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Corporate Governance on Organizational Performance: A Study of Commercial Banks in Butwal Sub-Metropolitan City

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Abstract

Purpose: *The study intends to examine the effect of Corporate Governance on Organizational performance in Commercial Bank.*

Methods: *The study employed a purposive sampling method to gather data from 240 employees of commercial banks in Butwal. A self-administered questionnaire incorporating a precise seven-point Likert scale was utilized. Additionally, the research adopted a descriptive and causal-comparative design, supported by an extensive range of statistical techniques, including Mean, Standard Deviation, Correlation, Independent t-test, one-way ANOVA, Mann-Whitney U test, Kruskal-Wallis H test, R-square, Hypothesis testing, and Regression, all carefully selected to ensure rigorous data analysis.*

Results: *The resultss indicates that social awareness is the major factor for organizational performance of commercial banks in Butwal Sub-Metropolitan City. Banks that actively engage in socially responsible practices, such as community involvement, customer-centric policies gain customer trust, and improve employee morale. This, in turn, leads to increased customer loyalty and sustainable growth. The findings emphasize that corporate governance frameworks integrating social awareness contribute to long-term success in the banking sector.*

Conclusion: *This research concludes that Social Awareness is the major determinants of Organizational performance. Thus, Banking organizations must focus on Social Awareness programs like financial literacy, Community Development Programs which build a sense of trust and goodwill with customers and enhanced its reputation as a responsible corporate citizen which leads to long term sustainable growth of banking organization.*

Keywords: Transparency, fairness, accountability, responsibility, organizational performance

I. Introduction

In today's fast-paced and competitive business landscape, maintaining strong organizational performance is essential for business success and growth. In the modern era, safeguarding

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shareholder interests and upholding the integrity of institutions and markets are critical for fostering stable and sustainable economic development (Bauer et al., 2004; Dittmar & Mahrt, 2007; Abor & Biekpe, 2007). Banks play a vital role in economic stability (Khatiwada, 2015). The global financial crisis of 2007–2008 and the Asian financial crisis of 1997–1998 highlighted the significance of corporate governance in the banking sector. This is because banks have a significant impact on the economy, and therefore, effective corporate governance and bank regulation are vital. Banks have various stakeholders, such as shareholders, creditors, consumers, and employees. The stability of a nation's banking systems is essential for the financial well-being of everyone. If people lose confidence in a bank's abilities due to poor corporate governance, it can lead to an economic crisis (Garcia-Marco & Robles-Fernandez, 2008). However, several benefits, such as solid property rights, low transaction costs, and the growth of the capital market, are associated with excellent governance (Claessens & Fan, 2002). Corporate governance reforms hold particular significance for emerging nations like Nepal, where they play a crucial role in fostering increased capital market savings and attracting foreign direct investment (Maskey, 2004).

The banking sector within the financial industry has undergone significant transformation, transitioning from the barter system to modern e-banking and mobile banking. The imperative to increase profits has become more pressing as firms become more globally integrated. This push for increased profits has brought about major disadvantages, including principal-agent issues, unethical behavior, financial failures, and inefficient organizational structures. Corporate governance plays a crucial role in a firm's success. Important governance principles like transparency, responsibility, discipline, fairness, accountability, social awareness, and independence are key in determining success.

Corporate governance has developed as a response to inefficiencies in financial institutions. Experts have extensively studied accounting factors like non-performing loan ratios, capital ratios, and earnings (e.g., Martin, 1977; Pettway & Sinkey, 1980; Lane, Looney, & Wansley, 1986). However, only a few studies have examined how corporate governance aspects such as ownership structure, management style, bank size, or bank age affect a bank's efficiency. In Nepal, research on corporate governance in banks is very limited. Studies by Poudel and Hovey (2013), Lamichhane (2018), and Khatiwada (2015) have explored corporate governance and efficiency, but beyond these, little significant research has been conducted. As a result, the impact of corporate governance on the performance of Nepalese commercial banks remains unclear.

Implementing corporate governance in developing countries is challenging due to issues like political instability, unemployment, and poverty, diverting attention from governance concerns (Mulili, 2011). Despite these challenges, studies show that corporate governance principles positively impact business performance, with various variables linked to improved measures (La porta et al., 1996; CLSA, 2001; Fremond & Capaul, 2002; Klapper & Love, 2003; Durnev & Kim, 2003; Şen, 2013). However, corporate governance faces obstacles such as inadequate transparency, ethical lapses, weak board oversight, and limited shareholder engagement, which undermine organizational integrity and effectiveness (Monks & Minow, 2011). In the early 20th century, corporate governance gained significance following abuses of power by large corporations like the United States Steel Corporation (Davis, 2006). The Cadbury Report of 1992 in the United Kingdom marked a pivotal moment, providing guidelines for effective corporate governance practices, emphasizing board independence and accountability (Cadbury, 1992). Lee (2008) and Chen (2021) described corporate governance as the framework through which corporations are managed and overseen, including the relationships among stakeholders. This study primarily aims to evaluate the current corporate governance practices in Nepalese commercial banks and their effect on performance.

Corporate governance reforms are vital for Nepal to boost savings and attract foreign investment (Maskey, 2004). Reforms gained attention after Nepal Rastra Bank (NRB) issued directives in 2002. Despite this, major crises like the 2006 NB Bank run and the 2011 Vibor Bikas Bank collapse occurred, requiring NRB intervention (Sapkota, 2016). The 2009 Nepal

Development Bank bankruptcy also exposed governance flaws. Even after NRB's 2005 guidelines, banks continued to make mistakes. This study aims to identify gaps and suggest improvements.

Nepal's banking sector is crucial for economic growth but faces challenges. The COVID-19 pandemic and major earthquakes have hurt the financial sector, leading to excess liquidity and low loan demand. Political instability and business challenges have slowed investment, increasing nonperforming assets. Nepal Rastra Bank (NRB) now requires banks to raise capital through mergers or share issuance, but merging with weak banks raises risks. To survive in an uncertain environment, strong corporate governance is essential.

This study can serve as a reference on the impact of corporate governance factors on commercial banks' performance. Additionally, both parametric and non-parametric techniques will be used in this study to determine the respondents' demographic profile in relation to corporate governance.

- To assess the difference among age, gender, marital status and educational qualification of employees with regard to transparency, responsibility, discipline, fairness, accountability, social awareness and independence.
- To measure the relationship between transparency, responsibility, discipline, fairness, accountability, social awareness, independence and Organizational performance.
- To examine the effect of transparency, responsibility, discipline, fairness, accountability, social awareness and independence on Organizational performance.

II. Reviews

The study's theoretical and empirical reviews are included in this section and are listed below:

Theoretical Review

Agency Theory: Agency theory, rooted in economic theory, was first introduced by Alchian and Demestez in 1972 and expanded upon by Jensen and Meckling in 1976. It defines the relationship between principals (like shareholders) and agents (such as company executives) where agents are appointed by principals to carry out tasks. Directors or managers, acting as agents, are authorized by principals to operate the company. Corporate governance research, including mechanisms like accounting and financial reporting, is traditionally viewed through agency theory, emphasizing transparency to align management and shareholder interests. Jensen and Meckling (1976) characterize employees as self-interested and individualistic, advocating for accountability in fulfilling duties beyond shareholder interests to strengthen governance structures.

Stakeholder Theory: Stakeholder theory, introduced by Freeman (1984), focuses on a company's duty to all stakeholders, not just shareholders. Freeman (1984) and Donaldson & Preston (1995) define stakeholders as anyone affected by a company's actions. Unlike agency theory, which prioritizes shareholders, this theory treats all stakeholders equally in decisions. John and Senbet (1998) highlight its role in corporate governance, stressing the importance of committees and non-market factors. McDonald and Puxty (1979) note that this theory recognizes a company's broader social impact.

Theory of Institutionalism: Monks and Minow (2011) Corporate governance is built on norms and processes that shape business structures. Institutional theory helps companies adapt by ensuring transparency, accountability, and independence. Transparency fosters accountability, while responsibility and fairness uphold ethics and social impact. Independence, reduces conflicts of interest. Strong governance improves organizational performance.

The theoretical review highlights three key theories such as Agency Theory, Stakeholder Theory, and Institutional Theory, each providing a distinct perspective on corporate governance and organizational performance. Agency Theory, rooted in economic principles, focuses on aligning the interests of shareholders and managers through accountability and transparency. Stakeholder Theory expands governance considerations to a broader range of stakeholders, advocating for equitable decision-making that balances various interests. Institutional Theory underscores the role of established norms, structures, and societal expectations in shaping corporate governance practices.

For this research, Agency Theory is the most suitable framework because it directly addresses the principal-agent relationship in commercial banks. Given the significance of shareholders and management in banking institutions, ensuring transparency, accountability, and alignment of interests is critical for improving organizational performance. By applying Agency Theory, this study can assess how governance mechanisms, such as financial reporting and accountability measures, enhance the efficiency and stability of commercial banks in Butwal Sub-Metropolitan City.

Empirical Reviews

Lusaka (2005) defines corporate governance as the system that connects shareholders, directors, and management. It ensures accountability in decision-making to help a company reach its goals. Good corporate governance includes key principles like responsibility, fairness, and transparency, which help prevent financial crises and improve access to funds. Another report also highlights transparency, independence, discipline, and social responsibility as essential elements of good governance.

Llyas and Rafiq (2012) found that corporate governance in Pakistan is seen as having little effect on business performance. Their study on Lahore's banks shows that good governance is important for the economy. Using a survey, they found that social awareness, accountability, discipline, justice, and responsibility help businesses succeed. Among these, discipline and social awareness have the biggest impact, while independence and transparency do not seem to matter much.

Acharya (2018) conducted a regression analysis to examine the impact of corporate governance policies on the performance of commercial banks in Nepal. The study focused on the relationship between financial performance and corporate governance practices. The results indicated that while a higher percentage of external directors negatively affects bank performance, governance factors such as board size, the presence of a CFO, the proportion of minority directors, and the percentage of female directors have a statistically significant positive impact on performance.

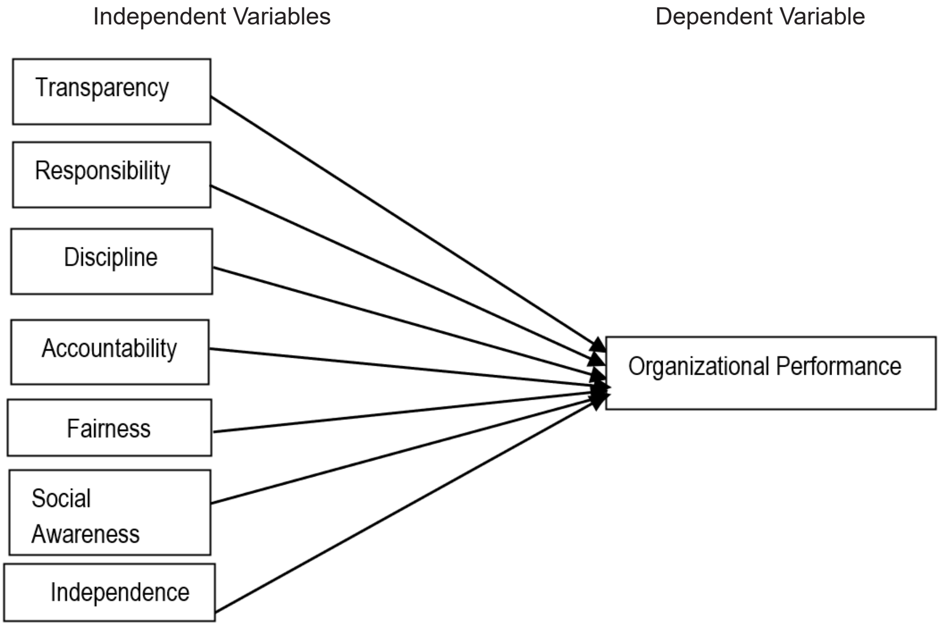
Shrestha (2018) emphasizes that transparency and disclosure affect the performance of Nepal's banks. The study looks at board and management disclosure, ownership details, financial transparency, and firm size. It aims to understand how transparency and governance influence business success. The research also examines governance practices and financial performance using a descriptive and comparative method.

Gnawali (2018) studied how well a Nepalese bank follows corporate governance and its effect on profits. Using bank reports and employee surveys, the study analyzed data through regression and correlation. The findings show that good governance, including transparency and accountability, improves return on equity (ROE) and return on assets (ROA).

The study's theoretical framework is outlined below.

Figure 1

Research Framework



*Note.*Adapted from Credit Lyonnais Securities Asia (2001)

III. Methodology

This study uses a descriptive and causal research design to collect and analyze the data.

The research area for the study is Butwal, where a total of 20 commercial bank operates within the Butwal sub-metropolitan city. These banks collectively employed 600 individuals. Hence, the study's population consists of 600 employees. The sample size for the study has been determined based on Yamane's formula and the sample size is 240. The purposive sampling method was used to extract the sample. The quantitative data for the study was collected using a self-structured questionnaire on a seven-point Likert scale to gather responses. A pilot test was conducted initially by collecting the data from 40 respondents to assess the reliability and validity of the scale.

The study used SPSS 20 and Smart PLS to analyze data, and various statistical tools were applied based on data suitability. Descriptive statistics, including mean and standard deviation were used to analyze employee responses. A reliability test checked the study instrument's dependability, while the K-S test assessed data normality. Parametric and non-parametric tests were used in inferential statistics after the data's normality was evaluated. Additionally, a regression tool was utilized to investigate the impact of corporate governance on organizational performance.

IV. Results and Discussion

This section deals with the results and discussion of the findings.

Table 1

Measurement Items and Construct Assessment

	Items	Loadings	VIF	Mean	SD	Mean	SD
Accountability	A1	0.906	3.333	4.746	1.886	4.299	1.768
	A2	0.901	3.731	4.308	1.959		
	A3	0.832	2.307	4.346	2.068		
	A4	0.794	2.169	3.871	1.963		
	A5	0.917	2.147	4.225	1.964		
Discipline	D1	*0.695*	1.327	6.246	1.352	5.222	1.565
	D2	0.868	2.911	5.229	1.501		
	D3	0.789	2.102	4.796	1.764		
	D4	0.832	2.394	5.188	1.478		
	D5	0.719	1.487	4.654	1.730		
Fairness	F1	0.822	2.054	2.808	1.635	2.605	1.559
	F2	0.762	1.950	2.792	1.814		
	F3	0.843	2.252	2.500	1.508		
	F4	0.770	1.787	2.150	1.484		
	F5	0.798	1.700	2.775	1.554		
Independence	I1	0.863	2.790	5.987	1.380	5.635	1.581
	I2	0.904	1.639	5.833	1.491		
	I3	0.903	2.889	5.729	1.622		
	I4	*0.695*	1.709	5.062	1.761		
	I5	0.762	1.641	5.567	1.652		
Organizational Performance	OP1	0.891	2.039	5.704	1.393	5.331	1.626
	OP2	0.899	2.449	5.192	1.692		
	OP3	0.767	2.281	4.996	1.755		
	OP4	0.852	2.543	5.146	1.853		
	OP5	0.808	2.120	5.617	1.439		
Responsibility	R1	0.889	2.450	4.467	1.958	4.465	1.920
	R2	0.889	2.420	4.467	1.958		
	R3	0.870	2.688	4.925	1.842		
	R4	0.915	1.466	4.242	1.873		
	R5	0.873	2.890	4.225	1.970		
Social Awareness	SA1	0.817	1.845	5.621	1.506	5.338	1.587
	SA2	0.784	2.221	5.796	1.482		
	SA3	0.853	2.731	5.650	1.495		
	SA4	0.856	1.441	4.992	1.708		
	SA5	0.773	2.619	4.633	1.744		

Transparency	T1	0.881	3.181	5.458	1.417		
	T2	0.938	2.197	5.529	1.440		
	T3	0.887	2.290	5.525	1.607	5.5108	1.505
	T4	0.889	3.211	5.196	1.584		
	T5	0.855	2.565	5.846	1.479		

The measurements and validity associated with the outer model are shown in Table below. It displays the outer model's mean, standard deviation (SD), variance inflation factor (VIF), and standardized outer loading. Eight latent variables are evaluated using forty scale items. With the exception of D1 and I4, all of the items' outer loading values are above the 0.70 threshold value, indicating the absolute contributions of each item to assessing the corresponding variable (Sarstedt et al., 2017). According to Hair et al. (2022), items with outer loading values greater than 0.6 can also be kept for additional examination in the cases of D1 and I4. According to Hair et al. (2019), there is no multicollinearity across the scale items because all of the items' VIF values are less than 5. As a result, the items do not exhibit multicollinearity. On the 7-point Likert scale, the mean and standard deviation (SD) of every measurement item fall within a reasonable range. As a result, the measurement items are valid and reliable for additional evaluation.

Table 2

Construct Reliability and Validity Assessment

Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Accountability	0.921	0.938	0.94	0.759
Discipline	0.84	0.839	0.887	0.614
Fairness	0.861	0.874	0.899	0.64
Independence	0.884	0.896	0.916	0.688
Organizational Performance	0.899	0.908	0.926	0.714
Responsibility	0.935	0.969	0.949	0.787
Social Awareness	0.876	0.885	0.909	0.668
Transparency	0.934	0.936	0.95	0.793

Table 2 shows the validity and reliability of the constructs used in this study. All constructs have Cronbach's Alpha values above the 0.705 threshold, confirming the reliability and internal consistency of the scale. Composite Reliability (CR) and rho_a and rho_c values also exceed 0.70, indicating good construct reliability. The Average Variance Extracted (AVE) values are above 0.50, confirming convergent validity. Thus, the results meet all quality criteria measures.

Table 3

One-Sample Kolmogorov Smirnov Test

	D	T	A	R	F	SA	Ind	OP
Kolmogorov-Smirnov Z	1.597	2.847	1.494	2.286	2.438	2.348	2.358	3.007
Asymp. Sig. (2-tailed)	.110	.000	.135	.000	.000	.000	.000	.000

Note. D=Discipline, T=Transparency, A=Accountability, R=Responsibility, F=Fairness, SA=Social Awareness, Ind=Independence, OP=Organizational Performance

Based on Table 3, the Z values for do not fall within a range of +1.96 to -1.96, and the p-values for these variables are less than 0.05. This indicates that these variables do not follow a normal distribution.

However, the Z-value for Discipline and Accountability falls within the range of +1.96 to -1.96, and its P-value is greater than 0.05, suggesting that the data for Discipline and Accountability follows a normal distribution. As a result, for Discipline and Accountability, parametric tests are applied. Specifically, an independent t-test is used for two categorical variables, while a one-way ANOVA is applied for more than two categorical variables.

In contrast, for Transparency, Responsibility, Fairness, Social Awareness, Independence, and Organizational performance, non-parametric tests are used. The Mann-Whitney U test is applied for two categorical groups, while the Kruskal-Wallis test is used for more than two categorical groups.

Table 4

Independent Sample t-test

	Gender of respondents	Mean	T value	P value
Discipline	Male	5.0356	0.206	0.837
	Female	5.0007		
Accountability	Male	4.4644	1.470	0.143
	Female	4.1393		

From Table 4, it is observed that the P value for discipline and accountability is greater than 5 percent. Therefore, it can be concluded that the alternative hypothesis is rejected, indicating there is no significant difference between male and female employees regarding discipline and accountability. Based on mean score, the opinion of male and female employees is same with respect to Discipline and Accountability.

Table 5

One-Way ANOVA with Respect to Age

Variables	Age of respondents	N	Mean	F value	P value
Discipline	below 30	123	4.8676		
	30 to 40	98	5.2351		
	41 to 50	18	4.8711	1.521	.210
	50 above	1	4.8400		
	Total	240	5.0178		
Accountability	below 30	123	3.9902		
	30 to 40	98	4.6796		
	41 to 50	18	4.3444	3.009	.031*
	50 above	1	4.2000		
	Total	240	4.2992		

Table 5 depicts that the P value of discipline is 0.210, which is greater than 0.05, according to table 5. At the five percent significance threshold, it can be concluded that the alternative hypothesis is rejected. This indicates that attitudes regarding discipline are similar across employee age groups. It is evident from the mean value of the various employee age groups that they have similar views on discipline. This can be because the company upholds strong discipline within the workplace.

Likewise, table 5 indicates that the P value for accountability is 0.031, or less than 5%. At the five percent significance threshold, it can be concluded that the alternative hypothesis is accepted. This indicates that the attitudes of various employee age groups differ from one another. This is because employees in the 30–40 age range are more mature and hence held to higher standards within an organization. It is evident from the mean value of the various employee age groups that they have similar views on accountability. This can be because the company is cultivating a culture of accountability within the workplace.

Table 8

Mann-Whitney U test

Variables	Gender of respondents	N	Mean Rank	Z value	P value
Transparency	Male	118	122.85	.517	
	Female	122	118.23		.605
	Total	240			
Responsibility	Male	118	113.93		
	Female	122	126.85	1.443	.149
	Total	240			
Fairness	Male	118	119.75		
	Female	122	121.23	.165	.869
	Total	240			
Social Awareness	Male	118	119.50		
	Female	122	121.47	.220	.826
	Total	240			
Independence	Male	118	118.76		
	Female	122	122.18	.382	.702
	Total	240			
Organizational Performance	Male	118	118.32		
	Female	122	122.61	.480	.632
	Total	240			

The alternative hypothesis is rejected at the 5% level of significance with respect to transparency, responsibility, fairness, social awareness, independence, and organizational performance based on the above table of the Mann-Whitney U test for respondents' gender, where the P value is greater than 0.05. Therefore, when it comes to discipline and accountability, there is no significant difference between the responses of men and women. Regarding transparency, responsibility, justice, social awareness, independence, and organizational success, the mean score indicates that there is little difference in the opinions of men and women. However, mean rank of female employee with regard to responsibility is the highest among all, it can be said that the female employee takes more responsibility than male employees.

Table 9

Kruskal-Wallis H -est (Age)

Variables	Age of respondents	N	Mean Rank	Chi Square value	P value
Transparency	below 30	123	117.66		
	30 to 40	98	128.93		
	41 to 50	18	97.78	4.548	.208
	50 above	1	53.00		
	Total	240			
Responsibility	below 30	123	126.71		
	30 to 40	98	112.27		
	41 to 50	18	124.53	2.608	.456
	50 above	1	91.00		
	Total	240			
Fairness	below 30	123	120.45		
	30 to 40	98	122.69		
	41 to 50	18	105.08	1.984	.576
	50 above	1	189.50		
	Total	240			
Social Awareness	below 30	123	119.86		
	30 to 40	98	116.80		
	41 to 50	18	144.47	2.467	.481
	50 above	1	130.50		
	Total	240			
Independence	below 30	123	120.53		
	30 to 40	98	123.36		
	41 to 50	18	105.89	1.060	.787
	50 above	1	99.50		
	Total	240			
Organizational Performance	below 30	123	119.23		
	30 to 40	98	122.71		
	41 to 50	18	116.97	.191	.979
	50 above	1	124.00		
	Total	240			

Since the P value is greater than 0.05 the alternative hypothesis is rejected at 5% level with regard to principles of corporate governance. Hence, there is no significant difference between different age group of employees with respect to principles of corporate governance. According to the mean rank displayed in the table above, the age of employee above 50 has better opinion about Fairness in comparison to others, it is due to the employees above 50 could working for long time in an organization and they do not want to change the organization because after some time they could be retired so they could be fair towards their organization. Similarly, the age group from 41-50 have highest mean rank with respect to social awareness towards organizational performance, it is due the people at the age 41- 50 are highly engage in social work.

Table 12

Multiple Correlation (R)

	D	T	A	R	F	SA	Ind	OP
Discipline	1	.693**	.430**	-.366**	.652**	-.787**	.741**	.644**
Transparency		1	.456**	-.361**	.762**	-.757**	.843**	.790**
Accountability			1	-.705**	.458**	-.455**	.355**	.388**
Responsibility				1	-.330**	.428**	-.318**	-.214**
Fairness					1	-.688**	.777**	.692**
Social Awareness						1	-.748**	-.592**
Independence							1	.812**
Organizational Performance								1

Note. [D=Discipline, T=Transparency, A=Accountability, R=Responsibility, F=Fairness, SA=Social Awareness, Ind=Independence, OP=Organizational Performance]

Figure 2

Structural Model Assessment

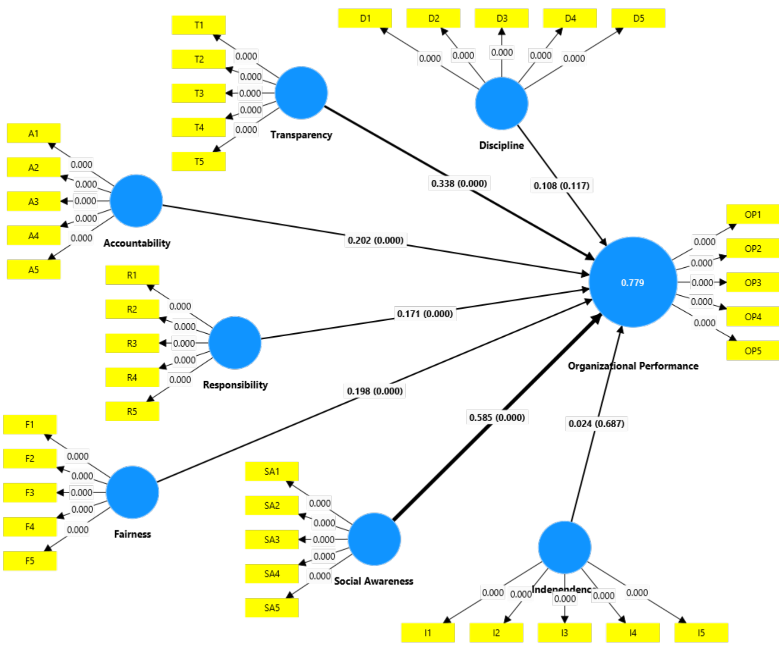


Table 12 shows that there is a high and positive association between organizational success and discipline, with a correlation coefficient (r) of 0.644. Similarly, there is a high and positive association between transparency and organizational performance, as indicated by the correlation coefficient (r) of 0.790. Similarly, there is a strong and positive association between accountability and organizational success, as indicated by the correlation coefficient (r) of 0.388. Likewise, the correlation coefficient (r) between organizational performance and responsibility is -0.214, suggesting a weak and unfavorable association between the two. Similarly, there is a high and positive association between fairness and organizational performance, as indicated by the correlation coefficient (r) of 0.692. Moreover, the value of the correlation coefficient (r) between Social Awareness and organizational performance is -0.592, indicating strong and negative relationship between them. Also, the value of the correlation coefficient (r) between Independence and organizational performance is 0.812, indicating strong and positive relationship between them.

Table 13

Hypotheses testing (Direct effect)

Hypotheses	β	mean	STDEV	T stat.	P values
H1: Accountability -> Organizational Performance	0.202	0.198	0.048	4.240	0.000
H2: Discipline -> Organizational Performance	0.108	0.113	0.069	1.568	0.117
H3: Fairness -> Organizational Performance	0.198	0.201	0.055	3.622	0.000
H4: Independence -> Organizational Performance	0.024	0.032	0.061	0.402	0.687
H5: Responsibility -> Organizational Performance	0.171	0.167	0.044	3.925	0.000
H6: Social Awareness -> Organizational Performance	0.585	0.580	0.100	5.870	0.000
H7: Transparency -> Organizational Performance	0.338	0.337	0.081	4.160	0.000

R square = 0.779 Adjusted R square =0.773

The figure and table present the bootstrapping results based on 5,000 subsamples and the decisions on the hypotheses. Hypotheses H1, H3, H5, H6, and H7 are supported at a 0.05 significance level, while H2 and H4 are not. The findings indicate that accountability has a positive and significant effect on organizational performance ($\beta=0.202$; $p<0.05$). Discipline also has a positive effect, but it is not significant ($\beta=0.108$; $p>0.05$). Fairness shows a positive and significant impact ($\beta=0.198$; $p<0.05$), while independence has a positive but insignificant effect ($\beta=0.02$; $p>0.05$). Similarly, responsibility ($\beta=0.171$; $p<0.05$), social awareness ($\beta=0.585$; $p<0.05$), and transparency ($\beta=0.338$; $p<0.05$) all have positive and significant impacts on organizational performance.

The R-square value of organizational performance is 0.773 which indicates substantial predictive power (Hair et al., 2013). R square 77.9 percent of organizational performance is predicted by corporate governance and 22.1 percent of organizational performance is explained by other factors.

Discussion

Gnawali (2018) discovered from the literature that corporate governance, which includes independence, accountability, transparency, fairness, social awareness, discipline, and responsibility, significantly improves banks' financial performance in Nepal. Similarly, Burak et al. (2017) discovered a significant positive effect of transparency, independence, accountability, fairness, social awareness, discipline, and responsibility on business performance. However, in this study, we observe a positive but insignificant effect of discipline and independence on organizational performance. Also, there is a positive and significant effect of transparency, fairness, accountability, social awareness, and responsibility on organizational performance. This result shows inconsistency with previous findings, which may be attributed to the previous study's use of a larger area to measure these variables, whereas this study is conducted only in the Butwal area.

V. Conclusion and Implication

This study concludes that the Social Awareness and Accountability have been identified as the major determinants of Organizational performance. Thus, it is concluded that if Banking organizations focuses more on Social Awareness programs and are held accountable in their job and responsibilities then the likelihood of improving the organization's performance is higher. Similarly, it is discovered that different age groups and genders have differing opinions about accountability. Therefore, it can be said that in order to improve organizational performance, commercial banks should take into account the opinions of employees of all ages and genders while creating policies that are advantageous with regard to accountability.

Policy makers must acknowledge the vital role of Social Awareness and Accountability in Corporate Governance. They should consider implementing regulations or guidelines to incentivize organizations to prioritize these aspects, thereby enhancing organizational performance. Likewise, Companies should integrate Social Awareness programs into their corporate strategies and emphasize accountability in policy-making. This integration enhances governance practices, leading to improved organizational performance, including better financial outcomes and stakeholder satisfaction. Similarly, Academia can utilize this study's findings to enhance curriculum and research agendas. The study explores the impact of corporate governance on organizational performance across different industries, such as manufacturing, healthcare, and telecommunications, to determine whether similar governance principles apply universally.

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