



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY!

Addis Ababa University  
አዲስ አበባ ዩኒቨርሲቲ



**The Effect of Corporate Governance on Organizational Performance in the Banking Sector: The Case of Selected Private Commercial Banks in Ethiopia**

**A Thesis Prepared and Submitted to the Graduate Studies of Addis Ababa University for the Partial Fulfillment of Master of Science in International Business (Strategic Investment Management Track)**

**By: - Teklemariam Worku**

**Advisor: - Yohannes Workaferahu (PhD)**

**ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND  
ECONOMICS DEPARTMENT OF MANAGEMENT**

**June, 2021**

**Addis Ababa, Ethiopia**

The Effect of Corporate Governance on Organizational Performance in the  
Banking Sector: The Case of Selected Private Commercial Banks in Ethiopia

A Thesis Prepared and submitted for Graduate Studies of Addis Ababa University  
for the Partial Fulfillment of Master of Science in International Business (MSC)

By: - Teklemariam Worku

Advisor: - Yohannes Workaferahu (PhD)

ADDIS ABABA UNIVERSITY, COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF MANAGEMENT

June, 2021

Addis Ababa, Ethiopia

## STATEMENT OF DECLARATION

I, the undersigned, declare that the paper entitled "The Impact of Corporate Governance on Organizational Performance: The Case of Some Private Commercial Banks in Ethiopia" is my own original work, and all the original materials I used for this work have been used, you get Appropriate recognition. I also guarantee that this thesis has not been submitted to a university or scientific institution for a degree or a master's degree.

Name of the Author

Signature

Date

Teklemariam Worku Demeke

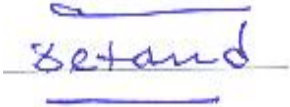
\_\_\_\_\_

10/07/2021

## STATEMENT OF CERTIFICATION

This is to certify that Teklemariam Worku has completed his thesis entitled on **“The Effect of Corporate Governance on Organizational Performance: The Case of Selected Private Commercial Banks in Ethiopia”** and submitted to the partial fulfillment of requirement of Master of International Business and is his own original work and prepared under my close supervision.

Approved by the Examining Committee

	Signature	Date
Advisor: <u>Dr. Yohannes Workaferahu</u>	_____	<u>11/07/2021</u>
Internal examiner: <u>Dr. Asres Abitie</u>	_____	<u>16/7/2021</u>
External examiner: <u>Dr. Getie Andualem</u>	 _____	14/7/2021

---

Chair of Graduate Program Coordinator

## **ACKNOWLEDGMENT**

My unreserved gratitude goes to my Almighty God to whom giving me health, strength, and courage for completion of this program.

My gratitude goes to my advisor Dr. Yohannes Workaferahu who gave me continuous comment and guidance throughout this thesis work. I am also grateful to Dashen bank Sc, Zemen bank Sc and Debub global bank Sc management staffs for providing me access to make into effect of this thesis.

Lastly, I have unreserved gratitude for my family who provides me patience by encouraging continuously without hesitating to devote their time, love and covering all matters concerning me.

I thank you all and forever!!!

# Table of Contents

<b>Contents</b>	<b>Pages</b>
ACKNOWLEDGMENT.....	i
Table of Contents.....	ii
List of Tables.....	v
Acronyms.....	v
ABSTRACT.....	vii
CHAPTER ONE.....	1
1. INTRODUCTION.....	1
1.1 Backgrounds of the Study.....	1
1.2. Statements of the Problem.....	2
1.3. Research Questions.....	3
1.4. Objective of the study.....	3
1.4.1. General Objective.....	3
1.4.2. Specific Objective.....	3
1.5. Hypothesis.....	4
1.6. Significance of the study.....	4
1.7. Scope of the study.....	5
1.8. Organization of the study.....	5
CHAPTER TWO.....	6
2. LITERATURE REVIEW.....	6
2.1. Introduction.....	6
2.2. Theoretical assessment of corporate Governance.....	6
2.2.1. Corporate Governance practices.....	8
2.3 Evaluation of Theories.....	10
2.3.1. Proprietor theory.....	11
2.3.2 Steward ship concept.....	11
2.3.3. Stakeholders Idea.....	12
2.4. Measuring Bank performance.....	13
2.4.1 Board Composition and Bank overall performance.....	14
2.4.2 Board size and Bank overall performance.....	15

2.4.3 Communication Strategies.....	16
2.5. Review of Empirical literature .....	19
2.6. Summary of Literature Review .....	23
2.7. Conceptual Framework .....	25
CHAPTER THREE .....	26
3. RESEARCH METHOD.....	26
3.1 Introductions.....	26
3.2. Research Design.....	26
3.3. Populations of the Study .....	26
3.4. Sampling Techniques .....	27
3.5 Data collections tools and instruments collection.....	28
3.5.1 Validity and Reliability Test.....	28
3.6 Data Analysis .....	29
3.6.1 Model Specification- .....	29
CHAPTER FOUR.....	29
4. DATA ANALYSIS, PRESENTATION AND INTERPRTATION.....	31
4.1. Introduction .....	31
4.2 Demographic Characterization of the Respondents .....	31
4.3 Descriptive Statistics of Corporate Governance and Organizational Performance .....	33
4.3.1 Board Size.....	34
4.3.2 Corporate Governance Mechanism .....	35
4.3.3 Communication Strategy .....	36
4.3.4 Code of Conduct.....	37
4.3.5 Customer Satisfaction.....	38
4.3.6 Employee Commitment.....	39
4.3.7 Organizational reputation .....	39
4.4 Diagnostics Test of Assumptions of Classical Linear Regression Mode.....	40
4.4.1 Normality test .....	40
4.4.2 Multi co linearity test.....	40
4.5 Correlation Analysis.....	41
4.6 Regression Analysis .....	43
6.7 Discussion of the Finding.....	46

CHAPTER FIVE .....	49
5. SUMMARY, CONCLUSION AND RECOMMENDATION .....	49
5.1 Introduction .....	49
5.2 Summary of Research Findings .....	49
5.3 Conclusion.....	50
5.4 Recommendation.....	51
5.5 Recommendation for Further Studies .....	52
REFERENCES .....	53
APPENDICES .....	59

## List of Tables

	<b>Pages</b>
Table 3.1 Proportionate Sample from the population.....	26
Table 3.2: Reliability test.....	29
Table 4.1 gender of respondents.....	31
Table 4.2 Age of respondents.....	32
Table 4.3 Academic Level of Respondents.....	32
Table 4.4 Service years of respondents.....	33
Table 4.5 Analysis of Board Size.....	34
Table 4.6 Analysis of corporate governance mechanism.....	35
Table 4.7 Analysis of communication strategy.....	36
Table 4.8 Analysis of code of conduct.....	37
Table 4.9 analysis of customer satisfaction.....	38
Table 4.10 Analysis of employee commitment.....	39
Table 4.11 Analysis of organizational reputation.....	39
Table 4.12 summary of mean and standard deviation result of corporate governance and organizational performance.....	40
Table 4.13 Multicollinearity table.....	41
Table 4.14 correlation matrix.....	42
Table 4.15 Model Summary.....	43
Table 4.16 Analysis Variance table.....	44
Table 4.17 Effect of Corporate Governance on Organizational Performance.....	45
Table 4.18 Hypothesis Testing Based on Multiple Regression Analysis.....	46

## **Acronyms**

BOD: Board of Directors

CEO: Chief Executive Officer

LLP: Loan Loss Provision

NBE: National Bank of Ethiopia

NSE: National stock Exchange

OECD: Organization for Economic Cooperation and Development

OLS: Ordinary Least Square

ROE: Rate on Asset

SBB: Supervision of Banking Business

SPSS: Statistical Package for Social Science

## ABSTRACT

This study aimed in examining the effect of corporate governance on organizational performance: the case of selected private commercial banks in Ethiopian (Dashen banks S.c, Zemen Bank S.c and Debu global bank S.c). To examine this both descriptive and explanatory study was conducted. The study population was comprised of 987 out of which ten percent of management respondent which is 282 respondents was participated. The sampling method employed was purposive sampling and structured questionnaire was used as a tool for data collection using five-point likert scales. Both descriptive and explanatory (correlation and regression) statistics have been used to analyze the data using SPSS 22. Organizational performance using three indicators (customer satisfaction, employee commitment and organization reputation) was measured. Corporate governance dimensions employed in this study was board size, corporate governance mechanism, communication strategy and code of conduct. The regression result indicates that the corporate governance variables (board size, communication strategy and corporate governance mechanisms have positive and statistically significant effect on organizational performance. On the other way, organizational codes of conduct have positive but, statistically insignificant effect on organizational performance. This study recommends that private commercial banks should focus on improving corporate governance. Especially, making board size optimum is determinant issue for the success of the company followed by communication strategy should be their organizational focus area.

**Key words:** *bank, corporate governance, organizational performance, private commercial banks, Ethiopia*

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Backgrounds of the Study

Corporate Governance is the system thru which corporations are directed and controlled that may be a set of relationships among employer directors, shareholders and different stakeholder's because it addresses the powers of directors and of controlling shareholders over minority hobby, the rights of employees, rights of lenders and different stakeholders (Muriithi, 2009). Corporate governance has, in the current years; end up one of the maximums normally used discipline in the current organization (Mwangi, 2013).

The empirical studies and literature have burgeoned and the sphere is pretty interdisciplinary. Stakeholders in the company governance arena are many and extensive-ranging and them participation in this discipline has spawned a wealthy and sundry variety of records assets touching on distinct (Mwangi, 2013), disciplinary fields and practitioner interests.

Many researchers like Kalifa (2012), Kibrysfaw (2013), Hlanganipai Ngirande (2014), and Godfrey Ndlovu (2014), have studied based on a number of corporate governance mechanisms which include board size, board remuneration, and size of audit committee and board ownership which can be regularly used referred to (Kalid,2011). They have studied the impact of organization governance mechanisms on firm's financial overall performance from particular views in particular environments using the aforementioned and other associated variables. The researchers determined combined outcomes on the relationship between corporate governance mechanisms and company's monetary overall performance.

Hence, corporate governance has end up a critical component in managing corporations inside the present day global and complicated environment (Yenesew, 2012). Economic group specifically banks are the maximum critical source of finance for the majority of firms in developing economies. As it's far stated by using one-of-a-kind researchers, overall performance of banks is tormented by accurate corporate governance exercise and guidelines. And also, if the banks are profitable and thoroughly capitalized, it has an effect on soundness of the financial gadget in a country (Abdurazak, 2017).

Furthermore, there is the mere absence of the research on company governance mechanisms in lots much less evolved economies in huge and particularly in Ethiopia (Mandefro, 2019). The purpose behind this attempt modified to aware the banking organization of Ethiopia approximately the advantages of excellent organization governance and its effect on economic overall performance. So, they could avail possibilities to conflict not only at national level. However, NBE corporate governance units and controls the banking business enterprise and skills as regulators of the country's cash supply. This research objective focuses on to the effect of corporate governance on organizational performance of selected privately owned commercial banks of Ethiopian.

## **1.2. Statements of the Problem**

Few researches examined corporate governance on bank overall performance. The ones research had been undertaken with the aid of Fanta, Kemal, Waka, (2013) and Fared (2012), Getahun (2013) had been carried out by using only five to seven years' information consequently, this have a look at intends to the growth length of the take a look at populace and the pattern length to the banks and moreover to growth the variety of observations via using huge pattern size and lengthy years' facts which isn't blanketed with the aid of the one's researchers.

In addition, Firehiwot (2016) inspecting the impact of company governance on monetary fulfillment of business banks in Ethiopia, this looks at had several precise targets. Based on the locating and end reached the researcher forwards the subsequent principal recommendation attention ought to accept for the board facet of banks to be small in amount to remaining degree with higher instructional qualification due to the fact that Small quantity of boards of banks with higher academic ranking is extra powerful in tracking managers and assist to enhance average performance. The method of records gathering and studying targeted by some of the research had been confined only on primary statistics with such surroundings within the background, together with the week judicial machine. In addition, this have a look at makes a specialty of the privately-owned commercial banks for the reason that majority of banks in Ethiopia are the ones banks and they may be extensively differing on a few components compared to the government owned commercial banks. And most of our private commercial banks are nearly on the equal size, stage or category and might help if they want to attain on affordable consequences of managing corporate governance.

To come up with a higher insight; this look at covers via assessing and along with selected corporate governance mechanisms fundamental areas of board of director characteristics, law elements, shareholder and depositor associated problems (mainly the unbiased variables: the number of boards of directors, Corporate Governance Mechanism, Communication Strategies, and organizational code of conduct) and Customer Satisfaction, Employee Commitment and Corporate Reputation are considered as the measurement variable of Organizational Performance which was derived from Bayoud (2012) and Carton (2004).

For this reason, study analyzing the effect of corporate governance on Organizational Performance of selected private commercial banks in Ethiopia and this examine had several unique objectives.

### **1.3. Research Questions**

As the researcher attempts to attain the overall as well as specific goals of this observe the following questions might were very crucial:

- 1) What is the effect of the number of board size on financial institution overall achievement in Ethiopia?
- 2) What is the effect of corporate governance mechanism towards private commercial banks' organizational success in Ethiopia?
- 3) What's the effect of company Communications strategies that shape in the direction of the overall performance of bank in Ethiopia?
- 4) What is the effect of bank code of conduct and efficiency towards in the direction of the overall performance bank in Ethiopia?

### **1.4. Objective of the study**

#### **1.4.1. General Objective**

The overall goal of this Study is to investigate the effect of company governance on overall performance of privately owned business financial institution in Ethiopia.

### **1.4.2. Specific Objective**

The particular goals of the study are:

- 1) To examine the influence of Board size on private commercial bank's performance in Ethiopia;
- 2) To conduct an investigation of towards on corporate governance mechanism into selected private commercial banks performance in Ethiopia;
- 3) Study the effect of communication strategies on the overall performance of the selected Ethiopian private commercial banks;
- 4) Examining the impact of bank code of conduct towards in the direction of the overall performance of private commercial banks in Ethiopia.

### **1.5. Hypothesis**

H1: Board size has a significance and positive influence on private commercial bank performance in Ethiopia;

H2: Corporate governance mechanism has a significance and negative influence on private commercial bank performance in Ethiopia;

H3: There is positive and significant effect of communication strategies on performance of privately-owned commercial banks in Ethiopia;

H4: Bank code of Conduct has an important and tremendous effect on private business bank's overall performance in Ethiopia.

### **1.6. Significance of the study**

The empirical outcomes might additionally be the overall signs of company governance mechanisms useful for regulators, coverage makers, managers and company human beings in making guidelines and decisions for running business. The take a look at may also serve as a reference resource for different academicians and researchers who aspire in making a study on this place at larger scale to carry out evaluation among different banks.

The result of this has a look at will make a contribution to any of monetary institutions by using figuring out relevant corporate governance and how these corporate governance traits have an effect on their monetary overall performance.

Finally, the study result will also make contributions to the prevailing literature with the aid of using the usage of imparting proof at the relation among company governance, tendencies and banks' overall performance and the effects may also be the signs of company governance tendencies useful for regulators, managers and business financial institution governances in making policies and choices.

### **1.7. Scope of the study**

The study is area bounded and delimited to selected private business banks in Ethiopia that out sourcing the importance of the study. The Study is making its focus in to analyzing the effect of corporate administration on performance of privately-owned commercial bank in Ethiopia.

### **1.8. Structure of the Paper**

The entire literature in this paper is organized as follows: The second chapter of the study will take over the literature review that offers with overall and empirical literature overview associated and close line to the topic. The third chapter of the study elaborates the technical and methodological a part of the study. The fourth chapter of this study focuses on the data analysis, presentation and interpretation. Finally, the fifth chapter is organized as discussing the summary, conclusion and recommendations which is followed by related references and annexes.

## **CHAPTER TWO**

### **2. LITERATURE REVIEW**

#### **2.1. Introduction**

This chapter discusses explanations and the theoretical and empirical literature related to this research. There are many theories that are determinant of the impact of corporate governance on the macroeconomic performance of the NSE index organization. These theories address business principles, management concepts, and stakeholder concepts. According to the empirical studies conducted on corporate governance in various countries have shown that corporate governance has an excellent effect on the performance of companies listed on (NSE) Neumann (2006) defines theory as a network thinking device that combines and systematizes knowledge about the world.

#### **2.2. Theoretical assessment of corporate Governance**

According to Mohan and Marimuthu, (2015) elaborate corporate governance as the well-known norms, customs, legal norms, behaviors and rules that regulate the way companies operate. In recent years, the concept of corporate governance has become the subject of public interest negotiations. It has a significant impact on the economic health of the group and the entire society. Essentially, the corporate governance of the banking industry requires truly appropriate and prudent handling of the source and maintenance of bank assets (property); there have to be the assurance of ethical and professional standards and pursuing corporate goals aimed at achieving a certain level of customer satisfaction, high employee morale and Ensure the market to strengthen and stabilize the banks (Okoi, Ocheni and John, 2014).

Corporate governance has become a global issue attracting the mind of business owners. Improving corporate governance practices is widely regarded as one of the key elements in strengthening the concept of long-term financial results for countries and companies (HifzaInam and Aqeel Mukhtar (2014).

It has a new meaning in the context of global economic disasters and unexpected major corporate disasters in major economic centers of the industry (Imam and Malik, 2007). Therefore,

corporate governance has become an important part of the complex environment and internal government relations.

Habbash (2010) on his part provided description to corporate governance as concerning company selection-making and manage, in particular the form of the board and its running processes. The separation of possession and control in modern-day groups results in an employer hassle in which the agent operates the firm in line with their very own pursuits, as opposed to shareholders. The increasing focus on the company governance comes from these potential conflicts of hobby amongst stakeholders such as shareholders, forums of board and managers in the span of corporate structure.

In other hand, Imam and Malik (2007) those conflicts of interest regularly get up from two predominant motives. First, distinctive contributors have one-of-a-kind goals and choices. Second, the individuals have imperfect records as to every different Actions, knowledge, and alternatives. Company governance is meant at lowering divergence of hobby and tracking of controlling interests of the business enterprise, in the absence of such cohesion business enterprise cost is declined (Nanka-Bruce, 2009).

This update forces authorities across the country and nearby tax authorities to provide you with various advice and guidelines to help organizations act with dignity management for many years. The company's controls and mechanisms range from United States of America to any other. There's no unmarried framework that is suitable for all international locations (Okoi, Ocheni and John, 2014).

The code of corporate governance has covered each issues of the organizational set up, right from how sourced in generated and the way they are capitalized. Therefore, there is need to appreciate the ideas, methods and issues of corporate governance each from the view of those who direct, those involved with returns and accountability in addition to those difficulty with corporate regulation, due to the fact that there may be a the growing mutual understanding that corporate governance has a superb courting with countrywide growth and development (Okoi, Ocheni and John, 2014).

Bank financial policy, rules, procedure and method of a significant financial institution of any united states depends on quite a number of things which are appropriate and meaningful to that of United States. Given the coverage objective, the approach, programs rely upon the

institutional arrangements of formulating and imposing macroeconomic shape of the economic system in addition to the depth of concerning on the globalized economic and economic activities.

In the scenario of command economic era, economic variables had been under the direct manipulation of the financial government and the banking location come to be absolutely dominated through the usage of authorities of banks and private area have become prohibited from stepping into the economic area. As a result, there has been nice one business bank, business financial institution of Ethiopia, one creation and depositing bank, and one agricultural financing institution the latest development financial institution of Ethiopia (NBE, 2018).

But, for the reason that the beginning of economic reform, which was followed by the change of presidency, the financial region has passed through various reform and the personal area turned into allowed to make investments in the vicinity. Consequently, non-public banks and insurances began out to flourish rapidly in the alarming rate after the enactment of a financial and Banking proclamation of 1994 (Okoi, Ocheni and John, 2014).

Following these developments interest turned into shifted from direct manipulate of economic variables closer to marketplace-based coverage instruments as the government outsource the economic system to personal zone. As a result of these the primary bank ought to issue specific directives, guidelines, and policies to make sure that whether or not the monetary institutions are accurately managed and directed. Of which corporation governance plays a crucial role in retaining the protection and soundness of monetary institution in famous and banking area specially (Abdulrazak, 2017).

Corporate governance can be said to be all about the strongest, obvious and accountable systematic administration of affairs related to the organization through its control, at the same time as protective the pastimes of its stakeholders together with shareholders, lenders, regulators and the public.

### **2.2.1. Corporate Governance practices**

In the modern-day bank corporate Governance practices have advanced through the years and modeled codes of best practice on corporate Governance have been arrayed by means of various organizations. The Basel Code of Corporate Governance for Banks and Commercial Institutions

generally stipulates the responsibilities of the board of directors, directors, chairman of the board, senior managers, committees appointed by the board of directors, auditors, shareholders and supervisory authorities. , Conflicts of shareholders' hobby and information disclosure have also received serious consideration and attention in the methodology of these concepts.

Additionally, corporate governance serves as increasing number of recounted as being a vital instrument to address "ownership troubles" as nicely. With the contemporary practices which might be available worldwide that can trace the identities of proper owners, it's miles now almost impossible for the governor to most effective depend upon ownership limits to deal with undue have an effect on, or be confident that seemingly unrelated parties are not really associated! Consequently, markets are more and more searching closer to use good corporate governance to overcome the possible negative consequences of ownership concentration. It is generally believed that unless there is good governance in this area, centralized, deliberate or unknown ownership will not be harmed and has an effect on the chance of control manner of the group. Within the case of banks particularly, regulatory limits on ownership in banks are prescribed in a number of nations to restrict banks from being managed through a one owner or a mass of chained owners (Abdurazak, 2017).

In many nations, indirect rules consisting of limits on related-birthday celebration transactions and in shape and right assessments for financial institution administrators and executive officials are in region to promote this aspect of proper company Governance and regulators in reality accept as true with that such practices might more and more make certain the better risk management of banks, thereby main to a sounder machine (Mulili and Wong, 2010).

The various banking and financial sectors are easily distinguished from other sectors. Banking companies are the key to the country's currency situation. Unlike ordinary companies, ordinary companies can obtain funds mainly from company funds; trading companies of banks mean a higher price range, especially deposits.

The public sector deposit business imposes additional fiduciary responsibilities on the Group and its managers, given that depositors' finances want to be safeguarded in a unique manner, carry out as financial intermediaries by way of lending and making an investment the finances mobilized and funding financial activities of others are the retailers of the bills gadget in which

they facilitate bills regionally and the world over, through diverse gadgets consisting of bank money owed, transfers of money, credit cards etc. (Abdurrazak,2017).

These and other activities on the stage are carried out within the framework of the balance and power of banks and general machines in particular due to public opinion and religion due to the fact the records on financial institution screw ups in many countries shows that lack of public self-assurance in banks might be transmittable and could without difficulty lead to malfunctioning of the banking situations.

In Ethiopia, the corporate governance of banks is managed and controlled by the National Bank of Ethiopia. Video demonstrations and monitoring of banking operations by Ethiopian National Financial Institutions that acts as a regulator of currency delivery coverage establishments. Consistent with banking commercial enterprise Proclamation (No. 592/2008) the countrywide bank is at sight of accountability in troubles of directives and guidelines the qualification limit.

An additional level of competency to be fulfilled by the administrators; the minimum allowable quantity of directors within the club of the board of a bank; the obligations, duties and suitable company governance of the forums of directors of financial institution; the maximum quantity of periods years a director can also serve in any bank based totally in this the NBE issued the bank company governance directive variety SBB/70/2018 which is forced to enter in to effect as of twenty first of September, 2019 (NBE, 2018).

In general description, as of the present days scenario codes of first-class practice on company Governance set out principles of within which values and governance guidelines ought to be set through the management of the group, top corporate Governance is regarded to as being a key tool for use within the typical hazard control of institutions, irrespective of the character of the commercial enterprise completed by using the institution.

### **2.3 Theories of Corporate Governance**

There is an ample of theories that are generated on the impact of corporate governance on overall bank performance in Ethiopia safety alternate which include;

### **2.3.1. Proprietor theory**

Proprietor theory is defined as the link between the principals, together with shareholders and sellers inclusive of the business enterprise executives and bosses. According to this theory, the shareholders who own or direct the agency hire a distributor to do the job. The director entrusts the operation of the company to the director or manager who is the shareholder marketer (Clark, 2004). Employer principles indicate that employees or managers of a company can fascinate themselves. The shareholder organization theory assumes that marketers act and make decisions in accordance with their basic interests. In contrast, agents may not necessarily make decisions based on the enthusiasm of executives (Padilla, 2000).

The agent may succumb to his own hobbies, opportunistic behavior, and the difference between the wishes of the elderly and the agent's wishes. The understanding of the case is also different in method of ownership sharing and manipulation (Bhimani, 2008). The dealers are strictly controlled with the aid of fundamental-made policies, with the aim of maximizing shareholder's cost. As a result, an additional personal view is implemented in this principle (Clarke, 2004).

Indeed, company concept may be employed to find out the connection among the ownership and control structure. However, in which there's a separation, the company model can be implemented to align the dreams of the management with that of the proprietors. The version of an employee portrayed within side the company concept is extra of a self-involved, individualistic and are bounded rationality in which rewards and punishments seem to take priority (Jensen & Meckling, 1976).

### **2.3.2. Steward ship concept**

A steward is elaborated through Davis, Schoorman & Donaldson (1997) as the one that is keeping and maximizing shareholder's wealth through Bank performance, due to the fact by using so, this maximizes the function of the control software. From this perspective, managers are executives and managers of trading companies, working on behalf of shareholders, protecting shareholders, and generating returns. Today's management concept no longer focuses on relationship individualism, but on the role of senior managers as managers, integrating his wishes as part of the organization. The management perspective shows that when an organization is successful, managers will feel happy and positive.

It stresses at the region of personnel or executives to act extra autonomously in order that the shareholders' returns are maximized. Certainly, this can lower the expenses aimed toward tracking and controlling behaviors (Daliy et al., 2003).

On the opportunity deliver up, Daliy et al. (2003) argued that in order to defend their reputations as choice makers in organizations, executives and administrators are inclined to perform the enterprise to maximise financial overall performance in addition to shareholders' earnings. On this sense, it is believed that the firm's overall performance can at once impact perceptions in their character overall performance. In addition, management theory believes that the combination of CEO and president positions is a good way to lower the price of trading companies and obtain additional positions for company management.

### **2.3.3. Agency Theory**

The agency theory is the most fundamental and famous theory that able to draw the attention of many academic scholars and industry practitioners which probably the extension of the economic theory of corporate governance. Management wise, this theory separates the management and the owners of the company.

Agent theory is defined as "the relationship between a person like a shareholder and the management of the company, the management and the same agent." According to Clarke, (2004) of this theory, the owners of a company or the shareholders who are the owners employ a shrine to carry out their work. The representative delegates business operations to a director or manager who represents the shareholders.

This theory is a simple theory with the concept of giving back to participants of both business owners and shareholders. Second, the theory of agents suggests that the employees and managers of the organization are selfish Daily et al (2003).

The agents in the agency theory are highly opportunistic seekers and are the attracted to their self-interest. Due to this there is the failure to reach consensus between the subject's desires and the agent or the manager of the company. Through this, their understanding of the potential risks of the company is put of the way.

### **2.3.4. Stakeholders Idea**

Wheeler et al. (2002) believed that the stakeholder principle originated from a mixture of sociology and organization disciplines. The stakeholder principle can be defined as any of organization or individual who can have an effect on or tormented by the achievement of organizational goals.

Stakeholder theorists suggest that institutional managers must maintain a network of relationships including company suppliers, employees, and business partners as the supervisor of an organization's dating workers. Sundaram and Inkpen, (2004) rejected the alternative, arguing that the stakeholder's idea was to deal with a stakeholder organization that was worthwhile and needed to manage the benefits.

### **2.3.5. Resource dependency theory**

Resource dependence theory mainly stresses on the primary role of boards of directors in the company by providing access to the key resources that businesses are in need. Resource-dependent theory is to provide and secure the resources needed by an organization through its connection to the external environment and focuses on the role of directors.

According to the explanation forwarded by (Wang, 2009), the resource-based scenario focuses that board of directors are in place to support the management function by filling the gaps created in the in company relating to its immediate environment. Based on the resource dependence model, board of directors are in place to act as a mechanism to create a chain with the outside environment in order to support the management to make the realism of organizational goals.

## **2.4. Measuring Bank performance**

Bank performance is checked and evaluated by means of specific researchers (Shah et al., 2011; Matolcsy & Wright, 2011; Yasser *et al.*, 2011) the usage of one-of-a-kind measures. Matolcsy & Wright (2011) measured business enterprise overall performance via way of means of ROA (move lower back on assets= EBIT / not unusual place popular property – in ebook cost -), ROE (move lower back on fairness=internet profits / equity -in ebook cost-), trade in marketplace rate

of equity, adjusted for dividends and hazard). Similarly, Yasser et al. (2011) used move lower back on equity (ROE) and profits margin (PM) for the dimensions of corporation overall performance. Market based totally measures of companies' performance were executed with the aid of Shah *et al.* (2011) by way of marketplace fee of equity divided by means of e- book value and Tobins Q (equity market value + e-book debt value / total assets-e-book commission -), while the attitude towards currency reporting changes due to ROE and financing profit (net result) + hobby) / (fairness +general debt).

According to Bhagat & Black (1999) measured established variable company overall performance by using Tobin's Q, go back on assets (working earnings/belongings), Turnover ratio (income/belongings), running margin (working income/sales), sales worker and also by way of increase of assets, income, working earnings, personnel and cash flows. The look at become attention on the measures of strategic importance to the company. In this direction, experts can use the company's macroeconomic performance way of looking at profitability (return on belongings, return on equity and Dividend Yield).

#### **2.4.1 Board Composition and Bank overall performance**

Boards are generally formulated from executive and non-executive administrators. Government administrators talk over with structured administrators and non-government administrators to independent directors (Shah *et al.*, 2011).

As a minimum one third of neutral administrators are best in board, for powerful performance of board and for independent controlling based directors also are essential because they've insider knowledge of the agency which isn't to be had to outdoor directors, but, there may be the misuse of this company information by transferring the capital of different stockholders to themselves (Beasley, 1996). A board composed of individuals that aren't executives within company, nor shareholders, nor blood spouse and children or in law of the family (Gallo, 2005).

An independent board is generally composed of individuals who have no ties to the firm in any way, therefore there may be no or minimal risk of having a battle of hobby due to the fact impartial administrators don't have any cloth pursuits in a company.

Dalton, Day by Day, Ellstrand, & Johnson (1998) noticed Jacobs (1985) mentioning that directors that are not parts of the company is essential due to the fact directors from the company

or dependent directors may not have any get right of entry to external statistics and resources which are loved via the firm's outside or independent administrators (e.g., CEOs of other corporations, former governmental officials, funding bankers, Social worker or public figures, fundamental suppliers).

#### **2.4.2 Board size and Bank overall performance**

Hermalin and Weisbach (2003) argued the opportunity that large boards may be tons much less powerful than small boards. Whilst board embody too many member's organization problems may additionally growth, as some directors can also additionally tag alongside as free-riders. They argued that after a board turns into too big, it regularly movements proper right into an extra symbolic role, in place of enjoyable its supposed characteristic as part of the control. Then again, very small boards lack the benefit of getting opened up of professional advice and opinion across the table this is positioned in large boards. Moreover, big forums are much more likely to be related to a boom in board range in phrases of enjoy, skills, gender and nationality (Dalton and Dalton, 2005).

Expropriation of wealth by way of the CEO or internal administrators is highly simpler with smaller forums seeing that small boards also are related to a smaller number of outside directors. The few directors in a small board are preoccupied with the decision-making technique, leaving less time for monitoring sports.

Expropriation of wealth with the aid of using manner of the CEO or inner directors is distinctly easier with smaller boards considering small forums are also associated to a smaller wide variety of outdoor administrators. The few administrators in a small board are preoccupied with the decision-making technique, leaving much less time for tracking sports.

Vafeas, (2000) mentioned that corporations with the smallest boards (minimal of 5 board contributors) are better informed about the earnings of the agency and therefore can be regarded as having better monitoring competencies.

Resonating the above findings, Mak and Yuanto, (2003) mentioned that indexed corporation valuations of Singaporean and Malaysian agencies are most whilst the board consists of five people. Bennedsen, Kongsted and Nielsen, (2004), in their evaluation of small and medium-sized closely held Danish groups suggested that board length has no impact on overall performance for

a board duration of underneath six contributors but located a huge bad relation a few of the even as the board duration will boom to seven people or extra. Bhagat and Black, (2002) positioned no solid proof on the connection amongst board duration and overall performance.

In an attempt to evaluate the outcomes of board shape on agency ordinary overall performance among Japanese and Australian agencies, Bonn, Yokishawa and Phan, (2004) discovered that board length and overall performance (measured via marketplace-to-ebook ratio and pass lower back on property) became negatively correlated for Japanese agencies but located no courting a few of the variables for its Australian counterpart. However, contrary to the Japanese agencies the ratios of outside directors and girl administrators to overall board numbers have a tremendous impact in the Australian pattern (Bonn, 2004).

In opposite to the above findings, an powerful impact on overall performance became recorded with big board length with the aid of using Mak and Li, (2001) and Adams and Mehran, (2005); but, in analyzing 147 Singaporean corporations from 1995 data, Mak and Li,(2001) help the argument that board shape is endogenously determined at the same time as the consequences of their OLS suggest that board length, control form and corporation length have a excessive high-satisfactory impact on agency overall performance but their OSLS regressions do not help this cease result.

Adams and Mehran, (2005) located a high-quality relationship amongst board length and overall performance (measured via Tobin's Q) in the United States of America banking organization. Adam and Mehran's outcomes suggest that such ordinary overall performance courting may be enterprise unique, indicating that big board's paintings nicely for high-quality form of corporations counting on their organizational structures.

### **2.4.3 Communication Strategies**

Communication as an integral part of organizational strategic roadmap is a system and process through which information is disseminated and a way of creating mutual understanding between two parties. in this regard companies frequently include their communication strategies to their short term, medium term and long-term alignment of communication strategy to the overall company strategy. Different manuscripts suggest that higher managements and internal business co-workers, such as leaders of other departments, measures communication departments usually

using the achievement of one-time communication of events. Frequently, companies' lack overall awareness of the strategic contributions to company achievements of its strategic plan. Information communicators, on the other hand, often report success in terms of media outputs, outreach of online communications, or other operational activities. They rarely document the department's critical impact on reflecting and adjusting corporate strategies. Against this background, it is essential to make a distinction between different strategic and operational contributions to corporate success. Reflecting on strategic contributions counteracts the tendency of communications to be reduced to an operational support function (Sophia Charlotte *et al.*, (2017).

Organizational strategic management team has to lead the communication department to control weather it effectively and efficiently managing the external and internal communication issue. The manager has to investigate potentials for innovative ideas for the department in order to support the long-term growth of the company. Company communicators should aware of regular management functions and ideas. They require leadership expertise in leading communication staff and external stockholders (Bronn, 2001; Moss *et al.*, 2005). In playing this role as a strategic manager, the chief communication officer attracts the interest of higher management to the deep-rooted communicative risks, communities' interest and critical issues, and forwards recommendation on strategic decisions. The communication advisor should have mutual trust and understanding with senior managers. He should have the understanding of the values, vision, mission and corporate span of the company to provide concrete advisory role. To run out this capacity effectively, the chief communication officer has to be able to provide serious, genuine, and even pronounced advisory to top management so as to maintain a healthy relationship with stakeholders (Zerfass & Franke, 2013).

#### **2.4.4 Codes of Conduct**

Many organizations at corporate level set corporate codes of conduct and business ethics that govern how to operate business. Organizational codes of conduct can be viewed as an instrument for the input of corporate governance utilization. Because, when the companies are utilizing organizational code, it helps to point out corporate burdens for the stakeholders and enforce the higher management to abide by certain guidelines when they are utilizing certain authorities

internally to the organizational and in the public out of the organization. According to (Arrigo, 2006), business codes of conduct covers a wide range of discipline, as it concerns all the stakeholders who make up the operating environment. Additionally, corporate code of conduct is the extension of organizational culture because; all the rules and conducts how the company behave and operate are derived from organizational culture.

Most people assume that corporate code of conduct and code of ethics are used interchangeably. However, there is a difference when we use them in different context. Corporate codes of conduct are incorporated to the 'rule based', aiming for providing remedial action to available situation and provide basement to draft corporate strategies. It provides guidelines and remedial actions to adopt when specific problems emerge. On the other hand, code of ethics is "value based" which provides all available principles, morals, moral, ethical standards and corporate values (palfrey & peacock, 1991).

Company success as theoretical investigation has been proven being the focus of industry practitioners and academician as an area of research, being the final finding of an implementation is real and invisible resources. To this end, invisible resources are usually of more value than visible resources in terms of realism and achievement of the company. There have been many management manuscripts examined company success attributes to find out the presence of high organizational performance. Researchers have been using empirical studies to check the impact of organizational strategies on company success through regular follow up to score high volume of customer interest. It is highly perceived as the major determinant of an advanced company performance and used as best millstone of competitive advantage (Douglas & Judge J, 2001; Dubey, 2015).

In the present day, investors around the world use the company performance as a criterion before they are going to invest anywhere. Globalization makes the world narrows and narrows and hence it is possible to conduct business anywhere in the world. Globalization promotes global investment activities and huge performance and in avoiding the obstacles available in corporate business and portfolio investment, businesses can have an extra mill opportunity to grow up. Furthermore, with the fastest spread of advancement in technology and the desire of human being who are interested and put concern in establishing their firm from anywhere are motivated to look for any organization around the globe that have indications of high performance for

investment. So, organizational performance is the highest element that attracts and motivates the people to invest in to it. Therefore, it is the responsibility of business owners who are running firms to improve organizational performance using untapped plan and conducting regular update of its engagement and business flow during firm business life (Ebrahim et al, 2014).

Now adays, companies in the world use their reputation as the instrument to measure their organizational success; which is a generalized and collective perception and attitude of an organization of multiple stakeholders. Those stockholders are utility maximizers, employees, investment owners, and other agents who are in place to harvest benefit from corporate performance. In general sense organizational reputation is formed by outside stakeholder and is based on tentative perception and images they built about the company's next behavioral attributes. Company reputation possesses a positive implication on the general financial wellbeing and product and service buy out implications of potential customers.

Reputation of an organization is disclosed in public media is regarded as organizational media reputation. Most stockholders assume that only public media technique is an indicator of creating an image and expectation created about the company (Sophia charlotte et al, 2017).

Employee commitment is derived from the perception of employees having towards their employer. Typically, employees with high commitment view themselves as strongly attached with the organizational goals, visions, missions, values, and organizational norms. The presence of strong commitment is associated with the highest-level employee satisfaction, organizational attachment and motivation, and additionally as of more internal processes and very few employee turnovers indexes. (Sophia Charlotte et al. (2017).

## **2.5. Review of Empirical literature**

Beiner, Drobets, Schmid, and Zimmerman, (2004) use a huge corporate governance index and additional variables related to ownership structure, board characteristics, and leverage to study corporate governance and corporate valuation to provide a complete description of corporate governance at the company level.

Every increase in a company's corporate governance index increases its market value by an average of plus or minus 8.6% of the value of a trading company's e-book. Zheka, (2007) examines the impact of corporate governance on results by creating an average index. Corporate

governance and show that you can predict the productivity of Ukrainian company diplomas. The results show that the one-sided index boom is around 0.4%-5. Production increased by 9%; the worst quality change heralded a 40% increase in the company's overall productivity. Kyereboah-Coleman, (2007) uses business statistics from many African countries including Ghana, South Africa, Nigeria, and Kenya to point out that the highest corporate governance practices Baker, Godridge, Gottesman, and Morey, (2007) use a single source from the Bernstein Alliance data set. A global asset control company rates users and signature-level corporate governance in 22 developing countries on a monthly basis. The international market shows that the relationship between company-level corporate governance ratings (and user ratings) and market ratings within five years is very good, indicating that the cost of capital for more manageable companies has fallen.

In Kenya, Wanjiku et al., (2011) completed an analysis of corporate governance practices, aiming to increase the number of companies indexed by Nairobi Securities to change the use of causal research frameworks. Communicate in the company, leadership and profit. The analysis shows that there is a good linear relationship with growth and corporate governance.

Similarly, Ongore and k'Obonyo, (2011) conducted a similar study in Kenya, using 54 listed companies to examine the relationship between ownership, board of directors, and oversight characteristics and overall company performance in Nairobi Stock Exchange.

However, Mang'unyi, (2011) can examine ownership structure and corporate governance and their impact on company performance. His investigation focused on the Bank of Kenya. Their research shows that there is a huge difference between corporate governance and financial performance. Experts call on the corporate structure to "promote corporate governance in order to issue high-quality warnings to potential traders. Regulators should work with the authorities to promote and socialize corporate governance and achieve high overall performance in all companies." u and Muoria, (2011) analyzed the corporate governance performance of Kenyan industrial government agencies. Based on descriptive research design, analysis Thirty SCs were selected from 41 government agencies in Kenya and the relationship between overall financial performance, board composition and duration were studied. The study found that there is a qualitative relationship between the return on equity (ROE) and the composition of the boards of all groups in the kingdom. The research cited in the literature tends to focus on emerging

international venues where strategic practices and corporate governance structures do not match. In Kenya the studies executed in different agencies in particular monetary sectors failing to cover all the companies indexed in NSE apart from coverage provider providers in Kenya.

For Kenyan listed companies, Muriithi, (2005) studied the relationship between corporate governance arrangements and the performance of companies listed on the NSE, Manyuru, (2005) studied the corporate governance and organizational performance of NSE listed groups, and Matengo, (2008) studied the Bank of Kenya The relationship between the company's corporate governance practices and efficiency.

In maintaining with NBE current issued company governance guiding principle company governance plays a vital position in preserving the safety and soundness of economic system in present day and banking area specifically. The benefit of organization governances offers way to balanced danger taking and enhances industrial agency prudence, prosperity and organization obligation with closing goal of understanding long term Shareholders fee, customers and different stakeholder's hobby.

There are few studies on the impact of corporate governance on the overall performance of the Ethiopian banking industry. Kassa et al., (2013) Regarding their research goals, to examine the impact of internal and external corporate governance mechanisms on the overall performance of banks, and their impact on the performance of commercial banks in the absence of a prepared stock exchange, through Assist in the use of quantitative data set analysis methods related to descriptive and inferential statistical analysis and multiple regression analysis. Measure the size of the board of directors and the existence of an audit committee of the board of directors and external corporate governance measures of ROE and ROA. The study used based review of files, and commercial banks monetary data protecting duration 2005 to 2011.

The results show that the term of the board of directors and the term of the audit committee of the board of directors have a statistically significant negative impact on the performance of financial institutions; considering the size of financial institutions has a statistically significant qualitative impact on the performance of financial institutions. Similarly, as an indicator to measure external governance mechanisms, equity ratios have a statistically broad and significant impact on the performance of financial institutions. In the absence of prepared stock exchange transactions; excessive government intervention; lack of corporate governance awareness, lack

of corporate governance and national standards of accounting and auditing; a criminal system that can protect the rights of minority shareholders is the governance and performance of Ethiopian financial institutions an important factor that has an adverse effect.

The observation used a panel statistical econometric evaluation based on the cumulative financial and non-financial information of all commercial banks operating during the period 2005-2011. The facts of this view are based on the bank's audited financial statements, which have overlapping maturities. The data for the period from 2005 to 2011 was obtained from the National Bank of Ethiopia (NBE), and as part of the research, information on the characteristics of the board of directors was obtained from each bank.

Ferrede, (2012) uses techniques to describe, correlate, and analyze linear regression facts from multiple groups to examine the impact of corporate governance mechanisms on the company's overall financial performance. With the support of eight Ethiopian commercial banks, a five-year, 12-month period of statistical data was used from 2007 to 2011.

The researchers adopted three cost-efficiency measurement indicators, including return on investment, return on equity and profit margins of Internet hobbies, corporate governance mechanisms such as the size of the board of directors, gender diversity of the board of directors, academic qualifications of board members, and business supervision.

The research examines the board members' specific industry experience, the length of the audit committee's time, and three governance variables specific to financial institutions, including the size, leverage, and growth of financial institutions. The committee has a negative impact on the overall currency indicators; while the academic qualifications of the board members are positive. General currency indicators although directors' unique industry enjoyment is undoubtedly related to return on investment, it does have a negative impact on the bottom line of hobbies, and the percentage of female managers and board members who enjoy it has no significant impact. One and second statistical source, the secondary data source is the audited financial statements of the commercial banks in the sample during the specific observation period (2007-2011). These data comes from the National Bank of Ethiopia.

The number one fact turned into amassed via using questionnaires was distributed and collected the statistics on company governance mechanisms variables. The results were implying that the flow and the magnitude of effect of a few company governance mechanisms are dependent on

the performance degree being examined. All company governance variables do now not have an impact on the 3 financial overall performance indicators inside the equal course and their stages of affiliation can also range. this is due to the fact economic performances indicators are not equally indicating the performance of banks, due to the fact monetary performance indicators used one-of-a-kind formulations with their limitations to indicate the banks overall performance.

According to a paper written by Getahun, (2013) on the impact of various corporate governance mechanisms on the overall performance of the Ethiopian Industrial Bank, the final auditor's survey results indicate that the participation of non-executive directors in the board of directors may be different, and the legal rights are retained may be different. This has had a huge negative impact on the activities of the Ethiopian Commercial Bank. On the other hand, the concentration of ownership, the deposit ratio and the existence of the audit committee have a huge positive impact on the overall performance of the bank.

However, the last variables such as board size, board ownership and liquidity have a negligible impact on the overall performance of the bank. The researchers' focus is on corporate governance mechanisms, especially the board structure, unique policies, depositor ownership and influence, and the impact on bank efficiency. Researchers use ROA and ROE as indicators to measure the efficiency of financial institutions.

Firehiwot, (2016) has many specific goals in studying the impact of corporate governance on the economic performance of the Ethiopian Industrial Bank. Based on the location and the conclusions drawn from it, the researchers made the following main recommendations to keep the bank's board of directors small. The best stage with higher academic scores is more effective in tracking managers and helping to increase productivity as shorter sessions with higher academic scores. The executive board of the Ethiopian Commercial Bank and men has been severely restricted over the past decade.

Therefore, many things can be done to improve the gender stability of the Ethiopian Bank's board of directors, while being very concerned about their qualifications and abilities; the Ethiopian Commercial Bank should have a board of directors with experience in another economic sector to improve its overall currency performance. It seems that sooner or later, the researchers will suggest that the Ethiopian Commercial Bank shorten the term of the audit committee in order to improve its overall performance. None of these studies focused on the

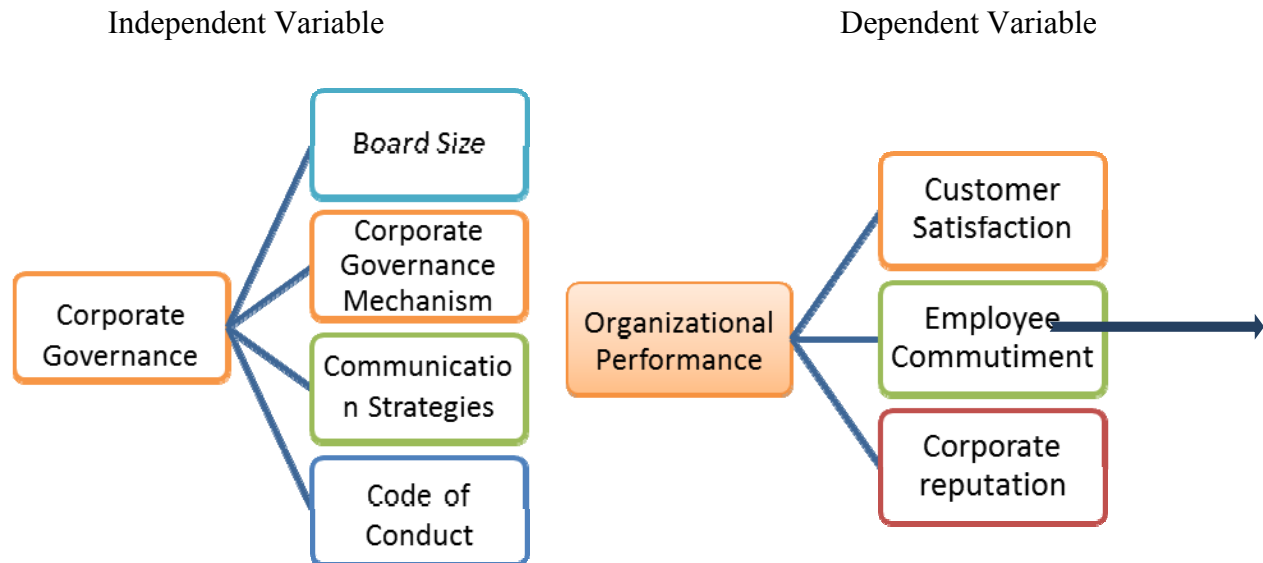
relationship between corporate governance and the macroeconomic performance of Kenya's listed insurance groups. Many researchers have tested the relationship between different governance mechanisms and overall business performance. But the effect is comprehensive. Some researchers are studying simpler control mechanisms for overall performance, while others are studying the effects of multiple mechanisms on performance.

## **2.6. Summary of Literature Review**

The literature review clearly understands the impact of corporate governance in the theoretical and empirical literature on the overall financial performance of index companies, and shows that corporate governance with attributes such as return on equity and profitability improves financial performance. Companies indexed on NSE. Based on the company's economic performance, the corporate governance mechanism was investigated, and the governance practices of NSE index companies and the effectiveness of corporate governance were evaluated. The empirical results show that there are significant scales and differences between the composition of the board of directors, the size of the board, and the ambivalence of the CEO and key monetary figures. Although empirical evidence shows that there is an effective match between board size, composition, and economic performance, there is no empirical evidence to show how other factors not covered in the model affect performance.

## 2.7. Conceptual Framework

It quick and complete conceptual framework on the thesis term “the impact of corporate governance on organizational performance within the banking region: the case of decided on banks in Ethiopia.”



**Figure 1: Conceptual from work derived Sources: Changezi & Saeed, 2013; Bayoud, 2012; Carton, 2004)**

From above Conceptual from work derived for studies paintings at the case “ the effect of corporate governance on organizational performance inside the banking zone: the case of selected private commercial banks in Ethiopia” will goal to measure the impacts of impartial variables of corporate governance: the size of the board, corporate Governance Mechanism, communiqué strategies, and organizational Code of conduct are considered as the dimension variables of company Governance which turned into derived from Changezi & Saeed, (2013) and purchaser pleasure, employee commitment and corporate popularity are taken into consideration because the size variable of Organizational overall performance which was derived from Bayoud, (2012) and Carton, (2004).

## **CHAPTER THREE**

### **3. RESEARCH METHOD**

#### **3.1 Introductions**

On this chapter, the studies method accompanied in the have a look at is discussed. This includes the research layout, sampling design, measuring instruments and records analyses.

#### **3.2. Research Design**

Kumar, (2005) defines a research plan as a program plan used by researchers to answer questions in a reasonable, objective, accurate, and cost-effective manner. Research plans enable researchers to develop operational plans to adopt the various strategies and responsibilities required to complete the analysis, and to ensure that these processes are sufficient to obtain legal, objective, and accurate solutions to research problems. The analysis will be designed for explanatory research. According to Croswell, (2003), explanatory research design is a record-breaking system for testing hypotheses or answering questions about the reputation of contemporary observers.

The explanatory research design defines and communicates the current state of affairs. The choice of explanatory research design is based entirely on the fact that the research is based on the existing scenarios in the discipline and there are no variables to control. This allows you to promote the results to a wider group of people. The preliminary knowledge of this view may be quantitative. However, some qualitative methods have been used to improve knowledge and may allow for better and more insightful interpretations of the results of quantitative research.

#### **3.3. Populations of the Study**

Population refers to the complete organization of people, events, or elements with common observable characteristics (Mugenda and Mugenda, 2003). The target population is described as a group of calculated people, events, or elements that have some unusual observable characteristics and surprisingly specific properties.

According to Ngechu, (2004), population is a set of clearly defined people, services, factors and events, a set of factors or families that can be studied. In this study, the three private business

banks in Ethiopia are Dashen Bank SC, Zemen Bank SC and Debub Global Bank SC are considered the population of the study from which proportionate sample is drawn.

**Table 3.1 Proportionate Sample from the population**

Target Population	Dashen Bank Sc		Zemen bank Sc		Debub golobal Bank Sc		Total popln	Total sample
	Tota popn	10% sample	Tota Popn	10% sample	Total popn	10% Sample		
Board of directors	9	1	9	1	11	1	29	3
Executive management committee	10	1	5	1	17	2	32	4
Directors & district mangers	45	5	17	2	14	1	76	8
Department Managers	45	5	17	2	12	1	76	8
Branch managers	440	44	50	5	111	11	601	60
Total	549	56	98	11	165	17	812	83

From the table 3.1 above we derived the sample size using the following formula

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

Where N is the overall size for determining the sample size, n is the overall sample size, and e is the accuracy with a 95% confidence interval (Yemane, 1967).

$$n = \frac{812}{1 + 812(0.05)^2} = 281.56 = 282. \text{ Therefore, the total sample size included in this study is 282.}$$

### 3.4. Sampling Techniques

A pattern is a small organization acquired from on hand population, (Mugenda & Mugenda, 2003). Sampling is the method a researcher makes use of to acquire people, places or matters to examine, (Kombo & Tromp, 2006). The purposive sampling has been used to get

appropriateness and intended pattern due to the principle it's far a way that lets in a researcher to apply cases that the required data with admire to the goal (Mugenda, 2003). The purposively drawn pattern of management respondent from the three indexed private commercial banks; Dashen bank SC, Zemen bank SC and Dehub global bank Sc were appropriately taken.

### **3.5 Data collections tools and instruments collection**

Both primary and secondary data were used and accumulated from posted annual reports and of the selected privet commercial Banks of Ethiopia. The primary data was prepared though questionnaires with a combined of Likert scale. The secondary data records provided a reliable supply of the records wished by means of investigator to analyze the situation and are looking for green approaches for trouble fixing situations (Uma, 2003).

These data are collected especially from areas that provide bank information, corporate governance statements, and manager profiles. The results are based on current reports, such as balance sheets, currency development calculations, equity changes, and comprehensive income statements, expressed in currency flows. Secondary facts are simple to gather because of the ease of availability.

#### **3.5.1 Validity and Reliability Test**

If the visual effects can be reproduced using comparable methods, the tool is considered reliable (Joppe, 2000). Therefore, reliability is a measure of the degree to which a consistent effect is produced (Zikmund, 2000). To be considered reliable, the measurement equipment must be error-free and the results or observations must be repeatable or repeatable (Joppe, 2000).

The consistency or reliability inherent in the textbook is related to several issues, notably: (1) the scope of the diploma, which has remained the same over and over again, (2) the measurement has been balanced over the years and (3) the similarity of the measurement over a specified period Kirk and Miller, 1986).

The reliability of measurement tools is determined by determining the relationship between the ratings given by the well-known managers of the tools (Joppe, 2000). If the instrument's validity certificate states whether the research actually measured what it should measure or the authenticity of the research, the instrument is considered reliable (Joppe, 2000). Validity for this

reason entails ascertaining whether or not the approach of dimension is accurate and whether they're definitely shooting the variables, they had been alleged to measure (Golafshani, 2019).

**Table 3.2: Reliability test**

Name of variables on corporate governance	Number of items included	Chronbach's alpha
Board size	5	0.810
Corporate governance mechanism	11	0.767
Communication strategy	8	0.769
Code of conduct	9	0.702
Total reliability on corporate governance	33	0.828
Organizational performance	15	0.706

### 3.6 Data Analysis

Each quantitative and qualitative evaluation statistics become obtained from the study. For quantitative data, examine it for and the SPSS 22 software program is used to tabulate and examine the information. Probabilities, manner and frequency distribution tables is used to explain the information. A relationship among the unbiased and structured variables is set up by means of regression evaluation- test is used to test for any available differences within the respondent's attitude in to the reforms.

#### 3.6.1 Model Specification-

More than one regression model changed into used. Hair, Black, Babin, Anderson and Tatham, (2006) claimed that's more than one regression are the great method could be used to predict multivariate affiliation as it eliminates robotically any impartial. Finally, the empirical version of the take a look at additionally consists of 4 control variables; Board length, corporate Governance Mechanism, communiqué strategies, and Code of conduct are considered as the dimension variables of Company Governance which turned into derived from Changezi & Saeed, (2013) and purchaser pleasure, employee commitment and corporate popularity are taken into consideration because the size variable of Organizational overall performance.

The entire empirical model is as follows:

$$Y = \beta_0 + \sum \beta_k X_k + \varepsilon \quad \text{where:}$$

**Y** represents the dependent variables (CUSat, EMmt, and CRp) of the study banks,  $\beta_0$  is the intercept,  $\beta K$  represents the coefficients of the X variables, **X** represents the explanatory variables (Bs, CGmc, COMst, and, CODco) of banks which are under the study,  $\epsilon$  is the error term.

The aforementioned overall empirical research model is transformed into the variables of study to search out the effect of corporate governance on organizational performance as stated under:

$$\text{CUSat} = \beta_0 + \beta_1(\text{BS}) + \beta_2(\text{CGmc}) + \beta_3(\text{COMst}) + \beta_4(\text{CODco}) + \beta_5\epsilon \text{--}(1)$$

$$\text{EMmt} = \beta_0 + \beta_1(\text{BS}) + \beta_2(\text{CGmc}) + \beta_3(\text{COMst}) + \beta_4(\text{CODco}) + \beta_5\epsilon \text{--}(2)$$

$$\text{CODco} = \beta_0 + \beta_1(\text{BS}) + \beta_2(\text{CGmc}) + \beta_3(\text{COMst}) + \beta_4(\text{CODco}) + \beta_5\epsilon \text{--}(3)$$

### **Dependent Variables**

**CUSat** Customer Satisfaction of the study private commercial banks

**EMmt** Employee Motivation of the study private commercial banks

**CRp** Corporate Reputation of the study private commercial banks

### **Independent Variables**

**BS** Board Size of the study private commercial banks

**CGmc** Corporate Governance Mechanism of the study private commercial banks

**COMst** Organizational Communication Strategy of the selected private commercial banks

**CODco** Organizational Code of Conduct of the selected private commercial banks.

## CHAPTER FOUR

### 4. DATA ANALYSIS, PRESENTATION AND INTERPRATION

#### 4.1. Introduction

In this chapter the researcher is trying to investigate the data analysis, data presentation, data interpretation and discussion of the findings. The first part of this chapter is demonstrating the demographic profile of the respondents using summarized tables in the forms of frequency and percentage. The next parts of this chapter are elaborating data using correlation and regression analysis in the form of tables. From the total respondents (282) in Dashen bank S.c, Zemen Bank S.c and Debub global bank S.c, (163) respondents from Dashen bank, (29) respondents from Zemen Bank and (90) respondents from Debub global bank S.c a total of (252) respondents completed the questionnaire which is (89%) of the total questionnaire distributed.

#### 4.2 Demographic Characterization of the Respondents

This section stressed on the personal characterization of the management respondents of Dashen bank, Zemen bank and Debub global bank and Summary of their gender, age, academic qualification and experience of respondents in the banking industries are summarized in the following tables.

**Table 4.1 gender of respondents**

	Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	174	69	69
	Female	78	31	100
	Total	252	100	
Missing	System	0		
Total		252		

Source: own survey of 2021

In this study the researcher is trying to investigate the gender of the respondents who are participated in this survey and find the response as cited in table 4.1 above, 174 (69%) of the respondents are male and 78(31%) respondents are female from the total samples responded by

the respondents. From this finding the number of males who are engaged in the management level of the banking industries are outweighing to the number of females.

**Table 4.2 Age of respondents**

		Frequency	Percent	Valid percent	Cumulative percent
	20-30 years	18	7.1	7.1	7.1
	31-40 years	108	42.9	42.9	50
	41-50 years	114	45.2	45.2	95.2
	>51years	12	4.8	4.8	100
	Total	252	100	100	
Missing	System	0	0		
Total		252	252		

Source: own survey of 2021

From table 4.2 above, 18 (7.1%) respondents are between the age of 21-30 years, 108 (42.9%) respondents are in the age of 31-40 years old, 114 (45.2%) respondents are in the age of within the range of 41-50 years old and 12 (4.8%) respondents are above the age of 50 years old. This survey indicates that most of the management respondents in the survey population are in the age of 41-50 years.

**Table 4.3 Academic Level of Respondents**

		Frequency	Percent	Valid percent	Cumulative frequency
	BA/MSC	123	48.8	48.8	48.8
	MA/MSc	120	47.6	47.6	96.4
	PhD	0	0	0	0
	Other	9	3.6	3.6	100
Total		252	100		

Source: own survey of 2021

The above table indicates that 123 (48.8%) respondents are with the academic qualification of BA/BSc degree, 120(47.6%) respondents are with MA/MSc academic qualification, 9(3.6%)

respondents are with academic qualification of another category. From this finding most respondents are with the academic qualification of BA/BSc followed by MA/MSc.

**Table 4.4 Service years of respondents**

	Frequency	Percent	Valid percent	Cumulative percent
>5 years	3	1.2	1.2	1.2
6-10 years	90	35.7	35.7	36.9
11-20 years	129	51.2	51.2	88.1
< 20 years	30	11	11	100
Total	252	100	100	

Source: own survey of 2021

The above table indicates that 3 (1.2%) respondents are working less than five years, 90 (35.7%) respondents are working from six years to ten years, 129 (51.2%) respondents are working from eleven to twenty years and 30(11%) respondents are working more than twenty years in the banking industry. From this survey most of the respondents are working from 11 to 20 years.

### **4.3 Descriptive Statistics of Corporate Governance and Organizational Performance**

To evaluate the value of corporate governance and organizational performance in the selected private commercial banks, the researcher used descriptive statistics of mean and standard deviation. The mean indicates the average level of precision agreement or disagreement of the sample used by item of the study variables. On the other hand, standard deviation indicates the measure of dispersion of the set of values from the mean. The higher the mean, the stronger the level of agreement of the respondents of the sampled mean of sampled banks. While the lower the mean indicates the weakest level of agreement.

Below are measure of the value of corporate governance and organizational performance are presented in the tables.

### 4.3.1 Board Size

**Table 4.5 Analysis of Board Size**

Measuring items of board size	N	Mean	Std. deviation
Smaller number of boards guarantees organizational performance	252	3.1905	1.06958
Larger number of board of directors are subjected to more conflicts among members which leads in difficulty to reach agreement	252	3.3571	0.9273
Larger number of boards is more ideal for provision of competitive recourses	252	3.7024	1.02710
Larger number of boards will guarantee the presence of more expertise and experience to the board	252	3.7857	1.01876
The organization could benefit from larger number of boards since they provide effective and efficient management and resource availability in the organization that leads to improvement of organizational performance.	252	1.26	1.15545
Valid N (likewise)	252	3.05914	

Source: - own survey result of SPSS (2021)

From the above table 4.5 we can understand that the mean value of board size with five items is 3.05914 which is from the highest value of mean 3.7857 with item larger number of board will guarantee the presence of more expertise and experience to the board and the lowest value of mean 1.26 with item of the organization could benefit from larger number of boards since they provide effective and efficient management and resource availability in the organization that leads to improvement of organizational performance.

Based on the above finding we can suggest that the respondents from the sampled private commercial banks of Ethiopia gave slightly higher than average response of the organizations.

### 4.3.2 Corporate Governance Mechanism

**Table 4.6 Analysis of corporate governance mechanism**

Measuring items of corporate governance	N	Mean	Std. deviation
Gender composition in the board has strong effect on internal control mechanism.	252	3.1905	1.30316
The academic qualification of the boards is considered during board election to the organization.	252	4.0119	0.84303
All board members have relevant industry specific experience needed to steward the organization.	252	3.9048	1.01339
There is excellent relation with the external corporate regulatory body.	252	4.2024	0.05491
Board composition affects the way boards communicates with other stakeholders.	252	4.2024	0.87509
Outside directors can better challenge and restrain the CEO and management.	252	4.0595	0.86917
A board with a good combination of skills, experience and expertise can take the company to a new level.	252	3.9048	0.95051
The board of directors is responsible for the selection and appointment of senior management personnel.	252	3.8095	1.05988
The advisory committee's work includes actively supporting internal conflict resolution and management activities.	252	3.9524	1.12449
I am involving in influencing the direction and performance of the department by offering strategic guidance.	252	3.6429	0.99280
External corporate regulators negatively affect our business.	252	3.8452	1.07146
Valid N (likewise)	252		

Source: own survey result of SPSS (2021)

The above table shows that corporate governance mechanism has mean value of 3.8524 which is measured by eleven items. The respondents of the selected private commercial banks of Ethiopia gave agreement to the level of items of corporate governance. The strongest mean value of 4.2024 respondents which is expressed by item of “board composition affects the way boards communicates with other stakeholders” and the lowest mean value of response is 3.1905 gender composition in the board has strong effect on internal control mechanism.

### 4.3.3 Communication Strategy

**Table 4.7 Analysis of communication strategy**

Measuring items of communication strategy	N	Mean	Std. deviation
An organization where communication is free, fair, and transparent is more likely to succeed and have higher levels of employee engagement and productivity.	252	4.0476	0.95570
There is absolute transparency in sharing information between various departments in my organization.	252	3.9286	0.90228
There hasn't been an incidence of miscommunication within the team of my organization.	252	3.8810	0.98672
We disseminate to our employees and to the public monthly newsletter about company updates.	252	3.9286	1.03876
The organization frequently conducts "town-hall" meeting to share information.	252	3.6667	1.09030
There is an open-door policy for communication in this organization.	252	3.8810	1.11296
There is good communication between management in different departments of our company.	252	4.2262	0.91554
Considering everything, I am satisfied with the amount and quality of communications in our company.	252	4.0476	1.00486
Valid N (likewise)	252		

Source: own survey result of SPSS (2021)

From the above table 4.7 we can understand that communication strategy has the mean value of respondent from eight items is 3.4450 and the highest mean value carries mean of 4.2262 with item” there is good communication between management in different departments of our company.” While the lowest mean value is carried by item, “the organization frequently conducts "town-hall" meeting to share information.” with the mean value of 3.6667.

#### 4.3.4 Code of Conduct

**Table 4.8 Analysis of code of conduct**

Items measuring code of conduct	N	Mean	Std. deviation
There is a written code of conduct in our organization.	252	4.2262	0.82654
The organization’s codes of conduct align with the organization’s mission, vision and value.	252	4.0476	0.84888
There is effective channel of communication of codes to the employees and to the public.	252	3.9405	0.98606
Employees are frequently updated to the organizational code of conduct.	252	3.9405	1.03378
There are organizational procedures for reporting unethical behavior.	252	3.8333	0.99194
Unethical behavior is punished in our organization.	252	4.0833	0.99648
Ethical behavior is rewarded in our organization.	252	4.0833	0.86718
Implementing the right code of conduct in the organization contribute to organizational performance	252	4.2857	0.78497
The board oversee management’s communication, monitoring, reinforcement and enforcement of the company’s code of conduct	252	4.1071	0.79179
Valid N (likewise)	252		

Source: own survey result of SPSS (2021)

From table 4.8 above the researcher conducted descriptive analysis to find out the value of code of conduct. From this analysis the response on implementing the right codes of conduct in the organization contribute to organizational performance is weighting the highest mean with the

value of 4.2857 and with the score of standard deviation 0.78497. On the other hand, on item “there are organizational procedures for reporting unethical behavior” is weighing less value with the mean of 3.8333 with the standard deviation value of 0.99194. From this finding, organizations are better to implementing the right code of conduct for their performance in the sampled private banks.

### 4.3.5 Customer Satisfaction

**Table 4.9 analysis of customer satisfaction**

Items measuring customer satisfaction	N	Mean	Std. deviation
There is high level of customers’ compliant resolution method.	252	3.6429	1.10468
There is high level of responsiveness to customer inquiries.	252	3.4048	1.03690
The bank maintains ongoing and strong customer relationships.	252	4.0476	0.91710
These company employees have strong knowledge to answer customer queries.	252	3.8333	0.97971
There is good quality of financial product and service.	252	4.0714	1.00344
Valid N (likewise)	252		

Source: own survey result of SPSS (2021)

Table 4.9 above indicates that on the sample collected from private commercial banks in Ethiopia to investigate organizational performance, customer’s satisfaction was used as indicative measure. From this finding customers are more satisfied by quality of financial products and service that the banks provide with the mean score of 4.0714 and standard deviation of 1.00344. Whereas there is high level of customers’ compliant resolution method received less respondents mean value with mean of 3.6429 and standard deviation values of 1.10468.

### 4.3.6 Employee Commitment

**Table 4.10 Analysis of employee commitment**

Items measuring employee commitment	N	Mean	Std. deviation
I recommend my families and friends to work in this organization.	252	3.9405	1.03378
I feel nothing positive in this organization.	252	3.3929	1.25168
I value to the organization vision, mission and values.	252	3.7857	1.15196
I am happy talking about my company to the public.	252	3.7619	0.98933
I never leave this organization if I get another chance.	252	3.4881	1.36650
Valid N (likewise)	252		

Source: own survey result of SPSS (2021)

From the above table 4.10 we can conclude that employee commitment has the mean value of 3.67382 by respondent collected from five items of employee commitment. The highest value lies on the mean of 3.9405 with item of I recommend my families and friends to work in this organization and the lowest value of mean 3.3929 with item of I feel nothing positive in this organization. So, from this finding there is an indication of most of the respondents in the sampled banks are committed to recommend their families and friends to work in their organization.

### 4.3.7 Organizational reputation

**Table 4.11 Analysis of organizational reputation**

Measuring items of organizational reputation	N	Mean	Std. deviation
I believe that organizational reputation increases market share of the company.	252	4.0714	0.91554
Customers are more satisfied by organizational reputation.	252	3.8214	1.11031
I feel proud of working in the company having organizational reputation.	252	3.9524	0.94301
My company gets more profit by having good organizational reputation.	252	3.9048	0.92644
My company's product and service sales increase by its reputation.	252	3.9881	1.16675
Valid N (likewise)	252		

Source: own survey result of SPSS (2021)

Items measuring organizational reputation from table 4.11 above from five items indicate that mean value score of 3.94762 and standard deviation of 1.01187. From these items the higher mean value of 4.0714 given by respondents with the item of I believe that organizational reputation increases market share of the company. And the lower value of mean provided by respondents of the sampled population from the sampled banks is 3.8214 on the item “Customers are more satisfied by organizational reputation.”

**Table 4.12 summary of mean and standard deviation result of corporate governance and organizational performance**

Items measuring CG and OP	N	Mean	Std. deviation
Board size	252	14.8119	3.48040
Corporate governance mechanism	252	39.0162	5.80448
Communication strategy	252	27.6369	4.45158
Code of conduct	252	32.8968	4.27448
Organizational Performance	252	53.8849	5.32976

Source: own survey computation of SPSS (2021)

## **4.4 Diagnostics Test of Assumptions of Classical Linear Regression Mode**

### **4.4.1 Normality test**

In this study the data was tested for normality test from SPSS data. The Q-Q plots and the normal probability plot (NPP) assumptions were tested. According to (Gujarat, 2004) for sample size less than 100 the assumption of normal probability plots (NPP) is used. So, in this case the Q-Q plots and the normal probability plots (NPP) are straight and hence normal.

### **4.4.2 Multi co linearity test**

Multi co-linearity happens when one or more of the independent variables are highly correlated among themselves. In this case it could be difficult to predict which independent variable is predicting the value of the dependent variable. Tolerance is the degree to which the independent variable is explained by another independent variable. The other measure for multi co-linearity

test is the variance inflation factor (VIF) which is the reciprocal of the tolerance value. The VIF value greater than 10 and the tolerance value less than 0.10 indicates the presence of multi co-linearity (Gujarati, 2004).

In this study as indicated in the table below, all the tolerance values for all variables are above 0.10 and the all variance inflation factor (VIF) values are less than the value of 10, indicating no multi co-linearity problem.

**Table 4.13 Multicollinearity table**

Models		Co-linearity statistics	
		Tolerance	VIF
1	Board size	.927	1.079
	Corporate governance mechanism	.694	1.440
	Communication strategy	.781	1.280
	Code of conduct	.863	1.158

Dependent variable: organizational performance

Source: researcher survey result (2021)

#### **4.5 Correlation Analysis**

In this study Pearson correlation coefficient was used to analyze the strength and direction of relationship of the study variables of corporate governance (board size, corporate governance mechanism, communication strategy, organizational code of conduct) and organizational performance (customer satisfaction, employee commitment, corporate reputation). So, correlation in this case is the study of the measure of strength and direction of association of those variables. The strength is classified weak association, medium association and strong association being the value either positive or negative which is 0.1 to 0.29 or -0.1 upto -0.29, 0.3 to 0.49 or -0.3 to -0.49 and 0.5 to 1 or -0.5 to -1 respectively.

**Table 4.14 correlation matrix**

Variables	Organizational performance	Board size	Corporate governance mechanism	Communication strategy	Code of conduct
Organizational performance	1				
Board size	.342**	1			
Corporate governance mechanism	.344**	.240*	1		
Communication strategy	.346**	.109	.466**	1	
Code of conduct	.175	.200	.347**	.199	1

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

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

Source: own survey of 2021

The above table 4.13 indicates that the correlation strength of corporate governance variables with organizational performance of selected private commercial banks in Ethiopia. i.e., board size, corporate governance mechanism, communication strategy and organizational code of conduct. From this analysis we can understand that code of conduct is weakly correlated with organizational performance with correlation value of ( $r=0.175$ ) and the remaining corporate governance variables: board size, corporate governance mechanism and organizational communication strategy are moderately correlate with organizational performance with correlation value of ( $r=0.342$ ,  $0.344$  and  $0.346$ ) respectively. Organizational communication strategy had relatively better correlation with organizational performance among other variables of corporate governance. Additionally, all corporate governance variables had positive and significant correlation with organizational performance.

## 4.6 Regression Analysis

In this study multiple regression analysis is conducted to form estimate of linear regression analysis involving variables that best predict the estimate of the dependent variables. The predicting variables that predict the dependent variables are corporate governance wings i.e., Board size, corporate governance mechanism, communication strategy and organization code of conduct in the study sample bank. In this study multiple regression analysis is conducted to form estimate of linear regression analysis involving one or more predicting variables that best predict the estimation of the dependent variables. The predicting variables that predict the dependent variables are corporate governance wing i.e., Board size, Corporate governance mechanism, communication strategy and organizational code of conduct in the study sample bank of Dashen bank S.c, Zemen bank S.c, and Debu global bank S.c. On the other hand, the dependent variables that are predicted by the predicting variable are the wing of the organizational performance (customer satisfaction, Employee motivation, and corporate reputation).

**Table 4.15 Model Summary**

Model	R	R square	Adjusted R Square	Std. Error of The Estimate
1	.149 <sup>a</sup>	.022	-.027	5.42331
2	.515 <sup>b</sup>	.265	.187	4.82492

a. Predictors (constant): sex, age, educational level, experience of respondents

b. Predictors (constant): sex, age, educational level, experience of respondents, board size, corporate governance mechanism, communication strategy, code of conduct.

Source: survey data, 2021

Tables 4.14 above of the model summary on regression analysis, demographic factors are analyzed to statistically predict the dependent variable. From this analysis the value of R is equal to .149 which indicated that demographic factors weakly predict the dependent variable and the value of R square is .022 which indicated that only 2.2% changes on organizational performance are accounted by the demographic factors.

Based on the above table the independent variable of corporate governance (board size, corporate governance mechanism, communication strategy, code of conduct) statistically predict the organizational performance of selected private commercial banks of Ethiopia (Dasshen bank S.c, Zemen bank S.c and Dehub global bank S.c). From this study, the value of R is equal to .515 which inferred that corporate governance variables are strongly correlated with organizational performance and R square is .265 which indicated that 26.5% changes of the organizational performance is accounted by the changes of the independent variables of corporate governance. Therefore, from this figure the remaining 73.5% of organizational performance is explained by other factors of corporate governance not studied in this research.

**Table 4.16 Analysis Variance table**

		Sum of square	Df	Mean Square	F	Sig.
1	Regression	159.263	4	39.816	1.411	.231 <sup>b</sup>
	Residual	6970.720	247	28.222		
	Total	7129.983	251			
2	Regression	1892.021	8	236.503	10.972	.000 <sup>b</sup>
	Residual	5237.962	243	21.555		
	Total	7129.983	251			
a.	Organizational performance					
b.	Predictors (constant): sex, age, educational level, experience of respondents					
c.	Predictors (constant): sex, age, educational level, experience of respondents, board size, corporate governance mechanism, communication strategy, code of conduct.					

Source: Survey result data, 2021

From the above ANOVA table 4.15, the variance of the variables that the researcher established that the F ratio ( $F(8, 243) = 10.972$ ,  $P = .000$ ) was statistically significant at  $p < .05$  level of significance. This shows that corporate governance (board size, corporate governance mechanism, organizational communication strategy and code of conduct) has statistically significant relationship on organizational performance on the selected private commercial banks.

in Ethiopia which indicates the predicator variables of corporate governance and organizational performance have significant relationships.

**Table 4.17 Effect of Corporate Governance on Organizational Performance**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. error	B		
1	Constant	31.425	3.251		9.637	.000
	Gender	-.593	.662	-.052	-.896	.371
	Age	-.771	.498	-.101	-1.549	.123
	Educational level	1.033	.541	.131	2.288	.023
	Experience	.636	.509	.081	1.248	.213
2	Board size	.394	.089	.257	4.408	.000
	Corporate governance mechanism	.154	.061	.167	12.532	.012
	Communication strategy	.307	.075	.256	4.085	.000
	Code of conduct	.044	.075	.035	..588	.557

From the regression coefficient table 4.16, the strength of effect of each independent variable is determined by the standardized Beta coefficient. Based on the regression analysis above all the demographic variables are statistically insignificant at 0.05 level of significant. But, only educational level of respondent is statistically significant.

Corporate governance variables (board size, corporate governance mechanism and communication strategy) have positively and statistically significant effect on organizational performance in the selected private commercial banks in Ethiopia (Dashen bank S.c, Zemen bank S.C and Dehub global bank S.c) at 95% confidence interval with B values of 0.257, 0.167 and 0.256 respectively.

Table 4.18 Hypothesis Testing Based on Multiple Regression Analysis

Hypothesis	Result	Reason
H1: Board size has a significance and positive influence on private commercial bank's performance in Ethiopia;	Accepted	B=0.257, P<0.05
H2: Corporate governance mechanism has a significance and negative influence on private commercial bank's performance in Ethiopia;	Rejected	B=0.167, p<0.05
H3: Communication strategies have a significance and positive influence on performance of private commercial bank in Ethiopia;	Accepted	B=.256, p<0.05
H4: Bank code of Conduct has a significance and positive influence on private commercial bank performance in Ethiopia.	Rejected	B=0.035, p>0.05

The effect of corporate governance H1: board size has positive and statistically significant effect on organizational performance with B= 0.257 at 95 percent confidence level and hence we fail to reject the null hypothesis. H2: corporate governance mechanism has positive and statistically significant effect on organizational performance with B=0.167 at 0.05 level of significant. So we reject the null hypothesis and H3: communication strategies have positive and statistically significant effect on organizational performance in selected private commercial banks in Ethiopia with B=0.256 at p<0.05. Hence, we fail to reject the null hypothesis. H4: code of conduct has positive but, insignificant impact on organizational performance in selected private commercial banks in Ethiopia with B=0.035 at p and hence we reject the null hypothesis.

## 6.7 Discussion of the Finding

This study aims to examine the effect of corporate governance on organizational performance: in the case of selected private commercial banks in Ethiopia (Dashen bank S.c, Zemen bank S.c and Debu global bank S.c).

From the study we found that board size has positive and statistically significant association with organizational performance (customer satisfaction, employee commitment and organizational

reputation) at 95 percent confidence interval which is 0.05 percent significant level. This means in this study, as the number of board members increase there is a positive and significant impact to increase organizational performance. This result indicates that larger number of board size contribute to organizational performance through providing competitive resource and skill to the management.

This result is supported to some extent but conditionally by (Elsaye, 2009) on his econometric analysis try to show that board size has positive impact on organizational performance but in the presence of CEO non-duality.

H2: Corporate governance mechanism has a significance and negative influence on private commercial bank's performance in Ethiopia. The result obtained in this study has failed to support the hypothesis. Because, the result support that the effect of corporate governance mechanism has positive and significant effect on organizational performance in private commercial banks in Ethiopia. This research is further supported by (Yenesew, 2012) in his research on the impact of corporate governance on company financial performance: data from the Ethiopian Commercial Bank. As an element of corporate governance mechanism, he found educational qualifications, industry specific experience and business management experience of directors was positive impact on organizational performance as a supportive to this study.

H3: Communication strategies have a positive impact on the performance of Ethiopian private commercial banks. Communication strategies have a positive and significant impact on private commercial bank's organizational performance when organizational performance is measured using organizational reputation, employee motivation and customer satisfaction. It is found that communication strategy is the best predictor of organizational performance in private commercial bank in Ethiopia from the rest corporate governance variables. This result was supported by (Vianny and Victoria, 2017) in their study on the impact of corporate governance on organizational performance in Eastern University, Sri Lanka found that communication strategy has positive effect on organizational performance being the best predictor of organizational performance. (Kibe, 2014) also found out the positive impact of communication strategy on organizational performance on the study conducted to find the effect of communication strategies on organizational performance from Kenya port authority.

The other study conducted that support the impact of communication strategy on organizational performance is the study conducted by (Arab and Muneeb, 2019) found out positive impact of effective communication to organizational performance in their study of Effective Communication as a Strategy for Enhancing Organizational Performance.

From hypothesis 4, it was assumed that Bank code of conduct has a significance and positive influence on private commercial bank performance in Ethiopia. In this study code of conduct has positive relationship with organizational performance but, the result obtained is statistically insignificant and not support the null hypothesis. This means organizational codes of conduct have positive effect on company performance but, not much significant effect comparing other variables in this study. The positive result in this case is correlated with the study conducted by Donker *et al.*, (2008) on their study on corporate value, code of conduct and firm performance at the Canadian context was found the corporate ethics has positive and significant effect on the management system, employee commitment, organizational reputation and community satisfaction in general.

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

This chapter is constructed using five sections: the first section encompasses the introductory parts, the second part is built up by summary of related findings, the third part is about concluding the research finding, the fourth part is about forwarding recommendation of the finding to the stakeholder and finally, the fifth part is about providing directions to further researches.

#### 5.2 Summary of Research Findings

The study was conducted to investigate the impact of corporate governance variables; board size, corporate governance mechanism, communication strategies and codes of conduct on organizational performance; customer satisfaction, employee commitment and organizational reputation in the banking sector: The case of some private commercial banks in Ethiopia (Dashen bank S.c, Zemen bank S.c, Debu global S.c).. Indeed, this research utilized both descriptive statistics and explanatory research to find the research result and questionnaire was prepared and distributed as a primary data source.

The descriptive result of the demographic characteristics of the respondents indicates that 174(69%) of the respondents were male and 78 (31%) female. 18(7.1%) were between the age of 20-30, 108(42.9) respondents were between the age of 31-40, 114(45.2%) respondents were between the age of 41-50 and 12(4.8%) of the respondents were above the age of 50. The academic nature of the respondents was 123(48.8) BA/BSC holder, 120(47.6%) MA/MSc holders and 9(3.6%) were other academic category.

The regression results of the demographic characteristics of the respondents indicated that gender and age of the respondents have negative effect on organizational performance in the selected private commercial banks in Ethiopia and have insignificant effect. On the other hand, the academic nature and experience of respondents shows positive effect on organizational performance but, it is insignificant.

The regression result R is 0.515 which indicates that the presence of strong correlation between corporate governance variables, board size, corporate governance mechanism, organizational communication strategies and codes of conduct in the selected private commercial banks in Ethiopia and the R square value is 0.265 which inferred that corporate governance variables predict 26.5 percent changes on the independent variables associated with unit change of the independent variable.

The finding from the analysis of variance indicates (F ration (F (8,243) =10.972 P=000 statistically significant at  $p < 0.05$  level of significance. This result shows that the corporate governance variables; board size, corporate governance mechanism, communication strategy and codes of conduct are statistically significant impact on organizational performance on the selected private commercial banks in Ethiopia.

Corporate governance variables; the number of board of directors in the selected private commercial banks in Ethiopia have positive effect and statistically significant effect at 5 percent level of significance. At the same time, it is best predictor of organizational performance dimensions; customer satisfaction, employee commitment and corporate reputation with  $B=0.257$  followed by communication strategies of organization and corporate governance mechanism with  $B=.256$  and  $.167$ . Organizational codes of conduct have positive but, statistically insignificant effect on organizational performance variable; customer satisfaction, employee commitment and corporate reputation.

### **5.3 Conclusion**

The research in this paper was to examine the impact of corporate governance (board size, corporate governance mechanism, organizational communication strategy and codes of conduct) on organizational performance (customer's satisfaction, employee commitment and organizational reputation) in selected private commercial banks sin Ethiopia (Dashen bank S.c, Zemen bank S.c and Debub global bank S.c).

Based on the finding of the study the researcher draws the conclusion as follows.

- The number of female respondents was by far less from male respondents. This means females are not adequately engaged in the management team of the study banks.
- Majority of the respondents are in the age of between 41 and 50.

- Demographic characteristics; educational qualification of management respondents was positively and statistically significant effect on organizational performance and level of experience of management respondents was positive but, statistically insignificant effect. On the other way, gender and age of respondents was negative and statistically insignificant effect on organizational performance.
- The dominant corporate governance variables, board size, organizational communication strategies and corporate governance mechanisms all have positive and statistically significant effect on organizational performance using performance variables customer satisfaction, employee commitment and corporate reputation in the selected private commercial banks in Ethiopia (Dashen bank S.c, Zemen bank S.c and Debu global bank S.c).
- Organizational codes of conduct have positive impact on organizational performance in the selected private commercial banks in Ethiopia but, it was not statistically significant.
- All the corporate governance variables included in this study are positively correlated to the organizational performance of the study banks in Ethiopia.

#### **5.4 Recommendation**

Based on the above conclusion the under listed recommendations are forwarded.

- The study banks should focus on the corporate governance dimensions especially communication strategy internally and externally consistently as part of their strategic plan to enhance their performance through customer's satisfaction, employee motivation and organizational reputation.
- Employee motivation is the key for organizational successes. Hence, the management should focus on the employee by keeping them motivated and engaged to the company.
- Based on the result of this study, private commercial banks of Ethiopia should put in consideration the academic level of the management staff in their organization.
- The number of board of directors in this study has positive and significant effect on organizational performance. So, banks should use the ideal maximum level of board size in their organization.
- In this study the number of female management staffs is insignificant. So, companies should focus on gender diversification to harvest the competitive advantages.

## **5.5 Recommendation for Further Studies**

This study was conducted in selected private commercial banks in Ethiopia to investigate the effect of corporate governance on organizational performance which is limited on time and resource. Besides of providing insight for the upcoming researchers who conduct holistic and wide range of research, this research by itself does not help to generalize to the whole Ethiopian banks.

Corporate governance as a research area in Ethiopia is untapped discipline especially in the present day of growing of huge corporation. So, there is a need of growing interest of corporate governance with a need of further investigation of its impact on the company.

This study is conducted with limited sample size from limited population. Considering the availability of time and resources, the future researcher would conduct to come up with the results that will predict the performance of the organization.

The result on the impact of board size in the organizational performance is different in different researches. Even in this research the impact of board size is positive on organizational performance using performance measurement variable; customer satisfaction, employee commitment and corporate reputation. So, the future researcher still needs to explore its effect using different variables and different source of data at different time.

## REFERENCES

- Abdurazak, H. (2017) Corporate governance and its impact on the financial performance of Ethiopian private commercial banks.
- Adams, R. B, & Mehran, H. (2005). Corporate Performance, board structure and it's determinants in the banking industry, in EFA 2005 Moscow meetings.
- Arab, Z. and Muneeb, A. (2019). Effective Communication as a Strategy for Enhancing Organizational Performance: *Kardan Journal of Economics and Management Sciences 2 (1) 1–19*.
- Asgahar, M; Shah ZA; Hamid, K. & Suleman, MT. (2011). Impact of dividend policy on stock price risk: Empirical evidence from equity market of Pakistan: *Far East Journal of Psychology and business 4 (1), 45-52*.
- Baker, E. Godric. (2007). Corporate governance ratings in emerging markets: impact on market valuations, internal company performance, dividend payments and policy documents presented at the International Research Conference on Corporate Governance.
- Bayoud, N.S.M. (2012). Corporate social responsibility disclosure and organizational performance: The case of Libya, a mixed method study: *University of southern Queensland*.
- Beasley, M. (1996). An empirical analysis of the relationship between the board of director composition and financial statement fraud: *Accounting review, 443-465*.
- Beiner, S; Drobtez, W; Schmid, F; and Zimmermann, H. (2004). Is board size an independent corporate governance mechanism? *Kyklos 57 (3), 327-356*.
- Bennedsen, M; Congested, H.C & Nielsen, K.M. (2008). Causal effect of board size in the performance of small and medium sized firms: *Journal of Banking and Finance 32 (96), 1098-1109*.
- Bhagat, S. and B., Black (2002): The difference between the independence of the board of directors and the company's long-term performance. *Journal of Corporate Law, 24(2), 231-274*.

- Bhagat, S. and Bick, B. (1999). The uncertain relationship between board composition firm performances: *The Business Lawyer*, 921-963.
- Bhimani, A. (2008). Making corporate governance important: Combining ethical and economic rationality: *Journal of Management and Governance* 12 (2), 135-147.
- Bonn, I; Yokishawa, T; Phan, PH (2004). Effect of board structure on firm performance: A comparison between Japan and Australia. *Asian Business & Management* 3 (1), 105-125.
- Carton R. B., (2004). Measuring Organizational performance: *An explanatory study*.
- Changezi, NI. And Saeed, A. (2013). Impact of corporate governance framework on the organizational performance: *Journal of Management Policies and Practices* 1(2), 1-8.
- Clark, T. (2004): Corporate Governance Theory: The Philosophical Foundation of Corporate Governance, *New York: Rutledge*.
- Creswell JW (2003). Research design: Qualitative, quantitative and mixed method approaches. Sage. Thousand Oaks. CA.
- Daliy et al. (2003) Corporate Governance: A Decade of Dialogue and Data. *Management Society Review*, 28 (3), 371-382.
- Dalton, D. (2007): The fundamental agency problem and its mitigation. *The Academy of Management Annals*, 191, 1-64.
- Dalton, D.R and Dalton, C. M. (2005). Boards of directors: Utilizing empirical evidence in developing practical prescriptions: *British Journal of Management* 16, S91-S97.
- Davis, J.H; Schoorman, F.D; and Donaldson, L. (1991). Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns. *Academy of Management Review*, 20(1), 1-64.
- Donker, H. Poff, D. Zahir, S. (2008). Corporate values, code of ethics, and firm performance: a look at Canadian context. *Journal of Business Ethics* 82,527-537.
- Elsayed H. (2011): Board size and corporate performance: the missing role of board leadership structure: *Journal of management & governance* 15,415-446.

- Fanta, AB., Kemal, K.S., Waka, Y.K. (2013). Corporate governance and impact on bank performance: *journal of finance and accounting 1(1)*, 19-26.
- Firehiwot Kebede (2016). The Effect of corporate governance on financial performance of commercial banks in Ethiopia.
- Gallo, MA. (2005). Independent board directors: How to improve their contribution to the family business: *IESE Business School Discussion paper*.
- Getahun, (2013). The effects of different corporate governance mechanisms on the performance in commercial banks of Ethiopia: *MA thesis*.
- Habash, M. (2010). Effectiveness of Corporate Governance and External Audit in Restricting Revenue Management Practices in the UK: PhD Thesis, Durham University.
- Hair, J.F; Black, W.C; Babin, B.J; Anderson, R.E; & Tatham, R (2006). Multivariate data analysis. Uppersaddle River NJ: *Pearson prentice hall*.
- Hermaline, B. and Verisbach, M.S(2003). The follow-up of the endogenously elected board of directors and its CEO: *RAND Journal of Economics*, 88, 96-118.
- HifzaInam and AqeelMukhtar (2014). Corporate governance and its impact on performance of banking sector in Pakistan. *International Journal of Academic Research in Applied Science v3(2) pp.26-36*.
- Imam, M. and Malik, M. (2007). Firm performance and corporate governance through ownership structure, Evidence from Bangladesh Stock Market: *International Review of Business Research Papers*, vol. 3 (4), pp.88-110.
- Jacobs, J.B. (1985). Political and organizational changes and continuities in six rural Chinese localities: *The Australian Journal of Chinese Affairs*, 105-130.
- Jebet, C. (2001). A study of Corporate Governance: Case of quoted companies in Kenya. *University of Nairobi Press*.
- Jensen, M.C., and Meckling, W.H. (1976). Theory of the firm, managerial behavior, agency costs and ownership structure: *Journal of financial economics*, 3, 305-360.
- Joppe, G. (2000). Testing reliability and validity of research instruments: *Journal of American Academy of Business Cambridge 4(1/2)*, 49-50.

- Kibe, C.W. (2014). *Effect of communication strategies on organizational performance: a case study of Kenya port authority. European journal of business and management. Vol.6, Nn.11.*
- Kibrysaw, G. (2013). Corporate governance mechanisms: Impact on performance of Ethiopian commercial banks: *Unpublished thesis.*
- Kirk, J. and Miller, M (1986). Reliability and validity in qualitative research.
- Kombo, D.K and Tromp, D. L (2006). Proposal and thesis writing: An introduction Nairobi: *Pauline's publications Africa 5(1) 814-830.*
- Kumar, R. (2005). Research method: a step-by-step guide for beginners. New Delhi. SAGE revision.
- Kyereboah-Coleman, A. (2007). Corporate governance and business performance in Africa: dynamic panel data analysis. Paper presented at the International Conference on Corporate Governance in Emerging Markets at Sabanci University in Istanbul, Turkey in November 2007.
- Mack, T. and Lee, Y. (2001): Determinants of company ownership and board structure: Evidence from Singapore.
- Mak, Y. T, and Yvanto, K. (2003). Size really matters: Further evidence on the negative relationship between board size and firm value.
- Mang'anyi, E. (2011). Ownership structure and Corporate Governance and its effects on performance: A case of selected Banks in Kenya. *International Journal of Business Administration.*
- Manyuru, P.J. (2005). Corporate governance and organizational performance: The case of companies quoted at the Nairobi Stock Exchange: *University of Nairobi.*
- Matengo, M. (2008). The relationship between Corporate Governance practices and performance: The case of banking firms in Kenya, *University of Nairobi.*
- Matolcsy, Z and Wright, A (2011). CEO compensation structure and firm performance: *Accounting and Finance 51 (3), 745-763.*

- Miring'u, A. and Muoria, E. (2011). An analysis of the effect of Corporate Governance on performance of Commercial State Corporations in Kenya: *International Journal of Business and Public Management*.
- Mohan and Marimuta (2015). Research on the impact of corporate governance on financial results: *ICTACT Journal of Management Research, Volume 01, pp. 30-33*.
- Mugenda, O. M., & A. G. (2003). *Research Methods: Quantitative and Qualitative Approaches*.
- Mulili, M. and Wong, P. (2010). Corporate Governance in Developing Countries: The Case of Kenya, *International Journal of Business Administration, 2 (1)*.
- Muriithi, D. K. (2005). An evaluation of the risk and returns of equity mutual funds in Kenya: *University of Nairobi*.
- Muriithi, P. (2009). Corporate Governance; KASNEB Newslines, January to March 2009.
- Mwangi, J.N. (2019). Effect of corporate governance on the dividend payout of manufacturing firms listed in the Nairobi Security Exchange.
- Nanka-Bruce, D. (2009). Corporate Governance and Versatility: Doctoral Program in European Entrepreneurship and Small Business Management, Spain.
- National Bank of Ethiopia. (2018). Corporate Governance Directive 74/2018: Addis Ababa.
- Neuman, W. L. (2006). *Social Research Methods: Qualitative and Quantitative Approaches*, (6th Ed.), Boston.
- Ngechu, M. (2004). *Understanding the research process and methods: An introduction to Research Methods*.
- Okoi, Ocheni and John, (2014). The Effects of Corporate Governance on the Performance of Commercial Banks in Nigeria: *International Journal of Public Administration and Management Research Vol. 2(2), pp.:219-234*.
- Ongore, V. and K'Obonyo, P. (2011). Effects of selected Corporate Governance Characteristics on Firm Performance: Empirical Evidence from Kenya. *International Journal of Economics and Financial*.

- Organization for Economic Cooperation and Development (2009). The Corporate Governance lessons from the financial crisis: *Financial market trends*.
- Padilla, A. (2000): Can Agency Theory Justify the Regulation of Insider Trading: *The Quarterly Journal of Austrian Economics*.
- Shungu, P., Ngirande, H., Ndlovu, G. (2014). Impact of corporate governance on the performance of commercial banks in Zimbabwe: *Mediterranean journal of social sciences* 5 (15), 93-93.
- Sundaram, A.K. and Inkpen, A. C. (2004). The Corporate Objective Revisited: Organization Science.
- Uma, S. (2003). Research Methods for Business Students: A skill building approach, (4th Ed.) John Wiley & Sons.
- Vafeas, N. (2000). Board meeting frequency and firm performance: *Journal of financial economics*.
- Vianny, D. and Victoria, R. (2017). Impact of corporate governance on organizational performance: *International Journal of Engineering Research and General Science*.
- Wang, Y. (2009). Board Independence and Firm Performance: Evidence from ASX- Listed Companies. A Thesis Submitted for the Degree of Doctor of Philosophy.
- Wheeler, D; Fabig, H; and Boele, R. (2002). Paradoxes and dilemmas for stakeholder responsive firms in the extractive sectors: Lessons from the case of shell and the Ogoni. *Journal of Business Ethics* 39 (3), 297-318.
- Yasser, Q.R; Entebang, H.A; and Mansor, S.A. (2011). Corporate governance and firm performance in Pakistan: The case of Karachi Stock Exchange: *Journal of Economics and international finance* 3(8), 482-491.
- Yenesew Ferede (2012). The Impact of Corporate Governance Mechanisms on Firm's Financial Performance: Evidence from Commercial Banks in Ethiopia: *International Journal of Global Economic light*.
- Zheka, V. (2007). Does corporate governance incorrectly predict company performance? Panel data and evidence for instrumental variables.

## APPENDICES

### Appendix 1: Research Questionnaire

#### Research Questionnaire

Addis Ababa University College of Business and Economics

Department of Management

MSC In International Business

Dear respondents,

I am a graduate student at Addis Ababa University College of business and economics department of management MSC in International Business Program (Strategic Investment Truck). Currently I am conducting research on the title “**The Impact of Corporate Governance on Organizational Performance in the Banking Sector: The Case of Selected Banks in Ethiopia**”(Dashen bank S.c, Bank of Abyssinia S.c, Zemen Bank S.c and Dehub Global Bank S.c) for the partial fulfillment of my MSc.

Thus, your participation by responding those questionnaires is highly valuable and paramount to make my research in to effect. I also want to assure you that the date collected is used only for this academic purpose and not subject to any other purpose.

I am highly appreciating your willingness and time to participate in responding this survey.

**No need to write your name.**

With regards,

Teklemariam Worku

Email: - [teklemariamworku5@gmail.com](mailto:teklemariamworku5@gmail.com), cellphone- 0922867023

**I. Demographic Data**

- 1) Gender      1) Male                       2) Female
- 2) Age   1) 20-30    2) 31-40    3) 41-50                       4) Above 50
- 3) Educational level
- 1) BA/BSC    2) MA/MSc                       3) PhD                       4) Others
- 4) Name of the Bank where you are working; please name it?.....
- 5) How long have you worked in the banking area?
- 1) Less than 5 years    2) 6-10 years    3) 11-20 years    4. above 20 years

**Part 2: Questionnaire on corporate governance**

Please respond to the following by indicating (√) on your level of agreement on each statement on the five-point Likert scale; where 1=strongly disagree, 2= disagree, 3=Neutral, 4=Agree and 5=strongly agree.

	<b>Board size</b>	1	2	3	4	5
	Statements					
1	Smaller number of boards guarantees organizational performance					
2	Larger number of board of directors are subjected to more conflicts among members which leads in difficulty to reach agreement					
3	Larger number of boards is more ideal for provision of competitive recourses					
4	Larger number of boards will guarantee the presence of more expertise and experience to the board					
5	The organization could benefit from larger number of boards since they provide effective and efficient management and resource availability in the organization that leads to improvement of organizational performance.					

<b>Corporate governance mechanism</b>		1	2	3	4	5
No	Statements					
1	Gender composition in the board has strong effect on internal control mechanism.					
2	The academic qualification of the boards is considered during board election to the organization.					
3	All board members have relevant industry specific experience needed to steward the organization.					
4	There is excellent relation with the external corporate regulatory body.					
5	Board composition affects the way boards communicates with other stakeholders.					
6	Outside directors can better challenge and restrain the CEO and management.					
7	Board composed of directors with good mix of skills, experience and competencies can take the business to greater height.					
8	The board of directors is responsible for the selection and appointment of senior management personnel.					
9	The work of the advisory committee includes actively supervising management activities and resolving internal conflicts.					
10	I am involving in influencing the direction and performance of the department by offering strategic guidance.					
11	External corporate regulators negatively affect our business.					

<b>Communication strategies</b>		1	2	3	4	5
No	Statements					
1	An organization where communication is free, fair, and transparent is more likely to succeed and have higher levels of employee engagement and productivity.					
2	There is absolute transparency in sharing information between various departments in my organization.					
3	There hasn't been an incidence of miscommunication within the team of my organization.					
4	We disseminate to our employees and to the public monthly newsletter about company updates.					
5	The organization frequently conducts "town-hall" meeting to share information.					
6	There is an open door policy for communication in this organization					
7	There is good communication between management in different departments of our company.					
8	Considering everything, I am satisfied with the amount and quality of					

	communications in our company.					
--	--------------------------------	--	--	--	--	--

	<b>Organizational code of conduct</b>	1	2	3	4	5
No	Statements					
1	There is a written code of conduct in our organization.					
2	The organization's codes of conduct align with the organization's mission, vision and value.					
3	There is effective channel of communication of codes to the employees and to the public.					
4	Employees are frequently updated to the organizational code of conduct.					
5	There are organizational procedures for reporting unethical behavior.					
6	Unethical behavior is punished in our organization.					
7	Ethical behavior is rewarded in our organization.					
8	Implementing the right code of conduct in the organization contribute to organizational performance					
9	The board oversee management's communication, monitoring, reinforcement and enforcement of the company's code of conduct					

### **Part 3:- Organizational performance survey**

#### **Customer satisfaction**

No	Statements	1	2	3	4	5
1	There is high level of customers' compliant resolution method.					
2	There is high level of responsiveness to customer inquiries.					
3	The bank maintains ongoing and strong customer relationships.					
4	These company employees have strong knowledge to answer customer queries.					
5	There is good quality of financial product and service.					

#### **Employee commitment**

No	Statements	1	2	3	4	5
1	I recommend my families and friends to work in this organization.					
2	I feel nothing positive in this organization.					
3	I value to the organization vision, mission and values.					

4	I am happy talking about my company to the public.					
5	I never leave this organization if I get another chance.					

**Corporate Reputation**

No	Statements	1	2	3	4	5
1	I believe that organizational reputation increase market share of the company.					
2	Customers are more satisfied by organizational reputation.					
3	I feel proud of working in the company having organizational reputation.					
4	My company gets more profit by having good organizational reputation.					
5	My company's product and service sales increase by its reputation.					

If you have any comment, please cite here.

.....

.....

.....

.....

Thank you for your cooperation!!!