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Corporate Governance Engineering and Financial Performance: A Study of Private Commercial Banks in Ethiopia

Teshale Getu[1], Dr Nidhi Nalwaya[2]

[1]*PhD Scholar in Finance, Faculty of Management, Parul University, India*
[2]*Associate Professor, Faculty of Commerce, Parul University, India*
Email: teshalege@gmail.com

This study examines corporate governance engineering on the nourishing financial functioning of private corporate commercial banks in Ethiopia. It discovered that aspects consisting size of the board, the audit committee size, the capital sufficiency ratio, and customer trust indirectly influence bank profitability. The study also assessed the context of current corporate governance engineering on bank financial performance, considering the dynamic nature of the business environment. The analysis hypothesized that there is no substantial association between the board size, the variety of board gender mix, the audit team members, the number of panel meetings, board committees' number, and customers' trust, communication, competence, conflict handling, and commitment. The study used convenience sampling to identify clients from five private corporate banks in Addis Ababa, using primary and secondary data to gather demographic information and assess consumer opinions. The results showed that trust and competence indicators were crucial for the success of the partnership between customers and corporate banks.

Keywords: Financial performance, private commercial banks, corporate governance, corporate engineering.

1. Introduction

1.1. Background of the study

Governance engineering in private banks involves applying engineering principles and methodologies to enhance governance structures, processes, and practices. The aim is to improve efficiency, compliance, risk management, and overall organizational effectiveness. It involves integrating principles of corporate governance with engineering practices to ensure that governance systems are effective, efficient, and adaptable to changing needs.

Corporate Governance denotes the system of associations between shareholders besides other stakeholders. Corporate governance significantly influences macroeconomic stability by creating a conducive environment for economic growth and societal well-being. Consequently, international institutions prioritize and show great concern for this concern at the micro and macro levels, recognizing the significance of corporate governance for both countries and corporations. Corporate governance institutes the structure for expressing the firm's intentions, deciding on available techniques for achieving those goals, plus overseeing overall performance. The efficient corporate-level authority must develop proper inducements for the panel and executive to realize firm and stockholder benefits through endorsing efficient resource utilization via real follow-up, as stated by the OECD in 1999. Conflicts of interest often occur among stakeholders in corporate organizations. Imam and Malik (2007) identified two primary causes for the emergence of these conflicts of interest. Initially, it is essential to note that various participants possess distinct objectives and interests.

Furthermore, the participants need more complete knowledge of one another's actions and the strategies adopted on the business level to address corporate-level governance issues (Basuony et al., 2014). Shareholders and other financial market contributors significantly demand effective corporate governance since it is an essential component of market discipline (Ramsay, 2001). Under the Sarbanes-Oxley Act of law, regulators in various countries, including the USA, have implemented corporate governance reforms into 2002. This legislation mandates that organisations adopt corporate governance practices to protect their long-term success and ensure professional, responsible, and transparent direction and control. In nations like the United Kingdom, corporate governance standards, namely the Combined Code of Corporate Governance 2003, are considered the finest custom standards. These codes indirectly influence legislation through the stock market listing requirements (Nyamongo and Temesgen, 2013).

Corporate governance encompasses matters about the possession and regulation of corporate assets, privileges of investors besides administration, the authority and obligations of the board of management, the revelation and clearness of company data, safeguarding the benefits of participants who are not stockholders, and the prosecution of privileges. Corporate governance schemes rely on the framework of organisations, including laws, rules, agreement enforcement, and standards, establishing autonomous companies as the critical component of a reasonable market-centred economy. Business entities enforce in-house corporate governance actions implemented through corporations, as well as keep administration accountable to possessors and other stakeholders. There are no universal guidelines or explicit regulations regarding the structure or scale of corporate governance. These factors are contingent upon the economic context of each country. Adopting a working definition of corporate governance is crucial. It refers to an arrangement of laws and organisations that establish the management and way of a firm.

Additionally, it defines the relationships among boards, directors, investors, and extra-essential participants (Hussein Ahmed Tura, 2012). This integrates concise and comprehensive interpretations, viewing corporate-level governance as a framework of guidelines plus establishments that dictate the corporation's authority and guidance. It acknowledges the inclusion of shareholders and stakeholders in the governance of share firms.

The field of corporate governance is experiencing significant growth, driven by increasingly complex business environments. Banks take-part a crucial part in the monetary policy of every country; their success directly impacts the country's economy. Inadequate corporate governance can contribute to bank failures, leading to a substantial increase in public expenses and subsequent repercussions on relevant systems. More corporate governance must be needed to maintain market trust in a bank's capacity to effectively oversee its assets and liabilities, such as deposits, potentially resulting in a liquidity crisis (Uwuigbe Olubukunola, 2011).

Researchers have primarily focused on exploring the impact of board or panel size as well as other factors on business functioning inside developed markets. Based on the available literature about Ethiopian banks, the researcher's expertise is limited to the best of their understanding. The present study intends to address the need for more attention given to the banking sector by prior studies and to fill the existing corporate governance literature gap, considering the recent developments in the Ethiopian finance industry in the latest days. Moreover, banks exhibit a high level of opacity, intensifying the issue of information irregularity and agency difficulty, as stated by (Biserka in 2007). This also requires an examination of bank governance. This paper concentrates on analysing the dynamics of corporate governance tools on the financial performance of selected private commercial banks in Ethiopia. The aim is to deliver information to users and highlight the issues related to using corporate governance to improve commercial bank performance.

1.2. Statement of the Problem

Corporate governance principles for banks emphasize the reputation of an efficient corporate-level governance system for the smooth operation of the banking segment and the overall national economy. Banks act as agents among investors and depositors, channeling cash for activities that promote entrepreneurship and contribute to economic expansion. The safety and stability of banks are crucial for maintaining financial equilibrium and overall economic well-being. Inadequacies in bank governance can spread issues throughout the banking sector and the overall economy, resulting in reduced profitability or insolvency of banks. Deficits in corporate governance structures hamper banks' ability to identify, monitor, and manage their business risks effectively, leading to subpar lending practices and an excessive appetite for risk within financial institutions. Strong corporate governance can result in a strong credit culture, excessive concentration of risk, inadequate management of interest rate and currency rate risks, and deficiencies in the management of interconnected exposures, potentially causing insolvency and financial instability. A limited number of research studies focus solely on corporate governance's impact on commercial banks' financial performance, especially in developing countries like Ethiopia. Most studies have primarily relied on descriptive statistics and focused on issues about top management. This study incorporated relevant factors related to ordinary customers' attitudes towards corporate banks, including indicators of trust, commitment, competence, communication, and conflict resolution. The researchers found that the board members number, the presence of an audit team, and the size of the bank had a statistically substantial negative impact on bank performance. Conversely, the size of the bank had a statistically significant favourable influence on bank performance. As an external corporate governance mechanism, the capital sufficiency ratio had a statistically significant positive impact on bank performance. This study aimed to address the gap by examining the characteristics of these factors, along with management-related aspects, as potential influences on the profitability of corporate private banks.

Governance engineering in private banks involves applying engineering principles and methodologies to enhance governance structures, processes, and practices. The aim is to improve efficiency, compliance, risk management, and overall organizational effectiveness. Here are some key areas of focus for governance engineering in private banks:Governance Structure and Design, Board and Committee Structure: Designing effective board and committee structures to ensure clear roles, responsibilities, and accountability. This includes defining the roles of the board of directors, audit committees, risk committees, and other governance bodies. Governance Framework: Establishing a comprehensive governance framework that outlines policies, procedures, and standards for decision-making and oversight. By focusing on these areas, private banks can strengthen their governance frameworks, enhance operational efficiency, manage risks more effectively, and ensure compliance with regulatory requirements.

1.3. Basic Research questions

- Does a bank's size of the board impact the financial performance of private commercial banks in Ethiopia?
- Does the bank management team's educational level impact the financial performance of private commercial banks in Ethiopia?
- What is the impact of gender diversity among board members and audit committee members on the financial performance of private commercial banks in Ethiopia?
- What is the impact of client trust on the profitability of corporate banks in Ethiopia, specifically about bank financial performance, communication, competence, dispute management, and commitment?

1.4. Objectives of the study

- To analyse the impact of the size of the board on the financial performance of private commercial banks in Ethiopia.
- To analyse the impact of the educational background of board members on the financial performance of private commercial banks in Ethiopia.
- To study the impact of gender diversity among board members and audit committee members on financial performance
- To analyse the impact of the size of the audit committee on the financial performance of private commercial banks in Ethiopia.

1.5. Hypothesis of the study

Ho1: There is no substantial association between the size of the board and the bank's financial performance
Ho2: There is no substantial connection between board gender diversity and bank financial performance
Ho3: There is no substantial connection between audit committee members and bank financial performance

2. Review of Related Literature

Corporate engineering is a broad concept that encompasses the application of engineering principles and methodologies to the management and operations of organizations. This approach aims to improve efficiency, effectiveness, and adaptability within corporate settings. It integrates systematic thinking and problem-solving from engineering disciplines into various aspects of corporate management.

Corporate governance is a complex concept that has evolved over time, often due to business failures or systemic catastrophes. Berle and Means' ground-breaking study in 1932 highlighted the separation of control from direct ownership in modern companies. The term "governance" has a long history, with Chaucer's term "wise and responsible" associated with a specific governing style. Over time, corporate governance structures have changed, often due to business malfunctions or systemic catastrophes. The South Sea Bubble in the 1700s led to significant changes in corporate legislation and procedures. The agency model, grounded on the interactions among leaders and mediators, is widely recognized as the most popular and extensively studied. In modern businesses, shareholders delegate responsibility to managers, who oversee the company on their behalf. Conflicts of interest between agents and principals can lead to conflicts of interest, and effective control systems can help manage these conflicts. Corporate governance assumes an inherent disagreement between shareholders and business management, with managers likely having the advantage due to their better access and powerless position. Stakeholder theory is a concept that expands upon the agency model, focusing on the interests of all parties involved in a corporation. It emphasizes the importance of values and the connections between stakeholders to achieve business objectives. The primary purpose of a corporation is to effectively manage and align the benefits of its many investors, including shareholders, workers, creditors, consumers, suppliers, government, and the community. Stakeholders are individuals or groups who are directly or indirectly linked to the company and can affect its goals. The involvement of stakeholders in corporate governance fosters a stable environment for sustained growth. However, the stakeholder theory faces challenges in aligning competing interests among stakeholders, as managing many stakeholders with distinct needs and desires is not feasible. The composition of corporate boards plays a vigorous part in a corporate governance framework, matching the interests of administration and stockholders, providing evidence for follow-up and counselling, and ensuring efficient decision-making. The effectiveness of boards in carrying out these tasks remains controversial.Corporate engineering in banking refers to the application of engineering principles and methodologies to improve various aspects of banking operations, including process optimization, technology integration, risk management, and system design. It involves the use of engineering techniques to enhance efficiency, reliability, and effectiveness within the banking sector.

2.2. Corporate Governance in Ethiopia

Introducing publicly traded corporations in Ethiopia raises several concerns about corporate governance. Usually, ownership is transferred from scattered shareholders to a small group of managers, establishing a principal-agent association. During such circumstances, representatives, who are executives, may embezzle the principals' or shareholders' resources due to their possession of superior information and expertise compared to the shareholders.

While there are just a small number of block owners in portion firms, marginal stockholders may be vulnerable to exploitation by these block holders. The potential agency conflicts between widely distributed stockholders and executives and block owners of share firms in Ethiopia highlight the need for robust corporate governance rules and mechanisms. Ethiopian scholars recently released scholarly works on business law and corporate governance.

Corporate governance in Ethiopia could be better. The Commercial Code of 1960 needs to offer more legal solutions to address the intricate governance challenges of today. Additionally, the fresh draft of the corporate rule has not been completed. Furthermore, international conventions, codes, and standards have yet to be endorsed or sufficiently integrated into the Declarations. Moreover, existing laws plus directives need coherence as well as foresight. Petros (2010) highlights Ethiopia's increasing divergence between possession and regulator and provides observed data to support this claim. Literature on corporate governance demonstrates the need for more of a comprehensive commercial code to safeguard the interests of marginal owners within the framework of openly traded corporations. Fekadu has discussed most corporate governance concerns about the board of directors (Minga Negash 2008). Tewodros Meheret (2011) examines the legislative framework governing the management of share corporations in Ethiopia. The individual investigates the academic foundation and legitimate corporate governance structure and evaluates the authority regulations related to existing principles. Specifically, he examines the selection, appointment, and dismissal process and the board of directors' authority, obligations, and compensation. Additionally, he analyses the operational procedures and mechanisms for overseeing these boards. A study conducted by Addis Ababa and Ethiopia Chambers of Commerce and Sectoral Associations (AAECCSA) proposes implementing an intended corporate governance code in Ethiopia. The primary aspects of development policy that should be considered are decreasing poverty and creating wealth. This article expands upon the previously listed works by differentiating between corporate governance and management. It also investigates whether these distinctions should be explicitly stated in the applicable legislation, with a pure definition of the authority held by non-managerial board fellows. Implementing more effective corporate governance systems, including a strengthened board and audit committee, enhances administration oversight besides mitigates issues related to information asymmetry (Aldamen et al., 2011). Substantial scholarship establishes a connection between size, gender diversity, and several other factors.

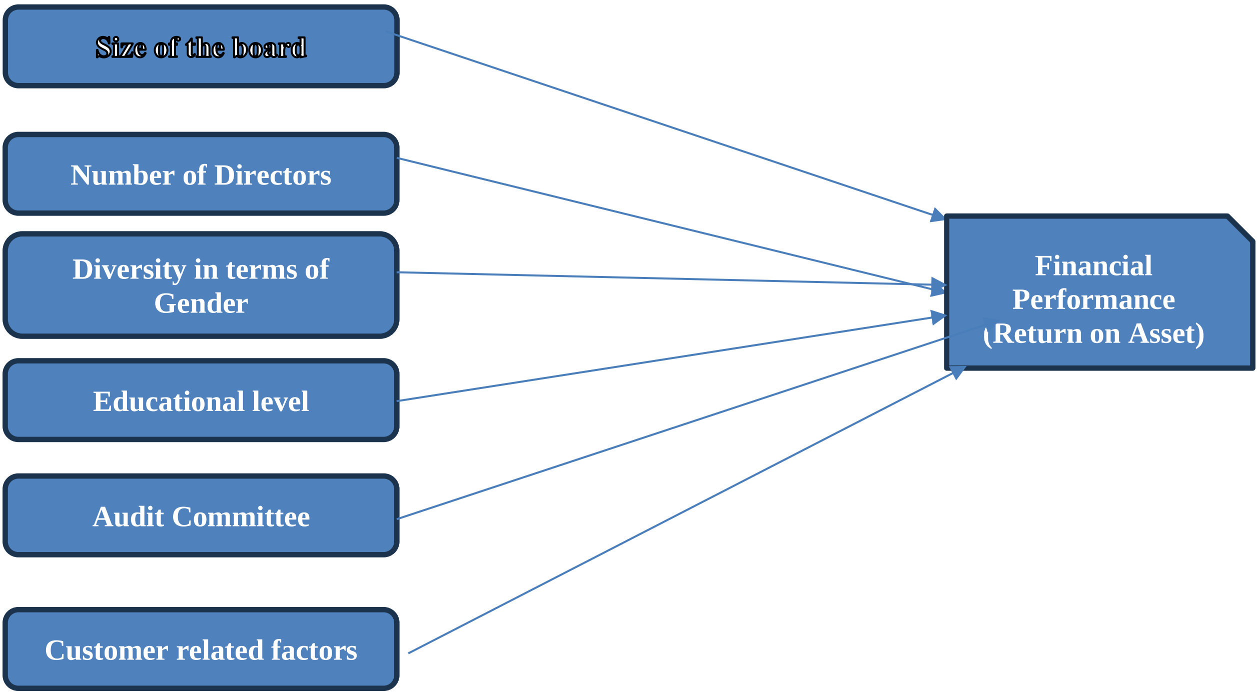

Fig.1: Conceptual Framework of the Study

3. Research Design and Methodology

3.1. Research Design

This research strategy is a conceptual framework that guides the research process, balancing the significance of the research objective with effectiveness. The study used a cross-sectional design to analyse the impact of variables on the profitability of corporate and private bank customers in Ethiopia. The research demonstrated a causal link among variables using multiple linear regressions. The study aimed to regulate the influence of corporate governance on the financial performance of private commercial banks in Ethiopia, using a quantitative research approach and a cross-section research strategy.

3.2. Sources and Types of Data

The data were acquired using a questionnaire by convenience sampling from five chosen banks. Specifically, every customer who visited the banks on the data collection day was included in the sample. Additionally, interviews were conducted with managers and directors to acquire supplementary information. The data for the linear regression model was sourced from the internet, namely from the websites of seven private corporate banks, where it was published.

3.3. Target Population

The research population consisted of business and premium clients throughout all corporate and private banks in Ethiopia, whereas the target population specifically included business and premium consumers in five institutions. The research focused on specific banks in Addis Ababa, namely the third and fourth-rank branches of five chosen corporate and private banks.

3.4. Sampling Technique and Procedure

A sample is a subsection of a study population that accurately reflects the whole population's characteristics. Sampling is necessary for various reasons, including time constraints, cost, physical limitations, and the need for appropriate outcomes. This study used a sample of customers from corporate and private banks instead of the entire population, as it would be impractical and expensive. Data was collected through questionnaires and quantitative data from the banks' websites, using a simple random sampling method.

3.5 Sample Size Determination

The researcher used convenience sampling to identify an area with private corporate bank branches in Addis Ababa, with a sample of 343 respondents. The questionnaire had a response rate of 97.4%, and 418 respondents were included in the study. The research focused on clients from five private corporate banks, using a simple random sampling method to ensure a representative sample size. The banking sector has three categories of consumers: regular clients, commercial clients, and premium customers.

The survey included business clients and premium customers from seven private corporate banks, as these customers are typically present during data collection periods. The research focused on the third and fourth-highest-ranking banks in Addis Ababa to reduce the study population and obtain more reliable information for the questionnaire questions. The population figure was an approximation due to overlapping sampling frames in the list, making it difficult to determine the population size accurately. The estimated number of clients sampled in the seven banks categorised as third—and fourth-rank institutions is provided in the table.

No	Bank	Year of Establishment	Ownership	Number of customers
1	Oromiya Bank	2008	Private	1760
2	Cooperative Bank of Oromiya	2004	Private	1865
3	Sinke Bank	2021	Private	1323
4	Awash Bank	1994	Private	2830
5	Amhara Bank	2022	Private	1023
	Total			8801

Source: Banks Branch Data (2023/24)

The study employed both types of data. The primary data collection technique was a questionnaire with a 4-point Likert scale. The study area's corporate and private banks were researched using secondary data sources such as annual reports of corporate and national bank performance publications, books, journal publications, articles, journals, and websites.

3.6. Data Collection Instruments

The research employed secondary data and primary from questionnaires and interviews to examine the governance structure of corporate banks. The questionnaires were designed to characterize variability and analyse correlations between variables. The interviews were divided into two parts: assessing demographic information and consumer opinion, and examining managers' perceptions of governance's impact on profitability. Secondary sources like annual reports and websites were also used to gather data.

3.7. Model of the study

Multiple linear regressions are regression models that use more than one independent variable, often known as regressors. The main goal of regression is to construct a regression model that can elucidate the relationship between one or more variables within a specific population. A multiple linear regression model contains two or more independent variables and one dependent variable. The essential approach for multiple linear regression analysis involves examining the connection among a dependent variable (Y) and a collection of quantitative independent variables (x_is). The mathematical model of this study is stated as follows:

$$y_i = \beta_0 + \beta_1 x_{1i} + \cdots \ldots\ldots\ldots + \beta_k x_{ki} + \varepsilon_i i = 1,2 \ldots\ldots\ldots\ldots n$$

4. Result and Discussion

4.1 Trust and Competence indicators on the role of selected private commercial banks

Enhanced trust between customers and corporate banks is considered crucial for the success of their partnership (Kara, Lonial, Tarim, & Zaim, 2005). Customers prefer maintaining ongoing interactions with organisations and services they have confidence in. Harrison (2000) advocates for financial institutions to enhance their credibility in the perception of their consumers to enhance their connection with them. Trust is the conviction that a partner's commitment is dependable and that they will complete their responsibilities in the relationship. Trust is a crucial factor in relational exchange because relationships built on trust are highly esteemed, leading parties to willingly commit to such relationships and remain loyal customers for extended periods. Consequently, the business will attract more customers as they observe and assess the system's performance. Competence is a crucial characteristic that drives corporate success. A corporation or organisation must possess sufficient competence to be competitive in the market and outperform its rivals. The following tables reflect the findings of customer responses to questions on trust indicators, communication indicators, competence indicators, and conflict management indicators. The data is given in terms of frequencies and percentages. The indicators were derived using Likert scale ratings that captured the respondents' sentiments towards those variables. The indicators were evaluated based on the perspective of the respondents using a rating scale that included the options of strongly agree (SA), agree (A), disagree (D), and severely disagree (SD).

Table 4.1:Trust Indicators in Selected Banks

No	Items	SA		A		D		SD	
		Frequ.	%	Frequ	%	Frequ.	%	Frequ.	%
1	The staff members are discerning consumer requirements by analysing their profile.	153	44.8	117	34.3	51	14.9	22	6
2	The bank is deeply committed to ensuring the security and transparency of client deposits via robust record-keeping practices.	187	54.9	95	27.9	49	14.3	10	2.9
3	The transaction and account-related information is appropriately safeguarded	201	58.9	104	30.5	19	5.6	17	5

The table above illustrates three key trust indicators: banks' assessment of customer needs based on their profiles, banks' commitment to safeguarding and transparency in record keeping of customer deposit accounts, and the adequacy of protection for transaction and account information, as perceived by customers using a Likert scale classification. The responsibilities above are generally regarded as standard across all corporate commercial banks and are believed to impact these banks' profitability.

According to the chart, 44.8% of the respondents strongly agreed that bank professionals consistently detected client demands by analysis their profiles. Additionally, 34.3% of the respondents agreed, 14.9% disagreed, and 6% strongly disagreed with this statement. The findings demonstrated that the bank effectively determined customers' requirements by analysis their profiles. This was evident from the overwhelmingly favourable response of most respondents, with 79.1% stating that the banks prioritized customers' interests above their own. Another indicator examined regarding trust was the extent to which the bank prioritizes protecting and transparent documentation of customers' deposits. Out of the total respondents, 187 (54.9%) strongly agreed, 95 (27.9%) agreed, 49 (14.3%) disagreed, and 10 (2.9%) strongly disagreed with the bank's commitment to safeguarding and transparent record keeping of customers' deposits. On the sufficiency of information on transaction and account safety, 58.9% of the respondents highly agreed, 30.5% agreed, 5.6% disagreed, and just 5% strongly disagreed. Based on customer feedback, most customers had a favourable view of how corporate commercial banks fulfil their role in identifying customer needs through regular profiling, ensuring transparency and security in the record-keeping of deposit accounts, and addressing issues related to transaction and account protection. A minority of respondents expressed objections, maybe due to the harmful conduct of some employees at certain branches of the central commercial banks.

Table 4.2: Competence Related indicators in Selected Banks

No	Items	SA		A		D		SD	
		Frequ.	%	Frequ	%	Frequ.	%	Frequ.	%
1	The staff members are well educated about all the things offered.	203	59.6	103	30.3	19	5.5	16	4.6

2	The products offered by the branches regarding various products and services is unambiguous.	124	36.4	109	32	50	14.3	58	17
3	The banking system has expanded its operating hours to accommodate the demands of customers.	119	34.8	134	39.3	54	15.9	34	10
4	Information on the availability of a new branch nearby is accessible to customers.	129	37.8	151	44.2	39	11.4	22	6.6

The table displayed four significant competence indicators: the staff's comprehensive knowledge of all products offered by the corporate banks, the branches' clear explanation of different products/services in the banks, the provision of free ATM charges for customers, the availability of information for customers regarding the opening of new nearby branches, and the extension of banking hours to accommodate customer needs. These indicators were assessed using a four-point Likert scale rating.

Of all the participants, 203 (59.6%) strongly agreed that the bank staff were highly knowledgeable about all the products offered by the corporate commercial banks in the study area. 103 (30.3%) agreed with this statement, while 19 (5.5%) disagreed. Only 16 (4.6%) of the participants intensely opposed with the notion that the bank staff were knowledgeable about all the products provided by the bank. Another significant competency indicator examined in this research was the specific explanation bank employees gave about the goods or services offered by the bank. According to the analysis, 36.4% of the respondents strongly agreed, 32% agreed, 14.3% disagreed, and only 17% strongly disagreed. Therefore, more than 60% of the participants approved with clarification delivered by the bank workers regarding the bank products.

Another element that was hypothesized to impact the performance of corporate commercial banks was the extension of banking service hours to accommodate client demands. According to the findings, 34.8% of the participants strongly agreed that the bank should extend its banking hours in such circumstances. Additionally, 39.3% of the respondents agreed, while 15.9% opposed and 10% strongly disagreed. Similarly, most respondents highly decided that information about the newly established local branch should be accessible to consumers. This allows customers to conveniently access and use banking services at a location close to their nearby.

4.2. Conflict Management and Communication at the Corporate Level

The study found that client communication with corporate commercial banks was one element determining the profitability of these banks. The researcher attempted to assess customer communication by examining various indicators, such as the frequency of staff calls to check account and cheque information, the provision of up-to-date account information for customer review, the invitation of customers by bank employees to discuss relationship building and service issues, the bank's commitment to promptly respond to customer inquiries regarding policy changes, and the discussion of conflict handling systems in detail.

4.3. Inferential Statistics

The primary objective of a regression model is to ascertain the connection between the average value of the dependent variable, y, and the value of a predictor, x. Regression analysis enables the assessment of the predictive accuracy of an independent variable for a dependent variable. More precisely, it allows us to quantify the degree to which changes in the independent variable may explain the deviations in the dependent variable. Regression analysis can determine the statistical significance of a particular connection. A crucial first stage in regression analysis involves creating suitable visual representations of the data. The dependent variable employed in this research was profitability, which was calculated as the ratio of net income to total assets. The data was acquired from the annual reports of corporate banks spanning a decade, from 2013 to 2023. Several independent factors, such as board size, frequency of board meetings, and gender differences in director positions, were considered.

Table 4: The Linear Regression Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	CollinearityStatistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	4.280	0.340		12.60	0.001		
Gender diversityexist in board members	0.023	0.020	0.146	1.156	0.331	0.634	1.577
Boards committee	-0.370	0.042	-1.586	-8.907	0.003	0.317	3.151
Actual total number of board	-0.151	0.040	-0.527	-3.773	0.033	0.516	1.938
Total number of board directors	-0.018	0.020	-0.250	-.890	0.439	0.128	7.831
Total number of Audit committee members	0.048	0.013	1.116	3.619	0.036	0.106	9.448

In the model, the committee member's actual number of boards and the number of periods the board conducts meetings per annum had negative coefficients. As these factors increase by one unit, the bank's profitability decreases by the coefficients' value. Instead, the total number of audit committee members had a positive regression coefficient, indicating a positive effect on the bank's profitability. As the number of audit committee members increases by one, the profitability increases by the value of the coefficients. The negative coefficients in the linear regression model indicate that as the independent variable increases by one unit, the banks' profitability decreases by the coefficient value.

On the other hand, the positive coefficients indicate that a one-unit rise in the independent variable tips to an upsurge in the dependent variable by the coefficient value while holding all other variables constant. All linear regression model assumptions were thoroughly examined and found to meet the model's requirements. The linearity assumptions between the dependent variable and all independent variables, the lack of collinearity (significant correlation between independent variables), and the normality assumption were examined and confirmed. The model summary, ANOVA, descriptive statistics, R-squared, and several charts were provided following the tables.

Table 5: Model Summary

	R	R Square	Adjusted RSquare	Std. Error of theEstimate
1	0.985	0.970	0.909	0.1012

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.997	6	.166	16.056	0.022
1	Residual	.031	3	.010		
	Total	1.028	9			

The total model was significant from the ANOVA table since the null hypothesis was rejected, implying that at least one independent variable is substantial using F-statistics. The computed R^2 value for our model was 0.869 (R^2=0.97), showing the fitness of the good of the standard and the explanatory control of the model (97%). About 97% of the model is clarified by the predictors.

5. Summary of Major Findings

Corporate governance engineering refers to the application of systematic, structured approaches to designing and implementing governance frameworks within organizations. It involves integrating principles of corporate governance with engineering practices to ensure that governance systems are effective, efficient, and adaptable to changing needs

The main discoveries of the investigation include:

- Many respondents were polled due to the high client volume in these chosen banks compared to the other five banks.
- Approximately 70% of the clients had been using the services of private banks for a minimum of three years, indicating that the private corporate commercial banks effectively managed and catered to their consumers.
- The results of the four trust indices show that most respondents had a favourable impression of corporate banks.
- Most of the participants in this research expressed satisfaction with the conflict management system of the corporate commercial banks.
- The number of boards and the frequency of board meetings each year indirectly and considerably impacted the bank's profitability. Additionally, the total number of audit team members positively and significantly influenced financial performance.
- The occurrence of audit committee affiliates has a substantial, besides direct, impact on a company's profitability, as shown by the regularity of board conferences apprehended in a year. Additionally, the overall amount of board members indirectly influences profitability.

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