

**CORPORATE GOVERNANCE AND FINANCIAL
PERFORMANCE OF COMMERCIAL BANKS IN NEPAL**

A Dissertation Submitted to the Office of the Dean, Faculty of Management in partial
fulfillment of the requirements for the Master of Business Studies (MBS)

By

Janaki Kumari Singh

Campus Roll No: 16/2077

Exam Roll No: 35581/21

T.U. Regd. No: 7-2-39-206-2016

Shanker Dev Campus

Specialization: Finance

Kathmandu, Nepal

July, 2024

CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled **“Corporate Governance and Financial Performance of Commercial Banks 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 this dissertation.

.....
Janaki Kumari Singh

Date:

REPORT OF RESEARCH COMMITTEE

Ms. Janaki Kumari Singh has defended research proposal entitled “**Corporate Governance and Financial Performance of Commercial Banks 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 Dr. Dillram Bhandari Submit the dissertation for evaluation and viva-voce examination.

.....
Dr. Dilliram Bhandari
Dissertation Supervisor

Dissertation Proposal Defended Date:

.....

Dissertation Submitted Date :

.....

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

Dissertation Viva-voce Date:

.....

APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled “**Corporate Governance and Financial Performance of Commercial Banks in Nepal**” presented by Janaki Kumari Singh 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 dissertation is worthy of acceptance.

.....
Dr. Dilliram Bhandari
Dissertation Supervisor

.....
Internal Examiner

.....
Internal Expert

.....
External Expert

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

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

ACKNOWLEDGMENT

I would like to forward my deepest gratitude to Dr. Dilliram Bhandari of Shanker Dev Campus who supports me with their invaluable scholarly supervision, constructive comments and suggestions that allow me to furnish this thesis report in this final format.

I would like to pay my sincere thanks to Asso. Prof. Dr. Sajeeb Kumar Shrestha, Head of Research Department and Asso. Prof. Dr. Krishna Prasad Acharya, Campus Chief of Shanker Dev Campus. Besides, I would also like to thank to other respected teachers of Shanker Dev Campus and all the staff of this campus for their help in providing me various kinds of suggestions, information and comments.

Further, my deep regard to the my friends and known and unknown individual who helped to collect the data at preliminary stage of this dissertation writing.

It is the matter of my immense pleasure to express my deep sense of gratitude and heartfelt respect to my parents for their affection, inspiration and incredible support to precede my academic career.

Janaki Kumari Singh

TABLE OF CONTENTS

<i>CERTIFICATION OF AUTHORSHIP</i>	<i>ii</i>
<i>REPORT OF RESEARCH COMMITTEE</i>	<i>iii</i>
<i>APPROVAL SHEET</i>	<i>iv</i>
<i>ACKNOWLEDGMENT</i>	<i>v</i>
<i>TABLE OF CONTENTS</i>	<i>vi</i>
<i>LIST OF TABLES</i>	<i>vii</i>
<i>LIST OF FIGURE</i>	<i>viii</i>
CHAPTER – I: INTRODUCTION.....	1-6
1.1 Background of the study	1
1.2 Problem Statement	3
1.3 Objectives of the Study	4
1.4 Rationale of the Study	4
1.5 Limitations of the study.....	6
CHAPTER-II: LITERATURE REVIEW	7-28
2.1 Theoretical Review	7
2.3 Empirical Review	11
2.4. Research Gap.....	28
CHAPTER-III: RESEARCH METHODOLOGY	29-35
3.1 Research Design.....	29
3.2 Population and Sample, and Sampling Design	29
3.3 Nature and Sources of Data, and the Instrument of Data Collection	30
3.4 Method of Analysis	30
3.5 Research Framework and Definition of Variables.....	32
CHAPTER –IV: RESULTS AND DISCUSSION.....	36-47
4.1 Results	36
4.2 Discussion	45
CHAPTER – V: SUMMARY AND CONCLUSION	48-51
5.1 Summary	48
5.2 Conclusion.....	49
5.3 Implications.....	51
REFERENCES.....	52
APPENDIX.....	57

LIST OF TABLES

	Page No.
Table 1 Summary of Empirical Review.....	20
Table 2 List of commercial banks selected for the study along with the study period and number of observations	30
Table 3 Descriptive Statistics of all Variables of Sample Banks.....	37
Table 4 Karl Pearson's Correlation Analysis of Study Variables	38
Table 5 Model Summary	40
Table 6 Analysis of Variance (ANOVA).....	41
Table 7 Regression Analysis for Dependent Variable ROA.....	42
Table 8 Model Summary	43
Table 9 Analysis of Variance (ANOVA).....	44
Table 10 Regression Analysis for Dependent Variable ROE	44

LIST OF FIGURE

Page No.

Figure 1 Research Framework.....32

ABBREVIATIONS

&	:	And
AC	:	Audit Committiee
BS	:	Board size
FS	:	Firm Size
MBL	:	Machhapuchchhre Bank Ltd
MBS	:	Master in Business Studies
NI	:	No. of Independent Board
NRB	:	Nepal Rastra Bank
NW	:	No. of Women in Board
RBB	:	Rastriya Banijya Bank
ROA	:	Return on Assets
ROE	:	Return on Equity
SD	:	Standard Deviation
TU	:	Tribhuvan University

ABSTRACT

This thesis examines how corporate governance impacts the financial performance of commercial banks in Nepal, focusing on variables such as firm size (FS), board size (BS), the number of women on the board (NW), the number of independent directors (NI), and the audit committee (AC). Using data from ten banks over a decade (2013/14 to 2022/23), the study finds significant correlations between governance factors and financial performance. Specifically, firm size (FS), board size (BS), and the number of independent directors (NI) are negatively associated with return on assets (ROA) and return on equity (ROE), suggesting that larger firms and boards, as well as more independent directors, may lead to lower financial performance. In contrast, a higher number of women on the board (NW) and a strong audit committee (AC) show positive correlations with ROA and ROE, indicating that increased diversity and effective audit committees could improve financial performance. Regression analysis supports these findings, revealing that corporate governance variables significantly affect financial performance. However, the study also finds that the number of women on the board (NW) negatively impacts ROA, while the audit committee (AC) has a minor positive but insignificant effect. The research underscores the intricate link between corporate governance and financial outcomes, suggesting that additional research is needed to further understand these dynamics and emphasizing the crucial role of effective governance practices.

Keywords: *firm size, board size, women in board, independent board member, audit committee, ROA & ROE*

CHAPTER-I

INTRODUCTION

1.1 Background of the study

The term "corporate governance" describes how a firm is managed and controlled in an effort to lessen or completely eradicate principal-agent conflicts. The manager is granted authority by the principle to operate in the principal's best interest. The banking industry in Nepal still has to fully implement good governance standards before it can develop into a more stable and competitive economic sector. A key component of the corporate governance framework is the board.

Since morality and ethical behavior within organizations provide an overall social and legal climate that promotes good corporate governance, corporate governance has become a hot topic among academic and business specialists. Financial decisions are clearly made with due process in mind, and strategic decision makers consider a wider range of objectives rather than focusing on specific company goals. Executives, for example, are more concerned with their personal interests than with the benefits to society or their workers. Corporate governance has been a popular topic in past and contemporary literature because it tries to decrease conflicts between organizations and shareholders' shortcomings (Nahar et al.,2022).

Corporate governance variables such as board size, the number of women on the board, the number of independent board members, the audit committee's structure, and firm size can significantly influence the financial performance of commercial banks. The interplay of board size, gender diversity, board independence, audit committee effectiveness, and firm size has a profound impact on the financial performance of commercial banks. These governance factors contribute to strategic decision-making, risk management, resource allocation, and operational efficiency, ultimately affecting key performance metrics like ROA and ROE. Understanding these dynamics is crucial for stakeholders aiming to optimize governance practices and achieve superior financial outcomes in the banking sector.

The financial performance of commercial banks is influenced by several factors, including efficient and effective corporate governance structures and mechanisms

(Fajriyanti et al., 2021). However, weak corporate governance structures and mechanisms have been reported to cause failures in managing banking risks, leading to poor financial performance (FP) and, ultimately, the failure of the banking industry (Tarchouna et al., 2022). Additionally, previous research by scholars such as Velliscig et al. (2022) and Thaker et al. (2022) indicated that the poor quality of commercial banks' assets is associated with weak and ineffective corporate governance, which negatively affects performance.

In the context of Nepal, Corporate governance plays a crucial role in the financial performance of commercial banks in Nepal. In recent years, the Nepalese banking sector has undergone significant transformation due to regulatory reforms and increased emphasis on transparency and accountability. These changes have been aimed at aligning the banks with international best practices and enhancing their competitive edge. Effective corporate governance mechanisms ensure that banks operate efficiently, manage risks appropriately, and maintain the confidence of investors and stakeholders. The correlation between corporate governance and financial success holds particular significance in Nepal, given the banking industry's significant economic contribution. Commercial banks in Nepal can improve financial results, promote economic expansion, and support the general stability of the financial system by raising governance standards.

This study aims to understanding the impact of corporate governance on the financial performance of commercial banks in Nepal. This study focuses on analyzing various the board size, firm size, the presence of women on boards, audit committees, and the number of independent board members, and how these factors influence financial performances. By examining the relationships between corporate governance with financial performances of Nepalese commercial banks. The study aims to uncover the extent to which governance practices affect the financial health and efficiency of Nepalese banks. Additionally, it seeks to determine the specific impact of these governance elements on ROA and ROE, thereby providing insights that can help enhance the overall corporate governance framework within the banking sector in Nepal.

1.2 Problem Statement

Corporate governance refers to the system of rules, practices, processes, and structures by which corporations are directed, controlled, and managed. It encompasses the relationships and responsibilities among a company's management, its board of directors, its shareholders, and other stakeholders. The primary objective of corporate governance is to ensure that the company operates in an ethical, transparent, accountable, and responsible manner, with the best interests of stakeholders, particularly shareholders, being paramount. Financial performance of bank is presented through its financial statements. However overall financial performance may not be depicted by its financial reports.

In order to help Nepalese commercial banks create plans to strengthen their corporate governance, this research examines certain elements that are important to corporate governance. This guarantees the bank's existence and improves its competitive position in the banking sector—especially in this age of intense competition. In order to improve the working environment, the research offers banks guidance on how to establish good governance, which raises the degree of corporate governance inside the banks, particularly in areas where expectations and reality diverge significantly. The report will provide as a roadmap for future investigations into corporate governance in the banking sector or other relevant fields. Banks can assess policies and initiatives for their efficacy by using enhanced recommendations. Better standards allow banks to benchmark their strategies and policies for a productive workplace, which may lead to quality improvement programs and an overall improvement in the banking industry. These improvements may also have a spillover impact on other areas of the economy.

Commercial banks are essential as middlemen in fostering confidence and public trust among those involved in the banking system. Due to the industry's high level of trust, any flaws in the administration or system will undermine public confidence and negatively impact the nation's economic prospects. For a number of years, Nepal has struggled to preserve macroeconomic stability. Serious macroeconomic issues facing the country at the moment include low GDP, high unemployment, a significant balance of payments deficit, an expanding trade imbalance, and high and ongoing inflation. Add to it the banking and liquidity crisis, which has had major repercussions both inside and beyond the banking industry. It was mostly brought on by banks and financial institutions (BFIs), with support from Nepal Rastra Bank, the central bank.

The purpose of this study is to determine how corporate governance affects Nepalese commercial banks' financial results. For this following problem statement is going to be consider by this study.

- i. What is the relationship between FS, BS, NW, NI and AC with ROE and ROA of sample commercial banks in Nepal?
- ii. Does the board size, firm size, women in board, audit committee, no of independent board have an impact on the ROA & ROE of sampled commercial banks in Nepal?

1.3 Objectives of the Study

The major objective of this study is to examine and analyze the impact of corporate governance on financial performance of sampled commercial banks in Nepal. This study aims to achieve following specific objectives:

- i. To assess the relationship between of the board size, firm size, women in board, audit committee, no of independent board with ROE and ROA of sampled commercial bank in Nepal.
- ii. To analyze the impact of board size, firm size, women in board, audit committee, no of independent board have an impact on the ROA and ROE of sampled commercial bank.
- iii. To examine the influence of the board size, firm size, women in board, no of independent board and audit committee on the ROA and ROE of commercial banks in Nepal.

1.4 Rationale of the Study

Commercial bank; one of the prominent part of financial and banking system, is the foundation of country's economic development. This study will be focused on the evaluation the impact of corporate governance on financial performance of commercial banks in Nepal.

Research is conducted to create certain value to current knowledge. So, this study will be helpful to fill the research gap on the study of impact of corporate governance on financial performance of sampled commercial banks. This study will provide guideline for improving its performance to achieve the banks overall objectives.

Similarly, this study helps banks to identify its hidden weakness regarding corporate governance practice.

Following are the rational of the study:

- i. This study will be helpful to the promotes the transparency in financial reporting and disclosure.
- ii. This study is useful for identifying assessing and managing risks effectively.
- iii. This study will assist in analyzing the impact of corporate governance on financial performance of sample commercial banks.
- iv. This study will help for alignment of interest in the sample banks for the effective financial performance.
- v. This study is also significant to the fellow researcher to get brief and in-depth knowledge and get valuable finding of research for review purpose.

1.5 Hypothesis

The purpose of this study is to see how corporate governance variables affects the financial performance of Nepalese commercial banks. board size (BS) has a negative and statistically insignificant effect on firm performance (Gull et.al, 2024). Firm size have a positive and significant effect on banking financial performance (Prawiti et al. 2023). Board independent, Board size, Board female gender mechanisms continue to be a critical component of corporate governance in achieving any organization's objectives, financial or otherwise (Orumwense and Orumwense, 2023). The study produces the following hypothesis based on the above literatures. The following hypothesis has been presented for the study based on the aforementioned objectives:

- i. H1: The financial performance of Nepalese commercial banks is negatively impacted by the size of the board.
- ii. H2: The financial performance of Nepalese commercial banks is positively impacted by business size.
- iii. H3: The financial performance of Nepalese commercial banks is positively impacted by the number of women on the board
- iv. H4: The financial performance of Nepalese commercial banks is positively impacted by the audit committee.

- v. H5: The financial performance of Nepalese commercial banks is positively impacted by the number of independent boards.

1.6 Limitations of the Study

One of the contentious research areas that this study attempts to address in the Nepalese context is the impact of corporate governance characteristics on the financial performance of Nepalese commercial banks. Even with constant efforts to draw significant conclusions from the research, there are always a few limitations because of several elements such as the study time, institutions, tools, procedures, and variances as well as the dependability of the statistical data. Therefore, the following are the major limitations of this study:

- i. There are many factors that have an impact on the financial performance of banks. This study has only used return on assets and return on equity to measure the financial performance and have not considered variables such as interest rate, EPS, management efficiency, inflation, dividend policy etc. that may have an impact on the financial performance of banks.
- ii. This study is based on secondary data only and does not consider any primary data.
- iii. This study has not considered non-linearity biases which limit the scope of the study. Similarly, auto correlation, multicollinearity and heteroscedasticity tests are not carried out in this study.
- iv. This study has only considered the data of commercial banks and has ignored other financial institutions.
- v. This study has only taken Ten years data from the period of 2013/14 to 2022/23 of 10 commercial banks out of 20 commercial banks. Hence, the result may not reflect the real situation of impact of the selected variables on the financial performance of banks due to less observation and less sample size.
- vi. This study has made no attempt to examine the reliability of secondary data. Hence, the validity and reliability of result are dependent upon the accuracy of secondary data and information published by the sources.

CHAPTER-II

LITERATURE REVIEW

Going through previous studies and books with the purpose of knowing the research issue in detail and find out appropriate methodology is known as literature review. It is a written overview of major writings and other sources on a selected topic. Sources covered in the review may include scholarly journal articles, books, government reports, Web sites, etc. The literature review provides a description, summary and evaluation of each source. A literature review's objective is to present what information and ideas have been developed on a specific subject in past times, as well as their strengths and limitations. It allowed us to remain up-to-date on the matters related to research issue and familiarizes us with any contrasting perspectives on the topic. The main reason for a full review of research in the past is to know the outcomes of those investigations in areas where similar concepts and methodologies had been used successfully. This portion has been classified into three parts.

- Theoretical Review
- Empirical Review

2.1 Theoretical Review

The theoretical review for the thesis on the impact of corporate governance on financial performances of commercial banks in Nepal involves examining related theories that will provide a foundation for understanding the relationships between mechanism of Corporate governance and financial performances.

Theoretical Foundations of Corporate Governance

Agency Theory

Agency theory focuses on the conflicts of interest between principals (shareholders) and agents (managers). Shareholders delegate decision-making authority to managers, who may not always act in the best interests of shareholders. This theory suggests the need for mechanisms such as boards of directors, performance-based compensation, and auditing to align the interests of managers with those of shareholders.

Stewardship Theory

Stewardship theory posits that managers, left on their own, will act as responsible

stewards of the assets they control. Unlike agency theory, it assumes that managers are motivated by intrinsic rewards such as job satisfaction and recognition. This theory emphasizes trust and empowerment of managers, suggesting that less monitoring and more autonomy may lead to better corporate performance.

Stakeholder Theory

Stakeholder theory extends the scope of corporate governance beyond shareholders to include all parties affected by corporate actions. This includes employees, customers, suppliers, and the community. This approach advocates for inclusive decision-making processes and policies that consider the interests of all stakeholders, potentially leading to more sustainable and ethical business practices.

Resource Dependency Theory

This theory focuses on the role of board members in providing access to resources needed by the firm, such as information, expertise, and connections. It suggests that a diverse and well-connected board can enhance a firm's ability to secure critical resources, thereby improving its performance and sustainability.

Transaction Cost Economics

This theory examines the costs of transactions and the ways firms can organize to minimize these costs. It highlights the role of corporate governance in reducing transaction costs through mechanisms such as contracts, monitoring, and hierarchical control. Efficient governance structures are those that minimize the costs of managing relationships between stakeholders and within the firm.

Mechanisms of Corporate Governance

Corporate governance involves mechanisms and processes to ensure the effective management and control of corporations. Key elements of corporate governance include the board of directors' size and composition, firm size, the presence of women on the board, the audit committee, and the number of independent directors. This review examines the theoretical underpinnings and implications of these factors. The relationship between corporate governance and financial performance in commercial banks has been the subject of extensive empirical research. Effective corporate governance is believed to enhance the financial performance of banks by improving decision-making processes, reducing risks, and increasing transparency. This review

examines empirical studies that explore how various aspects of corporate governance affect the financial performance of commercial banks

Board Size

A larger board may provide better oversight and reduce agency costs by increasing the monitoring of management. However, excessively large boards might suffer from coordination problems and reduce the effectiveness of decision-making. A larger board brings diverse resources, skills, and connections, enhancing the firm's ability to secure critical resources and navigate complex environment. Studies have shown mixed results, with some finding that larger boards improve performance due to increased monitoring and resource availability, while others suggest that smaller boards are more cohesive and effective in decision-making.

Some studies find that larger boards can bring a diverse set of skills and perspectives, which can enhance decision-making and oversight. For example, Andres and Vallelado (2008) found that banks with larger boards had better financial performance due to improved monitoring and advisory roles. Other studies suggest that too large boards may suffer from coordination problems and slower decision-making processes, negatively affecting performance. Yermack (1996) found that smaller boards were associated with higher market valuations.

Firm Size

Transaction Cost Economics: Larger firms have more complex operations, requiring more robust governance mechanisms to manage increased transaction costs. **Resource Dependency Theory:** Larger firms typically have greater resource needs and thus benefit from a more diverse and resource-rich board. Larger firms tend to have more formalized governance structures, including larger boards and more specialized committees. They also attract directors with more diverse backgrounds and expertise, which can enhance governance quality.

Larger banks often benefit from economies of scale and greater access to capital markets. Research by Berger and Mester (1997) indicates that larger banks tend to have better financial performance due to their ability to diversify risks and invest in technology. However, some studies argue that beyond a certain size, banks may face diseconomies of scale and increased bureaucratic inefficiencies. Studies like those by

Laeven and Levine (2007) show that excessively large banks can become too complex to manage effectively, which may hurt performance.

Number of Women on the Board

Increasing the number of women on boards is aligned with broader societal goals of gender equality and can improve the firm's reputation among stakeholders. Women bring unique perspectives and skills, contributing to a more diverse and effective board. Research suggests that gender-diverse boards are associated with better financial performance, improved decision-making, and enhanced corporate social responsibility. However, the impact may vary depending on the industry and cultural context.

Martínez et al (2019, September) of this study show that the increasing number of women on boards is positively related to higher financial performance. Moreover, as expected, the gender mandatory law boosts the female proportion on boards of directors. Consequently, there are valid business as well as ethical arguments to support mandatory gender legislation.

Audit Committee

The audit committee plays a crucial role in monitoring management and ensuring the integrity of financial reporting, thus reducing information asymmetry and agency costs. A well-functioning audit committee supports managers in their role as stewards of the company by ensuring accurate financial reporting and compliance. The presence of an independent and competent audit committee is generally associated with higher quality financial reporting and lower incidences of financial fraud. It also enhances investor confidence and firm valuation.

Aanu et al. (2014) analyzed the size and meetings of the audit committee and found no significant relationship with performance variables. This study therefore recommends that the audit committee should be made more effective by ensuring that its members are independent non-executive directors and that more members with financial expertise, especially accounting expertise, are drafted into the audit committee. Additionally, audit committee meetings should be tailored toward relevant issues that enhance the financial performance of the firm.

Number of Independent Directors

Independent directors are crucial for effective monitoring and controlling management actions, ensuring that decisions align with shareholders' interests. Independent directors can provide unbiased advice and support to the management, fostering a collaborative governance environment. Firms with a higher proportion of independent directors tend to exhibit better governance practices, including more rigorous oversight, improved financial performance, and reduced likelihood of corporate misconduct.

2.3 Empirical Review

Sthapit and Vaidya (2024) examined the corporate governance (CG) practices prevalent in south Asian countries and attempted to compare the contrast of two countries namely India and Nepal. The study is a narrative review that includes information from books, research papers, external affairs ministry, government statistics, published publications, and standard organizations. Theoretical assessments suggest that, despite financial scandals in both nations, India has benefited from a trailblazer in implementing CG methods extensively, giving it an advantage over Nepal. On the other hand, thanks to its workforce, proximity to India politically and geographically, and thriving economy, Nepal has made the required moves to advance up the corporate ladder.

Gul et al. (2024) investigated the nexus between corporate governance (CG) and financial performance (FP) in Pakistan's automobile sector, emphasizing the mediating role of green investment (GI). The study analyzed data from 2011 to 2021 for companies listed on the Pakistan Stock Exchange (PSX), specifically focusing on the automobile sector, using a descriptive-correlational approach and census sampling technique. Data was gathered from annual reports, and various statistical methods, including diagnostic tests, descriptive and correlation analysis, the GLS model, and mediation analysis via STATA, were employed. The study revealed that managerial ownership (MO) and audit committees (AC) positively and significantly influence FP, whereas board size (BS) had a negative and statistically insignificant effect. Despite a strong positive relationship between CG and FP, GI did not mediate this relationship. The findings suggest that incorporating green investment strategies into CG frameworks can lead to financial success and environmental sustainability. This research offers valuable insights for policymakers to enhance regulations, encourage

stakeholder involvement, enforce transparent disclosure standards, and promote green investments, balancing environmental responsibility with economic development.

Bhatt et al. (2024) investigated how corporate governance structures mediate the relationship between external supervision, credit appraisal measurement, capital adequacy, and the performance of commercial banks in Nepal. The primary objective was to understand the significance of effective corporate governance practices and their impact on bank performance. Using a quantitative research design, the study collected data through surveys from Nepali commercial banks and analyzed it using structural equation modeling. The findings contribute to the existing literature on corporate governance and its effects on bank performance in emerging economies. The study highlights the importance of corporate governance structures, external supervision, credit appraisal measurement systems, and capital adequacy for the performance of commercial banks in Nepal. The use of quantitative data collection methods and advanced statistical analysis provides practical implications for banks, regulators, and policymakers, emphasizing that effective governance practices are crucial for enhancing stability and performance in commercial banks.

Hada (2023) examined the impact of corporate governance on the financial performance of commercial banks in Nepal, aiming to explore how governance practices influence bank performance. Using a descriptive and causal-comparative research design, the study sampled eight out of 25 commercial banks. Data on independent and dependent variables were sourced from the banks' websites. Financial performance was measured by Return on Assets (ROA) as the dependent variable, while corporate governance was assessed through the percentage of foreign directors on the board, board size, board independence, and board diligence as independent variables. The study employed panel data analysis covering the period from 2016/17 to 2020/21, utilizing descriptive statistics, correlation, multiple regression, and t-tests to evaluate the relationship between governance practices and financial performance. The empirical findings revealed that board diligence significantly positively impacts ROA, while other variables such as the percentage of foreign directors, board independence, and board size showed an insignificant effect on the ROA of commercial banks in Nepal.

Prawiti et al. (2023) investigated the impact of the independent board of commissioners, firm size, and leverage on the financial performance of banks in Indonesia. The primary objective was to assess how these factors influence the financial performance of Indonesian banks. Using a quantitative research method, the study analyzed secondary data from financial statements, financial ratio reports, and the management structure of 55 conventional commercial banks registered with the Financial Services Authority (OJK). Data analysis techniques included requirements analysis tests, classical assumption tests, multiple regression equation tests, and hypothesis testing. The findings revealed that both the independent board of commissioners and firm size positively and significantly affect banking financial performance, whereas leverage has a negative and significant effect.

Dawood et al. (2023) explored the impact of corporate governance on the performance of commercial banks in Pakistan, reviewing studies from 1980 to 2021. They examined variables such as board size, board independence, CEO tenure, audit committee characteristics, foreign and institutional ownership, and dividend policy, with ROA and ROE as performance measures. Using a descriptive research design, the study found that robust corporate governance generally enhances profitability. Positive correlations were observed between bank performance and factors like annual general meetings, board size and independence, CEO tenure, audit committee characteristics, foreign ownership, and dividend policy. The study emphasized the importance of an appropriately sized and largely independent board. Additionally, it highlighted the role of banks in supporting Pakistan's economic growth by paying dividends, increasing tax revenues, providing financial advice, creating employment, and offering credit to businesses.

Hajjat et al. (2023) examined the influence of corporate governance principles on market performance in Jordan's industrial sector by evaluating factors such as board size (BSIZE), number of independent members (BCOMP), the presence of an audit committee (AUDCOM), and the ratio of institutional ownership (InstitOwn). Market performance was assessed using indicators like market value added (MVA), economic value added (EVA), and return on assets (ROA). The study, which analyzed data from 70 industrial companies (representing 79% of the sector) during 2022, employed multiple regression analysis to determine the key variables affecting company performance. Findings revealed a statistically significant relationship between

institutional ownership and both market value added and return on assets. However, no significant relationship was found between institutional ownership and economic value added, nor between financial performance and the independent variables of board size, number of independent members, and the presence of an audit committee.

Gardi et al. (2023) investigated the influence of corporate governance on the financial reporting quality of selected banks in Iraq, with a specific focus on the impact of IFRS adoption. Data were collected from 298 questionnaires distributed across various private banks using a random sampling method. The analysis involved reliability statistics, correlation analysis, and structural equation modeling, while Sobel analysis was used to assess the mediation effects between variables. The findings revealed that IFRS adoption positively mediates the relationship between corporate governance and financial reporting quality in private banks. The study emphasized that implementing robust corporate governance practices and adopting IFRS can lead to improved reporting quality, regulatory compliance, enhanced decision-making, and a stronger reputation

Affes and Jarboi (2023) analysed the impact of corporate governance on financial performance of UK listed companies. The data were collected from the period of 2005 to 2018. 160 companies served as sample for the study and the study used descriptive and causal comparative research design. Financial profitability with neutralization of discretionary accruals and ROE were used as dependent variable for the study. Similarly, total assets, leverage and age were taken as independent variable. Descriptive statistics, correlation, and regression were used to analyse the data. The result found that the implementation of good corporate governance leads to the improvement of the financial performance of companies measured by the return on equity.

Temba et al. (2023) assessed how corporate governance affects financial performance, focusing on asset quality, equity efficiency, earnings ability, capital adequacy, and liquidity. The study introduced new governance constructs, including board control and board aspects, alongside established factors like board gender diversity, board size, directors' shareholding, board activities, and the presence of key board committees. Data were collected from published reports of 15 commercial banks over a 17-year period, and multiple linear regression analysis was used to explore causal

relationships among the variables. The results indicated that aspects of corporate governance, such as board structure and board members' over-boarding, positively impact banks' earnings ability, asset quality, and capital adequacy. Conversely, the study found that corporate governance negatively affects equity efficiency and liquidity, influenced by factors such as board gender diversity and board control.

Orumwense and Orumwense (2023) investigated the effect of corporate governance on the financial performance of publicly traded commercial banks in Nigeria. The study aimed to determine the impact of board size, female board representation, and board independence on the financial performance of these banks. The research covered five quoted commercial banks from 2011 to 2020, using secondary data from the banks' annual reports published by the Nigerian Exchange Group. Employing a cross-sectional research design and panel multiple regression analysis, the study found that board independence significantly impacts the financial performance, measured by return on assets (ROA), while board size negatively affects ROA. The presence of female board members, though positive, showed an insignificant effect on financial performance. The study concluded that while some variables had insignificant effects, mechanisms like board independence, board size, and female board representation remain crucial for effective corporate governance and achieving organizational objectives.

Dahal et al. (2023) investigated the influence of ownership structure and board composition on the performance of Nepalese commercial banks. The study used return on equity (ROE) and return on assets (ROA) as dependent variables, while independent variables included board size, foreign ownership, government ownership, private ownership, institutional ownership, and leverage. Analyzing secondary data from 15 commercial banks with 105 observations spanning from 2015/16 to 2021/22, sourced from the Banking and Financial Statistics published by Nepal Rastra Bank and the banks' annual reports, the study employed correlation and regression models to assess the impact of these variables on bank performance. The findings revealed that board size and institutional ownership positively impact both ROA and ROE. Conversely, government ownership negatively affects both ROA and ROE, while private ownership has a negative effect on ROA but a positive effect on ROE.

Additionally, foreign ownership negatively impacts ROA and ROE, whereas leverage positively influences both performance metrics.

Goet (2022) explored how bank-specific characteristics impact the financial performance of listed commercial banks in Nepal, focusing on factors such as board size, firm size, foreign ownership, and the credit-to-deposit ratio. The study used panel data from 7 out of 27 listed banks, resulting in 70 observations. The primary objective was to identify the determinants of banks' financial performance, particularly return on equity (ROE). Employing correlational and causal research methodologies, the study found significant relationships between board size, firm size, foreign ownership, and the credit-to-deposit ratio with financial performance. The analysis revealed that each of these factors has a notable influence on the financial success of commercial banks in Nepal.

Charani et al. (2022) investigated the effects of corporate governance on the financial performance of banks in the MENA region during the COVID-19 pandemic. The study aimed to assess both internal and external corporate governance mechanisms and their impact on bank performance in 148 banks across eleven countries: Qatar, Oman, Bahrain, Saudi Arabia, Egypt, Kuwait, Jordan, Morocco, the United Arab Emirates, Tunisia, and Israel. Employing a descriptive and causal-comparative research design, the study utilized bank annual reports, the Orbis Bank Focus database, and World Bank reports to gather financial and non-financial data. The analysis applied fixed effects regressions and two-stage least squares. The findings indicated that corporate governance factors such as having independent board members, high ownership concentration, minimal political interference, and strong legal protections positively influenced bank performance. In contrast, mechanisms like performance-based compensation, female board representation, moderate board size, and anti-takeover provisions did not significantly affect bank performance during the crisis.

Shatnawi et al. (2021) investigated how the size and growth rate of banks influence the relationship between financial leverage and profitability in Jordanian commercial banks. Utilizing an analytical descriptive research approach, the study examined financial reports from 13 banks listed on the Amman Stock Exchange between 2014 and 2018. The data were analyzed using simple linear regression and hierarchical

interaction regression analyses. The findings revealed a positive effect of financial leverage on bank profitability. Additionally, the study discovered that the interaction between financial leverage and both bank size and growth rate enhances the positive impact of these individual variables on bank profitability.

Guluma (2021) examined the impact of corporate governance (CG) measures on firm performance and how managerial behavior affects this relationship in the context of Chinese listed firms. The study evaluated both internal CG mechanisms, such as independent boards, dual board leadership, and ownership concentration, and external CG measures, including debt financing and product market competition. Firm performance was assessed using return on assets (ROA) and Tobin's Q (TQ). Analyzing panel data from 11,634 Chinese firms covering the period from 2010 to 2018, the study utilized the system Generalized Method of Moments (GMM) estimation model. The results indicated that ownership concentration and product market competition positively impact firm performance as measured by ROA and TQ. In contrast, dual leadership and debt financing were found to have negative effects on both ROA and TQ. Additionally, managerial overconfidence was shown to negatively influence the relationships between board independence, dual leadership, and ownership concentration with firm performance, while it positively moderated the effect of debt financing on TQ and negatively affected the debt financing-performance relationship.

Gwaison and Maimako (2021) explored how corporate governance impacts the financial performance of commercial banks in Nigeria, specifically examining factors such as board size, board composition, board gender diversity, audit committee effectiveness, and board independence on return on assets (ROA). Utilizing a survey research design, the study analyzed secondary data from the financial statements of five commercial banks listed on the Nigerian Stock Exchange, covering fourteen financial years (2003–2017). Employing panel least squares regression analysis, the findings revealed that board size, board composition, board gender diversity, and board independence significantly influence financial performance (ROA), whereas the audit committee's impact was not significant. The study concluded that inadequate corporate governance structures have contributed to recent challenges in the Nigerian banking sector and recommended implementing strategic training programs for board members and senior managers to enhance governance practices

Warrad and Khaddam (2020) examined the effect of corporate governance characteristics on the performance of Jordanian banks. The major objective of this study is to show the role of corporate governance characteristics on the performances of the Jordanian banks. The study population consisted of all Jordanian banks listed on the Amman Stock Exchange where 11 out of the 13 banks were analyzed. The data collected were from the period of 2014 to 2017. The study used descriptive research methodology. Correlation analysis as well as simple and multiple regressions were used to infer the correlation between the characteristics of corporate governance and the performance of Jordanian banks. The investigation employed statistics measurements and tools to state the relationships between ROE and different variables. The study reported significant effect of the board size, board diligence, audit committee size and audit committee diligence separately on ROE by considering two controlling variables; namely, firm size and return on assets.

Khanifah et al. (2020) investigated how corporate governance disclosure affects the performance of banks in Iran, Saudi Arabia, and Malaysia. The study developed a corporate governance disclosure index (CGDI) to evaluate 10 Islamic banks across these countries. Data were collected from annual reports and official websites, including Iran Exchange, Stock Market Quotes, Financial News, and Bursa Malaysia, covering the period from 2014 to 2018. Employing a descriptive and causal-comparative research design, the study used content analysis to assess compliance with CGDI attributes. The findings revealed that Islamic banks adhered to 72.4% of the CGDI attributes, with board structure and audit committee disclosures being the most common. Regression analysis indicated that higher levels of corporate governance disclosure were associated with improved operating performance, as measured by return on assets (ROA).

Majeed et al. (2020) examined the effects of board size and composition on the financial performance of banks listed in Pakistan and China. The study aimed to assess how these board characteristics influence bank performance, using annual data from 2009 to 2018. Panel regression analysis was employed to explore the relationship between board size, board composition, and financial performance, measured by return on assets (ROA) and return on equity (ROE). The findings indicated that in the Pakistani banking sector, board size had a positive impact on ROA but a negative, though insignificant, effect on ROE. In contrast, in the Chinese

banking sector, board size positively influenced both ROA and ROE, though only significantly for ROE at the 10% level. For board composition, the study found a negative and significant relationship with ROA in Pakistan, but it was insignificant for ROE. In China, board composition had no significant impact on either ROA or ROE.

Okoye et al. (2020) investigated the relationship between governance practices and bank profitability in Nigeria. The study used board size and directors' equity as proxies for corporate governance and employed return on assets (ROA) and return on equity (ROE) to measure financial performance. Utilizing a quantitative approach with an ex-post facto design, the research included firm size as a control variable and applied the Generalized Method of Moments (GMM) for estimation. The findings indicated that both board size and directors' equity significantly influenced the financial performance of Nigerian banks. Additionally, the study found a strong effect of past ROE on current performance levels. It concluded that effective governance practices are crucial for improving financial performance and recommended maintaining an optimal board size to reduce conflicts and enhance performance.

Wadesango (2020) investigated the impact of corporate governance on the financial performance of commercial banks in Zimbabwe amid varying economic and political conditions. The study focused on board size, board composition, audit committees, and leverage ratios, using return on equity (ROE) as the performance measure. An explanatory research design was applied to explore the relationships between these governance factors and bank performance in both stable and turbulent periods (2010–2013 and 2014–2017, respectively). The research involved analyzing secondary data from annual reports of 5 out of 13 commercial banks regulated by the central bank of Zimbabwe. Data analysis was performed using EViews 08. The findings revealed that corporate governance measures significantly influenced the financial performance of banks in Zimbabwe, with board size, composition, subcommittees, and leverage proving to be critical factors in both stable and volatile periods.

Table 1

Summary of Empirical Review

Author(s)	Objectives	Variables	Methodology	Finding
Sthapit and Vaidya (2024)	To compare the contrast of corporate governance practices of Nepal and India	Corporate of governance	Narrative	India has been a forerunner in installing CG practices widely and gained edge compared to Nepal.
Gul <i>et al</i> (2024)	To evaluate the impact of corporate governance (CG) on firm performance (FP) with the mediating role of green investment (GI)	Managerial Ownership (MO), audit committees (AC), board size (BS)	descriptive cum-correlational study	The impact of corporate governance (CG) on firm performance (FP) with the mediating role of green investment (GI).
<i>Bhatt et al.</i> (2024)	To examine the significance of effective corporate governance practices within Nepali.	external supervision, credit appraisal measurement, capital adequacy	quantitative research design	The study provides valuable insights into several key factors for commercial banks' performance in Nepal.
Hada (2023)	To explored the impact of corporate governance on the financial performance of	ROA, percentage of foreign directors in the board, board size,	Descriptive and causal-comparative research design	board diligence (DB) has a positive significant ROA impact of other variables (FD, BI, BS) on ROA of

	commercial banks in Nepal.	independence, and board diligence		commercial banks in Nepal.
Prawiti <i>et al.</i> (2023)	To determine the effect of the Independent Board of Commissioners, Firm Size and Leverage on the Financial Performance of the Indonesian Bank	Independent Board of Commissioners, Firm Size and Leverage	Quantitative	Independent board of commissioners and firm size have a positive and significant effect and Leverage has a negative and significant effect on banking financial performance.
Dawood <i>et al.</i> (2023)	To investigate the effect of corporate governance on firm performance in commercial banking sector of Pakistan	ROA, ROE, Board size, Board Independence, CEO Tenure, Audit Committee, Foreign Ownership.	descriptive research design	Bank performance is positively correlated with dividend policy, influenced by factors such as the annual general meeting, board size, CEO tenure, audit committee size and independence, foreign ownership, and institutional ownership,
Hajjat <i>et al.</i> (2023)	To clarify the role of corporate governance principles on improving	the board of directors members (BSIZE), number of independent	The study sample consisted of (70) industrial companies that formulate	The study results showed a statistically significant relationship between the market value added ratio of

	market performance at Jordanian industrial sector.	members (BCOMP), existence of an audit committee (AUDCOM), and ratio of institutional ownership (InstitOwn).	(79%) of study population, during the study period of year 2022.	of institutional ownership and return on assets, and nonexistence of statistically significant relationship between the institutional ownership ratio and economic value added.
Gardi <i>et al.</i> (2023)	To examine how corporate governance affects the financial reporting quality of selected banks in Iraq,	reporting quality, regulatory compliance, better decision-making, and enhanced reputation.	Random sampling method was utilized to collect the data	IFRS adoption played a positive mediating role in the relationship between corporate governance and financial reporting quality in private banks
Affes and Jarboi (2023)	To analyse the impact of corporate governance on financial performance of UK listed companies.	Financial profitability with neutralization of discretionary accruals and ROE, total assets, leverage and age	descriptive and causal comparative	implementation of good corporate governance leads to the improvement of the financial performance of companies measured by the return on equity.

Temba <i>et al.</i> (2023)	To assess corporate governance's influence on financial performance regarding asset quality, efficiency use of equity, earning ability, capital adequacy, and liquidity	board's gender diversity, board size, directors' shareholding, board control, board members'	descriptive and causal comparative	The findings revealed that corporate governance positively influences the financial performance of commercial banks in terms of their earning ability, asset quality, and capital adequacy.
Orumwense and Orumwense (2023)	To determine if board size, board female gender, and board independence have effect on the financial performance of quoted commercial banks in Nigeria.s	Independent variables are board size, board female gender, and board independence and dependent variable is ROA	Cross-Sectional research design was used, and the method of data analysis used was panel multiple regression.	board size has a negative relationship with bank's financial performance, female board membership has a positive relationship with banks' financial performance,
Dahal <i>et al.</i> (2023)	To examine the impact of ownership structure and	board size, foreign ownership, government	descriptive	board size has a positive impact on return on assets and

	board composition on performance of Nepalese commercial banks	ownership, private ownership, institutional ownership and leverage		return on equity
Goet (2022)	to examine the determinants of banks' financial performance, such as ROE	board size, firm size, foreign ownership, and credit to deposit ratio	Causal	the size of the board of directors, the size of the company, foreign ownership, and the credit-to-deposit ratio have all been found to have a major influence on financial success.
Chaarani <i>et al.</i> (2022)	To measure the impact of internal and external corporate governance mechanisms on the financial performance of banks in the under-researched Middle Eastern	performance-based compensation, the presence of women on boards, moderate size of the board, and anti-takeover mechanisms	descriptive and causal comparative research design	performance-based compensation, the presence of women on boards, moderate size of the board, and anti-takeover mechanisms

	and North African (MENA) region during the COVID-19 pandemic period			
Shatnawi <i>et al.</i> (2021)	To analyze the role of the size and growth rate of banks in determining the effect of the financial leverage degree on the profitability of Jordanian commercial banks	financial leverage degree, size and growth rate	analytical descriptive research approach	the results uncovered that the interaction effects of the financial leverage degree and the size and the growth rate of the bank foster the positive effects of the individual variables on the profitability of the banks
Guluma (2021)	To investigate the impact of corporate governance (CG) measures on firm performance and the role of managerial	The variables are independent board, board leadership, ownership concentration, ROA, Debt	Analytical qualitative Research approach	The study findings showed that ownership concentration and product market competition have a positive

	behavior on the relationship of corporate governance mechanisms and firm performance using a Chinese listed firm	financing and dual leadership.		significant relationship with firm performance measured by ROA and TQ.
Gwaison and Maimako (2021)	To examine the effects of board size, board composition, board gender diversity, audit committee and board independence on ROA of sampled commercial banks in Nigeria	The independent board composition, board gender diversity, audit committee and board independence and dependent variable is ROA.	The study used the survey research design. A secondary source of data was used for the study.	The study concluded that the weak corporate governance structure in Nigeria contributed immensely to the recent crisis experienced in the Nigerian banking sector.
Warrad and Khaddam (2020)	To analyzed the role of corporate governance characteristics on the performances of the Jordaninan banks.	The variables are board size, board diligence, audit committee, committee diligence and ROA.	The study used descriptive research methodology	The significant effect of the board size, board diligence, audit committee and firm size on ROE and ROA.

Khanifah <i>et al.</i> (2020)	To analyzed the effect of corporate governance disclosure on banking performance of Iran, Saudi Arabia and Malaysia	board structure, audit committee and ROA	The method used in the study is descriptive and causal comparative research design	The results showed that Islamic banks comply with 72.4% of the attributes discussed in the CGDI.
Majeed <i>et al.</i> (2020)	To investigate the impact of board size and board composition on financial performance of banks.	board size, board composition, ROA and ROE	The Panel regression model is used to check the relationship between dependent and independent variables.	The results of the study confirmed board size coefficient value positive for ROA and negative for ROE.
Okoye <i>et al.</i> (2020)	To analyse the size of bank board and directors' stake as proxies for corporate governance, with return on assets and return on equity as representations for financial performance.	size of bank board, firm size and directors' equity	The study is quantitative and adopts the ex-post facto design.	The study showed a robust effect of lagged return on equity on the current level of performance

Wadesango (2020)	to investigate the effects of corporate governance on the financial performance of commercial banks in a turbulent economic and political environment	The independent variables are Board size, board composition, audit committee and leverage ratios and dependent variables are ROA,ROE.	An explanatory research design used for the study.	The study found that the employed measures of corporate governance were significant predictors of financial performance of commercial banks in Zimbabwe.
------------------	---	---	--	--

2.4. Research Gap

This study covers a longer time period up to 2022/23 compared to earlier studies, which focused on older periods till 2020/21. Additionally, previous studies had used a maximum of 5 years, while this study covers 10 years. This study has used more financial and statistical tools. The researcher has classified independent variables into Corporate governance specific. The Corporate governance specific independent variables are firm size, bank size, No of women in board, No of independent board and audit committee. Moreover, the dependent variable are ROA and ROE, whereas previous researchers had studied with no classification of variables. Top ten commercial banks has been specifically chosen for this study but previous studies did not used this large number of sample for research. This study aims to effectively address the research gap.

CHAPTER-III

RESEARCH METHODOLOGY

A methodology details a researcher's approach to the research to ensure reliable, valid results that address their aims and objectives. It encompasses what data they're going to collect and where from, as well as how it's being collected and analyzed. This chapter includes the research design, nature and sources of data, data collection models, data analysis tools and theoretical framework. The research methodology used in the present study is briefly mentioned below.

3.1 Research Design

In this study, the descriptive and causal comparative research designs has been used by researcher in order to address the impact of corporate governance on financial performances of commercial banks. The descriptive research design has utilized to analyze the impact of corporate governance on financial performance while the causal comparative research design has employed to explore the direction and strength of the relationship between the dependent variable (ROE and ROA) and the independent variables (firm size, board size, no of women in board, no of independent board and audit committee).

3.2 Population and Sample, and Sampling Design

Currently, there are 20 commercial banks in operation in Nepal (until mid-may, 2023). Due to limited time and resources, it is not possible to study all of them, so the 10 commercial banks has been taken as a sample further period of 2013 to 2023 which makes to the 100 observation. This number is adequate for statistical analysis, allowing for reliable and precise results. The selected ten banks are considered representative of the Nepalese commercial banking sector. This includes a mix of private, joint venture, and government banks, providing a comprehensive overview of the sector's corporate governance practices and financial performance. Table 2 presents the list of sample bank along with study period and number of observations.

Table 2

List of commercial banks selected for the study along with the study period and number of observations

S.N.	Name of the banks	Study period	Observation
1	Rastriya Banijya Bank Limited	2013/14-2022/23	10
2	Nabil Bank Limited	2013/14-2022/23	10
3	NMB Bank Limited	2013/14-2022/23	10
4	NIC Asia Bank Ltd	2013/14-2022/23	10
5	Nepal SBI Bank Limited	2013/14-2022/23	10
6	Machapuchhhre Bank Limited	2013/14-2022/23	10
7	Sanima Bank Limited	2013/14-2022/23	10
8	Siddhartha Bank Limited	2013/14-2022/23	10
9	Prime Commercial Bank Limited	2013/14-2022/23	10
10	Citizens International Bank Limited	2013/14-2022/23	10
Total number of observations			100

3.3 Nature and Sources of Data, and the Instrument of Data Collection

This study primarily relies on secondary data collected from the financial statements and annual reports of banks for the period of 2013/14 to 2022/23. The financial statements and reports were obtained from the official websites of the respective banks. In addition to the annual reports, data and information were also gathered from reports and bulletins published by the NRB (Nepal Rastra Bank) and its website, NRB directives, relevant publications, journal articles, research reports, and previous dissertations. The collected data is quantitative in nature.

3.4 Method of Analysis

This section outlines the statistical and econometric methods employed to analyze the secondary data. The study utilizes descriptive, correlation, and regression analyses. Descriptive statistics, including mean, standard deviation, minimum, and maximum values, are used to characterize the sample firms. Correlation analysis measures the direction and strength of relationships between dependent and independent variables. Regression analysis is applied to assess the influence of independent variables on the dependent variable both individually and in conjunction with other variables. The analysis includes various statistical significance tests such as the t-test and F-test to

validate the model. All models are evaluated for individual effects using F-tests, conducted with the Statistical Package for the Social Sciences (SPSS-23)

The following model equation is designed to test the hypothesis. From the conceptual framework the function of dependent variables (i.e. the financial performance) takes the following form:

$$ROA = f(FS, BS, NW, IB, AC).$$

$$ROE = f(FS, BS, NW, IB, AC).$$

More specifically, the given model has been segmented into the following models:

Model 1

$$ROA = \beta_0 + \beta_1 FS + \beta_2 BS + \beta_3 NW + \beta_4 IB + \beta_5 AC + e_{it}$$

Model 2

$$ROE = \beta_0 + \beta_1 FS + \beta_2 BS + \beta_3 NW + \beta_4 IB + \beta_5 AC + e_{it}$$

Where,

ROA = Return on assets calculated as net profit to total assets

ROE = Return on equity calculated as net profit to total equity

FS = Firm Size measured by value of total assets.

BS = Board Size measured as total no of board of directors.

NW = No of women in board measured as total no of woman directors.

IB = Independent Board measured by total number of independent directors in board.

AC = Audit committee measured by total number of members present in audit committee.

e = Error term

β_0 is the constant term and $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5,$ and β_6 are the beta coefficients of variables.

Statistical Tools

The statistical tools which researcher used in the study are listed below:

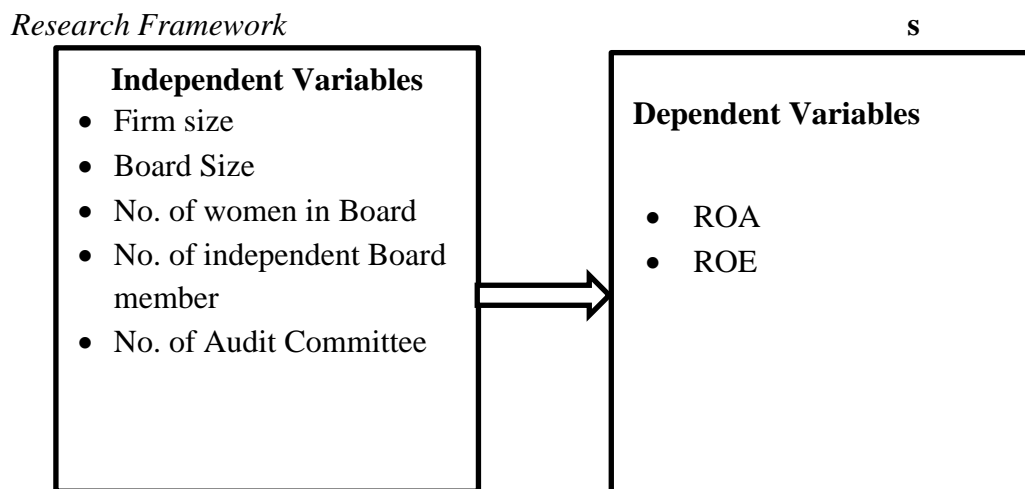
- Descriptives Analysis
 - i. Mean
 - ii. Standard deviation
- Correlation Analysis
- Regression Analysis

3.5 Research Framework and Definition of Variables

Research Framework

A research framework is a precise representation of the structure of research variables. Through this structure, one can determine the critical areas of the study. It also allows to come up with relevant research questions and research objectives. The following research framework shows the relationship between dependent and independent variable of impact of Corporate governance on financial performance.

Figure 1



(Source: Hada and M. L. 2023)

Dependent Variables

A. Return on Assets (ROA)

Each financial institution possesses its own assets, and return on assets (ROA) indicates how productive these are. It gauges how well the financial institution uses its assets. This ratio assesses how well the entire amount provided by the creditors and owners was used. A greater ratio indicates an efficient use of the resources available by displaying a higher return on the assets used in the bank, and vice versa. It is computed using the link between assets and net profit.

$$\text{Return on Assets (ROA)} = \frac{\text{Net Profit After Tax (NPAT)}}{\text{Total Assets}} \times 100$$

B. Return on Equity (ROE)

Return on Equity (ROE), sometimes referred to as Return on Investment (ROI), is a key indicator of a bank's financial performance. It reflects the efficiency with which a bank generates profit from its shareholders' equity, considering factors such as

operating performance, debt-equity management, and asset turnover. A higher ROE percentage signifies greater effectiveness in converting equity into profit, demonstrating the bank's ability to provide higher returns to its investors (Lad & Ghorpade, 2022).

It is a measure of the profitability of a bank. In calculation of this ratio, Profit after tax is expressed as a percentage of equity.

$$\text{Return on Equity (ROE)} = \frac{\text{Net Profit After Tax (NPAT)}}{\text{Shareholders' Equity}} \times 100$$

Independent Variables:

a) Firm size

Firm size refers to the size of a company's operations. It is frequently based on a number of variables, including overall sales, asset worth, employment figures, and company volume. To put it another way, firm size is a measurable indicator of the size and capability of an organization. Size of a firm refers to the quantity and array of production capability and potential a firm possesses or the quantity and diversity of services a firm can make available concurrently to its clients and due to the phenomenon of economies of scale (Shaheen et al.,2012). This study therefore takes total assets of the commercial banks as the firm size.

b) Board Size

Board size is taken to refer to the total number of members serving on a firm's board. These definitions are therefore regarded to reflect the precedent of previous literature in the corporate governance field. The boards ought to be as tiny as practical. Because larger boards can be less efficient for banks and require more resources. A board's size determines how many directors it has. The dimensions of the "ideal" board are a subject of debate. A diverse range of knowledge and experience is necessary for an effective board size in order to create a well-functioning organization. An excessive number of directors on a board can make it ineffective through poor communication, which can lead to a problem with directors enjoying free rides. The most crucial factor should be the board's effectiveness rather than its size. Therefore, the main goal of this study is to investigate how Nepalese commercial banks' financial performance is impacted by the number of board members.

c) No of Women in Board

Gender diversity in top management is an indicator of corporate governance. The business case for diversity has been established for some time. Companies with more diverse boards have shown that they tend to perform better financially. Furthermore, companies with a greater gender diversity among their ranks from managers and staff to top executives and board members perform better than those with a lower gender diversity. The unanswered question is why companies and investors aren't doing more to recognize the advantages that diverse boards bring, given that women are still disproportionately underrepresented on corporate boards throughout the world? This is the reason why this study attempts to find the impact of number of woman present in board on financial performance of Nepalese commercial banks.

d) No of Independent Director

The board of directors is essential in acting in the shareholders' best interests and requires a mix of executive and non-executive directors to fulfill this role effectively. Non-executive directors, particularly those who are independent, are crucial for providing unbiased judgment and reducing agency problems. Corporate governance codes and regulators advocate for a balanced board composition with independent directors to safeguard shareholder interests. However, compliance alone does not guarantee improved firm performance if these directors do not perform their duties effectively. Research across various countries indicates that the relationship between the proportion of independent directors and firm performance is mixed. High numbers of independent directors do not necessarily correlate with enhanced performance, highlighting the need for effective monitoring of their contributions to ensure they deliver positive shareholder value (Fuzi et al., 2016).

e) Audit Committee

An audit committee is one of the major operating committees of a company's board of directors that is in charge of overseeing financial reporting and disclosure. An audit committee is a sub-group of a company's board of directors responsible for the oversight of the financial reporting and disclosure process. To be successful, the audit committee should be aware of the processes and internal controls in the organization. The audit committee must coordinate with the management team, independent auditor, and internal auditors to monitor the choice of accounting policies and

principles and to ensure compliance with laws and regulations. To ensure that the audit process is objective, ideally an audit committee is made as independent as possible. This study has taken no of members in audit committee as a variable to measure the financial performance.

Aanu et al. (2014) investigated the role of the audit committee in safeguarding shareholders' and stakeholders' interests by examining how its effectiveness impacts firm performance. The study assessed four key characteristics of audit committees: independence, financial expertise, size, and frequency of meetings. Performance was measured using Return on Equity (ROE), Return on Assets (ROA), and Return on Capital Employed (ROCE). Data from 25 manufacturing firms over the period 2004-2011 were analyzed using regression and correlation methods. The results revealed a significant positive relationship between the independence and financial expertise of the audit committee and the firm's performance metrics (ROA, ROE, and ROCE). Conversely, the size and frequency of audit committee meetings did not show a significant impact on performance. The study suggests enhancing audit committee effectiveness by ensuring it comprises independent non-executive directors and individuals with financial expertise, particularly in accounting, and by focusing meetings on relevant issues that could improve financial performance.

CHAPTER –IV

RESULTS AND DISCUSSION

As discussed in previous chapters, the main objective of this study is to examine the impact of corporate governance on financial performances of commercial banks in Nepal. This chapter presents the results and discussion of the study. To analyze the data, both descriptive and inferential statistics were used. Measures like the mean, standard deviation, minimum (min), and maximum (max) are examples of descriptive statistics. Using SPSS version 23, inferential statistics include correlation and multiple regression analysis.

4.1 Results

In this section of results, The study uses statistical tools such as descriptive and inferential statistics to investigate how corporate governance affects the financial performances of Nepal's leading commercial banks. Descriptive statistics encompass measures such as arithmetic mean, standard deviation offering an overview of the dataset. Inferential statistics involve analyses like Karl Pearson's correlation analysis and multiple regression analysis to explore variable relationships and determine the impact of different factors on lending behavior.

Descriptive Analysis

The descriptive statistics in this study give a summary of the information that was utilized to examine how corporate governance affected the financial results of Nepal's commercial banks. Return on assets (ROA) and return on equity (ROE) are the dependent variables, and firm size (FS), board size (BS), number of women on the board (NW), number of independent boards (NI), and number of audit committees (AC) are the independent variables. The mean gives the average value for each variable and the standard deviation measures the amount of variation or dispersion from the mean. The minimum and maximum values define the data range. These descriptive statistics help understand the central tendency and spread of the data providing a foundation for further inferential statistical analysis.

Table 3

Descriptive Statistics of all Variables of Sample Banks

Variables	N	Minimum	Maximum	Mean	Std. Deviation
ROA	100	0.38	3.32	1.4533	0.49349
ROE	100	4.24	76.99	15.9264	9.65217
FS	100	28.13	898.79	200.9224	156.90232
BS	100	5.00	22.00	8.0900	3.85886
NW	100	0.00	5.00	.6700	0.89955
NI	100	0.00	6.00	.8200	1.14926
AC	100	2.00	6.00	3.4100	.87727

(Source: SPSS Version 23)

Table 3 displays descriptive statistics for all variables. ROA ranges widely from 0.38 to 3.32 with a mean of 1.4533 and a significant standard deviation of 0.49349 indicating substantial variability. ROE has a broader range (4.24 to 76.99) a mean of 15.9264 and a standard deviation of 9.65217 suggesting high variability than ROA. FS ranges from 28.13 to 898.79 with a mean of 200.9224 and a relatively high standard deviation of 156.9023 indicating a more high distribution. BS spans from 5.00 to 22.00 with a mean of 8.0900 and a standard deviation of 3.85886 indicating low variability. NW ranges from 0.00 to 5.00, with a mean of 0.6700 and a standard deviation of 0.89955, suggesting lower dispersion. NI ranges from 0.00 to 6.00, with a mean of 0.8200 and a standard deviation of 1.14926 indicating relatively low variability. AC ranges from 2.00 to 6.00 with a mean 3.4100 and standard deviation 0.87727 which indicating the low variability. These statistics offer insights into central tendencies, dispersion and variability within each variable enhancing understanding of the dataset's characteristics.

Inferential Statistics

Inferential statistics, including correlation and regression analysis help to understand relationships among variables. Correlation assesses the strength and direction between independent variables (FS, BS, NW, NI and AC) and the dependent variable (ROA and ROE) revealing how changes in one relate to

changes in another. Regression analyzes how these variables collectively affect ROA Aand ROE determining their predictive impact.

a) Correlation Analysis

Descriptive analysis was conducted on the independent variables and the dependent variable. Correlation analysis is a technique used to assess the relationship between independent variables such as FS, BS, NW, NI and AC with the dependent variable ROA and ROE. The study analyzed the inherent relationships among these variables. Karl Pearson's correlation analysis method has been used in this study with SPSS version 29 and the results are presented in Table 4.

Table 4

Karl Pearson's Correlation Analysis of Study Variables

Variables	ROA	ROE	FS	BS	NW	NI	AC
ROA	1						
ROE	0.575** (0.000)	1					
FS	-0.265** (0.009)	-0.105 (0.294)	1				
BS	-0.447** (0.000)	-0.205* (0.040)	0.257** (0.011)	1			
NW	-0.546** (0.000)	-0.343** (0.001)	0.301** (0.002)	0.756** (0.000)	1		
NI	-0.468** (0.000)	-0.274** (0.007)	0.324** (0.001)	0.815** (0.000)	0.722** (0.000)	1	
AC	0.143 (0.156)	-0.076 (0.454)	0.376** (0.000)	0.577** (0.000)	0.391** (0.000)	0.395** (0.000)	1

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

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

(Source: SPSS Version 23)

Table 4 depicts the correlation analysis of independent variables such as FS, BS, NW, NI and AC with dependent variable ROA and ROE. The correlation between

FS, BS, NW, NI, NW, and AC of the banks with ROA are -0.265,-0.447,-0.546,-0.468 and 0.143 respectively. It shows that ROA has varying degrees of correlation with the other variables. ROA has a low negative correlation with FS at -0.265, indicating that higher FS tends to decrease ROA.ROA has a negative correlation with BS at -0.447, suggesting that lower the number of member in board higher will be ROA. The correlation between ROA and NW is moderate positive at 0.546. ROA and NI has negative relationship at -0.468 which shows that increase in no of independent director leads to decrease in ROA. AC has positive relationship with ROA at 0.143, higher the number of member in audit committee higher will be the ROA.

Similarly, the correlation between ROE and other variables. ROE has a low negative correlation with FS at -0.105, indicating that negative relation with ROE. ROE has a negative correlation with BS at -0.205, suggesting that BS has low negative relation with ROE. The correlation between ROA and NW is positive at 0.546 and the relation is moderate with ROE. ROE and NI has high negative relationship at -0.468 which shows that increase in no of independent director leads to decrease in ROA. AC has negative relationship with ROE at -0.076, higher the member of audit committee lower will be the ROE. This analysis highlights the impact of FS, BS, NW, NI, NW and AC on determining the ROA and ROE in commercial banks.

b) Regression Analysis

Regression analysis explores relationships between variables. A regression analysis provides more information about the slope of the relationship. It is used to describe the nature of a relationship and to make predictions. In this study, it has examined how FS, BS, NW, NI and AC influence ROA and ROE.

Table 5

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.579 ^a	0.335	0.300	0.41286

a. Predictors: (Constant), FS, BS, NW, NI, AC

b. Dependent Variables: ROA

(Source: SPSS Version 23)

Table 5 shows that R^2 value represents the proportion of variance in the dependent variable (ROA) that can be explained by the independent variables in the model. In the table, the R^2 value is 0.335, indicating that approximately 33.5% of the variability in ROA can be explained by the independent variables (FS, BS, NW, NI, AC). The remaining 66.5% of the variability is due to factors not included in the model. The Adjusted R^2 value is 0.299, suggesting that 29.9% of the variability in ROA is explained by the model after adjusting for the number of predictors. The standard error is 0.412, indicating that the data points deviate from the regression line by an average of 0.412 units. The R^2 value of 0.336 suggests that the independent variables have a moderate explanatory power regarding ROA. This implies that corporate governance factors like firm size, board size, number of women on the board, number of independent board members, and audit committee presence have a significant impact on ROA. Overall, these R^2 and Adjusted R^2 values suggest that while the models have some explanatory power, particularly for ROA, there are likely other important factors influencing financial performance that are not captured in these models.

Table 6
Analysis of Variance (ANOVA)

Model		Sum Squares	of Df	Mean Square	F	Sig.
1	Regressio n	8.087	5	1.617	9.489	.000 ^b
	Residual	16.023	94	.170		
	Total	24.110	99			

- a. Predictors: (Constant), FS, BS, NW, NI, AC
b. Dependent Variable: ROA

(Source: SPSS Version 23)

Table 6 provides vital insights into the regression model's performance. The Regression Sum of Squares (SS) at 8.087, with 5 degrees of freedom (df) and a mean square of 1.617, explains the variability in ROA by the independent variables (FS, BS, NW, NI, AC). The Residual SS of 16.023, with 94 df and a mean square of 0.170, accounts for unexplained variability in ROA post-modeling. The total SS of 24.11 with 99 df encompasses both explained and unexplained variability. The F-statistic of 9.489 with a significance level of 0.000 indicates that the model is statistically significant. This means that the independent variables Firm Size (FS), Board Size (BS), Number of Women (NW), Number of Independent Board Members (NI), and Audit Committee (AC)) collectively explain a significant portion of the variance in ROA.

Table 7

Regression Analysis for Dependent Variable ROA

Model	Unstandardized Coefficients		Standardized		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	1.533	.176		8.721	.000
FS	-.001	.000	-.160	-1.684	.096
BS	-.024	.023	-.191	-1.076	.285
NW	-.230	.078	-.420	-2.958	.004
NI	-.006	.070	-.014	-.083	.934
AC	.111	.062	.197	1.778	.079

a. Dependent Variable: ROA

(Source: SPSS Version 23)

$$ROA = 1.533 - 0.001FS - 0.024BS - 0.230NW - 0.006NI + 0.111AC + \epsilon$$

Table 7 presents the multiple regression analysis results for ROA demonstrate significant predictors and their respective impacts. At $\alpha = 0.05$ which is the base for p value which find out the significant and insignificant result between the variables. The P value is below than α is significant and high than α is insignificant. Firm size (FS) exhibits a neagive coefficient of - 0.001 which has a negative impact on ROA, but this impact is not statistically significant ($p = 0.096$). Board size (BS) has a negative coefficient of -0.024 which has Also negatively impacts on ROA, but this relationship is not significant ($p = 0.285$). No of women (NW) has a negative coefficient of -0.230($P=0.004$) shows a significant negative impact on ROA which indicating that an increase in the number of women on the board reduces ROA. No of independent board member (NI) shows a non-significant coefficient of - 0.006($P=0.934$), suggesting it has a negligible and non-significant impact on ROA. Audit Committee (AC) demonstrates a low insignificant coefficient of 0.111($P=0.079$), implying a positively impacts ROA but is not statistically significant. The number of women on the board significantly negatively affects performance, suggesting that the presence of women might correlate with other underlying issues that need further investigation. These findings highlight the

importance of evaluating corporate governance structures carefully and considering other variables that might influence financial performance. The lack of significance for many predictors also suggests the need for more robust models or additional variables to explain the variations in ROA more comprehensively

Table 8

Model Summary

Model	R	R Square	Adjusted Square	Std. Error of the Estimate
1	.360 ^a	.130	.084	9.23965

a. Predictors: (Constant), FS, BS, NW, NI, AC

b. Dependent Variables: ROE

(Source: SPSS Version 23)

Table 8 shows that the R value is 0.360, suggesting a moderate relationship between the predictors and ROE. The R² value here is 0.130, meaning that 13% of the variability in ROE can be explained by the independent variables (FS, BS, NW, NI, AC). The remaining 87% of the variability is due to other factors not included in the model. The Adjusted R² value is 0.084, indicating that 8.4% of the variability in ROE is explained by the independent variables after accounting for the number of predictors. This suggests a weaker explanatory power compared to the raw R² value, especially when considering multiple predictors. The standard error of the estimate is 9.23965, which indicates that the observed values of ROE deviate from the predicted values by an average of 9.23965 units. R² value of 0.130 indicates a relatively low explanatory power concerning ROE. This suggests that while these corporate governance factors do influence ROE, a large portion of the variance in ROE is influenced by other variables not included in the model. The Adjusted R² values provide a more conservative estimate, accounting for the number of predictors and suggesting that the models explain 8.4% (ROE) of the variability, respectively, when adjusted for degrees of freedom.

Table 9

Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1198.390	5	239.678	2.807	.021 ^b
	Residual	8024.888	94	85.371		
	Total	9223.277	99			

a. Dependent Variable: ROE

b. Predictors: (Constant), FS, BS, NW, NI, AC

(Source: SPSS Version 23)

Table 9 provides vital insights into the regression model's performance. The Regression Sum of Squares (SS) at 1198.390, with 5 degrees of freedom (df) and a mean square of 239.678, explains the variability in ROE by the independent variables (FS, BS, NW, NI, AC). The Residual SS of 8024.888, with 94 df and a mean square of 85.371, accounts for unexplained variability in ROE post-modeling. The total SS of 9223.277 with 99 df encompasses both explained and unexplained variability. The F-statistic of 2.807 with a significance level of 0.021 indicates that the model is statistically significant with ROE.

Table 10

Regression Analysis for Dependent Variable ROE

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	T	
1	(Constant)	15.107	3.935		3.839	.000
	FS	-0.07	.007	-.001	-.011	.992
	BS	.458	.509	.183	.900	.370
	NW	-4.159	1.743	-.388	-2.387	.019
	NI	-1.108	1.576	-.132	-.703	.484
	AC	.242	1.394	.022	.173	.863

a. Dependent Variable: ROE

(Source: SPSS Version 23)

$$ROE = 15.107 - 0.07FS + 0.458BS - 4.159NW - 1.108NI + 0.242AC + \epsilon$$

Table 10 presents the multiple regression analysis results for ROE demonstrate significant predictors and their respective impacts. At $\alpha = 0.05$ which is the base for p value which find out the significant and insignificant result between the variables. The P value is below than α is significant and high than α is insignificant. Firm size (FS) exhibits a negative coefficient of -0.07 (P=0.992), indicating a low insignificant negative impact of FS with ROE. Board size (BS) has a positive coefficient of 0.458 (P=0.370), showing a positively impact on ROE but is not significant. No of women (NW) has a negative coefficient of -4.159 (P=0.019) indicating a high significant negative impact on ROE. No of independent board member (NI) shows a non-significant coefficient of -1.108 (P=0.484), suggesting it does very high negative impact on ROE but not significant. Audit Committee (AC) demonstrates a near coefficient of 0.242 (P=0.863), which indicates that AC Negatively impacts on ROE but is not significant. In summary, this detailed regression analysis underscores the significance of FS, BS, NW, NI and AC as influential factors in determining ROE, offering comprehensive insights into the impact of corporate governance on financial performances of Nepalese commercial banks.

4.2 Discussion

The main objective of this study is to analyze the impact of corporate governance on financial performances of commercial banks in Nepal. Five bank-specific variables firm size, board size, no of women, no of independent board and audit committee were examined. The sample includes Siddhartha, Sanima, NMB, Machhapuchhare, RBB, Nabil, SBI, PCB, Citizens and NIC Asia banks. The study uses panel data from 2013/14 to 2022/23, sourced from the banks' annual reports. Data analysis employs both descriptive (mean, standard deviation) and inferential (correlation, regression) statistics.

The descriptive statistics show significant variability in the dataset. ROA ranges widely from 0.38 to 3.32 with a mean of 1.4533 and a significant standard deviation of 0.49349. ROE has a narrower range (4.24 to 76.99) a mean of 15.9264 and a standard deviation of 9.65217 suggesting high variability than ROA. FS has very high variability with a mean of 200.9224 and standard deviation of 156.9023 indicating a more high distribution. BS has significant variability with a mean of 8.0900 and a standard deviation of 3.85886. NW has high variability a mean of 0.6700 and a

standard deviation of 0.89955. NI has low variability with a mean of 0.8200 and a standard deviation of 1.14926. AC has relatively low variability with a mean 3.4100 and standard deviation 0.87727.

The correlation analysis in this study reveals significant relationships between various corporate governance variables and the financial performance of commercial banks in Nepal. Firm size (FS) and board size (BS) show negative correlations with both return on assets (ROA) and return on equity (ROE), indicating that larger firms and boards tend to have lower financial performance. Conversely, the number of women on the board (NW) and the audit committee (AC) positively correlate with ROA and ROE, suggesting that more diverse and robust audit committees and no of women on the board may enhance financial performance. However, the number of independent board members (NI) negatively correlates with ROA and ROE, implying that an increase in independent directors might reduce profitability. These findings underscore the complex interplay between corporate governance structures and financial outcomes in the banking sector.

The regression analysis of this study reveals that corporate governance variables significantly impact the financial performance of commercial banks in Nepal. Specifically, firm size (FS) and board size (BS) exhibit a negative correlation with return on assets (ROA) and return on equity (ROE), indicating that larger firms and boards tend to have lower ROA. The number of independent member in the board (NI) has a negative impact on ROA and ROE. The number of women on the board (NW) negatively impact on ROA and ROE at significant effect, while the audit committee (AC) shows a low positive but insignificant effect. These findings provide a nuanced understanding of how different aspects of corporate governance affect bank performance, highlighting the complexity of governance structures and their varied impacts on financial outcomes.

Firm size (FS) exhibits a negative coefficient relationship with ROA and ROE which indicating a significant negative impact of FS with ROA but this finding is not similar with Hada (2023). Similarly, BS has a negative correlation with ROA and ROE which suggests that large number of board size decreases the financial performances of commercial banks which contradicts with results of Okoye et al (2020) and Dahal et al (2023). The relationship of NW with ROA and ROE is positive relations which

is consistent with the findings of Chaarani et al (2022), Temba et al (2023) and Orumwense and Orumwense(2023). The correlation of NI with ROA and ROE is negative which shows that that increase in no of independent director leads to decrease in ROA and ROE. The finding is not similar with the prawiti et al(2023). Moreover, Audit committee has positive relation ship with ROA and ROE which is similar with finding of Warrad and Khaddam(2020) but opposite to Chaarani et al(2022).

The results of this study indicate that the independent variables firm size (FS), board size (BS), number of women (NW), number of independent directors (NI), and audit committee (AC) have limited explanatory power on the financial performance of commercial banks in Nepal, as evidenced by the low R^2 values. The R^2 for ROE is 0.130 and for ROA is 0.335, implying that only 13% and 33.5% of the variance in ROE and ROA, respectively, can be explained by these variables.

The negative relationships between ROE and both FS and BS suggest that larger firm size and board size may not necessarily contribute to higher financial performance. Conversely, NW shows a positive correlation with ROA and ROE, indicating that having more women on the board is associated with better financial outcomes. The positive impact of female board members on financial performance aligns with research suggesting that diversity can enhance decision-making and corporate governance. NI, on the other hand, has a negative relationship with ROA and ROE. While, The positive correlation between audit committees and ROA and ROE highlights the importance of robust oversight mechanisms in enhancing financial performance.

Overall, this study calls for further research to identify additional variables that could explain the variance in financial performance. It also suggests that corporate governance practices in Nepalese banks need to be context-specific, taking into account the unique challenges and opportunities within the Nepalese banking sector

CHAPTER – V

SUMMARY AND CONCLUSION

5.1 Summary

This chapter has three sections. The first section summarizes this study. The second section provides a conclusion of the study. The third section presents implications based on the summary and conclusion. The main objective of this study is to analyze the impact of corporate governance on financial performances of selected commercial banks in Nepal focusing on ten bank-specific independent variables such as FS, BS, NW, NI, and AC with dependent variable ROA and ROE. To achieve the specific objective of the study, descriptive and causal research has been carried out in terms of impact of Corporate governance on financial performances of commercial banks in Nepal. Descriptive research design is adopted for analyzing the impact of corporate governance on financial performances of commercial banks in Nepal. To conduct this study, secondary data are taken from annual reports and financial results related websites of banks.. In this study, all the commercial banks are population of the study among them only ten commercial banks have been selected as sample for the present study. Initially, the researcher has chosen Siddhartha, Sanima, NMB, Machhapuchhre, Nabil, Prime commercial bank, Citizens Bank and Nic Asia Bank as sample banks because they presented top of commercial private bank, joint venture bank and government bank in Nepal.As additional sample banks for a comparative analysis and to study the impact of corporate governance on financial performances of commercial banks in Nepal. Panel data from 2013/14 to 2022/23 were used sourced from annual reports and economic surveys.

The study investigates the impact of corporate governance variables on the financial performance of selected commercial banks in Nepal. The research primarily focuses on firm size (FS), board size (BS), number of women (NW), number of independent directors (NI), and audit committee (AC) as independent variables and their effect on return on assets (ROA) and return on equity (ROE). The analysis reveals that FS and BS negatively correlate with both ROA and ROE, suggesting larger firm and board sizes may hinder financial performance. Conversely, NW positively correlates with ROA and ROE, indicating that greater gender diversity in boards enhances financial outcomes. NI negatively affects both ROA and ROE, while AC shows a positive relationship with ROA and a negative one with ROE. These findings highlight the

nuanced roles of these governance variables in the financial performance of Nepalese commercial banks and underscore the need for tailored corporate governance practices within the sector.

The firm size (FS), board size (BS) and the number of independent member in the board (NI) had a low negative impact on ROA and ROE, indicating that larger firms, boards and no of independent tend to have lower ROA and ROE. The number of women on the board (NW) negatively impact on ROA and ROE at significant effect, while the audit committee (AC) shows a low positive but insignificant effect. These findings provide a nuanced understanding of how different aspects of corporate governance affect bank performance, highlighting the complexity of governance structures and their varied impacts on financial outcomes. These findings emphasize the critical roles of NW on financial performances of Nepalese commercial banks, while FS, BS, sssNI and AC appear to have less direct influence.

These findings emphasize the complex relationship between corporate governance practices and financial performance in Nepalese commercial banks. The study suggests that while certain governance practices like increasing the number of women on the board and maintaining an effective audit committee can improve financial outcomes, others such as increasing firm size and board size may have adverse effects.

5.2 Conclusion

The first objective of this study is to examine the existence of relationships between independent variables such as FS, BS, NW, NI and AC with dependent variables such as ROA and ROE of selected commercial banks in Nepal. The study extensively examine relationships between independent variables such as FS, BS, NW, NI and AC with dependent variable ROA and ROE. A negative correlation with Firm size (FS) and board size (BS) suggests that higher FS and BS can constrain ROA and ROE. while a high positive correlation with No. of Women (NW) indicates that large number of women in board banks tend to extend more return on assets and return on equity. No. of independent board (NI) shows minimal direct relationship while audit committee positive correlation with ROA and negative correlation with ROE. These findings emphasize the multifaceted relationship of corporate governance with financial performances of sample commercial banks in Nepal. The second objective

of this study is to analyze the impact of corporate governance such as FS, BS, NW, NI and AC on the dependent variable Return on assets and return on equity of selected commercial banks in Nepal. FS, BS and NI had a very low negative impact on ROA and ROE but at insignificant level indicating that large firm size, board size and No. of independent board decreased the return on assets and return on equity. NW was a strong negative impact on ROA and ROE at significant level which indicates the strongest the importance of no of women in financial performances. However, Audit committee positive significant impact on both ROA and ROE. The third objective of this is to examine the influence of the board size, firm size, women in board, no of independent board and audit committee on the ROA and ROE of commercial banks in Nepal.

FS and BS negatively correlate with ROA and ROE, suggesting that larger firm size and board size may constrain financial performance. NW positively correlates with ROA and ROE, indicating that having more women on the board enhances financial performance. NI negatively impacts ROA and ROE, showing that a higher number of independent directors may not always contribute positively to financial performance. AC has a positive correlation with ROA but a negative correlation with ROE, suggesting that a robust audit committee can improve ROA but may not necessarily enhance ROE.

The conclusion of the thesis emphasizes the need for a deeper understanding of the unique corporate governance dynamics within Nepalese commercial banks. The study reveals that traditional governance variables such as firm size (FS), board size (BS), number of women (NW), number of independent directors (NI), and audit committee (AC) have limited explanatory power on the financial performance indicators, return on assets (ROA) and return on equity (ROE). Despite the positive correlation between the presence of women on boards and financial performance, other variables like firm size and board size show a negative impact. The results suggest that while diversity and robust audit committees can enhance financial outcomes, the overall low R^2 values indicate that many other factors influencing financial performance remain unexplored. This calls for more comprehensive research to identify additional determinants of financial success and to tailor corporate governance practices to the specific needs and challenges of the Nepalese banking sector.

5.3 Implications

Based on the summary and conclusions of this study the following implications have been conducted by researcher:

I. Complexity in Larger Banks

Larger banks might suffer from inefficiencies due to their complex structures. Increased layers of management and bureaucratic processes can slow down decision-making and reduce responsiveness to market conditions, negatively impacting financial performance.

II. Challenges with Larger Boards

Larger boards may face difficulties in achieving consensus and making swift decisions. The coordination required among more members can lead to delays and less effective governance, thereby hindering the bank's performance.

III. Benefits of Gender Diversity

Having more women on the board can improve the board's dynamics and decision-making processes. Diverse groups are known to consider a wider range of perspectives and ideas, leading to better governance outcomes. This finding supports the argument for promoting gender diversity in corporate leadership.

IV. Effectiveness of Independent Directors

While independent directors are supposed to enhance oversight, their effectiveness depends on their engagement and expertise. In Nepal, independent directors may not always have the necessary industry knowledge or commitment, which can limit their positive impact on financial performance.

V. Importance of Audit Committees

The positive impact of larger audit committees underscores the importance of robust internal controls and financial oversight. Effective audit committees can help ensure the accuracy of financial reports, prevent fraudulent activities, and boost investor confidence, all of which contribute to better financial performance.

REFERENCES

- Aanu, O. S., Odianonsen, I. F., & Foyeke, O. I. (2014). Effectiveness of audit committee and firm financial performance in Nigeria: an empirical analysis. *Journal of Accounting and Auditing*, 2014, 1.
- Adnan, M. A., Htay, S., Rashid, H., and Meera, A. (2011). A panel data analysis on the relationship between corporate governance and bank efficiency. *Journal of Accounting, Finance and Economics*, 1(1), 1-15.
- Affes, W., and Jarboui, A. (2023). The impact of corporate governance on financial performance: A cross-sector study. *International Journal of Disclosure and Governance*, 20(1), 374-394.
- AL-Shatnawi, H. M., Hamawandy, N. M., Sharif, R. J. M., & Al-Kake, F. (2021). The role of the size and growth rate of the bank in determining the effect of financial leverage on the profitability of Jordanian commercial banks. *The journal of contemporary issues in business and government*, 27(1), 1962-1978.
- Ayorinde, O., Toyim A. and Leye A. (2012). Evaluating the effects of corporate governance on the performance of Nigerian banking sector. *Review of Contemporary Business Research*. American research institute for policy development, 1(1), 32-42.
- Berger, A. N., & Mester, L. J. (1997). Inside the black box: What explains differences in the efficiencies of financial institutions?. *Journal of banking & finance*, 21(7), 895-947.
- Bhatt, T. K., Wang, W., Dang, X., & Jan, S. Q. (2024). The role of corporate governance structures in mediating the relationship between external supervision, credit appraisal measurement, capital adequacy, and performance of commercial banks in Nepal. *PloS one*, 19(6), e0303926.
- Dahal, J., Joshi, K. K., Shakya, L., and Joshi, M. (2023). Impact of ownership structure and board composition on performance of Nepalese commercial banks. *Nepalese Journal of Economics*, 7(4), 154-170.
- Dawood, M., Rehman, S., Majeed, U., & Idress, S. (2023). Contribution the effect of corporate governance on firm performance in Pakistan. *Review of Education, Administration & Law*, 6(1), 51-62.

- De Andres, P., & Vallelado, E. (2008). Corporate governance in banking: The role of the board of directors. *Journal of banking & finance*, 32(12), 2570-2580.
- El-Chaarani, H., Abraham, R., & Skaf, Y. (2022). The impact of corporate governance on the financial performance of the banking sector in the MENA (Middle Eastern and North African) region: An immunity test of banks for COVID-19. *Journal of Risk and Financial Management*, 15(2), 82.
- Emeka, E.E. and Bello A.I.E., (2016). The effect of corporate governance on bank's financial performance in Nigeria. *Journal of Business and Management*. 18(3). 99-107.
- Fajriyanti, N., Sukoharsono, E. G., & Abid, N. (2021). Examining the effect of diversification, corporate governance and intellectual capital on sustainability performance. *International Journal of Research in Business and Social Science*, 10(2), 12–20. <https://doi.org/10.20525/ijrbs.v10i2.1053>
- Fuzi, S. F. S., Halim, S. A. A., & Julizaerma, M. K. (2016). Board independence and firm performance. *Procedia Economics and Finance*, 37, 460-465.
- Gardi, B., Aga, M., and Abdullah, N. N. (2023). Corporate governance and financial reporting quality: The Mediation Role of IFRS. *Sustainability*, 15(13), 1-19.
- Goet, J. (2022). The Impact of Corporate Governance on Nepalese Commercial Banks' Financial Performance. *Journal of Management*, 5(1), 24-38.
- Gul, S., Ullah, M., & Rasheed, S. (2024). Exploring the Corporate Governance and Financial Performance: Nexus Through Green Investment in the Automobile Sector of Pakistan. *International Journal of Management Research and Emerging Sciences*, 14(1).
- Guluma, T. F. (2021). The impact of corporate governance measures on firm performance: the influences of managerial overconfidence. *Future Business Journal*, 7(1), 50.
- Gwaison, P. D., & Maimako, L. N. (2021). Effects of corporate governance on financial performance of commercial banks in Nigeria. *International Journal of Finance Research*, 2(1), 13-23.
- Hada, M. L. (2023). Corporate Governance and its Effects on the Financial Performance of Commercial Banks in Nepal. *Journal of Economics and Management*, 3(1), 41-45.
- Hajjat, E. S., Mohd AL-Tamimi, K. A., Obeidat, S. F., Jaradat, M. S., Soumadi, M. M., and Alomari, E. H. (2023). The role of corporate governance principles on

- improving market performance. *International Journal of Professional Business Review*, 8(5), 1-14.
- Kaur, J. (2014). Corporate governance and financial performance: A case of Indian banking industry. *Asian Journal of Multidisciplinary Studies*, 2(2), 91-96.
- Khanifah, K., Hardiningsih, P., Darmaryantiko, A., Iryantik, I., & Udin, U. D. I. N. (2020). The effect of corporate governance disclosure on banking performance: Empirical evidence from Iran, Saudi Arabia and Malaysia. *Journal of Asian Finance, Economics and Business*, 7(3), 41-51.
- Klein, A. (2002). Audit committee, board of director characteristics, and earnings management. *Journal of Accounting and Economics*, 33(3), 375-400.
- Lad, R., & Ghorpade, N. (2022). An analysis of financial performance of public sector banks in India using CAMEL rating system. *International research journal of humanities and interdisciplinary studies*, 3(6), 15-29.
- Laeven, L., & Levine, R. (2007). Is there a diversification discount in financial conglomerates? *Journal of financial economics*, 85(2), 331-367.
- Majeed, M. K., Jun, J. C., Muhammad, Z. U. R., Mohsin, M., & Rafiq, M. Z. (2020). The board size and board composition impact on financial performance: An evidence from the Pakistani and Chinese's listed banking sector. *The Journal of Asian Finance, Economics and Business (JAFEB)*, 7(4), 81-95.
- Martínez, M. D. C. V., & Rambaud, S. C. (2019, September). Women on corporate boards and firm's financial performance. In *Women's Studies International Forum* (Vol. 76, p. 102251). Pergamon.
- Nahar, S., Aziz, A., & Azani, A. (2022). The effect of board independence, gender diversity and board size on firm performance in Malaysia. *Journal of Social Economics Research*, 9(4), 179-192.
- Okoye, L. U., Olokoyo, F., Okoh, J. I., Ezeji, F., & Uzohue, R. (2020). Effect of corporate governance on the financial performance of commercial banks in Nigeria. *Banks and Bank systems*, 15(3), 55-69.
- Orumwense, E. K., & Orumwense, O. (2023). Effect of corporate governance on financial performance of quoted commercial banks in Nigeria. *African Development Finance Journal*, 6(2), 1-16.
- Pandey, D. L. (2008). *Office Practice and Accounting* (6th ed.). Kathmandu: Asia publications and Pvt. Ltd.

- Pratiwi, W., Sumiati, A., and Muliastari, I. (2023). The effect of independent board of commissioners, firm size and leverage on banking financial performance in Indonesia. *International Journal of Multidisciplinary Research and Literature*, 2(1), 45-58.
- Roberts, J. (2005). Agency theory, ethics and corporate governance. In *Corporate governance: Does any size fit?* (pp. 249-269). Emerald Group Publishing Limited.
- Singh, M., & Davidson, W. N. (2003). Agency Cost, Ownership Structure and Corporate Governance Mechanism. *Journal of Banking and Finance*, 27, 793-816.
- Sthapit, A., and Vaidya, R. (2024). Corporate governance practices in South Asia: A comparative study of India and Nepal. *Indian Journal of Commerce & Management Studies*, 15(1), 19-25.
- Tarchouna, A., Jarraya, B., & Bouri, A. (2022). Do board characteristics and ownership structure matter for bank non-performing loans? Empirical evidence from US commercial banks. *Journal of Management & Governance*, 26(2), 479–518. <https://doi.org/10.1007/s10997-020-09558-2>
- Temba, G. I., Kasoga, P. S., & Keregero, C. M. (2023). Corporate governance and financial performance: Evidence from commercial banks in Tanzania. *Cogent Economics & Finance*, 11(2), 1-31.
- Thaker, K., Charles, V., Pant, A., & Gherman, T. (2022). A DEA and random forest regression approach to studying bank efficiency and corporate governance. *Journal of the Operational Research Society*, 73(6), 1258–1277.
- Velliscig, G., Floreani, J., & Polato, M. (2022). Capital and asset quality implications for bank resilience and performance in the light of NPLs' regulation: A focus on the Texas ratio. *Journal of Banking Regulation*, 24(1), 66–88. <https://doi.org/10.1057/s41261-021-00184-y>
- Wadesango, N., Charity, M., Blessing, M., & Haufiku, H. (2020). The effects of corporate governance on financial performance of commercial banks in a turbulent economic environment. *Acta Universitatis Danubius. Economica*, 16(4), 164-191.
- Warrad, L., & Khaddam, L. (2020). The effect of corporate governance characteristics on the performance of Jordanian banks. *Accounting*, 6(2), 117-126.

Yermack, D. (1996). Higher market valuation of companies with a small board of directors, *Journal of Financial Economics*, 40,185-212.

Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of financial economics*, 40(2), 185-211.

www.nrb.gov.np

www.wikipedia.com

www.investopedia.com

APPENDIX

S.N	Commercial Bank	F/Y	F/Y	ROA(%)	ROE(%)	Firm Size(Billion)	Board Size	No.of Women	No.of independent board member	No.of Audit committee
1	Siddartha Bank Ltd	2022/23	2079/80	1.15	13.5	286	6	1	1	3
		2021/22	2078/79	1.1	13.82	264.327	6	1	1	3
		2020/21	2077/78	1.25	15.68	229.068	6	1	0	5
		2019/20	2076/77	1.26	13.81	170.585	6	1	1	3
		2018/19	2075/76	1.49	15.71	144.272	6	1	1	4
		2017/18	2074/75	1.47	15.34	761.249	5	0	0	5
		2016/17	2073/74	1.51	14.89	898.793	5	0	0	3
		2015/16	2072/73	1.6	19.01	744.029	8	0	0	6
		2014/15	2071/72	1.51	20.29	507.197	9	0	0	6
		2013/14	2070/71	1.93	24.03	402.777	9	0	0	6
2	Sanima bank	2022/23	2079/80	1.21	15.54	215.64	7	1	1	3
		2021/22	2078/79	1.09	14.13	192.51	6	1	1	3
		2020/21	2077/78	1.44	18.57	160.75	6	1	1	3
		2019/20	2076/77	1.41	16.09	126.31	6	1	1	3
		2018/19	2075/76	2.07	23.20	109.06	6	1	1	3
		2017/18	2074/75	1.85	15.74	91.28	6	0	0	3
		2016/17	2073/74	1.86	14.39	70	6	0	0	3
		2015/16	2072/73	1.78	22.69	55.96	6	0	0	3
		2014/15	2071/72	1.55	18.19	40.3	6	0	0	3
		2013/14	2070/71	1.46	15.09	29.38	7	0	0	3
3	NMB	2022/23	2079/80	1.26	12.29	287.78	9	1	1	3
		2021/22	2078/79	1.35	12.95	255.2	9	1	1	3
		2020/21	2077/78	1.32	12.08	213.55	7	0	0	3
		2019/20	2076/77	1.09	8.94	179.45	8	0	0	3

		2018/19	2075/76	1.83	13.32	135.47	8	0	1	3
		2017/18	2074/75	1.8	13.54	111.62	7	0	0	3
		2016/17	2073/74	1.49	16.23	106.27	7	0	1	3
		2015/16	2072/73	1.21	23.4	68.61	11	0	0	3
		2014/15	2071/72	1.36	15.54	32.96	10	0	0	3
		2013/14	2070/71	1.43	15.12	28.13	10	0	0	3
	Machapuchre									
4	Bank	2022/23	2079/80	0.87	9.00	186.68	7	1	1	3
		2021/22	2078/79	0.94	8.00	178.57	7	1	1	3
		2020/21	2077/78	1.02	8.00	158.24	7	1	1	3
		2019/20	2076/77	1.02	9.00	124.46	6	1	1	3
		2018/19	2075/76	1.61	11.00	105.21	7	0	1	3
		2017/18	2074/75	1.47	12.00	84.79	6	0	0	3
		2016/17	2073/74	1.89	13.00	68.92	6	0	0	3
		2015/16	2072/73	1.51	14.00	59.46	9	0	0	3
		2014/15	2071/72	1.26	10.00	48.75	7	0	0	3
		2013/14	2070/71	1.12	15.00	40.72	8	0	0	3
5	Rastriya Banijya	2022/23	2079/80	0.91	7.09	394.02	7	1	1	3
	Bank	2021/22	2078/79	1.30	14.02	330.24	7	1	1	2
		2020/21	2077/78	1.10	11.93	309.99	7	1	0	2
		2019/20	2076/77	1.64	18.98	266.77	5	1	0	2
		2018/19	2075/76	2.23	23.39	226.41	7	0	0	3
		2017/18	2074/75	1.85	19.19	197.33	7	0	2	3
		2016/17	2073/74	1.60	26.53	173.54	7	0	0	3
		2015/16	2072/73	1.42	27.41	166.43	7	0	0	3
		2014/15	2071/72	3.32	69.46	139.56	7	0	0	3
		2013/14	2070/71	1.50	76.99	122.56	7	0	0	3
6	Nabil bank	2022/23	2079/80	1.40	11.70	481	7	1	1	3

		2021/22	2078/79	1.20	9.80	420	7	1	1	3
		2020/21	2077/78	1.70	15.20	291	7	1	1	3
		2019/20	2076/77	1.60	13.60	238	7	1	1	3
		2018/19	2075/76	2.30	17.80	201	6	0	0	3
		2017/18	2074/75	2.61	20.94	161	7	0	1	3
		2016/17	2073/74	2.69	22.41	144	7	0	1	3
		2015/16	2072/73	2.32	25.61	131	6	0	1	4
		2014/15	2071/72	2.06	22.73	116	7	0	1	4
		2013/14	2070/71	2.89	27.97	87	5	0	0	4
7	SBI BANK LTD	2022/23	2079/80	1.06	10.77	185.9581	6	1	1	3
		2021/22	2078/79	1.07	9.57	153.1028	6	1	1	3
		2020/21	2077/78	0.70	6.26	137.8088	6	1	1	3
		2019/20	2076/77	1.17	10.44	132.4019	6	1	1	3
		2018/19	2075/76	1.94	16.20	118.3142	6	1	1	3
		2017/18	2074/75	1.97	15.81	102.5387	6	0	0	3
		2016/17	2073/74	1.57	14.85	99.9509	5	0	1	3
		2015/16	2072/73	1.59	13.25	78.7419	5	0	1	3
		2014/15	2071/72	1.64	16.08	59.304	5	0	1	3
		2013/14	2070/71	1.50	14.25	61.083	5	0	0	3
8	Prime commercial bank	2022/23	2079/80	1.06	14.33	473.091	22	3	6	4
		2021/22	2078/79	0.98	12.93	433.409	20	3	4	5
		2020/21	2077/78	0.84	10.61	389.878	17	2	4	5
		2019/20	2076/77	0.54	6.31	347.502	18	2	4	6
		2018/19	2075/76	0.54	5.93	323.788	20	3	4	6
		2017/18	2074/75	0.76	8.31	295.613	18	2	4	4
		2016/17	2073/74	0.38	4.24	281.467	17	2	3	4
		2015/16	2072/73	0.81	8.49	272.224	19	3	3	5
		2014/15	2071/72	0.80	8.41	267.322	19	3	3	5

		2013/14	2070/71	0.91	10.08	269.218	20	5	3	5
9	Ciitizens bank Ltd	2022/23	2079/80	0.95	9.01	198.9326	6	0	0	3
		2021/22	2078/79	1.11	10.21	194.4126	7	1	0	3
		2020/21	2077/78	1.29	11.71	168.329	7	1	0	3
		2019/20	2076/77	1.19	9.25	110.55	7	1	0	3
		2018/19	2075/76	1.62	11.71	90.121	7	1	0	4
		2017/18	2074/75	1.72	11.22	77.709	7	1	0	4
		2016/17	2073/74	1.80	11.52	65.8816	7	1	0	4
		2015/16	2072/73	2.24	20.36	55.062	9	1	0	4
		2014/15	2071/72	1.95	19.26	41.45	9	0	0	4
		2013/14	2070/71	1.71	18.09	33.222	8	0	0	4
10	Nic asia Bank Ltd	2022/23	2079/80	1.23	16.39	364.089	7	1	1	3
		2021/22	2078/79	1.20	18.43	358.57	7	1	1	3
		2020/21	2077/78	1.09	17.09	346.148	7	1	1	3
		2019/20	2076/77	1.32	19.26	250.59	7	0	1	3
		2018/19	2075/76	1.56	22.73	220.585	7	0	1	3
		2017/18	2074/75	0.97	12.09	170.943	7	0	1	3
		2016/17	2073/74	1.64	16.84	99.274	6	0	0	3
		2015/16	2072/73	1.51	16.50	80.457	6	0	0	5
		2014/15	2071/72	1.21	13.05	60.519	8	0	0	3
		2013/14	2070/71	1.71	15.93	51.5	9	0	0	3

THE IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL...

By: Janaki Kumari Singh

As of: Aug 5, 2024 12:30:42 PM
14,648 words - 52 matches - 8 sources

Similarity Index

6%

Mode: Summary Report ▼

sources:

216 words / 1% - from 18-May-2024 12:00AM
www.nepjol.info

107 words / 1% - Internet from 04-Feb-2022 12:00AM
www.researchgate.net

80 words / 1% - Internet from 29-Jul-2022 12:00AM
www.researchgate.net

135 words / 1% - Internet from 17-Dec-2022 12:00AM
library.uniglobe.edu.np

91 words / 1% - Crossref
[Grace Isidor Temba, Pendo Shukrani Kasoga, Chirongo Moses Keregero. "Corporate governance and financial performance: Evidence from commercial banks in Tanzania", Cogent Economics & Finance, 2023](#)

85 words / 1% - Crossref
["Business Governance and Society", Springer Science and Business Media LLC, 2019](#)

83 words / 1% - from 21-Mar-2023 12:00AM
archive.conscientiabeam.com

76 words / 1% - from 19-Nov-2023 12:00AM
WWW.coursehero.com

paper text:

Abstract This thesis examines how

corporate governance impacts **the** financial **performance of commercial banks in Nepal**, focusing **on**

variables such as firm size (FS), board size (BS), the

number of women **on the board** (NW), the **number of independent directors** (NI), and **the**

audit committee (AC). Using data from ten banks over a decade (2013/14 to 2022/23), the study finds significant correlations

between governance factors and financial performance. Specifically, firm size (FS), board size (BS), and the number of independent directors (NI) are negatively associated with