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EFFECT OF CORPORATE GOVERNANCE PRACTICES ON MINORITY

SHAREHOLDERS' RIGHT: A CASE OF AWASH BANK

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
FOR THE PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE MASTER
OF ARTS IN BUSINESS LEADERSHIP**

BY: LALISA FEYISSA DENDENA

ADVISOR: TEKLEGIORGIS ASSEFA (PhD)

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

MAY, 2025

ADDIS ABABA, ETHIOPIA

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DECLARATION

I, Lalisa Feyissa Dendena, hereby declared that the thesis entitled “Effect of Corporate Governance Practices on Minority Shareholders Right: A Case of Awash Bank” is my own original work prepared under the guidance of Teklegiorgis Assefa (PhD), and all the source materials used for this study have been properly acknowledged.

Name

Signature

Date

CERTIFICATION

This is to certify that Lalisa Feyissa has completed his thesis entitled “Effect of Corporate Governance Practices on Minority Shareholders Right: A case of Awash Bank.” The study is appropriate to be submitted as a partial fulfillment of the requirements for the award of Master of Arts Degree in Business Leadership.

Name	Signature	Date
Teklegiorgis Assefa (PhD).	_____	_____

APPROVAL

This is to certify that the study prepared by Lalisa Feyissa, entitled “Effect of Corporate Governance Practices on Minority Shareholders Right: A Case of Awash Bank” submitted in partial fulfillment of the requirements for the Master of Arts in Business Leadership complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Approved by:

Teklegiorgis Assefa (PhD).	_____	_____
(Advisor).	Signature	Date
Muluken. D (PhD).	_____	_____
(Internal Examiner).	Signature	Date
Ephrem Assefa (PhD).	_____	_____
(External examiner).	Signature	Date

Addis Ababa University

School of Commerce

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ACRONYMS

NBE	National Bank of Ethiopia
OECD	Organization for Economic Cooperation and Development
SPSS	Statistical Package for Social Science
CCE	Commercial Code of Ethiopia
CBE	Commercial Bank of Ethiopia
AMG	Annual General Meeting
ESG	Environmental, Social and Governance
VIS	Variance Inflation Factor
DV	Dependent Variables
IDV	Independent Variables

ABSTRACT

Different scholars have examined the significance of corporate governance practices in promoting the development and protection of investors. Although these researchers contributed a lot to this matter, the researcher believed that more attention should be given to minority shareholders. To fill this gap, this study was conducted. The study aimed to examine the effect of corporate governance practices on minority shareholders' rights at Awash bank. A quantitative research approach and convenience data collection method were applied in the study. From the total population of 300 minority shareholders, 172 were sampled by Yamane's sampling technique, and primary data was collected from 150 respondents of minority shareholders of Awash bank using a structured questionnaire. Both correlation and regression were conducted to analyze the data. Using SPSS software, the multivariate multiple linear regression model was used to examine the relationship between independent and dependent variables. The finding indicated that corporate governance practices have a positive and significant effect on the rights of minority shareholders. Hence, the researcher recommended that Awash bank should enhance its corporate governance practices like fairness, independence, and transparency to ensure the rights of minority shareholders. Finally, since the concept of minority shareholders' rights is a broad term, the researcher focused only on the right to protection from abusive actions, the right to accessibility to relevant information, and the right to participation in general meetings. Therefore, the researcher argued the importance of future research on other areas of minority shareholders' rights that this study did not cover.

Key Words: *Corporate governance practices, Minority shareholders*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Corporation is a structure established by law to allow different parties to contribute capital, expertise, and labor for the maximum benefit of all of them. The investor gets the chance to participate in the profits of the enterprise without taking responsibility for the operations. The management gets the chance to run the company without taking the responsibility of personally providing the funds. To make both of these possible, the shareholders have limited liability and limited involvement in the company's affairs. That involvement includes, at least in theory, the right to elect directors and the fiduciary obligation of directors and management to protect their interests. (Robert A. G. Monks and Nell Minow, 2011)

Sanjay Anand, (2008) states that although corporate governance is a complex issue that is still in need of a clear definition, the principles of the concept and those who are responsible for its implementation are clear. Corporate governance is the idea behind effective management relationships among shareholders, the board, and the executive of a corporation. The goal is to establish an effectively organized management structure and activity system that will facilitate the corporation's ability to meet the needs of shareholders and any other pressing needs that may arise. (Sanjay Anand, 2008)

Corporate governance is about aligning the interests of stakeholders and ensuring that everyone works toward a common goal that is in the firm's best interests. It is a set of practices that helps

stakeholders negotiate support for their conflicting interests and enables principals to hold agents accountable for their decisions and actions. (Ruth and Isak, 2014)

One of the pillars of corporate governance practices is accountability, which ensures that decision-makers are answerable for their actions. In banking, this involves boards justifying strategic choices to shareholders and regulators. (OECD, 2023). The other pillar of corporate governance is fairness, which ensures equitable treatment of all shareholders, especially minorities. Key practices of this practice include the right to vote and participate in the general meeting. (CCE, 2021). Independence is the corporate governance practice that mitigates conflicts of interest by ensuring objective decision-making. (NBE, 2024). Finally, Transparency involves disclosing accurate, timely information to stakeholders. According to NBE, (2024) Ethiopian banks must publish quarterly financial statements.

When investors finance, they typically obtain certain rights or powers that are generally protected through the enforcement of regulations and laws. Some of these rights include disclosure and accounting rules, which provide investors with the information they need to exercise other rights. Protected shareholder rights include those to receive dividends on pro-rata terms, to vote for directors, to participate in shareholders' meetings, to subscribe to new issues of securities on the same terms as the insiders, to sue directors or the majority for suspected expropriation, to call extraordinary shareholders' meetings, etc. (Rafael La Porta, 2000)

According to G20/OECD, (2023) corporate governance framework should protect and facilitate the exercise of shareholders' rights and ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violations of their rights. Protection of minority shareholders against

injury. These rights include right to secure methods of ownership registration; right to convey or transfer shares; right to obtain relevant and material information on the corporation on a timely and regular basis; right to participate and vote in general shareholder meetings; right to elect and remove members of the board; right to share in the profits of the corporation; and right to elect, appoint or approve the external auditor.

Commercial code of Ethiopia also clearly identifies the rights of shareholders. Without prejudice to the rules that provide for the creation of preferred classes of shares, a general meeting may not pass a resolution that may have a clear effect of giving undue benefit to some shareholders. In addition to these rights, it states that every shareholder may at all times inspect and take copies of the following documents kept at the head office. (CCE, Article 364, 2021)

This study examines the effect of corporate governance practices like fairness, independence, and transparency of the board of directors on minority shareholders' rights: the right to access relevant financial and non-financial information; the right to participate in shareholders' general and annual meetings; and abusive actions.

1.2 Statement of the Problem

Globally, corporate governance failures from the 2007 financial crisis to recent collapses like Enron highlights the catastrophic consequences of weak oversight, including eroded investor trust and macroeconomic instability. (Otman, 2014). Sanjay Anand, (2008) also warns that unaddressed conflicts erode trust of investors, while Okpara (2011) links weak conflict management to governance failures in 68% of Nigerian banks. In Ethiopia, researchers have conducted study on corporate governance practices and their impact on shareholders and the performance of corporations at different levels. Altaye, (2021) in his research, examined the

corporate governance of Nib bank and concluded that delayed financial disclosures mirrored systematic issues across the sector. Hussein Ahmed Tura, (2011) critiques the historical dominance of family-owned enterprises in share companies, arguing that weak governance frameworks enable mismanagement and marginalize shareholders. Tsion Abebe, (2022), on her side, concluded the result of her research that the corporate governance framework needs to ensure timely and accurate disclosure on financial situation, performance, ownership, and governance of the company to all respective stakeholders of the bank. Tadesse, (2018) critiques the slow adoption of global best practices, noting that family-dominated boards persist in many banks, undermining minority rights.

The researcher is an employee of Awash bank, and had the opportunity to observe the practices of the bank's board of directors and how employee shareholders and minority shareholders exercise their rights. According to his observation, shareholders lack sufficient information about who the bank's board of directors were; they did not engage in general or annual shareholders' meetings; and they did not participate in the voting and election processes for the board of directors and the auditors' committee. Typically, these shareholders lack engagement or knowledge regarding the bank's financial and non-financial performance, rather than anticipating the annual dividend.

The main gap the researcher identified was that little attention was given to minority shareholders. The researcher believes that despite the importance of the above research on corporate governance practices, minority shareholders' rights haven't received enough focus from researchers. Hence, deep investigation on the effect of corporate governance practices on minority shareholders' rights is required in the Ethiopian financial sector. Additional research on

minority shareholders needs to be conducted to clarify whether corporate governance practices affect the rights of minority shareholders in particular.

Therefore, this study conducted to clearly identify the effect of fairness, independence, and transparency of the board of directors on minority shareholders in Awash Bank. It bridges the gap of previous research on corporate governance practices on minority shareholders in financial sectors of Ethiopia. Finally, the researcher hopes that the study clarify whether corporate governance practices affect the rights of minority shareholders in particular; Particularly, Conclusion and recommendation of this study will be input for Awash and other banks in Ethiopia.

1.3 Research Questions

1. How fairness of the board of directors affects the right to participate in meetings and vote of minority shareholders at Awash bank?
2. How independence of the board of directors impacts the right to protecting abusive action of minority shareholders at Awash bank?
3. To what extent transparency of the board of directors affect the right to access relevant financial and non-financial information of minority shareholders at Awash bank?

1.4 Research Objectives

The general objective of this study was to examine how Corporate Governance Practices affect minority shareholders' rights at Awash bank.

1.4.1 Specific Objectives

1. To examine the effect of the fairness of the board of directors on the right to participate in meetings and vote of minority shareholders at Wash bank.
2. To evaluate the impact of the independence of the board of directors on the right to protect abusive action of minority shareholders at Awash bank.
3. To examine how the transparency of the board of directors affects the right to obtain relevant information of minority shareholders at Wash bank.

1.5 Significance of the Study

This study focused on the effect of corporate governance practices on minority shareholders' rights in Awash bank. It examined how the corporate governance practices of Awash bank affect minority shareholders' rights. Hence, using the conclusion and recommendation of this study, the bank could deeply investigate practices of its corporate governance, set and implement reforms on transparency and disclosure, independence, and fairness in the bank, and fill the gap in the protection of minority shareholders' rights. Having this action can boost the confidence of investors and be helpful for the long-term stability of the bank. The study will also use as a body of knowledge. Future studies can build on its methodology and literature and can be used as advanced references for researchers on corporate governance, particularly in the Ethiopian financial sector.

1.6 Scope of the Study

This study focused on examining how corporate governance practices affect minority shareholders' rights in Awash bank. The concept of corporate governance practices is a broad

term that consists of, but is not limited to composition of the board of directors, board structure, fairness of the board of directors, independence and transparency of the board of directors, role, responsibility, and accountability of the board of directors, etc. On the other hand, minority shareholders' right is not a specific concept that can be applied in this specific time frame. Hence, the specific objective of this study is limited to examining how pillars of corporate governance like fairness, independence, and transparency of the board of directors affect the basic minority shareholders' rights, such as the right to participate in general meetings and vote, abusive actions violation and the right to access relevant information.

1.7 Limitations of the Study

Corporate governance frameworks like the OECD, (2015) emphasize that board composition and expertise directly affect decision-making quality, risk oversight, and ethical accountability. For instance, specialized committees are critical for mitigating conflicts of interest, while diverse boards are linked to improved stakeholder inclusivity. (Anand, 2008). Despite this fact, this study was limited to examining effect of specific corporate governance practices, like fairness, independence and transparency as well as the limited rights of minority shareholders. Therefore, in addition to selecting only three dependent variables (right to access relevant information, right to protection of abusive action and right to participation) including other basic right of minority shareholders might strengthen the result of the study.

1.8 Organization of the study

This research organized the entire study into five chapters. Chapter one was the introduction of the study. This provided a background to the study, statement of the problem, research questions, objectives, significance of the study, scope of the study, potential limitations, and definition of

key terms. Chapter two was the literature Review, which discussed theories relevant to the study and provided literature previously done by other authors on corporate governance. Chapter three covered research design and methodology. It discussed the research design, sampling procedures, data collection methods, and analyses that have been used in the research. Chapter four presented findings of the study. Finally, chapter five was the discussion, conclusions, and recommendations of the study.

1.9 Definition of key terms

Corporate Governance- the process and structure used to direct and manage the business and affairs of a bank towards enhancing business prosperity and corporate accountability. (NBE, 2024)

Shareholder- an individual, institution, or entity that legally owns one or more shares of stock in a corporation, granting them partial ownership and specific rights, such as voting on corporate matters. (CCE, 2021)

Fairness- the role of the board of directors is to treat all shareholders, including minorities, equitably. (G20/OECD, 2023)

Independence- Ensure timely, accurate disclosure on all material matters, including the financial situation, performance, ownership, and corporate governance. (G20/OECD, 2023)

Transparency- Procedures and structures are in place to minimize or avoid conflicts of interest. (G20/OECD, 2023)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter synthesized theoretical frameworks and empirical evidence on corporate governance, with particular focus on its application in Ethiopia's banking sector. It examined corporate governance conceptual foundations, evolution, core principles and theories, and critical role in protecting minority shareholders right in emerging economies. Finally, depend on empirical theories, conceptual framework was constructed and presented.

2.2 Conceptual Review

2.2.1 Concept of Corporate Governance

Corporate governance constitutes the institutional framework ensuring organizational integrity, transparency, and accountability. It balances stakeholder interests while pursuing sustainable value creation (OECD, 2023). Cadbury, (2000) positions corporate governance as a conflict resolution mechanism between shareholders and management, while Anand, (2008) characterizes it as the "bedrock of corporate integrity", where executives safeguard investments as custodians. In Ethiopia, family dominated shareholding structures often marginalize minority shareholders (Hussein Ahmed Tura, 2011), and banks struggle to reconcile modern governance with traditional ownership models (Tadesse, 2018). The 2003 WorldCom collapse exemplifies catastrophic governance failure, where false reporting, board incompetence, and unmanaged conflicts destroyed shareholder value (U.S. SEC, 2003). Banking sectors globally require robust

corporate governance as public trust is non-negotiable. Ethiopia's NBE Directive SBB/71/2019 accordingly frames governance as a strategic enabler for depositor protection and sustainable growth.

2.2.2 Evolution of Corporate Governance

Corporate Governance has evolved through regulatory responses to systemic failures. Adam Smith, (1776) first identified owner-manager agency conflicts. The 1929 market crash precipitated the U.S. Securities Acts (1933/1934), establishing disclosure standards and creating the SEC. The 1970s-1980s introduced stakeholder theory (Freeman, 1984) and agency theory (Jensen & Meckling, 1976), which addressed broader societal obligations and manager-shareholder conflicts respectively. The Cadbury, (1992) report established modern benchmarks for board independence and financial accountability. The Enron scandal (2001) triggered the Sarbanes-Oxley Act (2002), criminalizing financial fraud. Post 2008 crisis, OECD principles were revised (2023) to emphasize risk governance. Ethiopia's journey includes the landmark 2011 Commercial Code granting minority rights and NBE's 2024 directive (SBB/91/2024) mandating audit committees and conflict disclosures though cultural resistance to external oversight persists (Altaye, 2021).

2.2.3 Pillars of Corporate Governance

Corporate governance derives structural integrity from four interdependent pillars essential to organizational sustainability across all markets. These pillars include:

Accountability

The stewardship imperative holding decision makers answerable for strategic outcomes and risk management. It transforms power into responsible leadership by aligning incentives with long-

term value creation. According to Wossenu Abera (2021), Zemen Bank's 15% sustained profit growth 2016–2020 exemplifies accountability operationalized through performance-linked executive compensation.

Transparency

The way of mandating proactive disclosure of material information (financial, operational) to stakeholders. It enables informed trust and market confidence. It mandates timely disclosure of financial, operational, and risk data. Ethiopia's NBE (2024) now requires ESG reporting, following Kenya's Equity bank where transparency increased foreign investment by 25% (Joshua, 2013).

Kenya's Equity Bank achieved 25% foreign investment growth via robust disclosure a model informing Ethiopia's NBE (2024) ESG mandates (Joshua, 2013).

Independence

Independence required objective decision-making through role separation (e.g., CEO/Chair bifurcation) and impartial directors who actively challenge management (McLean & Elkind, 2003).

Fairness

Fairness guarantees equitable treatment of all shareholders. Ethiopia's 2021 Commercial Code enforces proportional voting to prevent majority exploitation. It is the equilibrium principle guaranteeing proportional rights and protections for all stakeholders. It prevents majoritarian exploitation through institutionalized equity. Ethiopia's Commercial Code (2021) enforces proportional voting to safeguard minority shareholders against dominance (Altaye, 2021). Its absence inevitably tilts governance toward the powerful.

2.2.4 Rights of Shareholders

Participation Rights

Participation rights empower shareholders to engage in corporate decision-making through voting on critical matters (e.g. board elections, mergers, executive pay) and attending general meetings. These rights ensure minority voices influence outcomes rather than being overruled by dominant shareholders. Corporate governance directly determines their effectiveness. Strong governance enables participation through institutional mechanisms like e-voting platforms (e.g. Ethiopia's NBE 2024 mandate for diaspora inclusion) and fair AGM procedures (21-day advance notices, proxy voting). Conversely, weak governance suppresses participation via opaque meeting scheduling excluding 70% of Ethiopian minorities (Okpara, 2011) and logistical barriers disadvantaging rural investors.

Protection Rights

Protection rights shield shareholders from abusive actions by ensuring equitable treatment and legal recourse against exploitation like unfair related-party transactions and majority oppression. Governance quality dictates their enforceability robust systems guarantee protection through independent board reviews of conflicted transactions (NBE 2024) and derivative lawsuit mechanisms to hold directors accountable. In contrast, deficient governance enables abuse via rubber-stamp approvals by family-dominated boards (Tadesse, 2018) and cultural resistance to legal challenges, perpetuating "silent exclusion" of minorities in Ethiopian banks.

Information Accessibility Rights

Information accessibility ensures shareholders receive timely, complete, and understandable data on financial performance, material risks, and executive decisions for informed

oversight. Governance practices shape their realization. Effective frameworks ensure accessibility through mandatory ESG and financial disclosures (NBE 2024) and plain-language risk reporting (e.g. loan defaults), as evidenced by Kenya's 25% investment surge post-reform (Joshua, 2013). Weak governance, however, creates opacity through vague or selective disclosures exemplified by Ethiopian banks obscuring loan risks (Belay, 2020).

2.3 Theoretical Review

2.3.1 Core Theories of Corporate Governance

The three dominant theories of corporate governance practices were discussed below. Agency theory, stewardship theory and stakeholder theory were presented. Particularly, agency theory that the researcher align with the variables of its study were articulated with each of variables under study.

Agency Theory

Agency Theory examines conflicts arising from the separation of principal (shareholders) and agents (managers), where agents may prioritize self-interest over shareholder welfare. This misalignment generates agency costs through information asymmetry, moral hazard, and goal divergence (Jensen & Meckling, 1976). This study operationalizes agency theory by examining six governance variables as mechanisms to resolve these conflicts in Ethiopia's banking sector.

Fairness reduces opportunistic behavior by ensuring equitable treatment of all shareholders, countering majority exploitation by kinship networks (Tadesse, 2018). Independence mitigates agent bias through objective oversight (e.g. independent boards challenging managerial decisions), crucial in family run business where personal loyalties override fiduciary duties

(Altaye, 2021). Transparency resolves information asymmetry by mandating disclosure of financial and operational data, enabling minorities to access critical risk metrics often obscured in Ethiopian bank reports (Belay, 2020). Protection deters expropriation through legal safeguards against abusive actions (e.g. biased related party transactions), addressing enforcement gaps in state owned banks (Okpara, 2011). Participation empowers principals via voting rights (e.g. AGMs, e-voting), countering systemic exclusion of minority voices (Okpara, 2011). Information accessibility enables performance monitoring of agents, overcoming oversight barriers from inadequate disclosures (Belay, 2020).

Stewardship Theory

Stewardship Theory posits directors as ethical custodians motivated by duty and organizational pride. While compatible with Ethiopia's communal values, this approach risks marginalizing minority voices (Altaye, 2021).

Stakeholder Theory

Stakeholder theory asserts corporations serve employees, customers, and society beyond shareholders. Ethiopia's Commercial Code (2021) acknowledges this through "public interest" mandates, though enforcement remains inconsistent (Tadesse, 2018).

2.4 Empirical Review

The collapse of Luckin Coffee of 2020 demonstrates catastrophic governance failure. Its board ignored internal control breaches and audit warnings while COO Jian Liu fabricated \$310 million in sales through fictitious transactions, violating fiduciary duties to safeguard financial integrity. This negligence triggered NASDAQ delisting, a \$3 billion market value loss, and

permanent minority shareholder ruin (U.S. SEC, 2020), illustrating how board failures systematically undermine rights to accurate disclosure and capital protection.

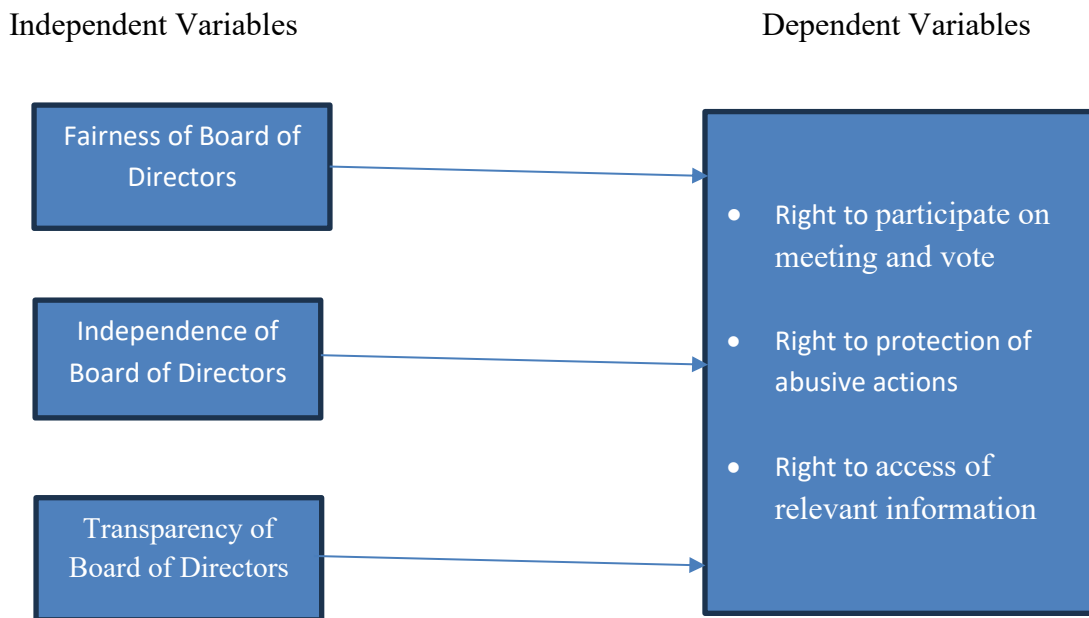
In Ethiopia, governance adoption yields measurable benefits, but faces implementation gaps. Yonatan (2022) notes that emulating global standards like Unilever PLC boosted operational efficiency by 18%, indirectly stabilizing minority dividends. Zemen Bank exemplifies success: rigorous OECD-aligned accountability frameworks and independent director oversight drove 15% annual profit growth (2016–2020), preventing high-risk transactions from diluting minority stakes (Wossenu Abera, 2021). Post 2018 reforms (e.g. stricter loan approvals) reduced non-performing loans by 12% in private banks, disproportionately benefiting minorities who lack influence over recovery strategies (Tadesse, 2018). Hybrid innovations like Abay Bank’s integration of modern audits with *idir* (traditional conflict resolution) cut internal fraud by 30% (2017–2021), proving local adaptations can strengthen global standards.

However, persistent challenges erode minority safeguards. The National Bank of Ethiopia’s 2024 ESG mandate modeled after Kenya’s Equity Bank, where transparency spurred 25% foreign investment (Joshua, 2013) falters in practice. Banks like Awash publish superficial quarterly reports, obscuring loan defaults and executive conflicts (Belay, 2020). Vague related-party transaction disclosures leave minorities unable to detect insider advantages. State-owned institutions (e.g., Commercial Bank of Ethiopia) prioritize political loyalty over competence in board appointments (Altaye, 2021), while derivative lawsuits a critical redress tool remain rare due to enforcement voids. Cultural resistance compounds these issues: family-owned banks enable "silent exclusion," where kinship networks override minority votes despite formal participation rights (Tadesse, 2018).

2.5 Conceptual framework

These diagram shows relationship between pillars of corporate governance with basic Minority shareholders rights of minority shareholders.

Figure 2.1: Conceptual Framework



Source: Own survey, 2025

2.6 Hypothesis of the Research

H1: Fairness of board of directors significantly affects the right to participate on meeting and vote of minority shareholders at Awash bank.

H2: Independence of board of directors significantly affects the right to abusive action violation of minority shareholders at Awash bank.

H3: Transparency of board of directors significantly impacts the right to obtain relevant information of minority shareholders at wash bank.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Approach

In this study the researcher used quantitative approach to provide statistical data and examine the impact of corporate governance practices on minority shareholders right at Awash bank.

3.2 Research Design

This study used descriptive and explanatory research design to establish cause effect relationship and how corporate governance practices affect minority shareholders right. This type of research design goes beyond describing whether phenomena occur. It focuses on how and why something happens. In this research, the researcher used descriptive and explanatory design to examine not only whether or not corporate governance practices (fairness, independence and transparency) affects minority shareholders right (right to participate in shareholders general and annual meeting and vote, right to access relevant financial and non-financial information and abusive right violation) but also why and how corporate governance practices affect minority shareholders in Awash bank.

3.3 Population of the Study

Population is the entire group or set of individuals, objects or events that poses specific characteristics and are of interest to the researcher. It represents the larger population from which sample is drawn. The target population of this research were 300 minority shareholders of Awash bank.

3.4 Sampling Technique

The researcher used convenience type of non-probability sampling because shareholders were widely spread and it was difficult to use probability sampling method. Due to widely spread of minority shareholders and difficulty in contacting each shareholder, the researcher used convenience sampling and collected data from shareholders available at the shareholders' office of Awash bank for their purpose and employees of the bank in the head office.

3.5 Sample Size Determination

In this research, Taro Yamane's formula is used.

$$n = \frac{N}{1 + N(E)^2}$$

Where n= sample size

N= Total number of populations

E= Margin of error

Given

$$N = 300$$

$$E = 5\%$$

Required

$$n = ?$$

Solution

$$n = \frac{N}{1 + (E)^2}$$

$$n = 300 / (1 + 300(0.05)^2)$$

$$n = 300 / (1 + 300(0.0025))$$

$$n = 300 / (1 + 0.75)$$

$$n = 300 / 1.75$$

$$n = 172$$

Therefore, using Yamane's formula, total number of samples used in study was 172.

3.6 Source of Data

Primary data was collected from minority shareholders of Awash bank. Structured questionnaire was prepared to collect data that employs a 5-point Likert scale. The data was collected from 150 respondents of minority shareholders and 22 was uncollected.

3.7 Data Collection

Data collection is the systematic gathering and measuring of information about variables of interest. It involves identifying the data types, sources and methods to be used. This process is crucial for answering research questions, testing hypothesis, and evaluating outcomes. To this effect, questionnaire with a 5- point scale was prepared and distributed to minority shareholders to gather data.

3.8 Method of Data Analysis and Presentation

3.8.1 Data Analysis

In this study, data from questionnaire was analyzed using descriptive and exploratory analysis method with correlation and multivariate multiple linear regression model to identify the relation between independents and to examine the effect of independent variables (fairness of board of directors, independence of board of directors and transparency of board of directors) on dependent variables (right to access relevant information, right to participation and vote, and right to abusive action violation) of minority shareholders.

Multivariate multiple linear regression model simultaneously examined the effect of independent variables on dependent variables.

3.8.2 Data Presentation

The collected data was organized in to seven sections: Background information of the respondents, fairness of board of directors, independence of board of directors, transparency of board of directors, right to participation on general meeting and vote, right to access relevant information, protection from abusive action and presented in table and statements.

3.9 Validity

According to Kothari (2004), validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. To secure the validity of this study, the researcher applied pilot test on small scale of respondents to assess the feasibility, identify potential problems and refine procedure. Additionally, data cleaned for potential non-response, invalid answers, or any incomplete questionnaires. Therefore, the researcher believe that the instruments contain a representative sample of the universe.

3 10. Reliability

According to Ticehurst and Veal (2000), reliability is the extent to which research findings

would be the same if the research were to be repeated at a later date, or with a different sample of

subjects. A measuring instrument is reliable if it provides consistent results.

In this study, Cronbach's Alpha used to measure the internal consistency of the items used.

Table 3.1: Reliability test

Reliability Item-Total Statistics

Variables	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Fairness	18.5331	5.530	.618	.783
Independence	18.6880	6.773	.432	.819
Transparency	17.9380	5.651	.598	.788
Participation	18.2514	5.781	.639	.778
Protection	17.9415	6.306	.539	.800
Accessibility	17.5810	5.735	.685	.768

Source: Own survey, 2025

According to Nunnally, J. C. (1978), Cronbach's Alpha $\alpha \geq 0.90$ indicates excellent consistency, $0.80 \leq \alpha < 0.90$ indicates good consistency, $0.70 \leq \alpha < 0.80$ indicates acceptable, $0.60 \leq \alpha < 0.70$ indicates questionable and finally, $\alpha < 0.60$ indicates unacceptable.

The table shows that the internal consistency of the 6-item scale used in the study. Cronbach's alpha is 0.819, indicating good reliability. This suggests that the item consistently measure the same underlying construct.

3.11 Ethical Considerations

In certain case, collecting data from an entire population may pose ethical challenges, such as invasion of privacy or burdening participants. Sampling helps protect the privacy and wellbeing of individuals by reducing the burden of data collection. It allows researchers to obtain valuable information while ensuring ethical standards are maintained.

In this research, the privacy of respondents was carefully protected and the information they provided used only for the input of the research, and utmost care was taken for its confidentiality.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1. Introduction

In this chapter the researcher covered data analysis, data presentation and data interpretation. The first part of the chapter provided the background information of the respondents using summarized table in the forms of frequency and percentage and describe each part in the form of statement. The next part of the chapter elaborated output data using regression analysis and showed the relationship between the dependent variables using correlation analysis.

4.2. Demographic characteristics of the respondents

This section provided the personal information of the respondents of minority shareholders of Awash bank and summary of their gender, age, education level, duration of holding share and number of share of respondents are summarized in number and percentage is presented in the form of table.

Table 4.2.1: Gender of respondents

Gender	Frequency	Percentage
Male	87	58
Female	63	42
Total	150	100

Source: Own survey, 2025

As shown in the above table above, the gender of respondents 87 (58%) of total respondents were male and 63 (42%) of total respondents were female. This shows that in awash bank number of male minority shareholders were higher than number of female minority shareholders.

Table 4.2.2: Age of respondents

Age	Frequency	Percentage
Below 30	17	11.33
30-45	62	41.33
46-60	57	38
Above 60	14	9.33
Total	150	100

Source: Own survey, 2025

As shown in the above table, 17 (11.33%) were below 30 years old, 62 (41.33%) were 30-45 years old, 57 (38%) were 46-60 years old, 14 (9.33%) were above 60 years old. This result shows that most of minority shareholders of Awash bank were aged between 30-45 years.

Table 4.2.3: Education level of respondents

Education Level	Frequency	Percentage
Diploma	40	26.67
Degree	58	38.67
Master's degree	22	14.67
Other	30	20
Total	150	100

Source: Own survey, 2025

The above table shows, 40 (26.67%) were qualified in diploma, 58 (38.67%) were qualified in degree, 22 (14.67%) were qualified in master's degree, 30 (20%) were other level of education.

This result shows most of minority shareholders of Awash bank were qualified in degree.

Table 4.2.4: Share duration of respondents

Share duration	Frequency	Percentage
Less than 1 year	12	8
1-5 years	48	32
More than 5 years	90	60
Total	150	100

Source: Own survey, 2025

The table indicated 12 (8%) have been shareholder for less than 1 year, 48 (32%) have been shareholder for 1-5 years, 90 (60%) have been shareholder for more than 5 years. These shows most of minority shareholders of Awash bank have been as shareholder for more than 5 years.

Table 4.2.5: Number of shares of respondents

Number of shares	Frequency	Percentage
Less than 100	8	5.33
100-500	65	43.33
501-1000	51	34
Greater than 1000	26	17.33
Total	150	100

Source: Own Survey, 2025

The above table of number of shares of shareholders indicates 8 (5.33%) owned less than 100 shares, 65 (43.33%) had 100-500 shares; 51 (34%) owned 501-100 shares; 26 (17.33%) had greater than 1000 shares. This illustration implied most of shareholders of Awash bank owned 100-500 shares.

4.3 Descriptive Statistics on Fairness of Board of Directors

In this descriptive statistics, 5 likers scale was used as **1 for strongly disagree, 2 for disagree, 3 for undecided/neutral, 4 for agree, 5 for strongly agree**. In the following tables Fr used as frequency which was presented in number and % is percentage of each variable.

Table 4.3.1: Analysis on Fairness of Board of Directors

Fairness of board of directors						
No	Statement	1	2	3	4	5
		Fr (%)	Fr (%)	Fr (%)	Fr (%)	Fr (%)
1	Board of Directors facilitate the exercise of shareholders' rights.	14(9.33)	18(12)	60(40)	36(24)	22(14.67)
2	The board effectively carryout their responsibility that the bank required.	12(8)	8(5.33)	60(40)	42(28)	28(18.67)

3	Board of Directors provide redress for violation of minority shareholders right.	18(12)	12(8)	64(42.67)	44(29.33)	12(8)
4	Board of directors ensure timely and accurate disclosure.	16(10.67)	20(13.33)	52(34.67)	48(32)	14(9.33)

Source: Own survey, 2025

From the above table 32(21.33) agreed on that board of directors facilitate the exercise of shareholders’ rights. 60(40%) were neutral and the rest 58(38.67) agreed that board of directors facilitate the exercise of shareholders’ rights. It shows that most of minority shareholders were neutral on board of directors facilitating the exercise of minority shareholders right.

20(13.33) of minority shareholders believe that board of directors did not effectively carryout their responsibility. 60(40) were neutral and the rest 70(46.67) gave their agreement on the board effectiveness on carrying out their responsibility. This response indicated that most of minority shareholders believe that the board effectively carryout their responsibility.

30(20) of minority shareholders disagree on the board of directors providing effective redress for violation of minority shareholders right. 64(42.67) were neutral and 56(37.33) trust on the board of directors providing effective redress for violation of minority shareholders right. The researcher concluded this statement that most of minority shareholders were not affected by positively or negatively on the redress for violation of minority shareholders right.

The above table indicates 36(24) of respondents did not agree that Board of directors ensure timely and accurate disclosure; 52(34.67) were neutral and 62(41.33) believe on the timely and

accurate disclosure of information from board of directors. As a result, most of minority shareholders in Awash bank had access of timely report and accurate disclosure from board of directors.

Table 4.3.2: Analysis on Independence of Board of Directors

Independence of Board of Directors						
No	Statement	1	2	3	4	5
		Fr (%)	Fr (%)	Fr (%)	Fr (%)	Fr (%)
1	Board of Directors are free from influence of other controlling shareholders and management of the bank	18(12)	18(12)	68(45.33)	30(20)	16(10.67)
2	Board of directors prioritize their own interests over minority shareholders	16(10.67)	20(13.33)	68(45.33)	42(28)	4(2.67)
3	Board of Directors ensure clear Policies and procedures to avoid conflict of interest against minority shareholders	10(6.67)	12(8)	86(57.33)	30(20)	12(8)
4	Board of directors stands for the interest of widely spread minority shareholders	2(1.33)	22(14.67)	78(52)	42(28)	6(4)

Source: Own survey, 2025

The table above indicated that, 36(24) did not believe that board of directors were free from influence of other controlling shareholders and management of the bank, 68(45.33) were neutral and 46(30.67) were agree that board of directors were free from influence of other controlling shareholders and management of the bank.

From this survey, the researcher concluded most of minority shareholders in Awash bank were neutral on whether or not board of directors are free from influence of other controlling shareholders and management of the ban

36(24) of respondents were do not agree that board of directors prioritize their own interests over minority shareholders; 68(45.33) were neutral, and the rest 46(30.67) of minority shareholders believed that Board of directors prioritize their own interests over minority shareholders.

This response indicates however most of minority shareholders were neutral on the idea of board of directors prioritize their own interests over minority shareholders or not, still 30.67% of minority shareholders provided their response that Board of directors prioritize their own interests over minority shareholders

22(14.67) of respondents did not agree on declaration of policies and procedures to ensure confidence of shareholders and avoid conflict of interest against minority shareholders, 86(57.33) were neutral and 42(28) were agree on the declaration of policies and procedures to ensure confidence of shareholders and avoid conflict of interest against minority shareholders.

From this survey the researcher concluded that most of minority shareholders were neutral on declaration of policies and procedures to ensure confidence of shareholders and avoid conflict of interest against minority shareholders.

24(16) of respondents believed board of directors did not stand for the interest their right, 78(52) were neutral and 48(32) were believed that board of directors stands for the interest their right.

The response of respondents shows most of minority shareholders were neutral on whether board of directors stands for the interest of widely spread minority shareholders.

Table 4.3.3: Analysis on Transparency of Board of Directors

Transparency of Board of Directors						
No	Statement	1	2	3	4	5
		Fr (%)	Fr (%)	Fr (%)	Fr (%)	Fr (%)
1	BoD disclosure information about qualification and selection process.	6(4)	8(5.33)	44(29.33)	46(30.67)	46(30.67)
2	The board provides clear and timely disclose about financial performance.	6(4)	6(4)	50(33.33)	40(26.67)	48(32)
3	Board of Directors create transparency on how to distribute profit.	2(1.33)	4(2.67)	40(26.67)	36(24)	68(45.33)
4	Bod facilitate key corporate governance decisions, such as the nomination and election of board members	2(1.33)	6(4)	76(50.67)	40(26.67)	26(17.33)

Source: Own survey, 2025

From the above table, 14(9.33) did not agree that board of directors clearly disclosure information about qualification and selection process. 44(29.33) were neutral and the rest 46(30.67) agreed that board of directors clearly disclosure information about qualification and selection process. From this information the researcher concluded that most of minority shareholders of Awash bank were agreed that board of directors clearly disclosure information about qualification and selection process.

12(8) of respondents believed that the board provides clear and timely disclose information about financial performance. 50(33.33) were neutral and the rest 88(58.67) agreed that the board provides clear and timely disclose about financial performance. This response indicated that most of minority shareholders believe that the board provides clear and timely disclose about financial performance.

6(4) of respondents believe that board of directors create transparency on how to distribute profit and the way minority shareholders invest retained earnings. 40(26.67) were neutral and the rest 104(69.33) trusted on board of directors create transparency on how to distribute profit and the way minority shareholders invest retained earnings. The researcher concluded this statement that most of minority shareholders of Awash bank believed board of directors create transparency on how to distribute profit and the way minority shareholders invest retained earnings.

The above table indicated 6(4) of respondents' board of directors facilitate key corporate governance decisions, such as the nomination and election of board members, 76(50.67) were neutral and 66(44) of respondents believed that board of directors facilitate key corporate governance decisions, such as the nomination and election of board members. As a result, from

the above description the researcher concluded Board of directors facilitate key corporate governance decisions, such as the nomination and election of board members.

Table 4.3.4: Analysis on Right to Participation on general meeting and vote

Right to Participation on general meeting and vote						
No	Statement	1	2	3	4	5
		Fr (%)	Fr (%)	Fr (%)	Fr (%)	Fr (%)
1	Minority shareholders easily participate in shareholders general meeting.	6(4)	6(4)	54(36)	50(33.33)	34(22.67)
2	Minority shareholders elect, appoint or approve external auditors	10(6.67)	8(5.33)	62(41.33)	48(32)	22(14.67)
3	Minority shareholders exercise their right to vote board of directors and audit committee	20(13.33)	6(4)	56(37.33)	48(32)	20(13.33)
4	Voice of minority shareholders can be considered in making critical decisions	8(5.33)	20(13.33)	48(32)	52(34.67)	22(14.67)
5	Minority shareholders experienced unfair treatment	1(0.67)	2(1.33)	46(30.67)	48(32)	44(29.33)

	due to number of shares owned					
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Source: Own survey, 2025

The table above indicated, 12(8) of respondents did not agree that minority shareholders can easily attend and participate in shareholders general meeting, 54(36) were neutral and 84(56) were agreed that minority shareholders can easily attend and participate in shareholders general meeting. Therefore, this analysis indicated that most of minority shareholders in Awash bank easily attend and participate in shareholders general meeting.

18(12) of respondents were believe that minority shareholders elect, appoint or approve external auditors, 62(41.33) were neutral, and the rest 70(46.67) of respondents believed that Minority shareholders elect, appoint or approve external auditors. This response indicates most of minority shareholders elect, appoint or approve external auditors.

26(17.33) of respondents did not expect minority shareholders exercise their right to vote and remove board of directors and audit committee, 56(37.33) were neutral and 68(45.33) were agreed on minority shareholders exercise their right to vote and remove board of directors and audit committee. From this survey the researcher concluded that most of minority shareholders exercise their right to vote and remove board of directors and audit committee

28(18.67) of respondents believed that voice of minority shareholders can be considered in making critical decisions, 48(32) were neutral and 74(49.33) of respondents were believed that voice of minority shareholders can be considered in making critical decisions. The response of respondents shows that most of minority shareholders' voice of minority shareholders can be considered in making critical decisions.

Table 4.3.5: Analysis on Right to Protection from abusive action

Right to Protection from abusive action						
No	Statement	1	2	3	4	5
		Fr (%)	Fr (%)	Fr (%)	Fr (%)	Fr (%)
1	Minority shareholders have secure method of ownership registration regardless of their number of shares	0(0)	2(1.33)	32(21.33)	74(49.33)	42(28)
2	Minority shareholders can transfer their shares without excessive delay	2(1.33)	0(0)	40(26.67)	72(48)	36(24)
3	Minority shareholders have the opportunity to obtain effective redress for violation of their right at a reasonable cost	8(5.33)	6(4)	72(48)	32(21.33)	32(21.33)
4	Minority shareholders involved in solving problems that affect their rights	8(5.33)	12(8)	40(26.67)	44(29.33)	46(30.67)
5	Majority shareholders have too much control over minority shareholders	8(5.33)	12(8)	34(22.67)	42(28)	54(36)

Source: Own survey, 2025

The table above indicated, 2(1.33) of respondents did not agree that minority shareholders have secure method of ownership registration regardless of their number of shares, 32(21.33) were neutral and 116(77.33) were agreed that minority shareholders have secure method of ownership registration regardless of their number of shares. Therefore, this analysis indicated that most of minority shareholders in Awash bank have secure method of ownership registration regardless of their number of shares.

2(1.33) of respondents were believe that minority shareholders can transfer their shares without excessive delay, 40(26.67) were neutral, and the rest 108(72) of respondents believed that minority shareholders can transfer their shares without excessive delay. The result shows that minority shareholders can easily transfer their shares without excessive delay.

14(9.33) of respondents did not agree that minority shareholders have the opportunity to obtain effective redress for violation of their right at a reasonable cost, 72(48) were neutral and 64(42.67) were agreed on that minority shareholders have the opportunity to obtain effective redress for violation of their right at a reasonable cost. From this survey the researcher concluded that most of minority shareholders were neutral on obtaining effective redress for violation of their right at a reasonable cost of minority shareholders.

20(13.33) of respondents agreed that minority shareholders involved in solving problems that affect their rights, 40(26.67) were neutral and 90(60) of respondents involved in solving problems that affect their rights. The survey shows that most of minority shareholders involved in solving problems that affect their rights.

Table 4.3.6: Analysis on Right to Access of relevant information

Right to Access of relevant information						
No	Statement	1	2	3	4	5
		Fr (%)	Fr (%)	Fr (%)	Fr (%)	Fr (%)
1	Minority shareholders have an access of financial information on regular bases	6(4)	2(1.33)	46(30.67)	36(24)	60(40)
2	Minority shareholders can receive additional clarification on financial report within reasonable time frame	4(2.67)	4(2.67)	40(26.67)	46(30.67)	56(37.33)
3	Minority shareholders trust the accuracy of report from BoD and external auditors	4(2.67)	4(2.67)	32(21.33)	54(36)	56(37.33)
4	Minority shareholders have awareness of how dividend distributed among shareholders	2(1.33)	2(1.33)	24(16)	46(30.67)	76(50.67)
5	Minority shareholders can easily access records of board minutes, executive and employee decisions	0(0)	0(0)	20(13.33)	38(25.33)	92(61.33)

Source: Own survey, 2025

The above table showed 8(5.33) of respondents had an access of financial and non-financial information on regular bases, 46(30.67) were neutral and 96(64) were agreed that minority shareholders have an access of financial and non-financial information on regular bases.

Therefore, this analysis indicated that most of minority shareholders had an access of financial and non-financial information on regular bases.

8(5.33) of respondents were believe that minority shareholders can request and receive additional clarification on financial report within reasonable time frame, 40(26.67) were neutral, and the rest 102(68) of respondents believed that minority shareholders can request and receive additional clarification on financial report within reasonable time frame. Depend on the result of the study, minority shareholders can request and receive additional clarification on financial report within reasonable time frame

8(5.33) of respondents disagreed on that the minority shareholders trust that the accuracy of report from board of directors and external auditors, 32(21.33) were neutral and 64(42.67) were agreed that minority shareholders trust the accuracy of report from board of directors and external auditors. From this survey, the researcher concluded that most of minority shareholders were agree that minority shareholders trust the accuracy of report from board of directors and external auditors.

4(2.67) of respondents agreed on their awareness of how dividend distributed, 24(16) were neutral and 122(81.33) of respondents believed that their awareness on how dividend distributed. The survey shows most of minority shareholders have the awareness of how dividend distributed.

As the table above shows, no one disagree that minority shareholders can easily access records of board minutes, executive and employee decisions, 20(13.33) were neutral and 130(86.67) were agreed that minority shareholders have the awareness of how dividend distributed. This survey shows, Minority shareholders of Awash bank agreed that minority shareholders have the awareness of how dividend distributed.

4.4 Correlation Analysis

Correlation analysis is a statistical used to measure the strength and direction of the relationship between two quantitative variables. It produces a correlation coefficient ranging from -1 to 1, where 1 indicates a perfect positive linear relationship, -1 indicates a perfect negative linear relationship and 0 indicate no linear relationship (Pallant, J. 2020). The bivariate correlation of a two- tailed test confirms the presence of statistically significant difference at a probability level $p < 0.01$ assuming 99% confidence interval on statistical analysis. (Field, 2005)

4.4.1 The Correlation between dependent variables and independent variables

The bivariate correlation procedure computes the pairwise association for set of variables and displays results in matrix. The Pearsons correlation used in this study to measure the strength and direction between the variables. As a result, the correlation matrix with the independent variables and dependent variables were provided below.

Table 4.4.1: Correlation between Independent variable and Dependent variable

Variables		Participation	Protection	Accessibility
Fairness	Pearson	.760**	.342**	.446**
	Correlation			
	Sig (2-tailed)	.000	.000	.000
Independence	Pearson	.290*	.393**	.246*
	Correlation			
	Sig (2-tailed)	.000	.000	.000
Transparency	Pearson	.280*	.310**	.837**
	Correlation			
	Sig (2-tailed)	.000	.000	.000
**. Correlation is significant at 0.01 level (2-tailed)				
*. Correlation is significant at 0.05 level (2- tailed)				

Source: Own survey, 2025

The above table shows that fairness ($r=0.760$, p value < 0.01 with participation), ($r= 0.342$, p value < 0.01 with protection), ($r= 0.446$, p value < 0.01 with accessibility); independence ($r= 0.290$, p value < 0.01 with participation), ($r= 0.393$, p value < 0.01 with protection), ($r= 0.246$, p value < 0.01 with accessibility) and transparency ($r= 0.280$, p value < 0.01 with participation), ($r= 0.310$, p value < 0.01 with protection), ($r= 0.837$, p value < 0.01 with accessibility). Therefore, all fairness, independence and transparency were simultaneously significantly correlated with accessibility, participation and protection.

4.4.2 The Correlation among Dependent variables

To use multivariate multiple linear regression, the correlation among dependent variables should be identified. The Pearsons correlation used in this study to measure the strength and direction between the variables. As a result, the correlation matrix among the dependent variables were provided below.

Table 4.4.2: Correlations among Dependent Variables

Variables		Participation	Protection	Accessibility
Participation	Pearson Correlation	1	.542**	.427**
	Sig (2-tailed)	.000	.000	.000
Protection	Pearson Correlation	.542**	1	.449**
	Sig (2-tailed)	.000	.000	.000
Accessibility	Pearson Correlation	.427**	.449**	1
	Sig (2-tailed)	.000	.000	.000
**. Correlation is significant at 0.01 level (2-tailed)				
*. Correlation is significant at 0.05 level (2- tailed)				

Source: Own survey, 2025

The above table shows participation ($r=0.542$, p value < 0.01) with protection, ($r= 0.427$, p value < 0.01) with accessibility, protection ($r= 0.542$, p value < 0.01) with participation, ($r= 0.449$, p value < 0.01) with accessibility and accessibility ($r= 0.427$, p value <0.01) with participation, ($r=$

0.449, p value < 0.01) with protection. Therefore, all participation, protection and accessibility were significantly correlated with each other.

Before proceed to regression analysis, the researcher discussed both the correlation between independent and dependent variables and among dependent variables; because the relation between variables have to identified to use regression model. Accordingly, all dependent variables had positive and significant correlation. Therefore, the researcher proceeded to regression analysis.

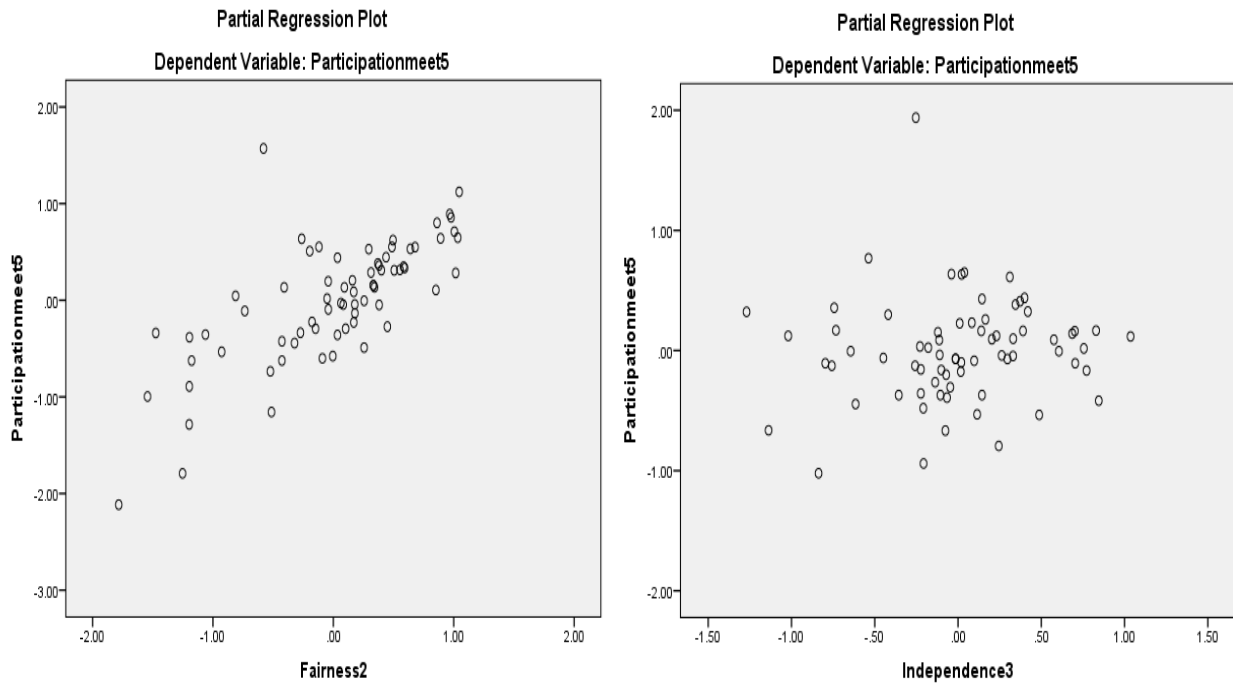
4.5 Diagnosis of Assumptions in Multivariate Multiple Linear Regression

4.5.1 Test of Linearity

There must be a linear relationship between variables to examine the linearity assumption. In multivariate analysis, linearity refers to the relationship between variables when the change in one variable is proportional to the changes in another, resulting in a straight- line relationship when plotted. It used to ensure that the relationship between outcome variables and predictor variables is properly captured. (Gareth J. and others, 2013).

The below figure indicated the relationship model between the dependent and independent variables fit with linear pattern that are concentrated at the center line and based on the scatter plot the assumption of linearity is satisfied.

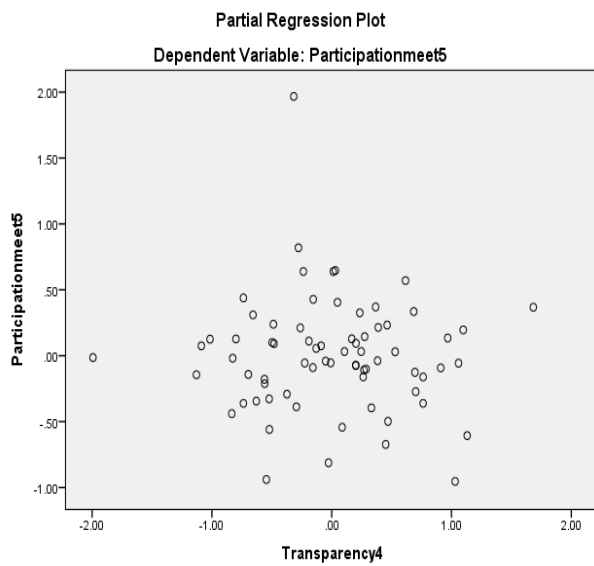
Figure 4.5.1. Linearity Assumption of Participation



Source: Own survey, 2025

F 4.5.1 (a) Linearity of Participation

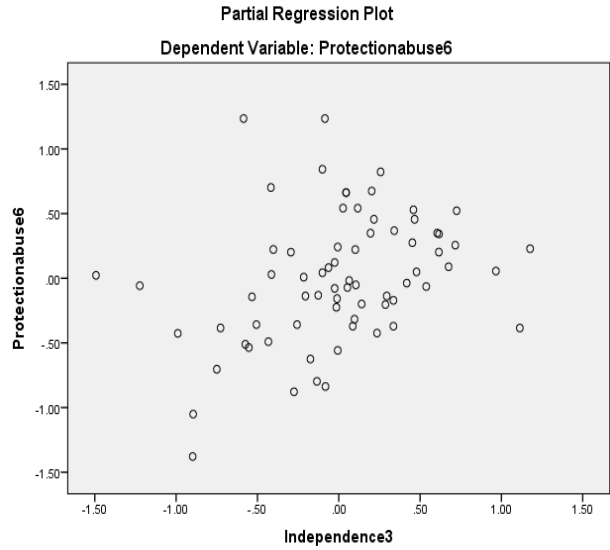
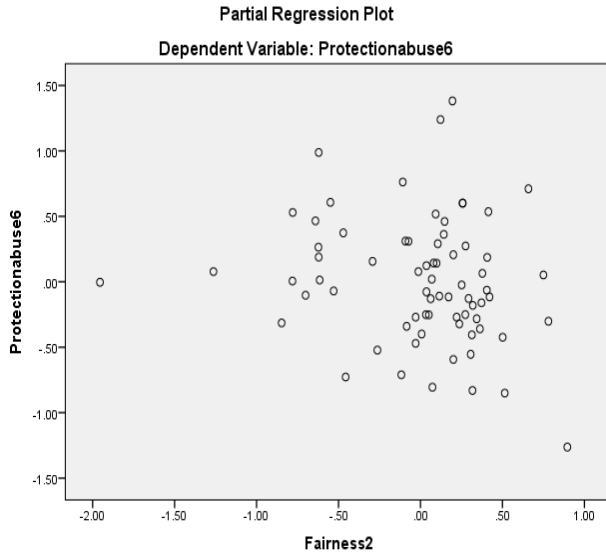
Figure 4.5.1 (b) Linearity of Participation



Source: Own survey, 2025

Figure 4.5.1 (c) Linearity of Participation

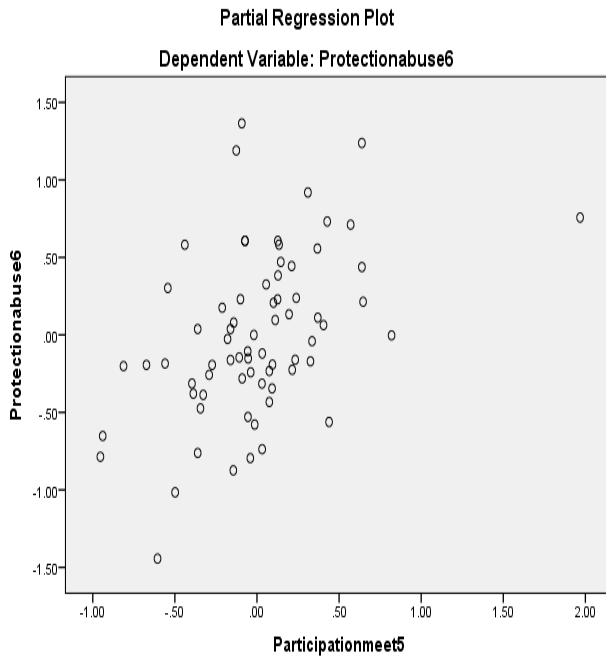
Figure 4.5.2: Linearity Assumption of Protection



Source: Own survey, 2025

Figure 4.5.2 (a) Linearity of Protection

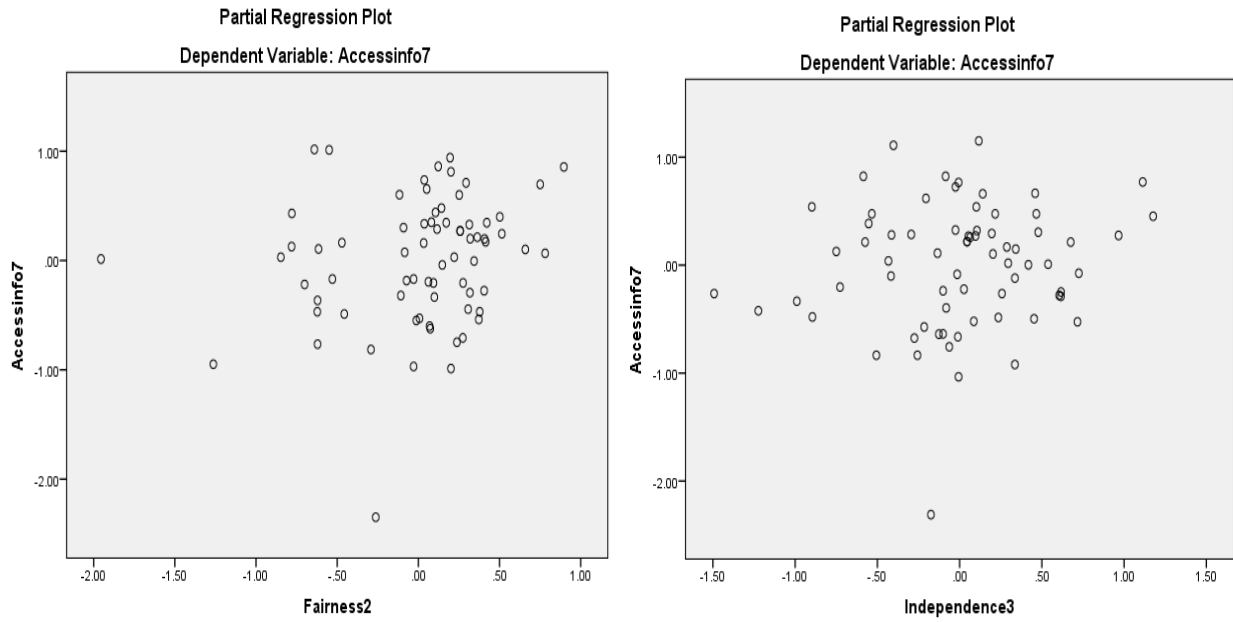
Figure 4.5.2 (b) Linearity of Protection



Source: Own survey, 2025

Figure 4.5.2 (c) Linearity of Protection

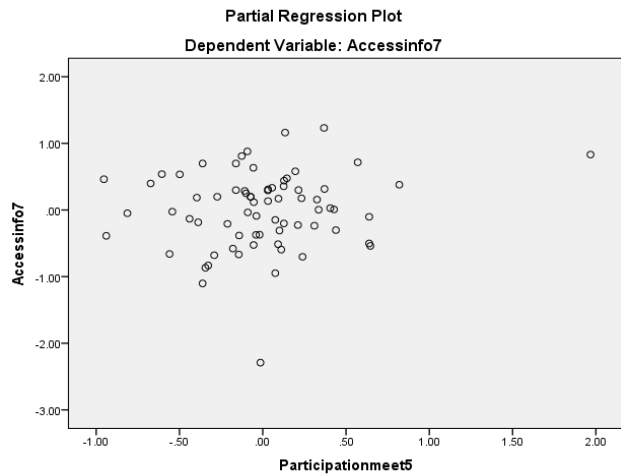
Figure 4.5.3 Linearity Assumption of Accessibility



Source: Own survey, 2025

Figure 4.5.3 (a) Linearity of Accessibility

Figure 4.5.3 (b) Linearity of Accessibility



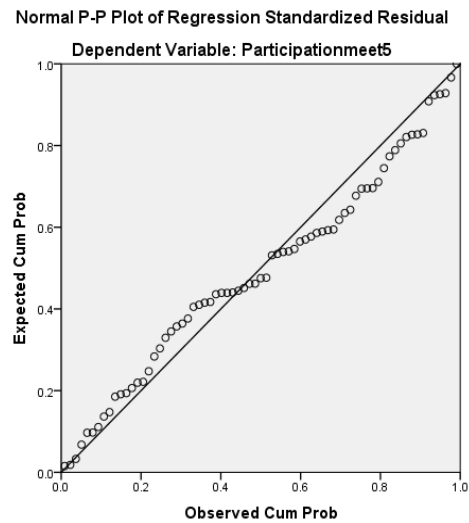
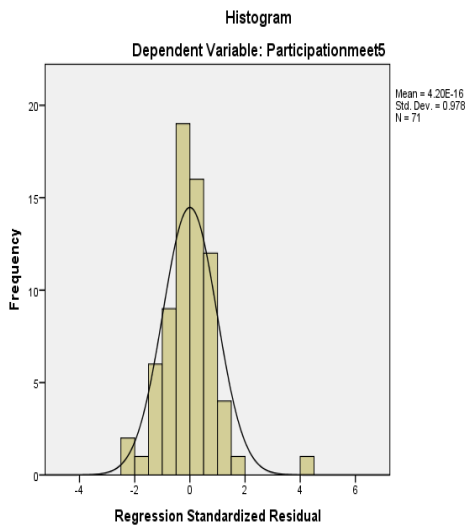
Source: Own survey 2025

Figure 4.5.3 (c) Linearity Assumption of Accessibility

4.5.2 Test of Normality

The normality assumption analysis assumes that the residual or the difference between observed and predicted values are normally distributed. It can be assessed by examining histograms or P-P plot of residuals. In this histogram curve looks normal and the black line in the histogram represented the bell-shaped normal curve of the sample data under the study. At the same time the dots in p-p plots in figure b are realistically nearer to the normal line.

Figure 4.5.4: Normality assumption of Participation

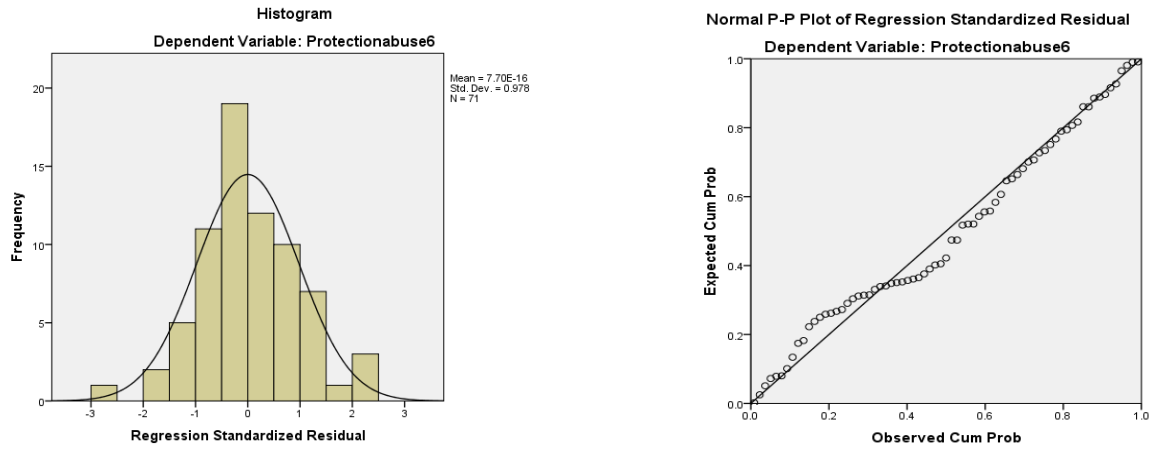


Source: Own survey, 2025

Figure 4.5.4 (a) Normality of participation

Figure 4.5.4 (b) Normality of participation

Figure 4.5.5: Normality assumption of Protection

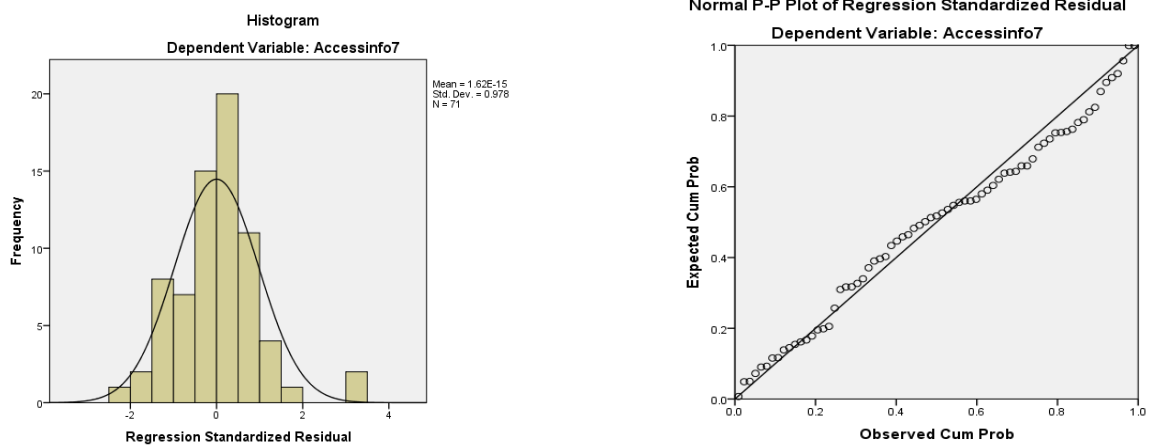


Source: Own survey, 2025

Figure 4.5.5 (a) Normality of protection

Figure 4.5.5 (b) Normality of protection

Figure 4.5.6: Normality assumption of accessibility



Source: Own survey, 2025

Figure 4.5.6 (a) Normality of protection

Figure 4.5.6 (b) Normality of protection.

Therefore, the combination of the two; histogram and p-p plots shows that the residuals are normally distributed.

4.5.3 Test of Homoscedasticity and Outliers

Homoscedasticity is statistical assumption that the variance of the error term in regression model is constant across the level of the independent variables. If the plot shows a random scatter of points around zero, then the assumption of homoscedasticity assumption is likely met, and if funnel shape, a curve or cluster, then the homoscedasticity assumption is likely to be violated.

Figure 4.5.7: Homoscedasticity assumption

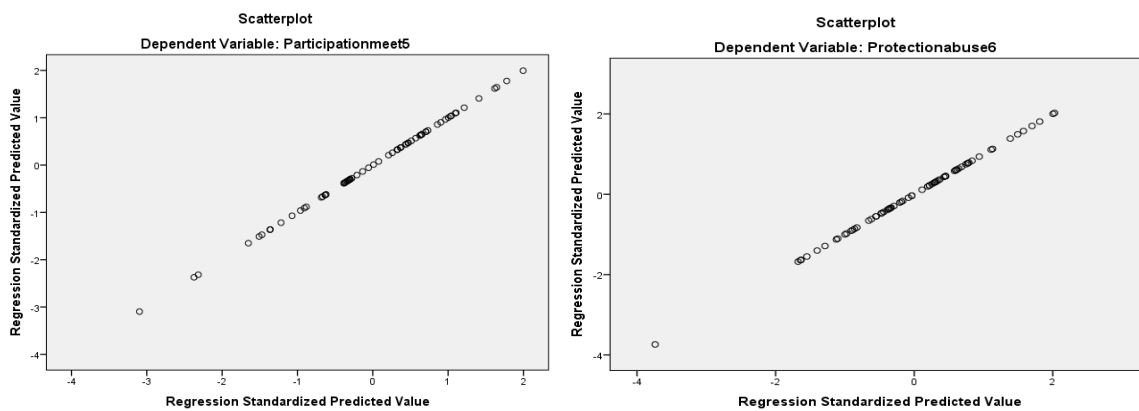


Figure 4.5.7(a) Homoscedasticity of participation Figure 4.5.7(b) Homoscedasticity protection

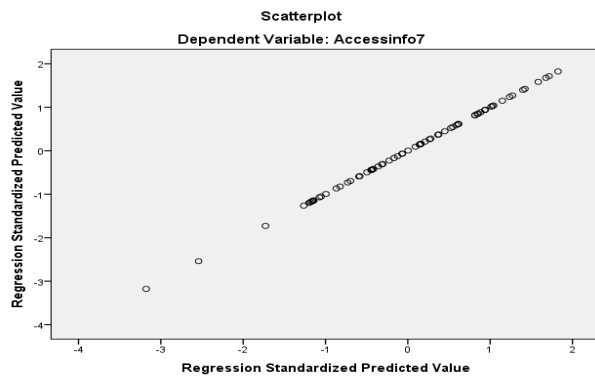


Figure 4.5.7(c) Homoscedasticity assumption of accessibility

Source: Own survey, 2025

In the picture above the plot shows a random scatter of points around zero, then the assumption of homoscedasticity Assumption is likely met.

4.5.4 Test of Multi co linearity

Multicollinearity test assesses the degree of correlation between independent variables in a regression model. It helps identify if one or more independent variables are highly correlated, which can lead to unstable regression coefficients and unreliable results. Several methods, such as the variance inflation factor (VIF), correlation matrix, and scatter plots, are used to detect and measure multicollinearity. $VIF < 5$, indicates low multi co linearity, 5-10 indicates moderate to high and greater than 10 it indicates severe multi co linearity. (Kutner, M. and others 2005)

4.5.5 Test of Autocorrelation

Autocorrelation occurs when residuals in a regression or time series model are correlated with each other over time. One of the common tests of autocorrelation is Durbin- Watson test.

Durbin- test relatively 2 indicates no auto correlation. If less than 1.5, it indicates potential autocorrelation. (Kutner, M. and others 2005)

In the table below all value of less than 5 and it does not violated test of multi co linearity rule.

At the same time, the below table shows that the value of Durbin Watson test in all dependent variables was greater than 1.5. Therefore, in this study it did not violate autocorrelation test.

Table 4.5.1: Table of Multi co linearity and Autocorrelation

Test of Multi co linearity and Autocorrelation				
S.no	Variables	Test of Multi co linearity		Test of Auto correlation
	Participation (DV)	Tolerance	VIF	Durbin Watson test (Model summary)
1	Fairness	0.824	1.213	1.841
2	Independence	0.805	1.242	
3	Transparency	0.766	1.306	
	Protection (DV)			
1	Fairness	0.824	1.213	1.592
2	Independence	0.805	1.242	
3	Transparency	0.766	1.306	
	Accessibility (DV)			
1	Fairness	0.824	1.213	1.810
2	Independence	0.805	1.242	
3	Transparency	0.766	1.306	

Source: Own survey, 2025

The above table of multi co linearity shows that the value of Durbin Watson test in all dependent variables was greater than 1.5. Therefore, in this study it did not violate autocorrelation test.

The table of test of auto correlation above shows that the value of Durbin Watson test in all dependent variables was greater than 1.5. Therefore, in this study it did not violate autocorrelation test.

4.6 Regression Analysis

The researcher discussed all assumptions of multivariate multiple linear regression and proceed to the examination of the impact of independent variables (fairness of board of directors, independence of board of directors and transparency of board of directors) on dependent variables (right to participation of general meeting and vote, right to accessibility of relevant information and right to protection from abusive actions) to assess the main finding of the study.

4.6.1 Summary of Findings of the Multivariate Multiple Linear Regression model

Table 4.6.1: Multivariate Tests for the variables under study

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.336	10.945 ^b	3.000	65.000	.000
	Wilks' Lambda	.664	10.945 ^b	3.000	65.000	.000
	Hotelling's Trace	.505	10.945 ^b	3.000	65.000	.000
	Roy's Largest Root	.505	10.945 ^b	3.000	65.000	.000
Fairness	Pillai's Trace	.551	26.554 ^b	3.000	65.000	.000
	Wilks' Lambda	.449	26.554 ^b	3.000	65.000	.000
	Hotelling's Trace	1.226	26.554 ^b	3.000	65.000	.000

	Roy's Largest	1.226	26.554 ^b	3.000	65.000	.000
	Root					
Independence	Pillai's Trace	.199	5.366 ^b	3.000	65.000	.000
	Wilks' Lambda	.801	5.366 ^b	3.000	65.000	.000
	Hotelling's	.248	5.366 ^b	3.000	65.000	.002
	Trace					
	Roy's Largest	.248	5.366 ^b	3.000	65.000	.002
	Root					
Transparency	Pillai's Trace	.703	51.395 ^b	3.000	65.000	.000
	Wilks' Lambda	.297	51.395 ^b	3.000	65.000	.000
	Hotelling's	2.372	51.395 ^b	3.000	65.000	.000
	Trace					
	Roy's Largest	2.372	51.395 ^b	3.000	65.000	.000
	Root					
a. Design: Intercept + Fairness + Independence + Transparency						
b. Exact statistic						

Source: Own survey, 2025

As indicated in the above table, all independent variables (Fairness, Independence, and Transparency) significantly affect the dependent variables (participation, protection, and accessibility). The results indicated that the independent variables collectively explain significant variance in the dependent variables in this multivariate regression model. The overall model is significant as indicated by the intercept results.

Table 4.6.2: Parameter Estimates for the Multivariate Multiple Linear Regression Model

DV	Parameter	B	Std. Error	t	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Participation	Intercept	.389	.024	16.107	.000	.342	.437
	Fairness	.070	.005	13.451	.000	.059	.080
	Independence	.015	.007	2.038	.043	.000	.030
	Transparency	.008	.005	1.7	.090	-.002	.018
Protection	Intercept	1.918	.280	6.855	.000	1.366	2.470
	Fairness	.149	.060	2.498	.013	.031	.267
	Independence	.318	.085	3.730	.000	.150	.486
	Transparency	.120	.062	1.922	.045	-.003	.243
Accessibility	Intercept	.467	.017	28.259	.000	.435	.500
	Fairness	.015	.004	4.197	.000	.008	.022
	Independence	.016	.005	-3.107	.002	-.026	-.006
	Transparency	.065	.004	17.539	.000	.057	.072
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed)							

Source: Own survey, 2025

From the model, all independent variables have direct significant on dependent variables.

Fairness has the value of ($\beta=0.070$, sig = 0.000, $p<0.05$) on participation, ($\beta=0.149$, sig = 0.013, $p<0.05$) on protection, ($\beta=0.015$, sig = 0.000, $p<0.05$) on accessibility, Independence has the value of ($\beta=0.015$, sig = 0.043, $p<0.05$) on participation, , ($\beta=0.318$, sig = 0.013, $p<0.05$) on

protection, ($\beta=0.016$, sig = 0.002, $p<0.05$) on accessibility, Transparency has the value of ($\beta=0.008$, sig = 0.090, $p<0.10$) on participation, , ($\beta=0.120$, sig = 0.045, $p<0.05$) on protection, ($\beta=0.065$, sig = 0.000, $p<0.05$) on accessibility,

Therefore, the result indicated that all independent variables fairness, independence, and transparency collectively significantly affect the dependent variables, except, slightly and statistically weak significance of transparency on participation. However, the researcher concluded that transparency may affect more other factors like accounting fraud and incentive compensation that further research could explore.

4.7 Model Summary

Table 4.7.1: Model summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.858 ^a	.737	.725	.34048	1.810

a. Predictors: (Constant), Transparency, Fairness, Independence

b. Dependent Variable: Participation, Protection and Accessibility

Source: Own survey, 2025

4.8 Goodness of fit (ANOVA RESULT)

Table 4.8.1: Goodness of Fit

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.750	3	7.250	62.540	.000 ^b
	Residual	7.767	67	.116		
	Total	29.518	70			
a. Dependent Variable (Right to participation, protection and accessibility of information)						
b. Predictors: ((Fairness, Independence and Transparency of BoD)						

Source: Own survey, 2025

The ANOVA results of multivariate multiple linear regressions with dependent variables (participation, protection and accessibility) with independent variables fairness, independence and transparency indicated on Table 4.8.1 Goodness of Fit above.

Since the **F** test is used to determine whether a significant relationship exists between the dependent variable and the independent variables, the researcher refer to the **F** test as the test for overall significance. Accordingly, the model reveals a statistically significant relationship between minority shareholders right and predictor variables, ($F=62.540$, $p < 0.05$). This implies that the model was significant.

4.9 Findings of the study

1. Fairness of board of directors significantly affects the right to participate on meeting and vote of minority shareholders at Awash bank.
2. Independence of board of directors significantly affects the right to abusive action violation of minority shareholders at Awash bank.
3. Transparency of Board of directors significantly impacts the right to obtain relevant financial and non-financial information of minority shareholders at Awash bank.

4.10 Hypothesis Testing

H1: Fairness of board of directors significantly affects the right to participate on meeting and vote of minority shareholders at Awash bank: ($\beta = 0.070$, sig = 0.000, $p < 0.01$) **Accepted.**

H2: Independence of board of directors significantly affects the right to abusive action violation of minority shareholders at Awash bank: ($\beta = 0.318$, sig = 0.000, $p < 0.01$) **Accepted.**

H3: Transparency of board of directors significantly impacts the right to obtain relevant information of minority shareholders at wash bank: ($\beta = 0.065$, sig = 0.000, $p < 0.01$) **Accepted.**

4.11 Discussion of the study

The study indicated that all independent variables (fairness, independence, and transparency) significantly affect the dependent variables (participation, protection, and accessibility). The result of the study supported literatures discussed in the study. For instance, the U.S.

Government Accountability Office in the case of Luckin coffee stated that the transparency of corporate governance directly impacts and leads to financial loss of shareholders. At the same

time, this study indicated that transparency of board of directors directly affected the information accessibility of shareholders. Enron scandals, that was discussed in literature review was one of the financial loss of investors due to conflict of interest of board of directors. This study also shows that board of directors' independence significantly influence the protection of abusive actions of minority shareholders. Finally, WorldCom telecommunication scandals was the result of unfair treatment of shareholders shareholder and this study shows that fairness of board of directors positively affect the participation of minority shareholder. Therefore, the literature discussed in literature review supported the findings of this study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter contains four parts. The first section was the summary of the finding which discussed the purpose of the study. The other part of this chapter was the conclusion part and it answers specific questions of the research. The recommendation part of this chapter was what the researcher argues to apply to the body the research is conducted on. Finally, further research recommendation was also included in this section.

5.2 Summary

The study examined the effect of corporate governance practices; fairness of board of directors, independence of board of directors and transparency of board of directors. The result of the study shows that the practice of good corporate governance, fairness, independence and transparency impacts the right of minority shareholders the right to participation, the right to protection and the right to accessibility of relevant information.

Different scholars have examined the significance of corporate governance practices in promoting the development and protection of investors. Although these researchers contributed a lot to this matter, the researcher believed that more attention should be given to minority shareholders. To fill this gap, this study was conducted. The study aimed to examine the effect of corporate governance practices on minority shareholders' rights at Awash bank. A quantitative research approach and convenience data collection method were applied in the study. Both descriptive and explanatory (correlation and regression) were conducted to analyze the data.

The overall study indicated that corporate governance practice has positive impact on minority shareholders right. The more corporate governance practices applied, the more minority shareholders right protected. Therefore, to increase the confidence level of minority shareholders, the bank should improve pillars of corporate governance, especially, fairness, independence and transparency so minority shareholders right protected.

5.3 Conclusion

This study aimed to examine how corporate governance practices affect minority shareholders right at Awash bank. Data was gathered, presented, analyzed and interpreted to assess the relationship between variables. Finally, the result of the study shows corporate governance practices have significant impact on minority shareholders right. Specifically, fairness of board of directors significantly affects the right to participate on meeting and vote of minority shareholders at Awash bank: independence of board of directors significantly affects the right to abusive action violation of minority shareholders at Awash bank and transparency of board of directors significantly impacts the right to obtain relevant financial and non-financial information of minority shareholders at Awash bank. Hence, Awash bank has to strengthen its corporate practices and related with procedures of OECD principles and NBE to boost confidence of minority shareholders.

5.4 Recommendation

On the basis of the finding of this study, the researcher identified the following recommendations.

1. The finding of the study indicated that fairness of board of directors significantly affect participation of minority shareholders. Hence, board of directors of Awash bank should

give the chance to participate in critical decision making like vote and general meeting to minority shareholders.

2. The main finding of this study implied that independence of board of directors directly influence the protection of minority shareholders from abusive actions. Therefore, board of directors of Awash bank should be free from influence of other controlling shareholders and management of the bank.
3. As the study indicated, the transparency of board of directors significantly affect the accessibility of information. As a consequence, board of directors of Awash bank should provide relevant financial and non-financial information to minority shareholders on regular and timely basis

5.5 Recommendation for further studies

The concept of corporate governance and minority shareholders' rights is a broad term and, the researcher focused only on the fairness of the board of directors, independence of the board of directors, and transparency of the board of directors on the corporate governance side and right to protection of abusive actions, right to accessibility to relevant information and right to participation on general meeting and vote on shareholder's side. Therefore, additional research should be conducted on other areas of corporate governance practices that this study did not cover.

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Appendices

Appendices 1

Multivariate Tests and Tests of Between-Subjects Effects under MMLR

Multivariate Tests^a

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.336	10.945 ^b	3.000	65.000	.000
	Wilks' Lambda	.664	10.945 ^b	3.000	65.000	.000
	Hotelling's Trace	.505	10.945 ^b	3.000	65.000	.000
	Roy's Largest	.505	10.945 ^b	3.000	65.000	.000
	Root					
Fairness	Pillai's Trace	.551	26.554 ^b	3.000	65.000	.000
	Wilks' Lambda	.449	26.554 ^b	3.000	65.000	.000
	Hotelling's Trace	1.226	26.554 ^b	3.000	65.000	.000
	Roy's Largest	1.226	26.554 ^b	3.000	65.000	.000
	Root					
Independence	Pillai's Trace	.199	5.366 ^b	3.000	65.000	.002
	Wilks' Lambda	.801	5.366 ^b	3.000	65.000	.002
	Hotelling's Trace	.248	5.366 ^b	3.000	65.000	.002
	Roy's Largest	.248	5.366 ^b	3.000	65.000	.002
	Root					
Transparency	Pillai's Trace	.703	51.395 ^b	3.000	65.000	.000

Wilks' Lambda	.297	51.395 ^b	3.000	65.000	.000
Hotelling's Trace	2.372	51.395 ^b	3.000	65.000	.000
Roy's Largest	2.372	51.395 ^b	3.000	65.000	.000
Root					

a. Design: Intercept + Fairness + Independence + Transparency

b. Exact statistic

Source: Own survey, 2025

Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Participation	18.228 ^a	3	6.076	31.041	.000
	Protection	5.470 ^b	3	1.823	6.212	.001
	Accessibility	21.750 ^c	3	7.250	62.540	.000
Intercept	Participation	2.230	1	2.230	11.394	.001
	Protection	5.822	1	5.822	19.834	.000
	Accessibility	3.066	1	3.066	26.445	.000
Fairness	Participation	14.606	1	14.606	74.618	.000
	Protection	.900	1	.900	3.065	.085
	Accessibility	.763	1	.763	6.579	.013
Independence	Participation	.105	1	.105	.537	.466
	Protection	1.578	1	1.578	5.375	.023

	Accessibility	.504	1	.504	4.350	.041
	Participation	.024	1	.024	.122	.728
Transparency	Protection	.269	1	.269	.917	.342
	Accessibility	15.530	1	15.530	133.958	.000
	Participation	13.114	67	.196		
Error	Protection	19.666	67	.294		
	Accessibility	7.767	67	.116		
	Participation	918.680	71			
Total	Protection	1074.840	71			
	Accessibility	1285.320	71			
	Participation	31.342	70			
Corrected	Protection	25.136	70			
Total	Accessibility	29.518	70			

a. R Squared = .582 (Adjusted R Squared = .563)

b. R Squared = .218 (Adjusted R Squared = .183)

c. R Squared = .737 (Adjusted R Squared = .725)

Source: Own survey, 2025

Appendix 2

Questionnaire

Dear respondents, thank you for taking your time to fill out this questionnaire!

My name is Lalisa Feyissa, and I am currently working on my thesis as partial fulfilment of a master's degree in business leadership at Addis Ababa University School of Commerce. I am conducting research on the title Impact of Corporate Governance Practices on Minority Shareholders Right: A Case of Awash Bank. The purpose of my study is to examine how corporate governance practices affect the minority shareholders rights at Awash Bank.

This questionnaire is designed to gather required data and information from minority shareholders of Awash Bank. The quality of the result of this research is based on the accuracy of the information you provide. Therefore, you are kindly requested to take a time to read the questions and replay your personal agreement on the listed statements and questions.

I would like to assure you that the information you provide will be used only for the input of this research, and utmost care will be taken for its confidentiality.

I hope you finalize the entire questions within 45 minutes. If you have any questions or enquiries, please call 0913385500 or contact me via my email lalisafeyissa@gmail.com

Have a good time!

Section 1: Background Information

The following questions are about your personal information. Put a tick (✓) sign to appropriate box of particular score which is suitable to your agreement about the following statements.

Your Gender: Male Female

Your Age group: Less than 30 30-45 46-60 Greater than 60

Your highest level of education:

Diploma Degree Master’s Degree PhD Other -----

How long have you been a shareholder in Awash Bank?

Less than 1 year 1–5 years More than 5 years

How many shares do you own in Awash Bank?

Less than 100 100–500 501–1,000 More than 1000

Put a tick (✓) sign to appropriate space of particular score which is suitable to your agreement about the following statements. The range scores are: 1 for strongly disagree, 2 for disagree, 3 for undecided/neutral, 4 for agree, 5 for strongly agree

SN	Items	1	2	3	4	5
	Section 2: Fairness of Board of Directors					

1	Board of Directors protect and facilitate the exercise of shareholders' rights and ensure the equitable treatment of all shareholders, including minority and foreign shareholders.					
2	The board effectively carryout their responsibility that bank and shareholders are required from them					
3	Board of Directors provide effective redress for violation of minority shareholders right					
4	Board of directors ensure timely and accurate disclosure					
Section 3: Independence of Board of Directors						
1	Board of Directors are free from influence of other controlling shareholders and management of the bank					
2	Board of directors prioritize their own interests over minority shareholders					
3	Board of Directors ensure clear Policies and procedures to avoid conflict of interest against minority shareholders					
4	Board of directors stands for the interest of widely spread minority shareholders					
Section 4: Transparency of Board of Directors						
1	Board of Directors clearly disclosure information about qualification and selection process					
2	The board provides clear and timely disclose about financial performance					

3	Board of Directors create transparency on how to distribute profit and the way minority shareholders invest retained earning					
4	Board of directors facilitate key corporate governance decisions, such as the nomination and election of board members					
Section 5: Participation on general meeting and vote						
1	Minority shareholders can easily attend and participate in shareholders general meeting					
2	Minority shareholders elect, appoint or approve external auditors					
3	Minority shareholders exercise their right to vote and remove board of directors and audit committee					
4	Voice of minority shareholders can be considered in making critical decisions					
5	Minority shareholders experienced unfair treatment due to number of shares owned					
Section 6: Protection from abusive action						
1	Minority shareholders have secure method of ownership registration regardless of their number of shares					
2	Minority shareholders can transfer their shares without excessive delay					
3	Minority shareholders have the opportunity to obtain effective redress for violation of their right at a reasonable cost					

4	Minority shareholders involved in solving problems that affect their rights					
5	Majority shareholders have too much control over minority shareholders					
Section 7: Access of relevant information						
1	Minority shareholders have an access of financial and non-financial information on regular bases					
2	Minority shareholders can request and receive additional clarification on financial report within reasonable time frame					
3	Minority shareholders trust the accuracy of report from board of directors and external auditors					
4	Minority shareholders have awareness of how dividend distributed among shareholders					
5	Minority shareholders can easily access records of board minutes, executive and employee compensation					