

CORPORATE GOVERNANCE AND ORGANIZATIONAL PERFORMANCE IN NEPALESE FIRMS: AN EMPIRICAL INVESTIGATION

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ABSTRACT

This study explores the corporate governance landscape within Nepal, a developing nation experiencing industrial transformation. It aims to elucidate the current corporate governance system, examine the correlation between governance scores and firm performance (measured by Return on Assets), and investigate the unique characteristics of corporate governance in Nepal compared to other countries. Utilizing a sample of 37 publicly listed companies, the research employs a Composite Governance Score, developed based on the OECD Principles of Corporate Governance, and utilizes multiple regression models to assess the impact of corporate governance on firm performance. Higher governance scores in financial companies likely stem from stricter regulations and disclosure rules enforced by the central bank. The study found a strong positive link between good corporate governance and better firm performance. The findings contribute to the limited empirical research on corporate governance in Nepal, providing valuable insights for policymakers, investors, and corporate leaders.

KEYWORDS: Corporate Governance, Nepal, Developing Economies, Firm Performance, Governance Scores, Oecd Principles.

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