's official websites. The effectiveness of the GCG is used as a novel metric for corporate governance in this study. By connecting the outputs of sales, assets, and firm equity capital to the inputs of corporate governance components, the governance is calculated. This study concludes, employing financial data from companies listed on the Indonesian Capital Market, that corporate governance significantly improved a company's performance. Most importantly, the study confirms and bolsters the brand-new GCG single measure. This outcome is vital to try not to manage various marks of the corporate administration.

Bhagat and Bolton (2019). Corporate governance and firm performance: The sequel. The most consistently and positively correlated factor between future corporate performance and director stock ownership is Given their strong interest in corporate performance over the long term, public policymakers and long-term investors should find this result particularly relevant. Similarly significant, corporate administration specialists ought to consider chief stock possession as a proportion of corporate administration; this will

likewise support the equivalence of results across various investigations. We looked at data from 2002 in our 2008 paper, corporate governance and firm performance. Our sample period is extended to 2016 in this paper. 14 extra-long periods of information give a strong out-of-test trial of the detail and force of chief stock possession as a proportion of corporate administration. We are also able to capture the dynamics of the financial crisis, the Great Recession, Sarbanes-Oxley (2002), and Dodd-Frank legislation by extending the time period. In this out-of-sample period (2003–2016), we find that director stock ownership is positively and consistently correlated with future corporate performance across a variety of specifications, estimation techniques, and sub-samples. One specific sub-test of extensive public interest is the 100 biggest U.S. monetary establishments around 2008. Both prior to and during the financial crisis, the findings that ownership of bank director stock is positively correlated with future bank performance and negatively correlated with future bank risk are of great interest to senior bank regulators.

Bista (2019) examined a study on impact of corporate governance on dividend policy of Nepalese enterprises by using 14 commercial banks and seven Commercial banks in Nepal for the period of five years. The primary objective of this research is to examine the connection between dividend policy and corporate governance in Nepalese businesses. More specifically, it looks at how Nepalese businesses' dividend policies are affected by factors like company size, liquidity, CEO duality, ROA, foreign ownership, gender diversity on board, managerial ownership, and leverage. This study depends on optional information gathered from 14 business banks and seven Business banks in Nepal. The annual reports of commercial banks and banks are the primary sources of data. The study demonstrates that dividend payout ratio and dividend yield are positively correlated with firm size and foreign ownership. The dividend payout ratio is higher the larger the company and the higher the percentage of foreign ownership. It additionally shows that the more modest the firm size and the lesser the level of unfamiliar proprietorship, the more modest the profit yield. The results of the regression indicate that institutional ownership has a negative effect on the dividend yield and dividend payout ratio.

Danoshana and Ravivathani (2019). The impact of the corporate governance on firm performance: A study on financial institutions in Sri Lanka. Due to the worldwide economic crisis, corporate governance issues have received widespread research attention

for more than three decades. This examination study think about the effect of corporate administration on the presentation of recorded monetary establishments in Sri Lanka as principal objective and suggest a reasonable corporate administration rehearses for further developing execution of recorded monetary organizations. The researcher uses Return on assets and Return on equity as the key variables that defined the firm's performance to achieve these goals. On the other hand, the company's audit committee, board size, and meeting frequency are used as variables to measure corporate governance. For the sample period from 2008 to 2012, 25 of the listed financial institutions were selected as the sample size. The secondary sources will be used to gather the data. The analysis shows that the size of the board and audit committee and the variables of corporate governance have a positive effect on the performance of the company. However, the company's performance suffers as a result of meeting frequency.

Mohan (2018) researched a study on impact of corporate governance on firm performance: empirical evidence from India by using 30 firms for the period of 10 years. Since corporate governance compliance is now required, the study of corporate governance is gaining momentum. Even though it is now required, there are more problems with corporate governance. Policymakers, investors, academics, and other stakeholders in India have also been motivated by the high-profile scandals in Enron, World Com, Satyam, and Tata Mistry. The model takes into account measures of firm performance like the Price to Book ratio (PB ratio) and Firm Size (SIZE), as well as corporate governance characteristics like board composition, board size, and CEO duality. The model utilized for investigation likewise incorporated specific firm unambiguous factors. Financial leverage, asset turnover, and sales growth are the firm-specific variables. The study utilized a panel data OLS regression model for a sample of 30 Bombay Stock Exchange-listed companies to investigate the effect of corporate governance structure on company performance. The consequences of the board information examination show that the CG factor, specifically Chief duality and board size adversely affects firm execution though board structure uncovered no huge effect on firm execution. It demonstrates that firms must separate the CEO and Chair positions to ensure optimal performance and that the monitoring process must be carried out in order to improve firm performance. The outcomes likewise recommend the influence and resource turnover to decidedly affect firm execution. The inclusion of additional performance and corporate governance variables would also be taken into consideration,

so the findings may not be conclusive. Another area that can be investigated is how corporate governance influences company performance, which may vary by industry.

Bulley (2017) analyzed a study on corporate governance and firm performance: evidence from Saudi Arabia by using of 171 listed companies by using the period of 2012 to 2014. This study expected to quantify the effect of Corporate Administration on Firm execution of recorded organizations in Saudi stock trade. The review strategy was a pooled information gathered from the Saudi stock trade (TADAUWL) for the period from 2012 to 2014. 171 publicly traded companies make up the study sample. The study's independent variable is the principles of corporate governance. Firm performance, which was assessed using ROA, SIZE, and Tobin's Q, is the dependent variable. The study also used five control variables to measure the connection between firm performance and corporate governance. In conclusion, the study discovered that the Saudi stock exchange's governance level was 61.4 percent, which is considered high in comparison to previous studies. The study found that the adoption of corporate governance had no significant effect on the operational and financial performance of Saudi stock exchange-listed companies. The study also found that the independence of the Board of Directors and ownership of the largest shareholder have no significant impact on the firm's market performance by testing the Tobin's Q model. The ownership and size of the Board of Directors were found to have a significant impact on the company's performance.

Ahmed and Hamdan, (2015) conducted a study on the impact of corporate governance on firm performance: Evidence from Bahrain Bourse. One of the most significant effects on building market confidence and attracting positive investors in the company specifically and the economy as a whole is recognized as corporate governance. When it comes to attracting investment capital, lowering risk, and improving a company's performance, it is thought that promoting good corporate governance standards is very important. The purpose of this study was to investigate how corporate governance policies affect a company's performance on the Bahrain Bourse. The study's previous literature reviews revealed that corporate governance is effective in enhancing a company's performance. 42 of Bahrain's 48 companies that were listed on Bahrain Bourse between 2007 and 2011 were included in the study sample. Approximately 61.2 percent of our sample firms met the corporate governance variables over the course of the study, according to the descriptive findings. Return on assets (ROA) and return on equity (ROE) are associated

with corporate governance in Bahrain in a significant way, according to the empirical findings. However, corporate governance had no significant impact on earnings per share (EPS), a performance indicator. This study found that corporate governance mechanisms had a positive impact on performance for all of the Bahrain Bourse's businesses.

Pradhan (2015) examined a study on corporate governance and bank performance in Nepal by using Nepalese commercial banks for the period of 8 years. The significance and impact of corporate governance on business performance are examined in this paper. For this study, the bank's performance variables are the return on assets and firm size, which are the dependent variables. The independent variables in corporate governance are the firms' executive chief executives, total assets, and board size. The data come from Nepal Rastra Bank's Banking and Financial Statistics, NRB Directives, corporate governance-related provisions in the Companies Act of 2063 and related bylaws, the Bank and Financial Institution Act of 2063, and Nepal Rastra Bank's supervision report. In addition, various published reports, books, magazines, and articles are analyzed. The Regulation and Supervision Department of Nepal Rastra Bank, the Company Registrar Office, and the relevant bank all provide information regarding compliance with corporate governance laws. The significance and importance of corporate governance in Nepal's commercial banks are evaluated using multiple regression models.

Danoshana (2013) conducted a study on the impact of the corporate governance on firm performance: A study on financial institutions in Sri Lanka. Using 25 of the listed financial institutions from 2008 to 2012 Due to the worldwide economic crisis, corporate governance issues have received widespread research attention for more than three decades. This examination study think about the effect of corporate administration on the presentation of recorded monetary establishments in Sri Lanka as principal objective and suggest a reasonable corporate administration rehearses for further developing execution of recorded monetary organizations. The researcher uses Firm Size and Return on assets as the key variables that defined the firm's performance in order to accomplish these goals. On the other hand, the company's audit committee, board size, and meeting frequency are used as variables to measure corporate governance. For the sample period from 2008 to 2012, 25 of the listed financial institutions were selected as the sample size. The secondary sources will be used to gather the data. The analysis shows that the size of the board and audit committee and the variables of corporate governance have a positive

effect on the performance of the company. However, the company's performance suffers as a result of meeting frequency.

Heenetigala (2011) researched a study on the impact of corporate governance on firm performance in an unstable economic and political environment: Evidence from Sri Lanka. By using the 37 companies for the period of 30 years. Economic growth prospects are thought to be significantly impacted by corporate governance. When it comes to lowering the risk that investors face, attracting investment capital, and enhancing a company's performance, good corporate governance practices are regarded as crucial. However, the economic, political, and social contexts of each nation influence how corporate governance is organized. Thirty years of nationwide conflict in Sri Lanka finished in 2007. It was anticipated that the capital market would have declined during this time period due to the significant impact that the war had on the economy. This was not the situation. In fact, share prices significantly increased. Corporate governance guidelines for listed companies had been established by the government in 2003. The corporate governance initiative and the rise in firms' performance between 2003 and 2007 are linked, according to this paper.

Corporate governance practices and company performance were the focus of this study. The annual reports of 37 of the top 50 listed companies in The Lanka Monthly Digest 50 (LMD) for the years 2003 and 2007 were used to compile the data. These connections suggest that businesses have implemented corporate governance strategies that have improved share price performance and profitability. Wu (2009) looked into a study about how corporate governance affects a company's performance. Utilizing eight financial institutions over the course of eleven years. The primary objective of this research is to investigate how company performance is affected by the corporate governance mechanism. Return on assets, stock return, and Tobin's Q are the variables used in this study to measure the performance of the business. Firm performance is negatively and significantly correlated with board size, CEO duality, stock pledge ratio, and deviation between voting right and cash flow right, according to the empirical findings. In contrast, board independence and insider ownership have a positive and significant impact on company performance.

Table 1

Summary of Empirical Review

SN	Authors	Variables	Method	Findings
1	Dawood (2023)	Board size, Long term CEOs, audit committee size,	Correlation analysis	The research findings indicate a noteworthy enhancement in the comprehension of corporate governance with respect to the overall prosperity of the enterprise.
2	Jebran and Chen (2023)	Risk management committees, Board diversity, Independent directors, Foreign investors, Institutional investors, Concentrated ownership	Literature Review Method	The study suggests that organizations may be affected by one or more of the established governance processes and may learn how these governance features can be useful in the event of a COVID-19 emergency. Our study compares different aspects of governance during the COVID-19 pandemic and finds that some of the most important and effective governance practices are independent risk management committees, institutional ownership, board independence, block holders, and family ownership.
3	Khan (2023)	Board Size, Ownership Structure, CEO Duality, Independence of Audit Committee, Firm Size, Firm Age, Firm Leverage, and Firm Growth.	Regression Analysis	The findings indicate that various factors contribute to a company's success, including its size, age, sustainable growth, strong independence on audit committees, lean board composition, low leverage, and the presence of CEOs serving on multiple boards. It has been found that a company's profitability is adversely affected by excessive levels of leverage, especially when interbank offered rates are high.
4	Musa & Yahaya (2023)	Risk committee size, leverage, asset tangibility, profitability and	Regression Analysis	The results show that risk committee size, leverage, asset tangibility, profitability, and firm size all have a substantial impact on

		firm size		firm value. On the other hand, the value of the company is not significantly impacted by concentrated ownership, board size, audit committee size, compensation committee size, audit quality, or dividend yield.
5	Tasya & Kusuma ning (2023)	board gender diversity, board independence, board attention, and audit committee – and firm performance.	scoring method based and Regressi on	The study's conclusions show that corporate governance—which includes the audit committee, gender diversity on the board, independence on the board, and attentiveness on the board—has a major impact on waste and effluent disclosure. In contrast, there is no discernible relationship between the waste and effluent disclosure of polluting industry businesses listed on the Indonesia Equity Exchange and corporate performance, which was determined using return on assets (ROA) as a proxy.
6	Alabdullah (2022)	Size of board independency, CEO Quality	Regressi on analysis	The current research provides several justifications for corporate governance procedures, such as the effect of CEO duality, independence, and board size on the company's financial performance.
7	Boachie and Mensah (2022)	Earning management, performance, board size	Correlat ion analysis	The findings demonstrate that the effects of earnings management on performance persist even after taking into consideration the unobserved simultaneity, dynamic endogeneity, and time-invariant heterogeneity that are a part of the partnership between performance and earnings management.
8	Huynh (2022)	Corporate governance, Capital structure,	Regressi on analysis	The results show that by raising the percentage of debt in financial leverage, corporate governance drives up the cost of

		Financial Performance		financial distress. Financial leverage mediates the relationship between board independence and size and business performance to some extent, but it mediates the relationship between audit committee size and female directorship and firm performance entirely.	
9	Jesuka (2022)	ROA, Firm Market to Book Ratio	ROE, size, Book	A multilevel regression with fixed and random coefficients	Businesses perform better in Latin American countries with higher sovereign ratings and more robust audit committee and board of director's protocols. Sovereign rating serves varied purposes depending on whether governance features are present or not. Investor protections could be substituted by governance and rating.
10	Guluma (2021)	independent board, board leadership, ownership concentration, performance ROA and TQ	dual	Regression analysis	The results of the study showed a significant and positive correlation between ownership concentration and firm performance as measured by ROA and TQ as well as product market competitiveness.
11	Khatib (2021)	Governance structure, Dividend, liquidity, leverage, ROA		Regression analysis	The analysis's findings demonstrated that the board's size considerably boosts the business's performance. COVID-19 has affected a company's performance, governance, dividends, liquidity, and return on assets (ROA), among other areas of the business. These characteristics have not changed significantly between the pre- and post-pandemic eras.
12	Koutoupi	ROA,	ROE,	Using	In the context of COVID-19, the majority of

- s (2021) Firm size, Hausman test research on CG has been carried out in developed countries and within theoretical frameworks. There is a deficiency of accounting data in all countries (developed, emergent, and other). Furthermore, research on the significance of ESG and CSR for financial performance has shown mixed results. In order to fully comprehend the impact of COVID-19 on CG, future research should make use of additional methodologies and data sources.
- 13 Muharam and Atyanta (2021) Independent commissioner, audit committee, and institutional ownership, size of board, firm size ROA and ROE. Multiple Regression analysis The study's conclusions indicated that Adjusted Tobin's Q was positively and significantly impacted by the number of independent commissioners, audit committees, and institutional ownership. Meanwhile, the magnitude of the management. It was discovered that ownership had no effect on adjusted Tobin's Q. Adjusted Tobin's Q was found to be unaffected by leverage, although firm age and size as control factors had a positive impact.
- 14 Haron (2020) ROA, Firm Market to Book Ratio, Liquidity, ROE, size, Regression analysis on The positive association between ownership structure and performance, as well as the result of board independence, are supported by the negative relationship between CEO duality and role separation. Agency theory seems to be the dominant paradigm affecting the CG structures of Malaysian firms.
- 15 Hermuningsih (2020) Corporate Governance principals, ROA, ROE Correlation Analysis More importantly, the study confirms and validates the new single measure used by the GCG. This result is critical to avoiding

				dealing with several corporate governance indices.
16	Bista (2019)	firm size, liquidity, CEO duality, ROA	Regression analysis	The research indicates that institutional ownership has a negative influence on both the dividend yield and payout ratio.
17	Danosha na and Ravivath ani (2019)	ROA, ROE, board size, CEO duality,	Regression analysis	The results of the analysis indicate that the size of the board and audit committee positively affects the company's success, and that corporate governance factors continue to have a significant effect on the company's performance. Meeting frequency has a negative effect on the company's performance.
18	Mohan (2018)	ROA, ROE, board size, CEO duality,	OLS regression Method	According to the results of the panel data analysis, CEO duality and board size, in particular, have a major negative impact on company performance, although board composition did not significantly affect firm performance.
19	Bulley (2017)	Corporate Governance principals, ROA, ROE	Correlation Analysis	The study test results demonstrate that the adoption of corporate governance has little effect on the financial and operational performance of listed companies on the Saudi stock exchange. Using the Tobin's Q model, the study also discovered that neither the independence of the board of directors nor the ownership of the largest shareholder had any appreciable impact on the company's market performance. It was found that the board of directors' size and ownership had a big influence on the company's performance.

2.4 Research framework

In view of the writing survey and the exploration targets, the ongoing review fosters the applied structure. A research report benefits from a description of the framework in two ways: it identifies research variables and explains how those variables relate to one another. The conceptual framework, which is connected to the problem of the statement, prepares the way for the presentation of the particular research question that will drive the research.

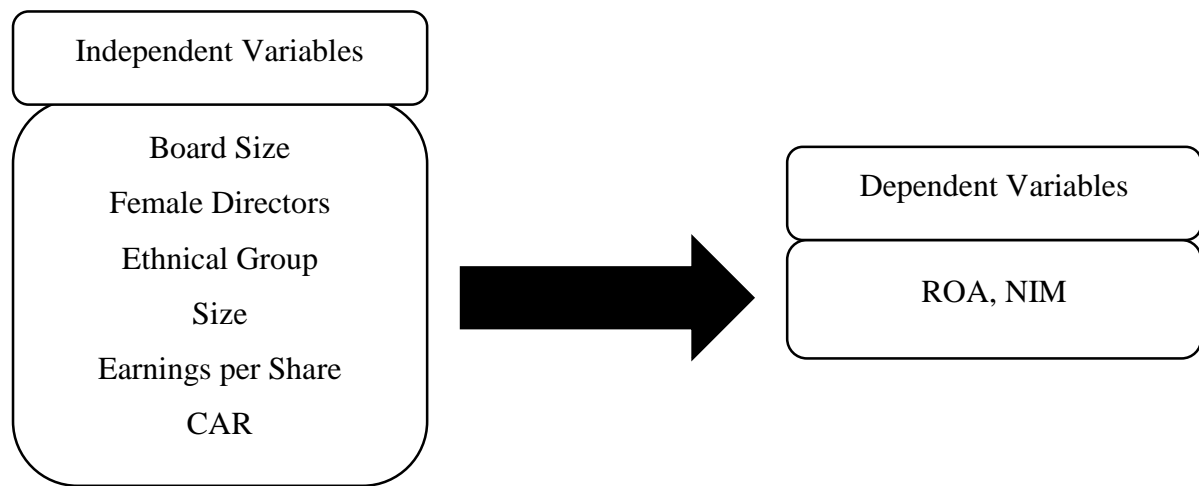


Figure 1

Research Framework

Source: (Ali & Anwar, 2021)

Definitions of Variables

Board Size

The number of directors on the board has a significant impact on the company's performance. Directors are responsible for ensuring that management is operating efficiently and in accordance with established policies and procedures. Directors not only make crucial decisions but also create policies, rules, and regulations on behalf of the organization. As per Jensen (1996) and Lipton and Lorsch (1995), having an enormous number of individuals on a board can cause organization issues and defers in the dynamic cycle, which can bring down a bank's exhibition.

Female Director

Women generally make positive contributions to board tasks, particularly those that are qualitative. Various examinations exhibit their ability in advancing system detailing, resolving issues relating to corporate social obligation, and overseeing the board.

Ethnic Group

An ethnic group is a social group or category of the population that is distinct from the rest of the population and is bound together in a larger society by ties of race, language, culture, or nationality. The majority of contemporary societies exhibit social complexity in the form of ethnic diversity.

Size

A scale that can divide a company into large and small groups based on a variety of factors, such as the total assets or total assets of the company, stock market value, and/or average sales level, is the size of a company. Resource size is utilized as a proportion of the size of an organization, since complete resources are viewed as more steady and mirror the size of the organization. Enormous organizations are considered to have a more modest gamble, since huge organizations are considered to have simpler admittance to the capital market. (Nugraha, 2018).

Earnings per Share (EPS)

The proportion of a company's profit that is allocated to each outstanding share of common stock is known as earnings per share. It is one of the ways to tell how profitable a company is. Higher earnings indicate greater profitability and financial institutions' ability to mobilize funds, and vice versa. According to Wijerathna (2018), EPS serves as the study's independent variable.

Capital Adequacy Ratio (CAR)

A bank's risk-weighted assets are compared to its available capital using the capital adequacy ratio, or CAR. The ratio provides a quick indication of a bank's capacity to cover losses and maintain its solvency in difficult financial times.

The study model

$$ROA = a + b_1BS + b_2LM + b_3EG + b_4Size + b_5EPS + b_6CAR + e$$

$$\text{NIM} = a + b_1\text{BS} + b_2\text{LM} + b_3\text{EG} + b_4\text{Size} + b_5\text{EPS} + b_6\text{CAR} + e$$

Where,

ROA = Return on Assets

NIM = Net interest margin

BS = Board Size

LM = Female Director

EG = Ethnical Group

EPS = Earnings per Share

CAR = Capital adequacy Ratio

a = Intercept

b_1, b_2, \dots = Slope of Independent variables

e = Error

CHAPTER III

RESEARCH METHODOLOGY

Research approach makes sense of the technique and cycle applied in the whole parts of study. Each examination ought to be frame in the deliberate way and hence research system is one of the main pieces of each and every exploration. This study has utilized a variety of research methodology, including the research design, population and sample, data sources, and data collection procedure, in order to accomplish the primary objective of the research.

3.1 Research Design

The examination configuration utilized in this study is unmistakable and causal near research plan. Causal exploration configuration is utilized for portraying the circumstances and logical results between various angles or factors. Causes and effects on company performance include board size, earnings per share, capital adequacy ratio, female directors, and ethnic groups. The standard deviation, correlation coefficient, and regression analysis of sampled banks are examples of various statistical tools that have been analyzed in a similar manner. Research configuration centers around the information assortment strategies, the examination instruments used, and the testing intend to be utilized.

3.2 Sources of Data

Secondary sources provide the necessary information and data. The information comes from the respective banks' annual reports, trading reports, and publications. Additional information about the NRB, relevant websites, and national and international journals.

3.3 Population and Sample

The Nepalese stock market includes a number of different industries, including hydropower, manufacturing and processing, hotels, trading, financial institutions, and commercial banks. In this study 21 business banks. Out of absolute 21 business banks, 10 business bank have been decided for the review.

3.4 Data Collection Procedure

The majority of the necessary data for the study came from surveys and secondary sources. However, opinions were also obtained from a few individual investors, officials from affiliated organizations, SEBON and NEPSE staff, and other associated individuals. Information connected with market costs of offer, market capitalization and unpredictability of NEPSE list and so forth were taken from the exchanging report distributed by NEPSE. We also gathered additional information about related businesses from their websites.

The following is a summary of the collection procedure:

- a) Annual report of the sample banks
- b) Summary sheet of NEPSE

3.5 Method of analysis

It incorporates every one of the gathered information and their translation. The size of the Board, Earnings per Share, capital adequacy ratio, number of Female Directors, and terms for Ethical Groups were all presented and analyzed in the study. The study's conclusion is made abundantly clear in the tables and figures.

a. Descriptive analysis

Brief informational coefficients known as descriptive statistics provide a concise summary of a particular data set. Descriptive statistics can be used to represent a sample of a population or the entire population. Distinct insights are separated into proportions of focal propensity and proportions of inconstancy (spread). Proportions of focal inclination incorporate the mean, middle, and mode, while proportions of inconstancy incorporate standard deviation, difference, least and most extreme factors, kurtosis, and skewness.

b. Correlation analysis

According to Levin & David (1994), "correlation analysis is the statistical tool used to describe the degree to which one variable is linearly related to another." It's useful for determining how strong the linear relationship between two variables is. On the off chance that the upsides of the factors are straightforwardly corresponding, the connection is supposed to be positive. On the other hand, if the values of the variables are inversely

proportional, the correlation is said to be negative, but the correlation coefficient will always be between +1 and -1. The following formula can be used to determine the correlation coefficients (r) that exist between the two variants x and y.

$$\text{Correlation Coefficient (r)} = \frac{n\sum xy - \sum x \sum y}{\sqrt{n\sum x^2 - (\sum x)^2} \sqrt{n\sum y^2 - (\sum y)^2}}$$

Where,

r = coefficient of correlation

$\sum XY$ = Sum of product of two series.

$\sum X^2$ = Sum of squared in X series

$\sum Y^2$ = Sum of squared in Y series

n = number of years

This coefficient can never be greater than or equal to + 1 or less than -1. Hence, + 1 and - 1 are the constraint of this coefficient. The correlation between variables is positive and vice versa when $r = + 1$. Additionally, zero indicated that there was no correlation.

c. Regression Analysis

A collection of statistical techniques for estimating relationships between a dependent variable and one or more independent variables is known as regression analysis. It can be used to model the future relationship between variables as well as evaluate how strong the relationship is between them.

The study model

$$\text{ROA} = a + b_1\text{BS} + b_2\text{LM} + b_3\text{EG} + b_4\text{Size} + b_5\text{EPS} + b_6\text{CAR} + e$$

$$\text{NIM} = a + b_1\text{BS} + b_2\text{LM} + b_3\text{EG} + b_4\text{Size} + b_5\text{EPS} + b_6\text{CAR} + e$$

Where,

ROA = Return on Assets

NIM = Net interest margin

BS = Board Size

LM = Female Director

EG = Ethnical Group

EPS = Earnings per Share

CAR = Capital adequacy Ratio

a = Intercept

b_1, b_2, \dots = Slope of Independent variables

e = Error

d. Test of significance

A statistical test called the t-test is used to see if two groups' means are significantly different from one another. When the population standard deviation is unknown and the sample size is small (typically less than 30), this method is frequently employed. The t-test works out the t-esteem, which is then contrasted with a basic worth in light of the levels of opportunity and level of importance. We reject the null hypothesis and conclude that the means of the two groups are significantly different from one another if the calculated t-value is greater than the critical value (Chen 2020).

In contrast, the F-test is a statistical test used to determine whether two or more groups' variances differ significantly from one another. It is frequently utilized when comparing the variances of various populations or groups. The F-value is calculated using the F-test, and it is compared to a critical value that is determined by the degree of freedom and significance. On the off chance that the determined F-esteem is more prominent than the basic worth, we reject the invalid speculation and infer that the differences of the gatherings are altogether not the same as one another (Wang 2021). The accompanying recipe have been utilized to gauge the t test and f test;

$$t = \frac{r}{\sqrt{1 - r^2}} \times \sqrt{n - 2}$$

Where,

r = Sample correlation between two variables

r^2 = Sample correlation Coefficient

n = No of Pair of observations

Level of significance: Level of significance $\alpha = 5\%$

Tabled or critical values of t at less than a % level of significance for $(n - 2)$ degrees of freedom can be derived from "t" tables.

CHAPTER – IV

RESULTS AND DISCUSSIONS

This chapter presents the collected data regarding the study's variables. Every variable's information is displayed in an alternate figure. In order to determine the responses to the study topics, the data have been evaluated using a variety of statistical methods. Descriptive statistics like mean, maximum, minimum, and standard deviation have been utilized in the calculation of the factors that influence an insurance company's profitability.

4.1 Descriptive Analysis

The clear measurements of the multitude of factors used in the review are shown together in Table 2. The descriptive statistics for each of the variables in the analysis are shown. The mean, maximum, minimum, and standard deviation values are shown in order.

Table 2

Descriptive statistics

Variables	Minimum	Maximum	Mean	S.D.
Net Interest Margin	-338.98	43.96	4.6809	35.526
Return on Assets	.00	3.25	1.6201	.799
Earnings Per Share	-33.46	198.53	34.8001	26.327
Capital Adequacy Ratio	-.59	83.94	16.8013	9.703
Firm Size	-3.20	67.34	22.8962	19.737
Ethnical Group	4.00	13.00	9.0100	1.567
Female Director	.00	5.00	2.1600	1.099
Board size	7.00	11.00	8.3300	1.111

Source Appendix – I and SPSS Output

The descriptive statistics table in Table 2 provides an explanation and a summary of key characteristics for each dataset variable related to corporate governance and firm performance. Net interest margin (NIM), return on assets (ROA), earnings per share (EPS), capital adequacy ratio (CAR), firm size (FA), ethnical group (EG), female director (FE), and board size (BS) are the nine variables that are discussed in the table.

The average value of each variable is shown by the "Mean." For instance, the average NIM and ROA across the studied is 4.6809 and 1.6201, respectively. In a similar vein, the

mean values for BS, EPS, CAR, FS, EG, FD, and BS are, respectively, 34.8001, 16.8013, 22.8962, 9.0100, 2.1600, and 8.3300.

The highest value that was observed for each variable is shown by the "Maximum" label. For instance, the highest NIM and ROA among the ten fiscal years of the respective banks is 43.96 and 3.25, respectively.

The lowest value that was observed for each variable is shown under "Minimum." For instance, the lowest minimum NIM and ROA among the ten fiscal years is 0.00 and -338.98, respectively.

The "Normal Dev." The spread or dispersion of data points around the mean is measured by (Standard Deviation). It gives information about the data's variability. NIM and ROA, for instance, have standard deviations of 35.526 and 0.799, respectively, indicating that their variations are relatively close to the mean. Likewise, the standard deviation of EPS, Vehicle, FS, EG, FD and BS are 26.327, 9.703, 19.737, 1.567, 1.099 and 1.111 individually.

4.2 Correlation Analysis

The correlations between the study's variables are shown in Table 3. If there is correlation between the variables, it is reasonable to assume that at least one variable has an effect on the other.

The Karl-Pearson relationship coefficient between the factors utilized in the examination is displayed in this table. The P-value between additions is displayed. The variables are presented as follows.

Table 3

Pearson's Correlation Analysis

Variables	NIM	ROE	ROA	EPS	CAR	SIZE	EG	FD	BS
NIM	1								
ROE	0.044 0.661	1							
ROA	0.899* 0.044	.246* 0.014	1						
EPS	0.595** 0.003	.253* 0.047	0.317* 0.028	1					
CAR	0.412* 0.017	0.754* 0.02	0.179 0.075	0.077 0.448	1				
Size	0.467** 0.002	-.213* 0.033	0.656* 0.036	-0.096 0.344	-.256* 0.01	1			
Ethical	-0.011 0.131	0.016 0.872	0.093 0.355	-.216* 0.031	-0.033 0.743	.202* 0.044	1		
Fem. Dir	-0.192 0.002	-0.106 0.292	0.049 0.627	0.048 0.632	0.072 0.479	0.138 0.171	0.005 0.961	1	
Board size	0.983* 0.017	-0.137* 0.045	0.096 0.342	-0.163 0.105	-0.056 0.582	0.006 0.953	0.091 0.368	-0.085 0.4	1

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

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

Source: Appendix II and SPSS Output

The correlation matrix depicts the relationship between variables in Table 3. EPS and Size shows decidedly huge relationship with NIM at 1% degree of importance with coefficient of 0.595 and 0.467 where ROA, Vehicle and Board size shows emphatically critical connection with NIM of 0.899, 0.412 and 0.983 at 5% degree of importance. At the 5% level of significance, ROA, EPS, and CAR all have a positive relationship with ROE, while Board size has a negative relationship with ROE.

Size has a high degree of positive and significant relationship with ROA at a 5% level of significance, whereas the relationship between ROA and EPS is 0.317, which demonstrates a moderate degree of positive correlation. There is a weak negative correlation between board size and ROE, which is also significant at the 5% level of significance. The connection among NIM and EPS is serious level of positive associated and the relationship is huge at 1% degree of importance. Size has a significant positive relationship with ethical group of 0.202, while EPS has a significant negative relationship of -0.216.

4.3 Regression Analysis

Regression analysis was mostly used to figure out how the independent factors of the study affected the dependent variable. Dissecting the variables that influence firm execution and testing the speculations were the objectives of the examination.

Table 4

Model Summary of ROA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.281a	.079	.019	.79116

a. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

In this case, the percentage of ROA variability that can be explained by independent variables is represented by r^2 . The changed r^2 is more solid measurements since it accounts the example board size too. The reliability of the correlation and the extent to which it is influenced by the addition of independent variables can be determined using adjusted R-squared. The coefficient's effect on dependent variables is represented by the coefficient's board size for independent variables. The effect's direction is indicated by the coefficient's positive or negative sign. The average distance at which the coefficient deviates from the regression line is referred to as standard error. Dispersion is measured.

Table 5

ANOVA Table

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	222.110	5	44.422	10.571	.000b
	Residual	88.246	21	4.202		
	Total	310.356	26			

a. Dependent Variable: ROA

b. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

The overall summary and significance of the dependent and independent variables can be seen in the ANOVA table. In this table, it demonstrates that the effect of autonomous variable for example working Income Per Offer, Ethnical Gathering, capital ampleness proportion, Female Chief, board size and Firm size on subordinate variable for example Even at the significance level of 0.05, ROA is statistically significant. 0.000. To conclude

that these variables have a significant relationship, the obtained p-value needs to be less than the 5% significance level.

Table 6

Regression Coefficient

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	48.474	7.269		6.669	.000
	Board size	-5.108	.803	-1.144	-6.359	.000
	Female Director	-.169	.115	-.204	-1.465	.158
	Ethnical Group	.695	.391	.378	1.779	.090
	Capital Adequacy Ratio	4.878	2.030	.370	2.403	.026
	Earnings Per Share	-.211	.130	-.209	-1.623	.120
	Firm Size	-.003	.003	-.086	-.726	.473

a. Dependent Variable: ROA

Source: Appendix III and SPSS Output

Table 6 shows that t-cal of 'a' is 6.669 with P-worth of 0.000 or 0.00%. It demonstrates that computed "a" is statistically significant at the 10% level. Board size is statistically significant at the 5% level of significance, whereas Earnings per Share and Female Director are statistically insignificant. Board size has a negative impact on ROA. Ethnical Group and capital adequacy ratio both have a positive effect on ROA; capital adequacy ratio is statistically significant at a significance level of 5%, while Ethnical Group is statistically significant at a significance level of 10%, with coefficients of 4.878 and 0.695, respectively. The regression's p-value is 0.000, which is statistically significant at 0.05 significance, and the r-square value is 7.90%. Therefore, there is a linear relationship between firms' ROA, board size, Ethnical Group, capital adequacy ratio, and Earnings per Share.

Table 7

Model Summary of NIM

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.365a	.133	.077	5.29385

a. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

The model summary's r^2 values indicate that the explanatory variables, such as Autonomous factors made sense of 0.133 or 13.30% percent of the varieties in NIM in the Business banks of Nepal inside the period under study. According to the regression coefficient, there is a significant relationship between NIM and the following variables: earnings per share, ethical group, adequacy ratio, female directors, and board size: 0.035 which is displayed in ANOVA table.

Table 8

ANOVA table

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	400.552	6	66.759	2.382	.035b
	Residual	2606.314	93	28.025		
	Total	3006.866	99			

a. Dependent Variable: NIM

b. Predictors: (Constant), Earnings Per Share, Ethnical Group, adequacy ratio, Female Director, board size, firm size

The overall summary and significance of the dependent and independent variables can be seen in the ANOVA table. In this table, it shows that the effect of autonomous variable for example Ethnic Group, adequacy ratio, earnings per share, female directors, and board size have an impact on the dependent variable, i.e. At significance level 0.05, NIM is statistically significant, 0.035. To conclude that these variables have a significant relationship, the obtained p-value needs to be less than the 5% significance level.

Table 9

Regression Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.208	5.491		3.134	.002
	Board size	.572	.488	-.115	1.171	.245
	Female Director	-.503	.494	-.100	-1.018	.311
	Ethnical Group	.425	.355	.121	1.198	.234
	Capital Adequacy Ratio	-.005	.057	-.009	-.086	.931
	Earnings Per Share	.052	.021	.246	2.455	.016
	Firm Size	-.056	.029	-.202	-1.951	.044

a. Dependent Variable: NIM

Source: Appendix IV

Regression analysis output: coefficient

This model's linear equation is,

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

$$NIM = 17.208 + 0.572 X_1 - 0.503 X_2 + 0.425 X_3 + 0.005 X_4 + 0.052 X_5 + 0.056 X_6$$

Table 9 shows the assessed relapse consequence of Income per Offer, Ethnical Gathering, sufficiency proportion, Female Chief, board size and firm size on NIM. Ethnical Group, earning per share, and board size have positive coefficients of 0.572, 0.425, and 0.052, respectively. This means that when board size, Female Director, and Ethnical Group increase by Rs. 1, NIM increases by 0.572, 0.425, and 0.052. It shows that higher the board size, Female Chief and Ethnical Gathering higher would be the NIM of Nepalese Business banks. The Ethnical Group, Female Director, and board size have positive beta coefficients. It suggests that the profitability of Nepalese commercial banks would decrease the larger the board, the number of female directors, and the ethnic group.

With NIM at the 0.05 level of significance, the constant terms, earning per share, and firm size are statistically significant. Also, board size, Female Chief, Ethnical Gathering, capital ampleness proportion are immaterial with NIM in light of the fact that its p-esteem is more noteworthy than 0.05. The coefficient of assurance (r^2) is 0.133 for example 13.30%. As shown in the table above, the independent variables board size, female director, ethnical group, capital adequacy ratio, and earnings per share are all significant. However, only earnings per share and firm size are significant with NIM, with p-values of 0.016 and 0.044, respectively. With NIM, others are insignificant.

4.4 Discussion

The study's objective is to investigate how corporate governance affects Nepal's bank performance. Mean, median, maximum, minimum, and standard deviation were utilized in this study. Profit is preferred in terms of ROA and ROE, so higher ROA and ROE are preferable to lower ones. The average value of each variable is shown by the "Mean." For instance, the mean return on assets (ROA) depicts the average return on assets for the mutual funds under investigation.

Size has a high degree of positive and significant relationship with ROA at a 5% level of significance, while the relationship between ROA and EPS has a moderately positive

correlation and is statistically significant. This is comparable to what Jebran and Chen discovered (2023). There is a weak negative correlation between board size and ROE, which is also significant at the 5% level of significance. The findings of the study are comparable to those of Bista (2019) and Mohan's investigations. The connection among NIM and EPS is serious level of positive associated and the relationship is huge at 1% degree of importance. Moral gathering has huge positive connection with Size and negative critical connection with EPS which is like the discoveries of Jebran and Chen (2023).

Board size is statistically significant at the 5% level of significance, but Earnings per Share and Female Director are statistically insignificant, which is similar to Khan's findings (2023). ROA is negatively impacted by board size, female directors, and earnings per share. Essentially, ROA is decidedly influenced by Ethnical Gathering and capital ampleness proportion which is like the discoveries of Jesuka, (2022), where capital sufficiency proportion is measurably huge at importance level of 5% and Ethnical Gathering is critical at 10% degree of importance. Therefore, there is a linear relationship between firms' ROA, board size, Ethnical Group, capital adequacy ratio, and Earnings per Share. Similarly, there is a statistically significant negative correlation between Ethnical Group and Female Director. This is in contradiction to the findings of Khatib, which are supported by Koutoupis (2021).

The positive coefficient of board size, Female Chief and Ethnical Gathering demonstrates that when board size, Female Chief and Ethnical Gathering increments by Rs.1, ROE diminishes by separate units. It demonstrates that higher the board size, Female Chief and Ethnical Gathering higher would be the ROE of Nepalese Business banks which is comparable toddler the discoveries of Boachie and Mensah (2022). The Ethnical Group, Female Director, and board size have positive beta coefficients. It demonstrates that higher the board size, Female Chief and Ethnical Gathering lower would be the productivity of Nepalese Business banks. This result is consistent with the findings of Jebran and Chen (2023).

With NIM at the 0.05 level of significance, the constant terms, earning per share, and firm size are statistically significant. Similar to the findings of Bulley (2017) and Muharam and Atyanta (2021), but in opposition to Dawood's findings, NIM's p-value is greater than

0.05, making board size, female directors, ethical groups, and capital adequacy ratios insignificant.

As shown in the table above, the independent variables board size, female director, ethical group, capital adequacy ratio, and earnings per share are all significant. However, only earnings per share and firm size are significant with NIM, while the other variables are insignificant with NIM. While this isn't tantamount to the discoveries of Khanal (2023) and Boachie and Mensah (2022) and Huynh (2022), it is like the discoveries of simulated intelligence Matari (2023) and Khan (2023).

CHAPTER – V

SUMMARY AND CONCLUSION

5.1 Summary

The principal motivation behind the examination study was to see if there exists any connection between corporate administration and its other variable. In order to provide an answer to this question, a number of works on the topic of corporate governance have been discussed. These works discuss the primary variables that have an effect on corporate governance, the drivers that would assist in achieving it, and then how we measure corporate governance. The concept of corporate governance, its dimensions, and the relationship between other variables, on the other hand, have been the subject of research and concept. The descriptive and causal comparative research design was used in this study. Ten commercial banks have been used as samples in this study to investigate the connection between financial performance and corporate governance. Its specific objectives are as follows: i) determining the dimensions that represent banking performance and corporate governance; ii) analyzing the relationship between female directors, ethical group, size, earnings per share, Capital Adequacy ratio, ROA, and NIM of Nepalese Commercial Banks; and iii) examining the effect of female directors, ethical group, size, earnings per share, and capital adequacy ratio on ROA and NIM. Ten of these 21 commercial banks have been chosen as a convenience sample using the convenience sampling method. The data used in this study are secondary. The optional information is gathered through the yearly reports of separate banks. Microsoft Excel and SPSS were used to arrange and analyze the collected data.

5.2 Conclusion

The bigger reason for this study was to decide the corporate administration of the business bank of Nepal and the relationship of corporate administration and saw execution with the other variable which are female chiefs, moral gathering, size, profit per share, Capital Ampleness proportion, ROA and NIM. After looking at the firm presentation and elements of corporate administration it has been found that a connection between the two exists. The findings suggested that corporate governance should be prioritized by commercial banks in order to boost their overall performance.

The finding of the concentrate additionally shows that Female Chief, Size and EPS has unimportant adverse consequence as firm execution of Business banks. Female directors have a negative and statistically significant relationship with size as an asset proxy ($P > 0.5$), as evidenced by a correlation coefficient of -0.508 at the 1% level of significance. It demonstrates that the number of female directors increases with size.

Similarly, as a proxy for revenue, female directors have a negative and statistically significant relationship with revenue. This indicates that liquidity decreases with revenue. Similarly, Size negative and critical connection with SIZE. Additionally SIZE and ROA are emphatically corresponded. Additionally, ROA is harmed by liquidity, firm size and development rate and it isn't critical even at 10% degree of importance. Size is statistically significant at a level of significance of 5%, and revenue is statistically significant at a level of significance of 10%, respectively, on ROA. As a result, SIZE has a linear relationship with firms' liquidity, fixed assets, revenue, and growth rate.

The absence of a board of directors and management members who are distinct from one another, as well as employee dissatisfaction with audit committee performance, is the most common corporate governance issue. The employee also believes that the bank's boards meetings do not take place as required. Albeit the bank have composed set of principles yet they are not performing sufficient. Introduced research exhibits that the administration is a vital organ of a partnership, which is all the more basically expected in the financial area to have a persuasive power on data divulgence.

Similarly, SIZE is adversely affected by firm size, Female Chief and Gross domestic product where firm size is huge 5% degree of importance yet Female Chief and Gross domestic product is genuinely immaterial even at 10% degree of Importance. In a similar vein, leverage and revenue have a positive effect on SIZE; however, revenue and leverage are not statistically significant even at the 10% level of significance. As a result, firms' GDP, leverage ratio, size, and female directors all have a linear relationship with SIZE.

5.3 Implications

The following implications were derived from the study's findings, which identify the insignificant effect of profitability and draw some conclusions.

- This study only looked at the five factors or groups of factors related to corporate governance. However, in addition to the variables mentioned in this study, subsequent research on the relationship may shed light on other variables that may influence corporate governance and perceived performance.
- This study was directed utilizing an example from business bank which can't be summed up across other improvement bank, fabricating organization and money organization.
- Because this study is solely academic, the sample size is small. The sample size should be increased for professional research purposes to reduce error and make the result more widespread.
- Research can be carried out throughout the nation to enhance its accuracy and efficacy. In order to identify the outcome of the banking sector in Nepal, it is suggested that future researchers use a larger sample of participants representing the entire banking sector.
- Due to the negative effects of company size and capital volume on life insurance premiums, commercial banks recommend avoiding excessive debt so that asset return can be increased.
- Future studies will investigate whether commercial banks effectively allocate resources and manage risks, thereby influencing life insurance premiums and affecting risk management practices.

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APPENCIDES

APPENDIX- I

Essential Information of Nepal Investment Mega Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	46.2	40.7	30.9	29.3	29.3	35.7	26.4	17	22	20.7
NIM	1.91	1.77	1.25	0.68	0.83	1.36	2.78	2.91	2.46	1.49
CAR	11.49	11.27	11.9	14.92	13.02	12.66	13.26	13.54	14.71	15.96
LN Size	42.4	44.8	45.6	46.4	48.8	63.6	59.1	56.3	60.3	60.8
Ethnical	12	10	9	8	9	11	10	10	8	8
Female Dir.	4	2	1	3	3	4	1	2	2	2
ROA	2.6	2.3	1.9	2	2.1	2.13	1.79	1.19	1.56	1.55
Board Size	9	9	7	7	11	9	9	8	8	8

(Source: Annual Report of Nepal Investment Mega Bank)

Essential Information of Laxmi Sunrise Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	15.46	11.03	19.27	23.94	16.76	18.13	20.94	15.16	15.25	19.39
NIM	3.74	4.94	2.9	1.22	1.37	1.24	1.03	1.86	1.39	1.3
CAR	11.8	11.49	11.11	12.05	14.47	13.38	13.22	14.38	13.41	12.35
LN Size	38.21	42.26	43.27	45.5	45.25	55.99	59.84	61.13	63.43	67.34
Ethnical	12	11	8	7	10	12	13	12	8	11
Female Dir.	0	1	1	2	2	2	4	3	2	2
ROA	1.19	0.83	1.26	1.62	1.61	1.78	1.8	1.17	1.05	1.15
Board Size	9	9	9	9	8	8	9	9	8	7

(Source: Annual Report of Laxmi Sunrise Bank Limited)

Essential Information of Rastra Banijya Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	21.79	21.38	54.07	27.42	32.32	30.26	56.04	48.61	37.27	34.85
NIM	5.32	6.38	5.35	4.25	3.77	4.75	4.59	4.08	3.23	2.09
CAR	2.94	4.62	10.16	10.46	10.39	11.46	13.39	12.64	13.46	13.29
LN Size	43.89	44.98	50.95	52.88	46.96	31.48	30.57	24.53	22.45	18.92
Ethnical	10.22	9.1	8.23	8.32	7.78	9.2	8.97	9.63	6.99	7.93
Female Dir.	15.78	19.38	14.48	14.09	9.6	5.29	6.44	7.32	3.54	7.32
ROA	1.26	1.47	3.22	1.42	1.6	1.42	2.23	1.64	1.1	1.3
Board Size	7	7	7	9	11	11	10	8	8	8

(Source: Annual Report of Rastra Banijya Bank Limited)

Essential Information of Agricultural Development Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	45.09	59.03	35.19	78.83	52.79	36.91	42.88	31.45	29.13	14.41
NIM	8.98	5.85	5.46	5.35	4.36	3.5	3.29	2.84	1.88	2.09
CAR	19	16.34	14.93	13.9	17.16	20.33	20.37	19.29	16.94	15.59
LN Size	42.11	40.45	42.19	42.28	42.47	28.88	24.72	21.87	33.67	28.07
Ethnical	4	7	7	9	11	13	13	13	11	10
Female Dir.	4	4	5	2	2	2	2	3	2	2
ROA	2.9	2.97	1.76	0.93	0.58	2.71	2.77	1.86	1.59	0.9
Board Size	7	7	7	7	8	8	8	9	7	7

(Source: Annual Report of Agricultural Development Bank Limited)

Essential Information of Kumari Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	18.89	-33.46	17.27	17.24	8.71	15.19	28.38	13.94	14.93	19.4
NIM	6.6	6.01	5	5.1	5.56	4.38	4.05	4.38	3.45	3.19
CAR	16.42	11.67	13.93	13.83	16.07	17.18	16.54	14.2	13.26	11.72
LN Size	2.65	-3.2	8.97	8.82	8.95	9.61	6.94	12.99	39.18	17.58
Ethnical	10	10	10	10	9	9	8	8	8	8
Female Dir.	2	2	2	3	2	1	0	0	1	1
ROA	3.22.4	2.8	2.7	2.41	2.62	3.11	1.49	1.87	2.11	2.31
Board Size	7	7	9	9	9	11	8	9	9	9

(Source: Annual Report of Kumari Bank Limited)

Essential Information of Sanima Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	6.04	15.13	19.28	24.47	32.55	26.31	21.22	28.22	20.18	23.94
NIM	5.72	12.58	15.09	18.19	22.69	14.39	18.67	23.2	16.09	18.54
CAR	37.25	17.18	33.09	22.68	23.04	16.38	15.27	12.33	16.35	20.26
LN Size	2.44	4.05	2.47	3.79	2.11	3.71	4.32	6.05	4.12	3.69
Ethnical	8	8	8	11	11	9	9	9	10	10
Female Dir.	1	0	3	3	1	0	0	2	2	2
ROA	0.89	1.39	1.46	1.55	1.78	1.86	1.85	2.07	1.41	1.44
Board Size	7	7	7	7	9	9	8	9	9	9

(Source: Annual Report of Sanima Bank Limited)

Essential Information of Nabil Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	83.23	91.05	76.12	57.24	59.27	59.86	51.84	50.57	36.16	33.57
NIM	7.38	5.79	4.34	2.29	2.56	4.33	6.08	7	4.84	3.12
CAR	30.25	32.78	27.97	22.73	25.61	26.65	20.94	17.76	13.61	15.19
LN Size	11.05	11.2	11.38	11.66	11.76	11.85	12.04	12.21	12.38	12.58
Ethnical	8	8	7	9	9	8	8	9	7	9
Female Dir.	1	1	2	2	1	1	1	0	2	1
ROA	3.25	2.89	2.06	2.32	2.69	2.61	2.11	1.58	1.71	1.2
Board Size	9	9	9	7	9	7	7	9	11	11

(Source: Annual Report of Nabil Bank Limited)

Essential Information of Nepal Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	198.53	18.08	7.48	44.59	38.77	39.98	26.99	20.68	23.43	17
NIM	22.53	9.6	11.55	17.46	18.81	4.06	4.53	4.19	3.49	4.17
CAR	-0.59	4.55	7.49	10.2	14.47	16.8	17.01	16.8	15.05	16.81
LN Size	10.98	11.17	11.26	11.39	11.55	11.63	11.83	12.05	12.16	12.31
Ethnical	7	8	7	8	8	9	9	8	7	7
Female Dir.	2	2	1	3	2	2	1	1	2	3
ROA	0	0.01	0.01	0.01	0.03	0.03	0.02	0.02	0.01	0.01
Board Size	7	7	8	7	8	9	9	9	8	8

(Source: Annual Report of Nepal Bank Limited)

Essential Information of Himalayan Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	34.19	33.1	33.37	43.03	33.55	23.11	32.44	27.6	28.07	18.26
NIM	-338.98	43.96	13.35	29.41	13.82	11.90	5.88	5.95	13.29	17.85
CAR	11.55	11.23	11.14	10.84	12.15	12.46	12.6	14.89	13.89	11.75
LN Size	2.45	2.42	2.41	2.38	2.5	2.52	2.53	2.7	2.63	2.46
Ethnical	7	9	9	10	9	9	8	10	10	9
Female Dir.	4	4	2	2	3	3	3	2	3	4
ROA	1.54	1.3	1.34	1.94	2.03	1.67	2.21	1.79	1.68	1.09
Board Size	8	8	8	8	8	9	9	9	7	9

(Source: Annual Report of Himalayan Limited)

Essential Information of Everest Bank Limited

(Rs.in Million)

Fiscal Year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
EPS	88.55	91.88	86.04	78.04	40.33	32.48	32.78	38.05	29.71	19.91
NIM	15.19	16.91	24.27	16.16	16.52	17.75	18.56	14.43	18.5	6.5
CAR	11.67	17.32	30.58	27.17	83.94	41.66	20.23	17.5	22.72	37.06
LN Size	10.93	11.09	11.16	11.5	11.64	11.67	11.88	12.04	12.13	12.26
Ethnical	8	8	9	9	9	8	8	8	9	9
Female Dir.	2	2	2	4	4	3	4	3	3	3
ROA	2.39	2.25	1.85	1.85	1.83	1.97	1.94	1.42	0.89	1.13
Board Size	7	7	7	8	7	9	9	9	10	10

(Source: Annual Report of Everest Bank Limited)

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ABSTRACT Corporate governance refers to the collaboration between top management, the board of directors, and shareholders in shaping the company's performance and direction. It also explores how the corporation's governance objectives align with its stakeholders. The primary aim of the study is to identify the key characteristics of corporate governance that influence banking performance and to examine the link between governance and bank performance. Specifically, the study focuses on analyzing