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**COLLEGE OF BUSSINESS AND ECONOMICS**

**EMBA GRADUATE PROGRAM**

**ASSESSMENT OF CORPORATE GOVERNANCE PRACTICE**

**OF BANKS IN ETHIOPIA;**

**THE CASE OF UNITED BANK SHARE COMPANY.**

**By; Yanjabu Tadesse**

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**ASSESSMENT OF CORPORATE GOVERNANCE PRACTICE  
OF BANKS IN ETHIOPIA;  
THE CASE OF UNITED BANK SHARE COMPANY.**

A Thesis Submitted to Addis Ababa University Department of Management in Partial Fulfillment of the Requirement for the award of the Degree in Master of Business administration program.

Advisor; Lakew Alemu (PHD)

**JUNE 2020**

**Addis Ababa, Ethiopia**

## Declaration

I, Yanjabu Tadesse declare that, this paper prepared for the partial fulfillment of the requirements for EMBA. Degree in Business administration entitled “*Assessment of Corporate Governance Practice of Banks in Ethiopia; the case of United Bank Share Company*” is prepared with my own effort. I have made it independently with the close advice and guidance of my advisor.

Yanjabu Tadesse

Signature \_\_\_\_\_

Date \_\_\_\_\_

## **Certification**

This is to certify that Ms. Yanjabu Tadesse has carried out this research work on the topic entitled *Assessment of Corporate Governance Practice of Banks in Ethiopia; The case of United Bank Share Company* “under my supervision. This work is original in nature and it is sufficient for submission for the partial fulfillment for the award of EMBA.

Lakew Alemu/ PHD

Signature \_\_\_\_\_

Date \_\_\_\_\_

# Approval

**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**BUSINESS ADMINISTRATION (EMBA PROGRAM)**

**Assessment of Corporate Governance Practice of Banks in Ethiopia; The case  
of United Bank Share Company'**

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## **Acronyms and Abbreviations**

(LDCs- least developed countries

BOD -Board of director so that the

(VoC) -variety of capitalisms

LME- liberal market economy

CME -coordinated market economy

SME -state-affected market economy).

CEO- chief executives

## **Abstract**

*The study assesses the degree to which the united bank share organization hold fast to corporate governance principles and how the act of corporate governance principles draws in investors to the bank. Previous research focus more on developed economies furthermore researchers from least developed nations (LDCs) in general utilize the global reporting initiative (GRI) structure as a benchmark which may not completely tap since LDC business structure and purposes are quite different from that of developed world .The study is quantitative in nature and a descriptive research design was adopted where survey research method was used. United bank head quarter and selected bank branches in Addis Ababa were selected as a sample using a non-probability design in the form of convenience sampling to collect data for the study. Accordingly, data for the study were obtained through distribution of 300-structured questionnaire where 270 fully filled survey questioners were acquired to conduct analysis using SPSS version 23. descriptive statistics (Percentage, Frequency) and inferential statistics (Z-test and Chi-square) statistical techniques were used to test the hypotheses stated in the study. The findings from the study showed that adherence to corporate governance significantly attracts investors to united bank and the degree of accountability to investors by corporate managers in united bank was found to be significant. Furthermore, corporate governance found to be affecting positively and significantly, the performance of united bank indicating that adherence to corporate governance has positive impact on the performance of united bank share company. Based on these findings, the study recommends that united bank should continue to explore various areas that would entrench corporate governance in the industry namely; the recruitment of qualified corporate managers, decentralization of strategic decisions making centers, increase corporate social practice to attract further investment and customers.*

**Keywords:** *Banking Sector, Corporate Governance, united bank*

## CHAPTR ONE

### INTRODUCTION

#### 1.1 Background of the study

As per Okoro (2016) demonstrated that corporate governance (CG) means the procedures associated with the release of the order of administration in corporate elements where it alludes to the procedure through which an association is administered and controlled. In addition, corporate governance has become a topical issue of the massive commitments to the development of current economies where the private sector assumes a key job in the development procedure yet at the same time the absence of good corporate governance is credited for the terrible execution of business substances. While created private sector segment driven economies with history of built up corporate governance structures reliably record high and unsurprising development rates though creating countries, where described as low monetary development rates are regularly credited to low degree of corporate administration rehearses in these economies (Okoye,2016).

Adeola, (2003) additionally expresses that corporate governance codes the connection between organization the board, their boards and their investors just as necessitate that management and executives do their obligations inside a structure of responsibility and straight forwardness. Moreover, inside creating, transitional and created economies, proper corporate governance structures and practices are significant for guaranteeing powerful banking in any contemporary business condition (M. Karim and Kerry E., 2013). Barth et al., 2007; Nam and Lum, 2006 contended that feeble corporate governance has been a significant explanation behind many financial emergencies however, the 2007 worldwide financial crises showed that fitting corporate governance measures for monetary foundations can't be undermined (De Larosi re et.al., 2009; Kirkpatrick, 2009).

Recharged consideration is being paid to imperfections and inadequacies in corporate governance of banking associations after the post-2007 worldwide financial crises unfurled, as a component of a more extensive addressing of how these man-made financial giants to have

transformed into the beast of *Bankenstein*. Researchers, controllers, and the public begin to survey and reevaluate key issues in banking, for example, the job of the bank in current society, the capacity of the bank's executives, the guideline on bank administrators' compensation, risk management and legal obligations, alongside the course of action of large scale prudential monetary guideline and different changes and changes are effectively proposed and elevated worldwide to re-improve corporate governance in banking associations (UK Walker Review 2009; US Blueprint, Department of Treasury,2008; US, Dodd-Frank Act 2010).

Along these lines, Alobaidi, et.al (2017) concentrate additionally demonstrated that the monetary curses occurring in numerous unmistakable organizations around the globe have brought about calling for essential guidelines, measures and moral and expert standards for accomplishing trust and unwavering quality in the budgetary information required speculators where thusly, this has prompted the development of corporate governance idea.

However, before all these proactive measures can be effectively implemented, a more fundamental understanding of corporate governance in banking organization is needed and it is in this context that the study will be able to provide an institutional analysis of corporate governance issues in banks. Specifically, it aims to assess of corporate governance practice of banks in Ethiopia; specifically, united bank share company. United Bank was incorporated as a Share Company on 10 September 1998 and today United Bank offers its customers a wide range of commercial banking services with a network of 273 Branches and 9 sub-Branches.

## **1.2 Statement of the Problem**

Clearly corporate governance is basic to all sectors, because of the basic role and effect on the whole economy it is anyway urgent in the financial sector. As per Hambrick et al. (2008), in fact the whole national frameworks should concentrate toward CG. "The strength of the economy is firmly identified with the adequacy of its financial segment" (Katrodia, 2012). Subsequently, Handley-Schachler et al. (2007) set that banks require extraordinary and increasingly broad corporate governance game plans while Arun and Turner (2004) additionally contended that a wide perspective on corporate governance to be received for banks because of the novel idea of the banks in the developed or developing world involve a unique situation of trust in the national economy, thus a powerful corporate governance practices are fundamental so as to accomplish and keeping up the open trust and trust in the financial framework.

Following the financial crises to the best possible banks need to abstain from damaging solidness of the financial framework, and recover lost trust in the capacity of the banks to appropriately deal with their advantages and liabilities, (Mustafa et al., 2009; BIS, 2010) since it has been called attention to that the primary factor that added to the ongoing worldwide financial crises was feeble and incapable corporate governance instruments in banks (Marcinkowska, 2012). For this reason the study focuses on banking sector in Ethiopia, even though the ideals of good corporate governance have been adopted by developing countries since the 1980s (Mulili and Wong, 2011), most of the numerous studies have been carried out in developed countries with minimal research done on developing countries in Africa implicating lack of literature even though it's still in promising stage (Tsamenyi *et.al.*, 2007; Okeahalam 2004; Abor & Fiador, 2013).

Accordingly, it is important to conduct the study on corporate governance in Ethiopian banking industry since developing nations face various requirements and needs when contrasted with developed world (Okeahalam (2004) & West, 2009). So, Ethiopian banks organizations and structures are relied upon to vary subsequently and there is an earnest need to leave on significant investigation and advancement of approach on corporate governance in Ethiopia. Moreover, most researchers from least developed nations (LDCs) in general utilizes the Global Reporting Initiative (GRI) structure as a benchmark when conducting on a study on CG, yet CG is seen diversely in LDCs where governments can't give enough social government assistance directions (Hauschildt, 2008) Theoretically, financial sector in Ethiopia may not be characterized by GRI framework rather corporate governance in Ethiopian banking sector is more like a State-affected model which is a half breed of the shareholder supremacy model and stakeholder model (Weikang Zou, 2019). In like manner, the researcher embraces State-affected model which is unique in relation to most comparable past studies done by most researchers from LDCs since, banks in Ethiopia are under the close control by the government bank are every now and again occupied with advancing financial development, piping assets to important businesses and endeavors as per approach goals, and adding to the accomplishment of national financial strategy. Besides, implementing stricter money related guideline and bank's coordination into the economy, the bank board in State affected model economy is progressively dependent upon the impacts of the government measures and situated toward advancing the bank financial growth and national development technique. Then, the arrangement of chairman or CEO inclined to

incredible political impacts, and even some of the time, delegates from the government will be doled out to the board of the bank and act as the board directors or supervisory board directors. Accordingly, state-affected model consists a better performance of the bank and increase returns for the investors are underscored in this model, on the other side the returns of different partners are considered under the umbrella of corporate social responsibility, utilizing different pointers to evaluate the usage of the bank's social responsibility (W.Zou.,2019 ).

### **1.3 Research Hypothesis**

Based on the problem stated above, the following research hypotheses formulated to be addressed to gain a comprehensive understanding of the phenomenon under investigation:

- a) Adherence to corporate governance principles significantly attracts investors to the banking industry in United bank Share Company.
- b) The degree of accountability to investors by corporate managers in the banking industry is significant.
- c) The adoption of the principles of corporate governance by United bank Share Company. Significantly enhances the rate of return on investment in the company.
- d) Corporate governance impacts positively and significantly on the performance of United bank Share Company.

#### **1.3.1 General Objective**

The general objective of this study will be to assess corporate governance practice of united bank Share Company.

#### **1.3.2 Specific Objectives**

Specifically, the objectives of the study will be the following

- ✓ To ascertain the extent to which adherence to corporate governance attracts investors to united bank S.C.
- ✓ To assess the level of accountability to investors by corporate managers in united bank S.C.

- ✓ To evaluate the extent to which principles of corporate governance are practiced in united bank S.C.
- ✓ To determine the effects of corporate governance on the performance of banking industry in Ethiopia. United bank S.C.

#### **1.4 Definitions of terms**

**Corporate Governance**-Anya (2003) asserts that corporate governance is about promoting corporate fairness, transparency, and accountability. Dyck (2001) conceptualizes it as the ability of the outsiders (shareholders, non-executive directors, and other stakeholders) to curtail the grabbing hands of the insiders (directors and CEOs).

**State-affected model**-hybrid of the shareholder primacy theory and stakeholder theory, the paradigm lays specific emphasis upon national economic development and endeavors to harmonize the interests by the shareholders, the stakeholders, and the national economic growth.

#### **1.5 Significance of the Study**

The financial sector role in the advancement of the economy can't be neglected and Banking sector money related proficiency has significance for the development of bank itself since if banking area performs well than it partakes in the development of the economy. Its disappointment carries destructive outcomes to the advancement of the economy. So the study will be to help in concealing some light with respect to the training a significance of corporate governance of united bank S.C. what's more, as it will adds to writing by giving observational proof of degree of corporate governance practices of business banks explicitly united bank S.C. of Ethiopia .Furthermore the investigation is expected to shed some light to the bank's board of director with the goal that the BOD can assume the principle job towards the improvement of the corporate governance in the bank.

#### **1.6 Scope of the Study**

The study assess corporate governance practice of united bank Share Company specifically limited to at head office and selected branches in Addis Ababa where larger portion of employee is located, considering money and time constraints to incorporate all branches and other banks in the study. Furthermore, Survey instrument comprises of variables which are used in the past

studies were used for the purposes of comparison, evaluation, and generalization covering the time of November – December 2019 where the instrument was collected at a single point in time only selected bank branches in Addis Ababa. Furthermore, the study used explanatory sequential method that provide an opportunity for the researcher to tackle the research questions through quantitative data collection. This method is used in quantitative designs where only a limited quantity of qualitative data is necessary (Creswell 2012) on the other hand the challenge with using the method is that it can often be difficult to integrate qualitative results.

### **1.7 Limitation of the study**

When conducted the study the researcher faced few constraints such as the researcher were faced with shortage of resource like journal, books and materials written specifically on Ethiopian context which can serve as secondary data. The other limitation was that that due to demographic and time constraints the respondents were taken only from selected banks branches and headquarter in Addis Ababa and analysis was made mainly based on primary data collected which may limit the generalizability of the study result.

### **1.8 Organization of Research Report**

The study was organized into five chapters, including this chapter that discusses the background, research problem, research questions, and objectives of the study. Related literatures that review for this study and the conceptual framework together with the hypotheses formulated are discussed under Chapter Two. Chapter Three discusses in detail about the research methodology used in the study. Presentation, analysis, and interpretation of the data collected were discussed in Chapter Four of the report and finally, conclusion and recommendations of the study is presented in Chapter Five

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Theoretical Literature**

##### **2.1.1 Introduction**

Banks assume a crucial role in economic improvement of nations, and it is prominent to perceive how well our financial sector is working. Especially, developing economy like Ethiopia where there is immature capital market profoundly relies upon the intermediary role of financial institutions related organizations for diverting assets to the meriting one out of a proficient way. In this manner, researchers, academicians, and policy actors set forth true exertion to perceive the elements that impact the tasks of money related organizations and, consequently, commitments of the financial institutions in the economy of the nation (Ahmed et.al. 2017) and, among all the standard variables, corporate governance is one of the components that have increased significant consideration as of late because of a few current issues with respect to governance issues of the financial sector segment of the country and, consequently, it has become basic to evaluate CG practice of banks in Ethiopia.

Munthopa, (2014) expressed corporate governance is basic to all areas of the economy anyway it is urgent to the financial sector because of the segment's basic job and effect on the whole economy. As indicated by Hambrick et al. (2008), not exclusively do the constituents of banking segment remain to pick up or lose due the quality and nature of corporate governance in that, however the whole national system can be impelled or deterred also. "The wellbeing of the economy is firmly identified with the adequacy of its financial sector" (Katrodia, 2012). Thusly, Handley-Schachler et.al.(2007) set an increasingly broad and diverse corporate governance plans is required for banks comparatively ,Arun and Turner (2004) likewise contended that the extraordinary idea of the bank both in the created or creating world requires a wide perspective on corporate governance to be received for banks.

##### **2.2.2 Corporate Governance**

Although corporate governance has pulled in a lot of open enthusiasm for late occasions due to a great extent to its significance for the financial soundness of organizations and society, the idea is fairly ineffectively characterized internationally since it covers numerous particular monetary

marvels (Anya, 2003). Corporate governance has been clarified by various researchers depends on their own discernment and among the outstanding incorporate as follows

Wolfensohn (1997) referred by Anya (2003) "*who affirms that corporate administration is tied in with advancing corporate reasonableness, straightforwardness and responsibility*" while Dyck (2001) "*conceptualizes it as the capacity of the outcasts (investors, non-executive directors and different partners) to abridge the snatching hands of the insiders (executives and managers)*". While Larkan and Tayan (2011) see corporate governance as "*the assortment of control instruments that an association receives to forestall or deter conceivably personal circumstance managers from participating in exercises hindering to the government assistance of investors and different partners*".

Then again, OECD (2004) imagines corporate governance to mean a lot of connections between an organization's management, its board, its investors, and different stakeholders. In comparable way, Ahmed, and Uchida (2009) characterize corporate governance as "*... a component by which organizations are administered or potentially checked by the stakeholders, investors, auditors, controllers, credit offices, etc*". Moreover, corporate governance traces the structure through which the goals of the organization are set, the methods for achieving those targets just as systems for checking execution (Wheelen and Hunger, 2006).

### **2.2.3 The specifics of the corporate governance of banks**

A bank's inability to follow great practices in corporate governance and the absence of successful governance are among the most significant internal elements which may imperil the dissolvability of a bank <sup>1</sup>. A few authors (Llewellyn,2002; M. Marcinkowska,2009; P.Cincanelli &Gonzalez,2000) contend that corporate governance in banks varies from the norm (run of the mill for different organizations), which is because of a few issues <sup>2</sup>

- Banks are dependent upon extraordinary guidelines and oversight by state organizations (checking activities of the bank are along these lines reflected).
- Supervision of banks is additionally practiced by the buyers of securities issued by banks and depositors ("market discipline", "private checking").

---

<sup>1</sup> The issue of bank bankruptcy is discussed in detail in: D.T. Llewellyn (2002), W.R. Miller (1996, January),Office of the Comptroller of the Currency (2001, January)

<sup>2</sup>For further discussion read: D.T. Llewellyn (2002), M. Marcinkowska (2009) P. Cincanelli, J.A. Reyes- Gonzalez (2000, June), B.E. Gup (2007), R. Adams, H. Mehran (2003, April).

- The insolvency of a bank raises social costs, which doesn't occur on account of different sorts of elements' breakdown; this influences the conduct of different banks and controllers; guidelines and proportions of security net significantly change the conduct of proprietors, managers and clients of the banks; rules can be counterproductive, prompting bothersome conduct the executives (face expanded challenge) which uncover prosperity of partners of the bank (the investors and proprietors);
- Between the bank and its customers there are trustee connections raising extra relationship and office costs.
- Problem principal-agent is increasingly mind boggling in banks, among others because of the asymmetry of data among proprietors and managers, yet additionally between proprietors, borrowers, contributors, directors, and managers.
- The number of parties with a stake in an organization's movement confuses the administration of money related establishments.

To summarize, the power of corporate governance systems is a concerned for contributors, investors and regulators, and including an administrative measurement top makes the thick financial firms corporate governance examination more perplexing than in non-financial firms (Wilson, et.al.2010).

On account of banks in this manner, corporate governance should be seen as a need of such lead of a foundation, which would drive the management to secure the eventual benefits of all stakeholders and guarantee capable conduct and perspectives (Tirole, 2001). Corporate reasonableness, straightforwardness and responsibility are along these lines the primary goals of corporate governance, considering the corporate "democracy", which is the expansive interest of partners however there is no one model of corporate governance versatile to all banks (R.E.Basinger et al., 2005).

In the financial segment, corporate governance is in this way a method of business and undertakings of the bank by the management and the board, influencing how they (BCBS, 2006):

- Define the objectives and goals.
- Lead current bank activities.
- Fulfill the commitment of responsibility to investors and consider the premiums of partners.

- Apply the prerequisite to work securely and to guarantee a decent budgetary circumstance and Compliance with relevant guidelines.
- Protect the interests of investors (and different customers and banks).

#### **2.2.4 Corporate Governance in Ethiopia banks**

Corporate governance in Ethiopia is represented by national bank of Ethiopia orders No.SBB/62/2015 for the most part which is supposed to be commonly pervasive by the state-affected model of corporate governance. As Blazy et al. (2012) demonstrated state-influenced model of corporate governance presents a remarkable administration game plan which is commonly a 'half and half' model, however near the 'stakeholders' approach and this model is as often as possible worried about the state as the greater part investor of the organization, which seeks after financial arrangement goals and indicated national improvement systems as opposed to contending for the security of the partner premiums. Because of the presence of government as the proprietor and greater part investor of the company both principal-agent and principal-issues can be found in this model yet at the same time it might have justifies in organizing and encouraging the development and improvement of national economy in specific timeframes, this model may confine corporate limit with regards to successfully reacting to the elements of the worldwide market rivalry. (Schmidt 2003; Kang 2006).

### **2.3 Theoretical Framework in Corporate Governance of Banking Organizations**

#### **2.3.1 Extant Theories on Corporate Governance**

In the extant literature, an extraordinary assortment of theories is expounded by researchers on the investigation of corporate governance. As indicated by Barca and Becht (2002), ordinarily, an economic theory is utilized, which centers upon the ownership structure, boost of investor premiums, and elimination of agency problems issues. Essentially, the notable shareholder primacy model, which depends on the popular partition of proprietorship and the board is created and effectively advanced, contending for expanding the investors' privileges and premiums while subjecting premiums and cases of different partners where the significant concern is the manner by which to wipe out organization issues and achieve best returns to the investors (Berle and Means 1932).

Conversely, the stakeholder model, which is said to normally win in continental European nations, contends for adequate security for the partners' advantages notwithstanding amplifying

the investors' profits more consideration is given to the principal clash, where the lion's share investors may abuse the minority ones because of their staggering force in the proprietorship structure (Shleifer and Vishny 1997). Inside the financial investigation of corporate governance, La Porta et al. (1998, 1999, 2000) further build up a money related legitimate hypothesis, which centers upon the lawful assurance for financial specialists, particularly the minority investors. As indicated by their review over a wide scope of nations, they locate that precedent-based law nations have the most grounded securities for financial specialists while French-common law gives most vulnerable lawful insurance, leaving Scandinavian-common law nations situated in the center (La Porta et al. 1998). In this unique circumstance, they contend that 'the legitimate methodology is a progressively productive approach to comprehend corporate governance and its change than the traditional differentiation between bank-focused and market-focused financial systems related frameworks' (La Porta et al. 2000, p. 3).

In contrast, with monetary and money related legitimate speculations, Roe (2003) by applying political examination to corporate governance issues, he contends that major political determinants may result a concentrated possession structure, which lean towards partner premiums as opposed to unadulterated expansion of investors' values. Interestingly, frail political powers consistently favor a scattered proprietorship structure instead of worries for the partners' advantages.

Nations that 'fit' the Anglo-Saxon model dread the presence of compelling economic forces—the concentrated investors—and react with bans on the arrangement of such ownership structures through different lawful components. In any case, albeit political powers may add to the presence of various models, there are issues with basically seeing political powers as a solitary causal variable. For example, it is very workable for a scattered proprietorship structure to exist together with a political orientation and strategies which favor the general government assistance of partners (Brian 2001). Different researchers utilize an institutional methodology, expressly or certainly, intending to institutional settings for the state of affairs of corporate governance, its congruity, and changes (Jackson 2003; Lane 2003, 2005; Bebchuk and Roe 1999).

Such hypotheses appear to be insufficient, nonetheless, while clarifying the assorted course of action of corporate governance in banking associations. Their spotlights on specific parts of corporate governance —economic, legal, or political—appear to both separate out and ignore

different components which likewise assume noteworthy jobs in the advancement of corporate governance. In the meantime, these hypotheses downplay the manner by which the administration course of action in a specific institutional setting is a result of joint powers by numerous variables, however with different weights. Also, with inordinate fixation on investor issues and execution of the firm, the hypotheses will in general disregard what befell the partners of different sorts in the ongoing financial crises. Besides, the absence of nitty gritty investigation on how establishments and directions influence and are spoken to in the strategic approaches and exercises in the system of corporate governance may restrict the exact hugeness of these theories(Jackson 2003; Lane 2003, 2005).

### 2.3.1.1 Discursive Institutional Approach

Looking for a more extensive and inside and out comprehension of corporate governance in banking associations, Hall and Soskice (2001a, b); Streeck and Yamamura (2001); Yamamura and Streeck (2003); Schmidt (2003); Amable (2003); Morgan (2005) as referred to by Weikang Zou (2019) unites the systematization of the assortment of free enterprises (VoC) approach with a digressive institutional methodology which progresses information on why corporate governance is dissimilar in various national designs, and how such differentiations are shaped, arranged, and applied in different institutional settings and explicitly the quality lies in ordering and clarifying how extraordinary institutional developments produce fluctuations in monetary, budgetary, and political exercises.

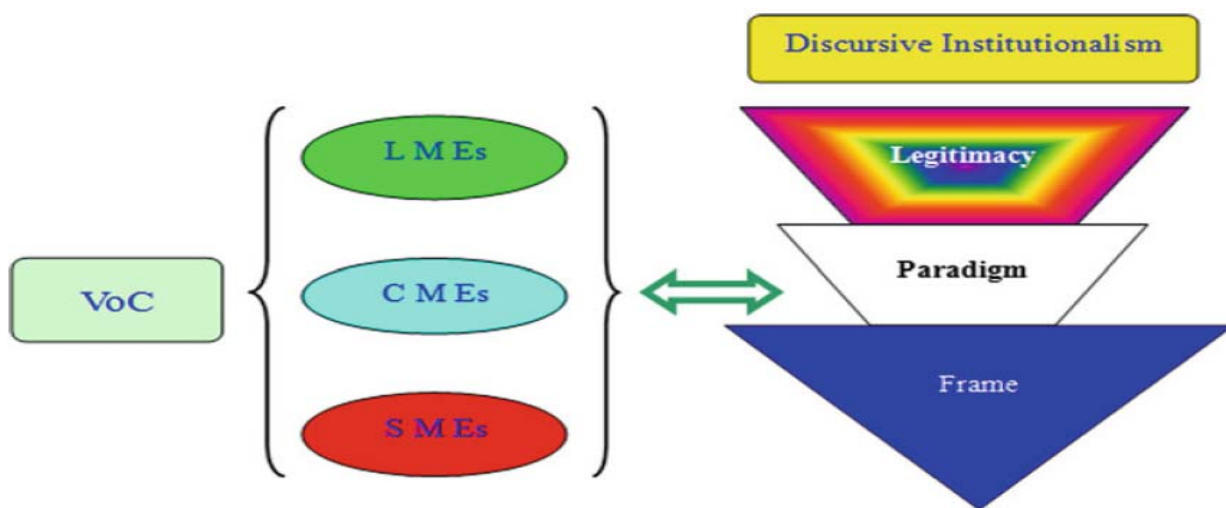


Figure 1 VoC and discursive institutional approach – source; Weikang Zou (2019) P.23

As indicated by a triple typology, VoC are mainly categorized into liberal market economy (LME), coordinated market economy (CME), and state-affected market economy (SME). Hypothetically, LME is supposed to be described with the overall responsibility for property, pro-competitive disengagement attitude by the government, and highly developed legal protections for various property and contractual rights (Hall and Soskice 2001a). Interestingly, CME depends on non-advertise connections, coordination and joint effort, trustworthy duties, and deliberative computation with respect to firms. In particular, there is a nearby coordination between the government and the industries, and the government is all the more effectively associated with mechanical change process by organizing the approaches over the modern divisions. Private proprietorship is less pervasive and frequently has a solid social nature, and the lawful security, somewhat, is similarly more fragile (Hall and Soskice 2001b). Be that as it may, VoC is profitable in clarifying how corporate governance might be separated because of fluctuated national organizations, it is less incredible in delineating how the particular direction or administration courses of action are established in corporate governance across various classifications of private enterprises.

To begin with, as the wide establishments of organizations, thoughts appear as authenticity which includes public sentiments and assumptions, and this thinks about different social elements, actors, factors and stretches out to the political, economic, legal institutions. Normally, authenticity may grasp the connection among residents and the state, the rights and commitments in political, social, and financial organizations, and open notions dependent on the regular language, culture, and historical personality (Hay 2001).

With regards to corporate governance, authenticity changes in various national institutional settings. In the Anglo-Saxon nations, which to a great extent fall under the LME assortment of free enterprise, the authenticity of corporate governance lies in the overarching responsibility for property, a master serious hands-off stance by controllers, and solid legitimate insurances for property and authoritative rights. Conversely, in the CME assortment of free enterprise, authenticity is portrayed by the coordination between the legislature and the businesses, banks and endeavors, dynamic contribution by the controller in mechanical alteration process, and relatively constrained legal executive security for private property rights. In the State-influenced nations, which are to a great extent predictable with SME assortment of free enterprise,

authenticity is portrayed by the state's controlling proprietorship and dynamic mediation in ventures and financial procedure, the controller's solid direction for advancing national monetary turn of events, and nearly powerless lawful assurance for private investment.

Secondly, ideas take the forms of paradigms. In social exercises, paradigms produce open doors for actors during the time spent shaping their own thoughts, and in seeking after the answer for issues and with regards to corporate governance, various paradigms are recognized by shifted models. In the Anglo-Saxon nations, paradigmatic thoughts in corporate governance are supposed to be ruled by the investor supremacy hypothesis, which is described by augmenting the premiums of the financial specialists, mitigating agency costs, and enhancing the performance of the corporation affirming the authenticity of winning of private proprietorship, separation by the legislature for rivalry, and solid legitimate security of private premiums. In the Continental nations, be that as it may, the worldview in corporate governance is named as the Continental model and portrayed with the partner hypothesis, which battles for similarly securing the interests of the corporate partners, for example, the representatives, such as the employees, creditors, suppliers, while limiting the maximization of economic interests for the investors and for the State-influenced nations, which is delegated the State-influenced model and said to be the cross breed of the investor power hypothesis and partner hypothesis, the worldview lays explicit accentuation upon national financial turn of events and tries to blend the premiums by the investors, the partners, and the national economic growth (Bernanke, B. S.,2010).

Thirdly, thoughts work at the degree of edges, which incorporate standards, codes, and general guidelines in routine practices, and are intended to analyze explicit issues experienced in public activity, sort out most effective arrangements, and accomplish certain targets. the board of directors fluctuates in various models in regard to its association, practice, and obligations. In the Anglo-Saxon model, the governing body is situated toward the best execution of the company, powerful observing over the administration, and better expectations of the guardian obligations. Interestingly, the top managerial staff in the Continental model weights on its social job with the investors, solid associations with the partners, for example, required work cooperation, and less weight of lawful commitments. The board of directors in the State-influenced, however like that in the Continental model, is recognized by the state's effect on the top managerial staff, its solid

political associations, and directions for advancing the national financial turn of events (Weikang Zou,2019).

## **2.4 Empirical literature**

### **2.4.1 State-Affected Model**

As a key player in genuine economy, banks in SME have for quite some time been situated as 'credit instruments' and are arranged, or coordinated by the controllers, toward viably and dependably distributing ease assets to the business, which are relied upon to advance long haul monetary development by methods for moving assets from households to the corporate sector (Vogel 1996; Imai and Komiya 1994). In particular, banks are limited by the planned monetary framework, which is one-sided toward bank loaning, and consequently, the government can without much of a stretch control the progression of budgetary guide and direct them to prioritized sectors (Zysman 1983).

In return for the credit service and low-interest rate financial assistance, banks in the model are as often as possible granted a huge bit of the undertakings' acquiring business. Such associated connection among banks and ventures is accepted to add to solid advancement of the genuine economy. In the interim, the bank's predominant job in economy is reinforced by controller's deliberate limitations on the turn of events and the size of the capital market, for example, forcing tough conditions, prohibitive administrative measures, and even dynamic intercessions which unfavorably influence the exchanging exercises and instability of the market. These administrative measures to a great extent oblige the financing capacity of the capital market and upset its capacity to give satisfactory money to the undertakings (Vogel 1996).

Described with an increasingly centralized guideline style, money related controllers in SME nations have a closer command over the financial associations. Historically, they can appreciate increasingly unequivocal administration and assume a staggering job in monetary exercises, for example, expelling credit controls, making new currency showcases, and changing the loan fees. Like CME, prohibitive money related guidelines for monetary soundness are organized in SME nations, for example, impediments on entrance into the financial business, confining bank rivalries and giving authoritative measures to limiting the danger of bank disappointments. In the interim, explicit systems are created for better power over the administration and practices in the

budgetary foundations, for example, convenient mediation by methods for close working connection between the money related controllers and the monetary organizations (Vogel 1996).

The authenticity of bank administration in SME presents huge ramifications for the arrangement of the worldview and casing talks in corporate administration in banking associations. For example, under the nearby control by the state, banks are every now and again occupied with advancing monetary development, piping assets to applicable businesses and undertakings as per arrangement targets and adding to the accomplishment of national financial technique. This may in some cases sabotage, in the short run, the boosted gainfulness for the investors and best execution of the bank. In the interim, the authenticity talk may introduce a significant ramification for building up the bank's particular administration structure (Weikang Zou,2019).

Thinking about stricter budgetary guideline and bank's reconciliation into the economy, the bank board in SME is increasingly dependent upon the impacts of the administration arrangements and situated toward advancing the bank monetary development and national improvement methodology. In the interim, the arrangement of executive or CEO might be inclined to extraordinary political impacts, and in some cases, delegates from the legislature will be allocated to the leading body of the bank and go about as the board chiefs or administrative board chiefs. With respect to official compensation, monetary controllers in this model may utilize all the more mediating measures and force progressively tough principles. Because of the bank's close connection with the genuine economy and limitations on the opposition, the bank in SME for the most part has a moderate hazard craving. In any case, there might be over the top hazard exposures during the time spent financing the improvement of businesses and undertakings, ordinarily the credit chance, which may bring about voluminous awful advances. In the interim, frail lawful mediation in SME may prompt the less point by point details of the legitimate commitments and restricted legal executive assurance for the private premiums of the bank investors (Weikang Zou,2019).

#### **2.4.2 Enhancing Investment through Corporate Governance Adherence**

Atedo, (2009) in his investigation demonstrated that personality-centered management style of Nigerian banks contributed poor adherence to corporate governance and a significant number of the CEOs were running the banks as though they were close to home they neglected to understand that they are pretty much specialists of different premium gatherings accordingly the

CEO and senior administration of corporate associations must have a difference in directions. As needs be, Koontz (2006) suggests the accompanying as methods of evaluating the reception of coordinate administration to improve and draw in more ventures.

- a) There ought to be change in the bookkeeping gauges and review guidelines.
- b) Publish moral and corporate rules on the organization's site.
- c) Strengthen the role of independent directors
- d) Make the board responsible to investors and include investors in choosing board individuals.
- e) Obtain more noteworthy association of institutional financial specialists (such as pension fund managers).
- f) Separate the activity of the chairman from that of the CEO
- g) Get the board all the more effectively associated with choosing the CEO

Koonz (2009) stresses that recently there is a drive to distribute the compensation of top administrators, which in the past was viewed as a private issue. Atedo (2009) opines that there ought to be a shrewd controller who ought to recollect that corporate governance ought not be tied in with "ticking boxes" and affirming that advisory groups exist or that individuals meet. He says that it ought to be tied in with something genuine, for instance, the presence of important and demonstrated balanced governance that expansion the likelihood that good and clever individuals will accomplish a positive result. Singh (2006) recommends the utilization of whistleblowing and representatives are urged to uncover any suspected foul play with respect to the executives through the audit committee (a controller).

As per Emekekwe (1990), speculation includes a penance of present utilization in return of future advantages. Adekanye (1986) characterizes investment as the store of reserve funds in a bank account or it very well may be the securing of new capital resources like plant, equipment and apparatus which gives the way to creation of products or potentially benefits that include any advantages (money or kind) renounced by and by with the aim of receiving its potential compensations is a venture.

As indicated by Adekanye (1986) an investor needs to know the level of security of his assets, the pace of return, the accessibility and liquidity of such fund/association before settling on any venture choice also political, monetary and the social condition must be taken in to thought before such speculation is made in light of the fact that no speculator puts away his cash where there are political, monetary or social threats.

### **2.4.3 Managing the Interests, Attitudes and Perception of Stakeholders through Effective Corporate Communication**

While corporate governance manages process, policies, laws, guidelines and establishments which guarantee that the administration of association is responsible, objective, straightforward and moral in the lead of the business in their cooperation with partners and the bigger society, the issue of observation is significant. In the present business where proprietorship has been isolated from the administration, the proprietors (investors) and different partners must be made to see that those endowed with the errand and obligation of everyday administration of their business are doing as such as indicated by the prescribed procedures to secure and propel their advantage (Weikang Zou,2019).

Public relations, perception management and corporate social responsibility are very significant as instruments in building the required social help from all partners. In this specific situation, corporate governance goes past laws and guidelines and adherence to them to grasp how associations deal with their relationships with their different partners, the way of recognizing and executing social obligation projects and how data is spread both inside and outside the

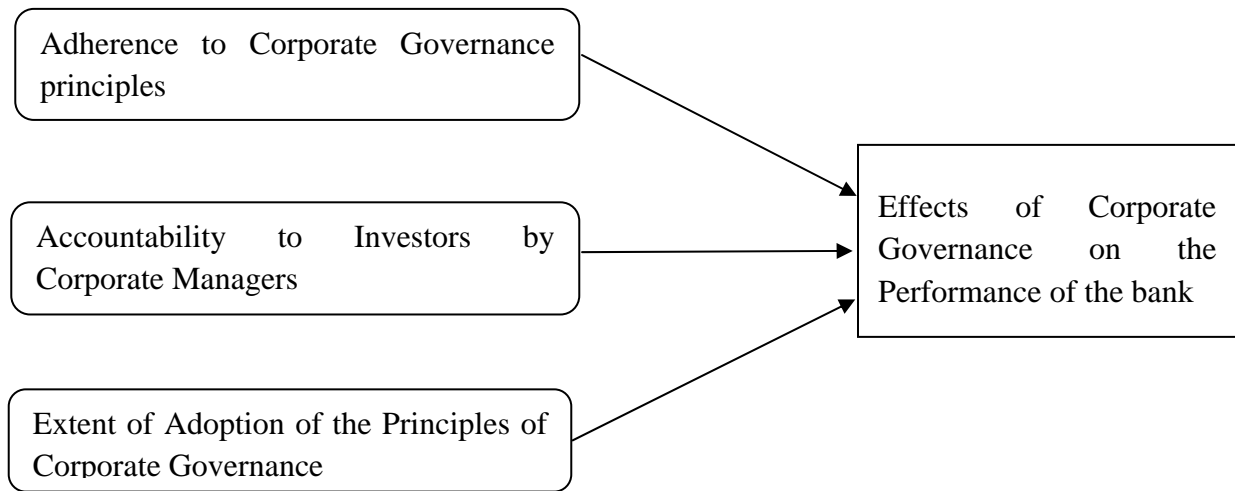
In the age of ICTs and globalization, corporate directors face numerous difficulties in dealing with the different spaces of corporate correspondences where the nature of correspondence is changing on ordinary premise alongside socio-psychological environment of the individuals. One of the central changes saw over the most recent couple of years is the manner by which the approach of ICTs has introduced numerous media channels including the purported web-based social networking and the possibly boundless bounty of voices and substance in these new media (Weikang Zou,2019). Associated with this is the potential outcomes offered the residents to assume a functioning job in the creation, dispersal, gathering and translation of media messages. Corporate authority over open talk might be disintegrating if the potential offered by ICTs are figured it out. As partners, residents either as investors (proprietor of business), network

individuals, social backers and activists, and governments offices and administrative bodies need convenient and quality data to have the option to evaluate an association with regards to its presentation, adherence to rules, moral conduct and responsiveness to social and community needs (Bowie and Freeman (1992).

Responsibility and transparency in the lead of business are halfway founded on as well as decided by the kind of data individuals have. Individuals need data for dynamic for instance, regardless of whether to put or not to put resources into an organization. From communication theory, we realize that what we call social reality or as the incomparable American writer, Walter Lippman called it numerous years prior, the image in our minds is a component of the kind of data introduced to us about a marvel. Image making, branding and such ideas are predominantly perceptual. As implied before, it was a lot simpler for corporate associations to control this perceptual procedure before now. Data control as promulgation, exposure, disinformation, and such other negative exercises intended to curry open help and assembling assent is very simple when wellsprings of (elective) data are either restricted or non-existent. That period seems, by all accounts, to be finished. For anyone who cares to do the inquiry, numerous wellsprings of data are accessible and the aptitudes to decipher and examine such data are progressively being made accessible to numerous individuals (Agrawal and Knoeber, 2006).

Organizations must be aware of different partners' requests and consider them in their dynamic decision-making procedure. The rise of the idea and practice of corporate social responsibility which is principally an advertising capacity underlines the significance of change in outlook in the administration and of organizations. It communicates the move from the accentuation to investors' greatest advantage to all partners, a more extensive idea suggesting a system of connections that an organization must be worried about in its activities and strategy formulation (Chide, 2007).

Figure 2 Conceptual framework of the study



*Source adopted by the researcher – based on the studies by okro,2019 and Weikang Zou,2019 P.69*

## **CHAPTER THREE; RESEARCH DESIGN AND METHODOLOGY**

### **2.5 Research Design and Methodology**

#### **2.5.1 Research approach**

The study follows Sequential Mixed research philosophy where more of quantitative in nature, which is generally associated with positivism, especially since it will be used with predetermined and highly structured data collection techniques under this study. A quantitative research examines relationships between variables, which are measured numerically and analyzed using a range of statistical and graphical techniques. It often incorporates controls to ensure the validity of data, as in an experimental design. Because data are collected in a standard manner, it is important to ensure that questions are expressed clearly so they are understood in the same way by each participant. This methodology often uses probability sampling techniques to ensure generalizability and the researcher is independent from those being researched, who are usually called respondents (Creswell, 2014). A typical procedure might involve collecting survey data in the first phase, analyzing the data, and then following up with qualitative interpretation to help explain the survey responses (Cooper,2014).

The study is quantitative where survey research is followed since it provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population that includes a cross-sectional study using survey questionnaires for data collection with the intent of generalizing from a sample to a population. Consequently, a cross-sectional research is applied since this enables the researcher to compare two or more groups once and represent a snapshot of one point in time. (Fowler, 2008)

#### **2.5.2 Research design**

Research design as Burns & Bush (2002) stated, can be used for three purposes. These are descriptive, exploratory, and explanatory. Causal research primarily explains why events occur by defining the cause-and-effect relationships amongst variables and suitable when the research problem is already well documented (Zikmund 2003). Descriptive research ‘paint a picture’ using words or numbers and present a profile, a classification of types, or an outline of steps to answer questions such as who, when, where and how (Neuman 2006). While exploratory studies are common in the initial stages to gain a better understanding of the problem with in-

depth investigation by breaking down a broad problem into smaller and well-defined sub-problems. (Wong, 1999).

Accordingly, the study used descriptive research design where it is used in formalized studies that are typically structured with clearly stated investigative questions. Further more descriptive research design serve a variety of research objectives such as in describing of phenomena or characteristics associated with a subject population (the who, what, when, where, and how of a topic) by assisting the estimates of the proportions of a population that have these characteristics and discovery of associations among different variables (Cooper, 2014).

## **2.6 Sample Sampling and techniques**

### **2.6.1 Population, sampling frame and sampling technique**

Population is described as a group of elements or cases, whether individuals, objects, or events, that conform to specific criteria and to which we intend to generalize the result of the research (McMillan and Schumacher, 2001). For the present study, the target population will comprise of employees from united bank S.C. headquarter and selected branches in Addis Ababa in order to assess corporate governance practice of united bank share company. Thus, in this study, information was collected from employees from united bank S.C. headquarter and selected branches in Addis Ababa, the capital of Ethiopia from July,15 to August,10, 2019.

For the purpose of this study non-probability design in the form of convenience sampling were used since this enables the researcher to have the freedom to choose to pick bank branches and employs from Addis Ababa, moreover, it is also the only feasible alternative sampling method as a result that the total population (united bank S.C employees) may not be available for this study. However, the selected sampling design is associated shortcoming relates to its restricted generalizability, particularly in terms of the higher chances of sampling errors (Sekaran, 2003) and to overcome restrictions with respect to generalizability, maintains that it is advisable to use larger samples.

### **2.6.2 Sample size**

If a universe from which a sample is to be drawn does not constitute a homogeneous group stratified sampling technique is to be applied to obtain representation sample. That is to obtain representative sample. Researchers normally work to a 95 per cent level of certainty. This means

that if a sample were selected 100 times, at least 95 of these samples would be certain to represent the characteristics of the target population. The confidence level states the precision estimates of the target population as the percentage that is within a certain range or margin of error. The sample size formulas and procedures used for categorical data were used to determine the sample size. The researcher has set the alpha level a priori at .05, plans to use a proportional variable, has set the level of acceptable error at 5%, and estimated the standard deviation of the scale as 0.5. using Cochran's sample size formula for categorical data and the total population for this study is 3,726 (United Bank S.C. Annual Report 2017/18).

$$n_0 = \frac{(t)^2 * (p)(q)}{(.05)^2} = \frac{(1.65)^2 * (.5)(.5)}{(.05)^2} = 272$$

Where  $t$  = value for selected alpha level of .022 in each tail

= 1.65 (the alpha level of .05 indicates the level of risk the researcher is willing to take that true margin of error may exceed the acceptable margin of error).

Where  $(p)(q)$  = estimate of variance = .25. (Maximum possible proportion (.5) \* 1 - maximum possible proportion (.5) produces maximum possible sample size).

Where  $d$  = acceptable margin of error for proportion being estimated = 0.05 (error researcher is willing to accept).

Therefore, for a population of 3,726 the required sample size is 272. However, since this sample size exceeds 5% of the population ( $3,726 * .05 = 186$ ), Cochran's (1977) correction formula should be used to calculate the final sample size. These calculations are as follows:

$$n_1 = \frac{n_0}{(1 + n_0 / \text{Population})} = \frac{272}{(1 + 272 / 3726)} = 254$$

Where **population** size = 3,726

Where  $n_0$  = required return sample size according to Cochran's formula = 272

Where  $n_1$  = required return sample size because sample > 5% of population

These procedures result in a minimum returned sample size of 254. Since the study uses survey and responses are typically well below 100% so Salkind (1997) recommended oversampling “when mailing/emailing out surveys or questionnaires to account to increase sample size by

*40% or 50% to account for lost email/mail an uncooperative subject*". Accordingly, to achieve the minimum returned sample size of 254, the researcher assuming 85% response rate a minimum drawn sample size of 300 will be used in the study.

$$\underline{n}_2 = 254/.85 = 300$$

The sample size of the study was 300 united bank S.C employees from head quarter and selected branches in Addis Ababa.

## **2.7 Source and instruments of Data collection**

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer the stated research questions, test hypotheses, and evaluate out comes. A survey questionnaire were adopted (self-administered) to obtain primary data that enables the researcher to measure the relevant constructs in a quantitative manner using descriptive statistical techniques (percentages, frequency, mean and standard deviations) and inferential statistics (simple regression statistical techniques) to analyze the respondents' level of agreement or disagreement in the differences between the variables employed in the study (Creswell, 2014) and the questionnaire uses a five-point Likert scale to measure the variables employed to obtain quantitative data.

The survey was conducted using self-administrated questionnaires using a branch intercept technique in front of the selected united bank branches entrance gates to choose the respondents. Each prospective respondent was initially approached and informed the purpose of the survey. The survey questionnaire consisted of two sections: first section contains relevant demographic profile questions, and the second section contains the main study questions adherence to corporate governance principles, accountability to investors, adoption of the principles of corporate governance and effects of corporate governance with some measurements being modified to adapt to this study.

By reviewing the works of prominent researchers, including Freeman (1984), Cochran and Wartick (1988),Freeman and Evan (1990); Donaldson and Preston (1995), Clarkson (1995), Clarke and Clegg (2000); France 20150 and Okoro (2015),variables for assessment of corporate governance were identified and incorporated into the structured questionnaire. Respondents were asked to indicate their level of agreement with each of the 20 attributes of a five-point Likert-scale ranging from 1 (strongly disagree) to 5 (strongly agree). In order to

ensure the validity of survey instrument, the initial questionnaire was given to a sample of head quarter employees to judge the content's validity, the clarity of its items meaning and to assure its linkages with the study objectives. In order to validate the reliability, the questionnaire was pilot tested using 30 respondents, representing 10% of the total sample size, who are considered the representatives of the study population.

## **2.8 Procedure of Data Collection**

Data was collected using self-administered questionnaire in different selected branches employees from united bank S.C. and headquarter in Addis. The questionnaire was distributed and administered to the respondents. The researcher personally handovers and requests the respondents to fill up the questionnaire and briefs the purpose of the research. The respondents accordingly filled out the questionnaire following the instructions provided in the questions then immediately collected the filled questionnaire.

## **2.9 Method of Data analysis**

Data analysis carried out using the Statistical Package for Social Science (SPSS) version 23. The methods of statistical analysis include descriptive statistics (Percentage, Frequency, Mean, Standard Deviation) were used to analyze the demographic related information of respondents. measurement items adherence to corporate governance principles, accountability to investors, adoption of the principles of corporate governance and effects of corporate governance scale items were tested with simple regression and Chi-square statistical techniques, Kolmogorov–Smirnov test and to ensure internal consistency among the items included in each of the scales estimated using a Cronbach's coefficient alpha.

## **2.10 Ethical Issues**

In the context of research, ethics is defined as the appropriateness of the researcher's behavior in relation to the rights of the participants or subjects of the research work (Saunders, et.al., 2009). This study is governed by the general rules of research ethics in such a way that respondents were requested to provide information on voluntary basis, prior communication about the purpose of the study was made, guaranteeing confidentiality of the information provided. Moreover, the researcher, to her best level, were abided by the rules and regulations of the university and will conduct the study based on objective judgment.

# CHAPTER FOUR; RESULTS AND DISCUSSIONS

## 4.1 Introduction

In this chapter, a brief overview of the respondents' information was presented then a statistical analysis of the data collected will proceed. In the analysis, the data were compared with the theories presented in the theoretical research frame, all derived from the literature review. The analysis will follow in the same structure as the research questions and objectives.

## 4.2 Results and findings of the study

### 4.2.1 Description of Sample

For the present study, the target population is comprised of employees from united bank S.C. headquarter and selected branches in Addis Ababa in order to assess corporate governance practice of united bank share company and a total of 300 survey instruments were distributed 270 fully filled survey questioners' were obtained. Since the researcher is an employee at the head office for longer time now and already have prior relationship with branch offices greatly helps to collect self-administered survey instruments from the participants well.

**Table 1 Questionnaire Distribution and Response Rates**

| Method                  | Distributed (%) | Returned (%) | Response Rate (%) |
|-------------------------|-----------------|--------------|-------------------|
| Population              | 3,726           |              |                   |
| Sample size<br>(Census) | <b>300</b>      |              |                   |
| Hand Delivered          | 300             | 270          | <b>90%</b>        |

*Source: researcher's own compilation of Survey data 2019*

### 4.2.2 Demographic Profile of the Respondents

The demographic variables of the respondent's gender experience and job level distribution of the participants presented in the table below. The number of females was slightly more than the males (59.5%), most of the participants in the study were employees (85%) while 15% were managers while looking at the experiences 70% of the respondents have a working experience less than 5 years while 20% of them have 6-15 years of experience where the rest (10%) having above 16 years' experience.

**Table 2 Personal Background of Tax Auditors and Managers**

| Profile                                     | Frequency | Percent | Cum.   |
|---------------------------------------------|-----------|---------|--------|
| <b>Gender of the respondent</b>             |           |         |        |
| Male                                        | 108       | 40.51   | 40.51  |
| Female                                      | 162       | 59.49   | 100.00 |
| Total                                       | 270       | 100.00  |        |
| <b>Your current job Level</b>               |           |         |        |
| Management                                  | 46        | 15.19   | 15.19  |
| Employee                                    | 224       | 84.81   | 100.00 |
| Total                                       | 270       | 100.00  |        |
| <b>Your experience with united bank S.C</b> |           |         |        |
| <2 years                                    | 92        | 34.2    | 34.2   |
| 2 - 5 years                                 | 96        | 35.4    | 69.6   |
| 6 - 10 years                                | 31        | 11.4    | 80.0   |
| 11 - 15 years                               | 27        | 10.1    | 90.1   |
| Above 16 years                              | 24        | 8.90    | 100.00 |
| Total                                       | 270       | 100.00  |        |

*Source: researcher's own compilation of Survey data 2019*

### **4.2.3 Descriptive statistics for independent variables**

Although corporate governance is basic to all parts of the economy, it is anyway significant to the banking sector because of the area's basic role and effect on the whole economy. As indicated by Bank for International Settlements (2010) effective corporate governance rehearses are fundamental to accomplishing and keeping up the open trust and trust in the financial framework, subsequently basic to the correct working of the financial area and economy.

Respondents were asked to complete a series of attitude statements using a five-point scale where one was strongly agreeing and five strongly disagree. All these statements were categorized into three major categories, namely adherence to corporate governance principles, accountability to investors by corporate managers, and adoption of the principles of corporate governance. The results are presented in Table 3 and provide further insight into the extent to

which adherence to corporate governance principles attract investors in united bank share company.

**Table 3 Extent to which Adherence to Corporate Governance principles attract Investors in United bank share company**

| <b>N</b> | <b>Measurement Items</b>                                                                                                                    | <b>A</b>   | <b>SA</b>  | <b>D</b>   | <b>SD</b>  | <b>Total</b> |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|--------------|
| <b>1</b> | The boards of united bank ensure that moral qualities are settled in and upheld in the management of the bank.                              | 173        | 29         | 33         | 35         | 270          |
| <b>2</b> | The board guarantees that bank the executives do not take part in exploitative practices that could imperil investors interests in the bank | 101        | 101        | 35         | 33         | 270          |
| <b>3</b> | the board guarantees that there are reasonable returns to investors through affirmation of dividends                                        | 101        | 67         | 67         | 35         | 270          |
| <b>4</b> | There is proper dispersion of power through the partition of the position of the Managing Director and that of Chairman of the Board        | 91         | 77         | 68         | 333        | 270          |
| <b>5</b> | Adherence to corporate governance principles does significantly draws investors to join united bank S.C.                                    | 133        | 75         | 39         | 23         | 270          |
|          |                                                                                                                                             | <b>600</b> | <b>348</b> | <b>244</b> | <b>124</b> | <b>1350</b>  |
|          |                                                                                                                                             | <b>46%</b> | <b>26%</b> | <b>18%</b> | <b>10%</b> |              |

*Source: researcher's own compilation of Survey data 2019*

From Table 2, indicated that 50% of employees agrees that adhering to CG principles does significantly attract investors to united bank. Furthermore 64% of the employees agreed that the boards of united bank ensure that ethical values are entrenched and enforced, and management do not engage in unethical practices in the management of the banks. All in all, 600 (46%) respondents' indicated agreement while 244 (18%) indicated disagreement. This shows that adherence to corporate governance principles significantly attract investors to the united bank share company.

**Table 4 extent of adoption of the principles of corporate governance in united bank share company**

| S/N | Measurement Items                                                                                                                                                                                                      | A          | SA         | D          | SD        | Total       |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|-----------|-------------|
| 1   | united bank is committed to the Code of Corporate Governance for Banks as issued by national bank of Ethiopia                                                                                                          | 182        | 35         | 39         | 14        | 270         |
| 2   | united bank chief Executive Officer accomplishes obligations and duties expressed under stated under bank corporate governance directive mandate specified by the national bank of Ethiopia                            | 135        | 67         | 35         | 33        | 270         |
| 3   | There are relevant Committees (e.g. Audit, Credit, Risk Management, etc.) set up in united bank to exercise oversight on the activities of management                                                                  | 201        | 35         | 29         | 5         | 270         |
| 4   | There are set up protocols to which the board and management of united bank are committed to ensure that there are no insider dealings either by the management or board or collusion of both the management and board | 118        | 67         | 69         | 16        | 270         |
| 5   | The extent of adoption of the principles of corporate governance in united bank is significant                                                                                                                         | 153        | 55         | 47         | 15        | 270         |
|     |                                                                                                                                                                                                                        | <b>790</b> | <b>258</b> | <b>220</b> | <b>82</b> | <b>1350</b> |
|     |                                                                                                                                                                                                                        | <b>59%</b> | <b>19%</b> | <b>16%</b> | <b>6%</b> |             |

*Source: researcher's own compilation of Survey data 2019*

From Table 4, as indicated 68% of the employees expressed that the bank's commitment towards the CG issued by the NBE, and 75% of the respondents also agreed that the relevant committees in the bank oversight the activities of the management. Furthermore, the banks CG adoption is significant as expressed by 43% of the respondents. In general, 790 (59%)

respondents indicated agreement while 220 (16%) indicated disagreement. This shows that the extent of adoption of the principles of corporate government in united bank share company is significant.

**Table 5 extent of accountability to investors by corporate managers in extent of accountability to investors by corporate managers in united bank share company**

| S/N | Measurement Items                                                                                                                                                 | A          | SA         | D          | SD         | Total       |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|-------------|
| 1   | United bank is transparent in revealing information regarding investment in shares and stocks to its shareholders and other stakeholders                          | 169        | 25         | 61         | 15         | 270         |
| 2   | Significant venture choices that may present impressive risk to investors are first discussed by the boards & approval given before management could commit funds | 235        | 1          | 33         | 1          | 270         |
| 3   | Investors are regularly updated on the state of affairs of the bank and the safety of their investments                                                           | 139        | 29         | 55         | 33         | 270         |
| 4   | United Bank do not commit investors funds on speculative and other unapproved investments vehicles as directed by the National Bank of Ethiopia                   | 101        | 97         | 39         | 33         | 270         |
| 5   | The extent of accountability to investors by corporate managers in united bank is significant                                                                     | 152        | 56         | 39         | 23         | 270         |
|     |                                                                                                                                                                   | <b>797</b> | <b>281</b> | <b>228</b> | <b>104</b> | <b>1350</b> |
|     |                                                                                                                                                                   | <b>59%</b> | <b>21%</b> | <b>17%</b> | <b>8%</b>  |             |

*Source: researcher's own compilation of Survey data 2019*

Looking at Table 3, 63% of the respondents indicated that the bank transparently discloses investment in shares and stocks information to its shareholders and other stakeholders and 87% of the respondents also agreed that BOD discusses first for major investment decisions that may pose considerable risk to investors before committing. Furthermore 54% of the respondents

agreed that investors are regularly updated about the affairs of the banks. in summary, 797 (59%) respondent's indicated agreement while 228 (17%) indicated disagreement. This shows that the extent of accountability to investors by corporate managers in in united bank share company is significant.

**Table 6 Effects of Corporate Governance on the Performance of united bank share company**

| S/N | Measurement Items                                                                                                                                                                   | A          | SA         | D          | SD        | Total       |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|-----------|-------------|
| 1   | Corporate governance promotes entrenchment of ethical values and ensures that banks are run in a manner that will promote healthy returns to investors & shareholders               | 131        | 85         | 33         | 21        | 270         |
| 2   | Corporate governance enhances greater access to capital and reputation through the appointment of board members with requisite qualifications, experience, and reputational capital | 106        | 67         | 39         | 29        | 270         |
| 3   | Corporate governance minimizes wastages and corruption through the effective oversight of board members on the activities of management                                             | 123        | 69         | 61         | 19        | 270         |
| 4   | Corporate governance promotes healthy competition among banks through adherence to Code of Conduct for Banks as issued by the national bank of Ethiopia                             | 193        | 53         | 23         | 19        | 270         |
| 5   | Corporate Governance has positive effects on the performance of united bank.                                                                                                        | 205        | 76         | 12         | 1         | 270         |
|     |                                                                                                                                                                                     | <b>759</b> | <b>351</b> | <b>171</b> | <b>86</b> | <b>1350</b> |
|     |                                                                                                                                                                                     | <b>56%</b> | <b>26%</b> | <b>13%</b> | <b>6%</b> |             |

*Source: researcher's own compilation of Survey data 2019*

From Table 5, 759 (56%) respondents indicated agreement while 171 (13%) indicated disagreement. This shows that corporate governance has impacted positively on the performance of the united bank share company.

#### **4.2.4 Nonparametric Tests**

Non-parametric techniques are perfect for use when study data that are measured on nominal (categorical) and ordinal (ranked) scales. They are additionally valuable when very little samples utilized and when the data do not meet the stringent assumptions of the parametric techniques, i.e. about the shape of the population distribution (e.g. normally distributed). Non-parametric techniques, on the other hand, do not have such strict requirements and do not make assumptions about the underlying population. so, distribution Nonparametric Tests procedure deals primarily with populations that are neither normally distributed nor based on continuous data (so means do not mean anything) (Daniel J.,2019, p.191-192)

Despite being less 'fussy', non-parametric statistics do have their disadvantages. They tend to be less sensitive than their more powerful parametric cousins and may therefore fail to detect differences between groups that exist. Although the non-parametric techniques have less stringent assumptions, there are some general assumptions that should be checked (Julie,2013, P.228-245).

- *Random samples Independent observations.* Each person or case can be counted only once, they cannot appear in more than one category or group, and the data from one subject cannot influence the data from another.

Accordingly, since the sample respondents randomly selected are taken from head office and branch offices located in Addis Ababa and the study assumes that the population distribution is not normally distributed.

##### **4.2.4.1 Normality tests**

An important (nonparametric) test for normality is the one-sample Kolmogorov– Smirnov test. We can use it to test whether a variable is normally distributed or not. Somewhat surprisingly, the test's null hypothesis is that the variable follows a specific distribution (e.g., the normal distribution). This means that only if the test result is insignificant, that is the null hypothesis is

not rejected, can we assume that the data are drawn from the specific distribution against which it is tested. Technically, when assuming a normal distribution, the Kolmogorov–Smirnov test compares the sample scores with an artificial set of normally distributed scores that has the same mean and standard deviation as the sample data (Daniel J.,2019; Julie,2013).

In statistical significance testing, a one-tailed test and two-tailed test are alternative ways of computing the statistical significance of a test statistic, depending on whether the hypothesis is expressed directionally or not. Researchers usually employ two-tailed tests as these are stricter (and therefore generally considered more appropriate) when it comes to revealing significant effects. However, the universal use of two-tailed tests is not without problems. Because two-tailed tests, by their very nature, do not reflect any directionality in a hypothesis, the logical connection between the statistical test and the hypothesis is lost when the latter is directional (Daniel J.,2019; Julie,2013). Accordingly, one-sample Kolmogorov– Smirnov test used to identify the greatest differences (respondnants agreed and disagreed) between the sample and the hypothesized distribution, in z scores with a two tailed significance testing is computed and the result is presented in the below table.

#### 4.2.4.2 Research Hypotheses tests

##### Hypothesis One

Ho: Adherence to corporate principles governance does significantly attract investors to United bank share company

H1: Adherence to corporate principles governance does not significantly attract investors to United bank share company

**Table 7 Contingency Table Referred to Table 3 for Testing Hypothesis (1)**

| N | Measurement Items                                                                                               | Agreement | Disagreement | Total |
|---|-----------------------------------------------------------------------------------------------------------------|-----------|--------------|-------|
| 1 | The boards of united bank ensure that ethical values are entrenched and enforced in the management of the banks | 201       | 69           | 270   |
| 2 | The board ensures that bank management do not engage in unethical practices that could endanger                 | 203       | 67           | 270   |

|   |                                                                                                                                               |                  |                  |             |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-------------|
|   | investors interests in the bank                                                                                                               |                  |                  |             |
| 3 | the board ensures that there are reasonable returns to investors through regular declaration of dividends                                     | 167              | 103              | 270         |
| 4 | There is appropriate diffusion of authority through the separation of the position of the Managing Director and that of Chairman of the Board | 169              | 101              | 270         |
| 5 | Adherence to corporate governance principles does significantly attract investors to united bank S.C.                                         | 207              | 63               | 270         |
|   |                                                                                                                                               | <b>948 (70%)</b> | <b>598 (30%)</b> | <b>1350</b> |

Source: researcher's own compilation of Survey data 2019

**Table 8 Descriptive Statistics**

|                                                                                                                | <b>N</b> | <b>Mean</b> | <b>Std. Deviation</b> | <b>Minimum</b> | <b>Maximum</b> |
|----------------------------------------------------------------------------------------------------------------|----------|-------------|-----------------------|----------------|----------------|
| Adherence to corporate principles governance does significantly attract investors to United bank share company | 1350     | 4.1659      | .2643                 | 3..7452        | 4.5865         |

Source: researcher's own compilation of Survey data 2019

**Table 9 One-Sample Kolmogorov-Smirnov Test**

|                          |                |                                                                                                                |
|--------------------------|----------------|----------------------------------------------------------------------------------------------------------------|
|                          |                | Adherence to corporate principles governance does significantly attract investors to United bank share company |
| N                        |                | 1350                                                                                                           |
| Normal                   | Mean           | 4.1659                                                                                                         |
| Parameters ( a,b)        | Std. Deviation | .2643                                                                                                          |
| Most Extreme Differences | Absolute       | .1321                                                                                                          |
|                          | Positive       | .3.745                                                                                                         |
|                          | Negative       | 4.586                                                                                                          |
| Kolmogorov-              |                | 5.243                                                                                                          |

|                        |  |      |
|------------------------|--|------|
| Smirnov Z              |  |      |
| Asymp. Sig. (2-tailed) |  | .000 |

a Test distribution is Normal.

b Calculated from data.

Table 8 is the output of the computed One-Sample Kolmogorov-Smirnov Test; the response options of agreement and disagreement based on the respondents responses from the selected united bank branches in Addis Ababa. Z-calculated Value ( $Z_c = 5.2$ ) is greater than the Z-tabulated value ( $Z_t = 1.96$ ) (see t- table in the annex-2). Number of observations 1,350, with T-2 degrees of freedom and significance level of 5% where the rejection region is split equally between the two tails.

### **Decision Rule**

The decision rule is to accept the alternate hypothesis if the computed Z value is greater than tabulated Z value otherwise accept the null hypothesis.

### **Decision**

Since the  $Z_c = 5.2$  is greater than  $Z_t = 1.96$ , the null hypothesis is rejected, and alternate hypothesis is accepted. Thus, the study concludes that adherence to corporate governance principles does significantly attract investors to united bank.

### **Hypothesis Two:**

The null and alternative hypotheses for the chi-square test of independence are as follows:

Ho: The extent of accountability to investors by corporate managers in united bank is not significant.

H1: The extent of accountability to investors by corporate managers in united bank is significant.

The chi-square test of independence provides a test of whether there is a relationship between two categorical variables, with each variable consisting of two or more categories. Accordingly, frequencies and two categorical variables (disagreement and agreement) with two or more categories each presented in table 5 is summarized and presented below.

**Table 10 Testing Hypothesis -2**

| S/N | Measurement Items                                                                                                                                               | Agreement        | Disagreement     | Total       |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|-------------|
| 1   | United bank is transparent in disclosing information regarding investment in shares and stocks to its shareholders and other stakeholders                       | 216 (208.6)      | 54 (61.4)        | 270         |
| 2   | Major investment decisions that may pose considerable risk to investors are first discussed by the boards & approval given before management could commit funds | 203 (210.6)      | 67 (59.4)        | 270         |
| 3   | Investors are regularly updated on the of the bank and the safety of their investments                                                                          | 235 (208.6)      | 35 (61.4)        | 270         |
| 4   | United Bank do not commit investors funds on speculative and other unapproved investments vehicles as directed by the National Bank of Ethiopia                 | 186 (210.6)      | 84 (59.4)        | 270         |
| 5   | The extent of accountability to investors by Corporate Managers in united bank is significant                                                                   | 207 (208.6)      | 63 (61.4)        | 270         |
|     |                                                                                                                                                                 | <b>1048(78%)</b> | <b>302 (12%)</b> | <b>1350</b> |

*Source: researcher's own compilation of Survey data 2019*

**Table 11 Chi-Square Tests**

|                              | Value | Df | Asymp. Sig. (2-sided) |
|------------------------------|-------|----|-----------------------|
| Pearson Chi-Square           | 17.90 | 6  | .000                  |
| Likelihood Ratio             | 24.4  | 6  | .000                  |
| Linear-by-Linear Association | .122  | 1  | .001                  |
| N of Valid Cases             | 1350  |    |                       |

*a. Computed only for a 2x2 table*

*b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 18.00.*

Source: researcher's own compilation of Survey data 2019

Table 10 is the output of the computed Chi-Square values from the cross-tabulation statistics of observed and expected frequencies with the response options of agreement and disagreement based on the responses of the research subjects from banks. Pearson. Chi-Square computed value ( $X^2_c = 17.9$ ) is greater than the Chi –Square tabulated value ( $X^2_t = 12.59$ ) with 6 degrees of freedom (df) at 0.05 level of alpha ( $X^2_c = 17.9, p < .05$ ) ( See annex 3 Chi-squared critical values table ).

### Decision Rule

The decision rule is to accept the alternate hypothesis if the computed Chi- Square value is greater than tabulated Chi-Square value otherwise accept the null hypothesis.

### Decision

Since the Pearson Chi- Square computed  $X^2_c = 17.9$  is greater than Chi- Square table value  $X^2_t = 12.59$ , the null hypothesis is rejected, and alternate hypothesis is accepted. Thus, the study concludes that the extent of accountability to investors by corporate managers in united bank is significant.

### Hypothesis Three:

Ho: The adoption of the principles of corporate governance in united bank is not significant.

H1: The adoption of the principles of corporate governance in united bank industry is significant

**Table 12 Contingency Table Referred to Table 4 Testing Hypothesis (3)**

| S/N | Measurement Items                                                                                                                               | Agreement | Disagreement | Total |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------|-------|
| 1   | united bank is committed to the Code of Corporate Governance for Banks as issued by national bank of Ethiopia                                   | 182 (158) | 53(60.4)     | 270   |
| 2   | united bank chief Executive Officer performs the duties and responsibilities stated under bank corporate governance directive stipulated by the | 134       | 68 (60.4)    | 270   |

|          |                                                                                                                                                                                                                             |                   |                    |             |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|-------------|
|          | national bank of Ethiopia                                                                                                                                                                                                   |                   |                    |             |
| <b>3</b> | There are relevant Committees (e.g. Audit, Credit, Risk Management, etc.) in place in united bank to exercise oversight on the activities of management                                                                     | 202               | 34 (60.4)          | 270         |
| <b>4</b> | There are established protocols to which the board and management of united bank are committed to ensure that there are no insider dealings either by the management or board or collusion of both the management and board | 117               | 85 (60.4)          | 270         |
| <b>5</b> | The adoption of the principles of corporate governance in united bank is significant                                                                                                                                        | 154               | 62 (60.4)          | 270         |
|          |                                                                                                                                                                                                                             | <b>790(58.5%)</b> | <b>302 (41.5%)</b> | <b>1350</b> |

*Source: researcher's own compilation of Survey data 2019*

|                          |                |                                                                                      |
|--------------------------|----------------|--------------------------------------------------------------------------------------|
|                          |                | The adoption of the principles of corporate governance in united bank is significant |
| N                        |                | 1350                                                                                 |
|                          | Mean           | 3.7223                                                                               |
| Normal Parameters ( a,b) | Std. Deviation | 2.4876                                                                               |
| Most Extreme Differences | Absolute       | .236                                                                                 |
|                          | Positive       | .1223                                                                                |
|                          | Negative       | 3.543                                                                                |
| Kolmogorov-Smirnov Z     |                | 4.141                                                                                |
| Asymp. Sig. (2-tailed)   |                | .000                                                                                 |

a Test distribution is Normal.

b Calculated from data.

Table 12 is the output of the computed One-Sample Kolmogorov-Smirnov Test, the response options of agreement and disagreement based on the responses of the research subjects from the selected banks. Z-calculated Value ( $Z_c = 4.414$ ) is greater than the Z- tabulated value ( $Z_t = 1.96$ ).

(see t- table in the annex-2). Number of observations 1,350, with T-2 degrees of freedom and significance level of 5% where the rejection region is split equally between the two tails.

### Decision Rule

The decision rule is to accept the alternate hypothesis if the computed Z value is greater than tabulated Z value otherwise accept the null hypothesis.

### Decision

Since the  $Z_c = 4.414$  is greater than  $Z_t = 1.96$ , the null hypothesis is rejected, and alternate hypothesis is accepted. Thus, the study concludes that the adoption of the principles of corporate governance in united bank is significant.

### Hypothesis Four

$H_0$ : Corporate governance has negative effects on the performance of united bank.

$H_1$ : Corporate governance has positive effects on the performance of united bank.

**Table 13 Contingency Table Referred Table 5 for Testing Hypothesis (4)**

| S/N | Measurement Items                                                                                                                                                                   | Agreement | Disagreement | Total |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------------|-------|
| 1   | Corporate governance promotes entrenchment of ethical values and ensures that banks are run in a manner that will promote healthy returns to investors & shareholders               | 216 (208) | 54(62)       | 270   |
| 2   | Corporate governance enhances greater access to capital and reputation through the appointment of board members with requisite qualifications, experience, and reputational capital | 173 (208) | 97(62)       | 270   |
| 3   | Corporate governance minimizes wastages and corruption through the effective oversight of board members on the activities of management                                             | 192 (208) | 78 (62)      | 270   |
| 4   | Corporate governance promotes healthy competition among banks through adherence to                                                                                                  | 246 (208) | 24 (62)      | 270   |

|   |                                                                              |                  |                  |             |
|---|------------------------------------------------------------------------------|------------------|------------------|-------------|
|   | Code of Conduct for Banks as issued by the national bank of Ethiopia         |                  |                  |             |
| 5 | Corporate Governance has positive effects on the performance of united bank. | 206              | 57 (62)          | 270         |
|   |                                                                              | <b>1040(77%)</b> | <b>310 (23%)</b> | <b>1350</b> |

Source: researcher's own compilation of Survey data 2019

**Table 14 Summary of the Regression Result**

**Model Summary**

| Model | R                  | R Square | Adjusted R Square | Std. Error of the Estimate | Sig. F Change |
|-------|--------------------|----------|-------------------|----------------------------|---------------|
|       |                    |          |                   |                            |               |
| 1     | 0.511 <sup>a</sup> | 0.357358 | 0.335936          | 0.119520                   | .000          |

a -Predictors: (Constant), corporate governance

Dependent Variable: performance

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df  | Mean Square | F        | Sig.              |
|-------|------------|----------------|-----|-------------|----------|-------------------|
| 4     | Regression | 34.038         | 4   | 8.510       | 16.68225 | .001 <sup>b</sup> |
|       | Residual   | 96.193         | 281 | .342        |          |                   |
|       | Total      | 130.231        | 79  |             |          |                   |

**Coefficients<sup>a</sup>**

| Model |                      | Unstandardized Coefficients |            | Standardized Coefficients | T        | Sig. |
|-------|----------------------|-----------------------------|------------|---------------------------|----------|------|
|       |                      | B                           | Std. Error | Beta                      |          |      |
| 4     | (Constant)           | 2.710517                    | 0.653975   |                           | 4.144680 | .002 |
|       | Corporate governance | 0.488166                    | 0.119520   | .244                      | 4.084391 | .001 |

a. Dependent Variable: Performance

Source: researcher's own compilation of Survey data 2019

**Table 15 Result of t-Test of**

| t*       | T <sub>0.025</sub> | Test Result               |
|----------|--------------------|---------------------------|
| 4.084391 | 2.045              | Statistically significant |

**Table 16 Result of f-Test of Significance**

| $f^*$    | $f_{0.025}$ | Test Result               |
|----------|-------------|---------------------------|
| 16.68225 | 4.18        | Statistically significant |

*Source: researcher's own compilation of Survey data 2019*

### **4.3 Evaluation of the Research Hypothesis**

From the outcome in Table 15, the computed ( $t^*$ ) regression coefficient is greater than the tabulated value ( $t_{0.025}$ ). in this manner, the study rejects null hypothesis ( $H_0$ ) and accept alternative hypothesis ( $H_1$ ) showing that corporate governance has positive effects on the performance of the united bank share company.

Also, the result of the regression coefficient shows that the computed ( $f^*$ ) statistic is greater than the table value ( $f_{0.025}$ ), implies that the test result is statistically significant. At last, the coefficient of correlation ( $r$ ) and coefficient of determination ( $r^2$ ) of 36% and 34% respectively, shows that corporate governance influences the performance of united bank share company only minimally. In other words, the explanatory power of corporate governance on united bank share company performance is low and other stochastic variables could be attributed to the performance of united bank.

Finally, the standard error of the estimate indicates the degree to which the independent variable was unable to predict scores on the dependent variable. The value of 0.119520 indicates that, when using corporate governance scores to predict performance, the regression equation was “off” in predicting well-being scores by about 0.119520 points on average

### **Discussion of Results**

Hypothesis one was tested using Z-test and the result states that adherence to corporate governance does significantly attracts investors to the banking industry ( $ZC = 9.417 > Z_t = 1.96$ ;  $p < 0.05$ ).

Hypothesis two was tested using Pearson's Correlation Coefficient. The result show that the extent of accounting to investors by corporate managers in united bank is significant ( $Xc_2 = 24.540 > Xt_2 = 12.59$ ;  $p < 0.05$ ). Bino and Thomas (2010) in their study on Corporate Governance and Performance of Jordanian Banks stated that the Code of Conduct issued to all banks in Jordan by the Federal Controller led to greater degree of accountability to investors by managers of banks and other financial institutions in Jordan.

Hypothesis three was tested using Z-test. The result shows that the adoption of the principles of corporate governance united bank is significant ( $Z_c = 6.817 > Z_t = 1.96$ ;  $p < 0.05$ ).

Hypothesis four was tested with regression analysis and the result shows that corporate governance has positive effects on the performance of united bank share company ( $t^* = 4.084391$ ;  $p < 0.05$ )  $t$  calculated value 4.084391 compared with  $t$ -tabulated value 2.045 ( annex 2) or similarly the hypothesis test of corporate governance is also provided in the Coefficients table above In the last two columns of the table, the  $t$  and  $p$ -values for the test of corporate governance are presented. The test of social support produced a  $t$  of 4.084391 with a corresponding  $p$ -value of .001. Because the  $p$ -value of .001 is less than .05, the null hypothesis that the beta weight is equal to zero is rejected, and it is concluded that corporate governance is a significant predictor of performance. Notice that the  $p$ -value for corporate governance in the Coefficients table (.001) is identical to the  $p$ -value provided in the ANOVA table (.001).

The next table, ANOVA, tests whether corporate governance was a significant predictor of performance. This test is conducted using an analysis of variance (ANOVA), which table is indicated above. In simple regression, a  $p$ -value less than or equal to .05 in the ANOVA table indicates that the independent variable is a significant predictor of the dependent variable. Since the  $p$ -value of .001 is less than .05, corporate governance is a significant predictor of performance. Furthermore, Drobetz and Zimmermann (2003) in their work on corporate governance and Expected Stock Returns state that corporate governance contributed significantly to the performance of the banking sector in Germany.

## **CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

The aim of this chapter is to present a summary of all the findings and to make conclusions based on the study findings. Additionally, the implications of the study to the theory and practice are addressed along with directions to future research. Finally, the limitations of the study and suggestions for further research have been presented.

### **5.2 Summary of the results**

The findings at the end of the study include the following:

- a) Adherence to corporate governance significantly attracts investors to united bank. This was confirmed by the test of hypothesis one ( $Z_{cal} = 9.41 > Z_{critical} = 1.96$ ,  $p < 0.05$ ).
- b) The degree of accountability to investors by corporate managers in united bank is significant. Test of hypothesis two confirmed this ( $X_{c2} = 24.5 > X_{t2} = 12.59$ ,  $p < 0.05$ ).
- c) The extent to which united banks adoption of the principles of corporate governance enhances the rate of return on investment united bank is significant. This was supported by test of hypothesis three ( $Z_{cal} = 6.82 > Z_{critical} = 1.96$ ,  $p < 0.05$ ).
- d) Corporate governance impacts positively and significantly on the performance of the united bank. This was confirmed by test of hypothesis four ( $X_{2cal} = 18.3 > X_{2critical} = 12.6$ ,  $p < 0.05$ ).

All in all, the study summarized that adherence to corporate governance has positive impact on the performance of united bank share company. Corporate managers in united bank share company are significantly adhering to the principles of good corporate governance and this has reflected on the positive returns on investment in the bank.

### **5.3 Conclusions**

Based on the findings presented above the study concludes that United bank adherence to corporate governance principles significantly attract investors to the united bank share company. This indicated in the bank employees believe that CG principles does significantly attract investors to united bank and that further the boards of united bank ensure that ethical values are entrenched and enforced, and management do not engage in unethical practices in the management of the banks.

Similarly, the extent of adoption of the principles of corporate government in united bank share company is found to be significant. This was shared by majority of the employees expressing that the bank's commitment towards the CG issued by the NBE, the relevant committees in the bank oversight the activities of the management and the bank's CG adoption is significant as expressed by majority of the respondents.

Furthermore, the extent of accountability to investors by corporate managers in united bank Share Company is found to be significant. This further indicated that the bank transparently in disclosing investment in shares and stocks information to its shareholders and the BOD discusses first for major investment decisions that may pose considerable risk to investors before committing and consequently the banks affairs are regularly updated accordingly.

Lastly the study concludes that adherence to corporate governance has positive impact on the performance of united bank share company. Corporate managers in united bank share company are significantly adhering to the principles of good corporate governance and this has reflected on the positive returns on investment in the bank.

#### **5.4 Recommendations**

Based on the findings of this study, the following recommendations are submitted

United bank ought to as an issue of right, give straightforward data to investors on how their assets are overseen. Additionally, this data ought to be accessible as at when due. A circumstance whereby financial investors get stale data with respect to their investment portfolio is not to the greatest advantage of interest in the bank

What's more ,corporate managers ought to be enlisted dependent on abilities, encounters and capability as opposed to individual associations or volume of money, pulled in to the bank, since delegating the opportune individuals in the perfect spot consistently brings better execution showed through responsibility to financial investors by corporate managers

Moreover, since the examination result showed that corporate governance altogether draws in financial investors to join the bank j accordingly united bank accepts that a decent governance practice will give its investors a protected spot for venture and give better returns. Along these lines, great corporate governance is, a significant factor in a serious domain for united bank. The

formation of awareness on venture ought not be left distinctly to banks. Administrative bodies and local governments need to teach everybody on the need to venture as a device to help the economy. Moreover, to draw in the dedication of financial investors, clients, representatives united bank ought to guarantee that it coordinates the worldwide benchmarks in corporate governance practice.

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**Annex -1 Questioner for United bank employees and managers**



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY !



**FACULTY OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**EXECUTIVE MBA PROGRAM**

This questionnaire is intended to gather primary data on “*Assessment of Corporate Governance Practice of Banks in Ethiopia; The case of United Bank Share Company*” The purpose of the study is to fulfill a thesis requirement for the partial fulfillment of executive MBA at Addis Ababa University. Your genuine responses for the questions are very important for the success of completing this study. All information collected through the questionnaire will be used only for the purpose of the study and will be kept confidential. And thus, I would like to thank you in advance for your kindly cooperation.

***Thank you, for your support!!***

*Yanjabu Tadesse*

**Part I Demographic Information**

1. Sex:  Male  Female
2. Your experience with united bank S.C Below 2yrs  2-5 yrs.  6 – 10 yrs  
 11 – 15  Above 16 yrs.
3. your current job level  Management  employee

Please put tick (✓)# & rate the following questions from “Strongly Disagree” to “Strongly Agree”

| No.                                                      | Measurement items                                                                                                                                                                           | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------|---------|----------|-------------------|
| <b>Adherence to Corporate Governance principles</b>      |                                                                                                                                                                                             |                |       |         |          |                   |
| 1                                                        | The boards of united bank ensure that moral qualities are settled in and upheld in the management of the bank.                                                                              |                |       |         |          |                   |
| 2                                                        | The board guarantees that bank the executives do not take part in exploitative practices that could imperil investors interests in the bank                                                 |                |       |         |          |                   |
| 3                                                        | the board guarantees that there are reasonable returns to investors through affirmation of dividends                                                                                        |                |       |         |          |                   |
| 4                                                        | There is proper dispersion of power through the partition of the position of the Managing Director and that of Chairman of the Board                                                        |                |       |         |          |                   |
| 5                                                        | Adherence to corporate governance principles does significantly draws investors to join united bank S.C.                                                                                    |                |       |         |          |                   |
| <b>Accountability to Investors by Corporate Managers</b> |                                                                                                                                                                                             |                |       |         |          |                   |
| 6                                                        | united bank is committed to the Code of Corporate Governance for Banks as issued by national bank of Ethiopia                                                                               |                |       |         |          |                   |
| 7                                                        | united bank chief Executive Officer accomplishes obligations and duties expressed under stated under bank corporate governance directive mandate specified by the national bank of Ethiopia |                |       |         |          |                   |

|                                                           |                                                                                                                                                                                                                        |  |  |  |  |  |
|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|
| 6                                                         | There are relevant Committees (e.g. Audit, Credit, Risk Management, etc.) set up in united bank to exercise oversight on the activities of management                                                                  |  |  |  |  |  |
| 7                                                         | There are set up protocols to which the board and management of united bank are committed to ensure that there are no insider dealings either by the management or board or collusion of both the management and board |  |  |  |  |  |
| 8                                                         | The extent of adoption of the principles of corporate governance in united bank is significant                                                                                                                         |  |  |  |  |  |
| <b>Adoption of the Principles of Corporate Governance</b> |                                                                                                                                                                                                                        |  |  |  |  |  |
| 7                                                         | united bank is committed to the Code of Corporate Governance for Banks as issued by national bank of Ethiopia                                                                                                          |  |  |  |  |  |
| 8                                                         | united bank chief Executive Officer performs the duties and responsibilities stated under bank corporate governance directive stipulated by the national bank of Ethiopia                                              |  |  |  |  |  |
| 9                                                         | There are relevant Committees (e.g. Audit, Credit, Risk Management, etc.) in place in united bank to exercise oversight on the activities of management                                                                |  |  |  |  |  |
|                                                           | There are established protocols to which the board and management of united bank are                                                                                                                                   |  |  |  |  |  |

|    |                                                                                                                                                                                     |  |  |  |  |  |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|
|    | committed to ensure that there are no insider dealings either by the management or board or collusion of both the management and board                                              |  |  |  |  |  |
|    | The extent of adoption of the principles of corporate governance in united bank is significant                                                                                      |  |  |  |  |  |
|    | <b>Effects of Corporate Governance</b>                                                                                                                                              |  |  |  |  |  |
| 10 | Corporate governance promotes entrenchment of ethical values and ensures that banks are run in a manner that will promote healthy returns to investors & shareholders               |  |  |  |  |  |
| 11 | Corporate governance enhances greater access to capital and reputation through the appointment of board members with requisite qualifications, experience, and reputational capital |  |  |  |  |  |
| 12 | Corporate governance minimizes wastages and corruption through the effective oversight of board members on the activities of management                                             |  |  |  |  |  |
|    | Corporate governance promotes healthy competition among banks through adherence to Code of Conduct for Banks as issued by the national bank of Ethiopia                             |  |  |  |  |  |
|    | Corporate Governance has positive effects                                                                                                                                           |  |  |  |  |  |

|  |                                    |  |  |  |  |  |
|--|------------------------------------|--|--|--|--|--|
|  | on the performance of united bank. |  |  |  |  |  |
|--|------------------------------------|--|--|--|--|--|

## Annex -2 critical values of t- distribution

Table A2.2 Critical values of Student's *t*-distribution for different probability levels,  $\alpha$  and degrees of freedom,  $\nu$

| $\alpha$ | 0.4    | 0.25   | 0.15   | 0.1    | 0.05   | 0.025   | 0.01    | 0.005   | 0.001    | 0.0005   |
|----------|--------|--------|--------|--------|--------|---------|---------|---------|----------|----------|
| $\nu$    |        |        |        |        |        |         |         |         |          |          |
| 1        | 0.3249 | 1.0000 | 1.9626 | 3.0777 | 6.3138 | 12.7062 | 31.8205 | 63.6567 | 318.3087 | 636.6189 |
| 2        | 0.2887 | 0.8165 | 1.3862 | 1.8856 | 2.9200 | 4.3027  | 6.9646  | 9.9248  | 22.3271  | 31.5991  |
| 3        | 0.2767 | 0.7649 | 1.2498 | 1.6377 | 2.3534 | 3.1824  | 4.5407  | 5.8409  | 10.2145  | 12.9240  |
| 4        | 0.2707 | 0.7407 | 1.1896 | 1.5332 | 2.1318 | 2.7764  | 3.7469  | 4.6041  | 7.1732   | 8.6103   |
| 5        | 0.2672 | 0.7267 | 1.1558 | 1.4759 | 2.0150 | 2.5706  | 3.3649  | 4.0321  | 5.8934   | 6.8688   |
| 6        | 0.2648 | 0.7176 | 1.1342 | 1.4398 | 1.9432 | 2.4469  | 3.1427  | 3.7074  | 5.2076   | 5.9588   |
| 7        | 0.2632 | 0.7111 | 1.1192 | 1.4149 | 1.8946 | 2.3646  | 2.9980  | 3.4995  | 4.7853   | 5.4079   |
| 8        | 0.2619 | 0.7064 | 1.1081 | 1.3968 | 1.8595 | 2.3060  | 2.8965  | 3.3554  | 4.5008   | 5.0413   |
| 9        | 0.2610 | 0.7027 | 1.0997 | 1.3830 | 1.8331 | 2.2622  | 2.8214  | 3.2498  | 4.2968   | 4.7809   |
| 10       | 0.2602 | 0.6998 | 1.0931 | 1.3722 | 1.8125 | 2.2281  | 2.7638  | 3.1693  | 4.1437   | 4.5869   |
| 11       | 0.2596 | 0.6974 | 1.0877 | 1.3634 | 1.7959 | 2.2010  | 2.7181  | 3.1058  | 4.0247   | 4.4370   |
| 12       | 0.2590 | 0.6955 | 1.0832 | 1.3562 | 1.7823 | 2.1788  | 2.6810  | 3.0545  | 3.9296   | 4.3178   |
| 13       | 0.2586 | 0.6938 | 1.0795 | 1.3502 | 1.7709 | 2.1604  | 2.6503  | 3.0123  | 3.8520   | 4.2208   |
| 14       | 0.2582 | 0.6924 | 1.0763 | 1.3450 | 1.7613 | 2.1448  | 2.6245  | 2.9768  | 3.7874   | 4.1405   |
| 15       | 0.2579 | 0.6912 | 1.0735 | 1.3406 | 1.7531 | 2.1314  | 2.6025  | 2.9467  | 3.7328   | 4.0728   |
| 16       | 0.2576 | 0.6901 | 1.0711 | 1.3368 | 1.7459 | 2.1199  | 2.5835  | 2.9208  | 3.6862   | 4.0150   |
| 17       | 0.2573 | 0.6892 | 1.0690 | 1.3334 | 1.7396 | 2.1098  | 2.5669  | 2.8982  | 3.6458   | 3.9651   |
| 18       | 0.2571 | 0.6884 | 1.0672 | 1.3304 | 1.7341 | 2.1009  | 2.5524  | 2.8784  | 3.6105   | 3.9216   |
| 19       | 0.2569 | 0.6876 | 1.0655 | 1.3277 | 1.7291 | 2.0930  | 2.5395  | 2.8609  | 3.5794   | 3.8834   |
| 20       | 0.2567 | 0.6870 | 1.0640 | 1.3253 | 1.7247 | 2.0860  | 2.5280  | 2.8453  | 3.5518   | 3.8495   |
| 21       | 0.2566 | 0.6864 | 1.0627 | 1.3232 | 1.7207 | 2.0796  | 2.5176  | 2.8314  | 3.5272   | 3.8193   |
| 22       | 0.2564 | 0.6858 | 1.0614 | 1.3212 | 1.7171 | 2.0739  | 2.5083  | 2.8188  | 3.5050   | 3.7921   |
| 23       | 0.2563 | 0.6853 | 1.0603 | 1.3195 | 1.7139 | 2.0687  | 2.4999  | 2.8073  | 3.4850   | 3.7676   |
| 24       | 0.2562 | 0.6848 | 1.0593 | 1.3178 | 1.7109 | 2.0639  | 2.4922  | 2.7969  | 3.4668   | 3.7454   |
| 25       | 0.2561 | 0.6844 | 1.0584 | 1.3163 | 1.7081 | 2.0595  | 2.4851  | 2.7874  | 3.4502   | 3.7251   |
| 26       | 0.2560 | 0.6840 | 1.0575 | 1.3150 | 1.7056 | 2.0555  | 2.4786  | 2.7787  | 3.4350   | 3.7066   |
| 27       | 0.2559 | 0.6837 | 1.0567 | 1.3137 | 1.7033 | 2.0518  | 2.4727  | 2.7707  | 3.4210   | 3.6896   |
| 28       | 0.2558 | 0.6834 | 1.0560 | 1.3125 | 1.7011 | 2.0484  | 2.4671  | 2.7633  | 3.4082   | 3.6739   |
| 29       | 0.2557 | 0.6830 | 1.0553 | 1.3114 | 1.6991 | 2.0452  | 2.4620  | 2.7564  | 3.3962   | 3.6594   |
| 30       | 0.2556 | 0.6828 | 1.0547 | 1.3104 | 1.6973 | 2.0423  | 2.4573  | 2.7500  | 3.3852   | 3.6460   |
| 35       | 0.2553 | 0.6816 | 1.0520 | 1.3062 | 1.6896 | 2.0301  | 2.4377  | 2.7238  | 3.3400   | 3.5911   |
| 40       | 0.2550 | 0.6807 | 1.0500 | 1.3031 | 1.6839 | 2.0211  | 2.4233  | 2.7045  | 3.3069   | 3.5510   |
| 45       | 0.2549 | 0.6800 | 1.0485 | 1.3006 | 1.6794 | 2.0141  | 2.4121  | 2.6896  | 3.2815   | 3.5203   |
| 50       | 0.2547 | 0.6794 | 1.0473 | 1.2987 | 1.6759 | 2.0086  | 2.4033  | 2.6778  | 3.2614   | 3.4960   |
| 60       | 0.2545 | 0.6786 | 1.0455 | 1.2958 | 1.6706 | 2.0003  | 2.3901  | 2.6603  | 3.2317   | 3.4602   |
| 70       | 0.2543 | 0.6780 | 1.0442 | 1.2938 | 1.6669 | 1.9944  | 2.3808  | 2.6479  | 3.2108   | 3.4350   |
| 80       | 0.2542 | 0.6776 | 1.0432 | 1.2922 | 1.6641 | 1.9901  | 2.3739  | 2.6387  | 3.1953   | 3.4163   |
| 90       | 0.2541 | 0.6772 | 1.0424 | 1.2910 | 1.6620 | 1.9867  | 2.3685  | 2.6316  | 3.1833   | 3.4019   |
| 100      | 0.2540 | 0.6770 | 1.0418 | 1.2901 | 1.6602 | 1.9840  | 2.3642  | 2.6259  | 3.1737   | 3.3905   |
| 120      | 0.2539 | 0.6765 | 1.0409 | 1.2886 | 1.6577 | 1.9799  | 2.3578  | 2.6174  | 3.1595   | 3.3735   |
| 150      | 0.2538 | 0.6761 | 1.0400 | 1.2872 | 1.6551 | 1.9759  | 2.3515  | 2.6090  | 3.1455   | 3.3566   |
| 200      | 0.2537 | 0.6757 | 1.0391 | 1.2858 | 1.6525 | 1.9719  | 2.3451  | 2.6006  | 3.1315   | 3.3398   |
| 300      | 0.2536 | 0.6753 | 1.0382 | 1.2844 | 1.6499 | 1.9679  | 2.3388  | 2.5923  | 3.1176   | 3.3233   |
| $\infty$ | 0.2533 | 0.6745 | 1.0364 | 1.2816 | 1.6449 | 1.9600  | 2.3263  | 2.5758  | 3.0902   | 3.2905   |

Source: Author's own computation using the TINV function in Excel.

Chris Brooks, 2014 Introductory Econometrics for Finance, Third Edition.

## Annex -3 Chi-squared critical values

Table A2.5 Chi-squared critical values for different values of  $\alpha$  and degrees of freedom,  $\nu$

| $\nu$ | 0.995   | 0.990   | 0.975   | 0.950   | 0.900   | 0.750  | 0.500  | 0.250  | 0.100  | 0.050  | 0.025  | 0.010  | 0.005  |
|-------|---------|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1     | 0.00004 | 0.00016 | 0.00098 | 0.00393 | 0.01579 | 0.1015 | 0.4549 | 1.323  | 2.706  | 3.841  | 5.024  | 6.635  | 7.879  |
| 2     | 0.01003 | 0.02010 | 0.05065 | 0.1026  | 0.2107  | 0.5754 | 1.386  | 2.773  | 4.605  | 5.991  | 7.378  | 9.210  | 10.597 |
| 3     | 0.07172 | 0.1148  | 0.2158  | 0.3518  | 0.5844  | 1.213  | 2.366  | 4.108  | 6.251  | 7.815  | 9.348  | 11.345 | 12.838 |
| 4     | 0.2070  | 0.2971  | 0.4844  | 0.7107  | 1.064   | 1.923  | 3.357  | 5.385  | 7.779  | 9.488  | 11.143 | 13.277 | 14.860 |
| 5     | 0.4117  | 0.5543  | 0.8312  | 1.145   | 1.610   | 2.675  | 4.351  | 6.626  | 9.236  | 11.070 | 12.833 | 15.086 | 16.750 |
| 6     | 0.6757  | 0.8721  | 1.237   | 1.635   | 2.204   | 3.455  | 5.348  | 7.841  | 10.645 | 12.592 | 14.449 | 16.812 | 18.548 |
| 7     | 0.9893  | 1.239   | 1.690   | 2.167   | 2.833   | 4.255  | 6.346  | 9.037  | 12.017 | 14.067 | 16.013 | 18.475 | 20.278 |
| 8     | 1.344   | 1.646   | 2.180   | 2.733   | 3.490   | 5.071  | 7.344  | 10.219 | 13.362 | 15.507 | 17.535 | 20.090 | 21.955 |
| 9     | 1.735   | 2.088   | 2.700   | 3.325   | 4.168   | 5.899  | 8.343  | 11.389 | 14.684 | 16.919 | 19.023 | 21.666 | 23.589 |
| 10    | 2.156   | 2.558   | 3.247   | 3.940   | 4.865   | 6.737  | 9.342  | 12.549 | 15.987 | 18.307 | 20.483 | 23.209 | 25.188 |
| 11    | 2.603   | 3.053   | 3.816   | 4.575   | 5.578   | 7.584  | 10.341 | 13.701 | 17.275 | 19.675 | 21.920 | 24.725 | 26.757 |
| 12    | 3.074   | 3.571   | 4.404   | 5.226   | 6.304   | 8.438  | 11.340 | 14.845 | 18.54  | 21.026 | 23.337 | 26.217 | 28.300 |
| 13    | 3.565   | 4.107   | 5.009   | 5.892   | 7.041   | 9.299  | 12.340 | 15.984 | 19.812 | 22.362 | 24.736 | 27.688 | 29.819 |
| 14    | 4.075   | 4.660   | 5.629   | 6.571   | 7.790   | 10.165 | 13.339 | 17.117 | 21.064 | 23.685 | 26.119 | 29.141 | 31.319 |
| 15    | 4.601   | 5.229   | 6.262   | 7.261   | 8.547   | 11.036 | 14.339 | 18.245 | 22.307 | 24.996 | 27.488 | 30.578 | 32.801 |
| 16    | 5.142   | 5.812   | 6.908   | 7.962   | 9.312   | 11.912 | 15.338 | 19.369 | 23.542 | 26.296 | 28.845 | 32.000 | 34.267 |
| 17    | 5.697   | 6.408   | 7.564   | 8.672   | 10.085  | 12.792 | 16.338 | 20.489 | 24.769 | 27.587 | 30.191 | 33.409 | 35.718 |
| 18    | 6.265   | 7.015   | 8.231   | 9.390   | 10.865  | 13.675 | 17.338 | 21.605 | 25.989 | 28.869 | 31.526 | 34.805 | 37.156 |
| 19    | 6.844   | 7.633   | 8.907   | 10.117  | 11.651  | 14.562 | 18.338 | 22.718 | 27.204 | 30.143 | 32.852 | 36.191 | 38.582 |
| 20    | 7.434   | 8.260   | 9.591   | 10.851  | 12.443  | 15.452 | 19.337 | 23.828 | 28.412 | 31.410 | 34.170 | 37.566 | 39.997 |
| 21    | 8.034   | 8.897   | 10.283  | 11.591  | 13.240  | 16.344 | 20.337 | 24.935 | 29.615 | 32.670 | 35.479 | 38.932 | 41.401 |
| 22    | 8.643   | 9.542   | 10.982  | 12.338  | 14.041  | 17.240 | 21.337 | 26.039 | 30.813 | 33.924 | 36.781 | 40.289 | 42.796 |

Table A2.5 (cont.)

|     |         |         |         |         |         |         |         |         |         |         |         |         |         |
|-----|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 23  | 9.260   | 10.196  | 11.688  | 13.090  | 14.848  | 18.137  | 22.337  | 27.141  | 32.007  | 35.172  | 38.076  | 41.638  | 44.181  |
| 24  | 9.886   | 10.856  | 12.401  | 13.848  | 15.659  | 19.037  | 23.337  | 28.241  | 33.196  | 36.415  | 39.364  | 42.080  | 45.558  |
| 25  | 10.520  | 11.524  | 13.120  | 14.611  | 16.473  | 19.939  | 24.337  | 29.339  | 34.382  | 37.652  | 40.646  | 44.314  | 46.928  |
| 26  | 11.160  | 12.198  | 13.844  | 15.379  | 17.292  | 20.843  | 25.336  | 30.434  | 35.563  | 38.885  | 41.923  | 45.642  | 48.290  |
| 27  | 11.808  | 12.879  | 14.573  | 16.151  | 18.114  | 21.749  | 26.336  | 31.528  | 36.741  | 40.113  | 43.194  | 46.963  | 49.645  |
| 28  | 12.461  | 13.565  | 15.308  | 16.928  | 18.939  | 22.657  | 27.336  | 32.620  | 37.916  | 41.337  | 44.461  | 48.278  | 50.993  |
| 29  | 13.121  | 14.256  | 16.047  | 17.708  | 19.768  | 23.567  | 28.336  | 33.711  | 39.087  | 42.557  | 45.722  | 49.588  | 52.336  |
| 30  | 13.787  | 14.954  | 16.791  | 18.493  | 20.599  | 24.478  | 29.336  | 34.800  | 40.256  | 43.773  | 46.979  | 50.892  | 53.672  |
| 35  | 17.192  | 18.509  | 20.569  | 22.465  | 24.797  | 29.054  | 34.336  | 40.223  | 46.059  | 49.802  | 53.203  | 57.342  | 60.275  |
| 40  | 20.707  | 22.164  | 24.433  | 26.509  | 29.050  | 33.660  | 39.335  | 45.616  | 51.805  | 55.758  | 59.342  | 63.691  | 66.766  |
| 45  | 24.311  | 25.901  | 28.366  | 30.612  | 33.350  | 38.291  | 44.335  | 50.985  | 57.505  | 61.656  | 65.410  | 69.957  | 73.166  |
| 50  | 27.991  | 29.707  | 32.357  | 34.764  | 37.689  | 42.942  | 49.335  | 56.334  | 63.167  | 67.505  | 71.420  | 76.154  | 79.490  |
| 55  | 31.735  | 33.571  | 36.398  | 38.958  | 42.060  | 47.611  | 54.335  | 61.665  | 68.796  | 73.311  | 77.381  | 82.292  | 85.749  |
| 60  | 35.535  | 37.485  | 40.482  | 43.158  | 46.459  | 52.294  | 59.335  | 66.981  | 74.397  | 79.082  | 83.298  | 85.379  | 91.952  |
| 70  | 43.275  | 45.442  | 48.758  | 51.739  | 55.329  | 61.698  | 69.334  | 77.577  | 85.527  | 90.531  | 95.023  | 100.425 | 104.215 |
| 80  | 51.172  | 53.540  | 57.153  | 60.391  | 64.278  | 71.144  | 79.334  | 88.130  | 96.578  | 101.879 | 106.629 | 112.329 | 116.321 |
| 90  | 59.196  | 61.754  | 65.647  | 69.126  | 73.291  | 80.625  | 89.334  | 98.650  | 107.565 | 113.145 | 118.136 | 124.116 | 128.299 |
| 100 | 67.328  | 70.065  | 74.222  | 77.929  | 82.358  | 90.133  | 99.334  | 109.141 | 118.498 | 124.342 | 129.561 | 135.807 | 140.169 |
| 120 | 83.829  | 86.909  | 91.568  | 95.705  | 100.627 | 109.224 | 119.335 | 130.051 | 140.228 | 146.565 | 152.214 | 158.963 | 163.670 |
| 150 | 109.122 | 112.655 | 117.980 | 122.692 | 126.278 | 137.987 | 149.334 | 161.258 | 172.577 | 179.579 | 185.803 | 193.219 | 198.380 |
| 200 | 152.224 | 156.421 | 162.724 | 168.279 | 174.825 | 186.175 | 199.334 | 213.099 | 226.018 | 233.993 | 241.060 | 249.455 | 255.281 |
| 250 | 196.145 | 200.929 | 208.095 | 214.392 | 221.809 | 234.580 | 249.334 | 264.694 | 279.947 | 287.889 | 295.691 | 304.948 | 311.361 |

Source: Author's own computation using the Excel CHINV function.

Chris Brooks, 2014 Introductory Econometrics for Finance, Third Edition.

## Annex-4 Descriptive Statistics

|                                                                                                                                                                                     | N   | Minimum | Maximum | Mean | Std. Deviation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|---------|------|----------------|
| Corporate governance promotes entrenchment of ethical values and ensures that banks are run in a manner that will promote healthy returns to investors & shareholders               | 270 | 1       | 5       | 3.68 | .516           |
| Corporate governance enhances greater access to capital and reputation through the appointment of board members with requisite qualifications, experience, and reputational capital | 270 | 1       | 5       | 3.82 | .842           |
| Corporate governance minimizes wastages and corruption through the effective oversight of board members on the activities of management                                             | 270 | 1       | 5       | 3.82 | .907           |
| Corporate governance promotes healthy competition among banks through adherence to Code of Conduct for Banks as issued by the national bank of Ethiopia                             | 270 | 1       | 5       | 3.41 | .993           |
| Corporate Governance has positive effects on the performance of united bank.                                                                                                        | 270 | 1       | 5       | 3.33 | .924           |
| Corporate governance promotes entrenchment of ethical values and ensures that banks are run in a manner that will promote healthy returns to investors & shareholders               | 270 | 1       | 5       | 3.61 | .831           |
| Corporate governance enhances greater access to capital and reputation through the appointment of board members with requisite qualifications, experience, and reputational capital | 270 | 1       | 5       | 3.47 | .824           |
| Corporate governance minimizes wastages and corruption through the effective oversight of board members on the activities of management                                             | 270 | 1       | 5       | 3.29 | .915           |
| Corporate governance promotes healthy competition among banks through adherence to Code of Conduct for Banks as issued by the national bank of Ethiopia                             | 270 | 1       | 5       | 3.41 | .923           |
| Corporate Governance has positive effects on the performance of united bank.                                                                                                        | 270 | 1       | 5       | 3.71 | 1.041          |
| Corporate governance promotes entrenchment of ethical values and ensures that banks are run in a manner that will promote healthy returns to investors & shareholders               | 270 | 1       | 5       | 4.11 | .892           |
| Corporate governance enhances greater access to capital and reputation through the appointment of board members with requisite qualifications, experience, and reputational capital | 270 | 1       | 5       | 4.00 | .670           |

|                                                                                                                                                                                     |     |   |   |      |       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---|---|------|-------|
| Corporate governance minimizes wastages and corruption through the effective oversight of board members on the activities of management                                             | 270 | 1 | 5 | 3.73 | .776  |
| Corporate governance promotes healthy competition among banks through adherence to Code of Conduct for Banks as issued by the national bank of Ethiopia                             | 270 | 1 | 5 | 3.46 | .901  |
| Corporate Governance has positive effects on the performance of united bank.                                                                                                        | 270 | 1 | 5 | 3.74 | .906  |
| Corporate governance promotes entrenchment of ethical values and ensures that banks are run in a manner that will promote healthy returns to investors & shareholders               | 270 | 1 | 5 | 3.38 | .978  |
| Corporate governance enhances greater access to capital and reputation through the appointment of board members with requisite qualifications, experience, and reputational capital | 270 | 1 | 5 | 3.24 | 1.368 |
| Corporate governance minimizes wastages and corruption through the effective oversight of board members on the activities of management                                             | 270 | 1 | 5 | 3.08 | 1.154 |
| Corporate governance promotes healthy competition among banks through adherence to Code of Conduct for Banks as issued by the national bank of Ethiopia                             | 270 | 1 | 5 | 3.26 | 1.186 |
| Valid N (listwise)                                                                                                                                                                  | 270 |   |   |      |       |

**Annex -5 Regression**

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df  | Mean Square | F        | Sig.              |
|-------|------------|----------------|-----|-------------|----------|-------------------|
| 4     | Regression | 34.038         | 4   | 8.510       | 16.68225 | .001 <sup>b</sup> |
|       | Residual   | 96.193         | 281 | .342        |          |                   |
|       | Total      | 130.231        | 79  |             |          |                   |

**Coefficients<sup>a</sup>**

| Model |                      | Unstandardized Coefficients |            | Standardized Coefficients | T        | Sig. |
|-------|----------------------|-----------------------------|------------|---------------------------|----------|------|
|       |                      | B                           | Std. Error | Beta                      |          |      |
| 4     | (Constant)           | 2.710517                    | 0.653975   |                           | 4.144680 | .002 |
|       | Corporate governance | 0.488166                    | 0.119520   | .244                      | 4.084391 | .001 |

a. Dependent Variable: Performance