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Corporate governance application in a sample of commercial banks in Erbil city (2023)

Graduation Research Project

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requirements for the degree of BSc. in Finance and Banking

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Researchers

DEDICATION

*We thankfully dedicate this
graduation research study to:*

Our Family Members

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LIST OF ABBREVIATIONS

CG	Corporate Governance
CGA	Corporate Governance Application

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Questionnaire form

Abstract:

The research study aims to investigate the implementation and impact of corporate governance practices within commercial banks located in Erbil city. Corporate governance plays a crucial role in ensuring transparency, accountability, and ethical behavior within organizations, particularly in the banking sector where trust and stability are paramount.

The study will focus on a selected group of commercial banks operating in Erbil city, analyzing their corporate governance structures, policies, and practices. By examining factors such as board composition, executive compensation, risk management frameworks, and regulatory compliance, the research seeks to evaluate the effectiveness of corporate governance mechanisms in enhancing the overall performance and sustainability of these financial institutions.

Through a combination of qualitative and quantitative research methods, including surveys, interviews, and financial analysis, the study aims to provide valuable insights into the current state of corporate governance in Erbil's commercial banks.

Overall, this research endeavors to shed light on the importance of robust corporate governance frameworks in promoting sound decision-making processes, safeguarding stakeholders' interests, and maintaining the long-term viability of commercial banks operating in Erbil city.

Key Words: corporate governance, commercial banks, financial analysis

Chapter One: Introduction

1.1. Preface

In today's global business environment, with volatile worldwide capital markets and eroded investor confidence in corporate accountability, the demand for effective corporate governance 'CG' and ethical conduct in ensuring reliable financial information is higher than ever before.

CG is a system by which institutions are directed and controlled, thus effective CG assists management in better running its organization; promotes a vigilant oversight function by the board of directors; encourages shareholders to take an active role in monitoring their organizations through fair treatment to all stakeholders.

CG is a specialized mechanism for regulating risk in corporate activities, thereby averting corporate disasters, scandals and consequential damage or losses to investors, staff, society and the wider world.

From the mentioned; the importance of CG arises as an increasingly significant aspect of business, organizational and commercial banks management, extending to international politics and trade laws in addition to globalized economics, corporations, organizations, commercial banks and markets.

1.2. The Importance of the Research: Could be summarized as the following:

- Advanced CG allows commercial banks to be safe and practice proper management activities.
- The research reveals how important CGA is in commercial banks and how they cannot possibly be stable, achieve their future objectives and survive without CGA.
- CGA improves the performance of commercial banks and secures a competitive advantage.
- Advanced CGAs prevent such banks from losses and the possibility of bankruptcy.

1.3. Objectives of The Research: They are explained as follows:

- To clarify CGA in selected banks.
- The research aims to demonstrate the impacts of CGA by such banks in Erbil city.
- To determine whether the CG application contributed to enhancing selected commercial banks.
- To evaluate the role of the selected banks' management in CGA.
- To clarify the implemented CG models by selected banks.
- To help researchers and bank decision-makers understand and develop a proper, robust, and advanced CG policy.
- To add additional research in this field for interested people and to know more about CRM.

1.4. Problem of The Research:

In light of a cutting-edge world where numerous corporations have collapsed due to mismanagement and chiefs acting in their possess self-interest, occasions of mishandled corporate control, extortion, criminal activities with other bad ruling behaviors have contrarily affected organizations' frameworks, undermined investors, and the public's certainty in trade administration.

Corporations' disappointment which has been brought about by powerless corporate frameworks has highlighted the require to investigate contributing to the change and change of corporations at trade, national, and universal levels.

The problem of the research arises from the fact that not many organizations' investigations are being embraced to set up the degree to which CG reforms have been actualized within corporations.

1.5. Hypothesis of the Research

- The commercial banks under study are applying CG Standards through strong and developed management strategies.
- The commercial banks under study, struggling in applying CG standards, due to facing weakness in adopting proper management policies and strategies.

1.6. Questions of the Research

- What is the meaning of CG concept and a management system?
- What is the importance of CG?
- Why there is a need for CG?
- What are CG standards?
- How commercial banks could apply CG standards?
- What are CGA requirements?
- What are CG theories?
- What are CG models?

1.7. The Sample of the Research

- Time frame: 2023
- Location: Erbil
- Research sample: Cihan Bank for Islamic Investment and Finance P.S.D, Region Trade Bank, Byblos Bank, First Iraqi Bank, Kurdistan International Islamic Bank for Investment and Development, Alarabiya Islamic Bank.

1.8. Methodology of the Research

The research shows the performance of the selected commercial banks in terms of CG application. The theoretical framework of the research utilizes both deductive and qualitative methods. Qualitative and quantitative methods were utilized for the collected data. The data was obtained from filling out () questionnaires by managers heads of departments, and employees in selected banks. In addition, the SPSS software was utilized for data analysis.

1.9. Obstacle of the Research

CG meant to ensure transparency, accountability and fairness within a corporation. Several obstacles can impact its effectiveness such as lack of independent directors, agency problems, shareholders' activism, lack of transparency, regulatory environment, complex ownership structure.

1.10. Structure of the Research

The research begins with chapter One, titled Introduction, providing a general overview of the research.

Section Two, with the title Theoretical Outline of CG, is the theoretical part of the research, containing a literature review with all other related concepts to CG. Section three, titled "Practical Outline of CGA in Selected Commercial Banks," is the practical part of the research representing the actual data of selected banks related to their CGA.

Finally, section four contains conclusions and suggestions.

Chapter two: Theoretical Outline of Corporate Governance

2.1. The History of CG

CG has been a hot topic of discussion both domestically and internationally since the late 1970s. A lot of work has gone into changing the government. It has considered what shareholders need and want in order to use their ownership rights over enterprises, raise the value of their shares, and thus grow their wealth. Corporate directors' responsibilities have grown significantly over the last thirty years, surpassing the legal obligation of allegiance to the company and its owners. (Turnbull, S., 2012)

In order to improve CG, state institution legislation from the nineteenth century reinforced corporate boards' authority to make decisions without the unanimous approval of shareholders. These rights included rights to valuation. Since then, the equity of shareholders and individual owners has been gradually dissipating due to the fact that the majority of the major publicly traded companies in the US have been listed under the Corporate Management Act and the US is increasingly converting wealth into securities in corporate entities and various institutions. Calls for corporate changes and governance have increased in frequency due to shareholder concerns over management compensation and sporadic stock losses. (Mohamad, S., 2004).

2.2. The Concept of CG

There is no single definition accepted by accountants, administrators, economists, lawyers, analysts and supervisors, as it overlaps many organizational, economic, financial and social issues of companies.

It could be defined as: “A set of methods and procedures by which investors can be sure of obtaining an adequate return on their investments”. (Durisin, B. and Puzone, F., 2009)

CG structures determine the distribution of rights and responsibilities between the company's various participants, such as: the board of directors, managers, shareholders and other stakeholders, and establish the rules and procedures for decision-making in corporate matters. This also establishes the structure through which the company's goals are established, as well as the means of achieving those goals and monitoring performance. (Thomson Reuters.2023)

2.3. The Need for CG

The need for CG is highlighted by the following factors:

1. Wide dispersion of shareholders; nowadays a company has a very large number of shareholders spread across the country and even the world and the majority of shareholders are disorganized and have an indifferent attitude towards corporate affairs. The idea of shareholder democracy remains limited only to the law and the statutes; This requires practical implementation through a code of conduct for CG. (Carlton Fields – 2018)
2. Changing Ownership Structure: The pattern of corporate ownership has changed significantly in modern times; with institutional investors and mutual funds becoming the largest shareholders in the private sector of large companies. These investors have become the biggest challenge for corporate management, forcing them to adhere to an established CG code in order to build their image in society.
3. Corporate fraud or scandals damage public trust in CG
4. Corporate scams or scandal: public trust in business leadership. The Harshad Mehta incident, which is arguably the largest scandal to date, is still fresh in everyone's memory and is linked to corporate shareholding or other aspects of education and social consciousness.

Therefore, in order to restore investor confidence in the business sector and contribute to the economic development of society, CG is essential. (James Chen – 2023)

2.4. The Importance of CG

Good governance has eight key characteristics. It is participatory, consensus-oriented, accountable, transparent, responsive, effective and efficient, fair and inclusive, the rule of law, improved access to capital, risk mitigation, reputational enhancement, more effective decision making, compliance with regulations. It ensures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It also addresses the current and future needs of society. (Clarke, T., 1998)

2.5. CG Principles

Regulators have a keen interest in ensuring that banks adopt and implement sound CG practices. The following discussion draws on supervisory experiences with CG problems in banking organizations and is therefore designed to reinforce principles that can help minimize such problems. These principles are considered important elements of an effective CG process.

- **Transparency:** Transparency is the ability to readily understand the truth about anything. In terms of CG, it refers to providing stakeholders with accurate, sufficient, and timely information about the business's operating performance, among other things.

Transparency is actually the cornerstone of CG, which fosters a high degree of public trust in the business sector. A corporation should publish pertinent information regarding corporate activities in reputable newspapers on a regular basis, such as quarterly, half-yearly, or annual basis, to ensure openness in corporate administration.

- **Accountability:** Being held accountable is having to justify the choices you make when acting in other people's best interests. Accountability in the context of CG refers to the Chairman, the Board of Directors, and the Chief Executive Officer's obligation to use the company's resources (over which they have control) in the best interests of the business and its stakeholders.

- **Responsibility:** As to the third principle, "the CG framework should encourage active cooperation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises and recognize the rights of stakeholders as established by law." This implies that businesses have an obligation to follow the rules and legislation of the nations in which they conduct business. Laws and regulations, however, set very low standards for behavior, and businesses should be urged to behave morally and responsibly, paying particular attention to the interests of stakeholders, especially the workers. It is now widely accepted that the maximization of shareholder wealth is consistent with socially responsible business action. The practice of corporate social responsibility accounting is now widely accepted among firms in many nations throughout the world. (Aluchna, M., 2009).

- **Independence:** Effective CG necessitates the independence of the corporation's senior management, specifically the Board of Directors, which should be a powerful, impartial body

capable of making all corporate decisions based on sound business practices. Good CG is merely a pipe dream if the company's top management is not independent.

- **Fairness:** There were two distinct principles created in regard to this central idea. "The CG framework should protect the rights of shareholders," reads the first principle. This encompasses their participatory and proprietary rights as well. Laws, processes, and practices that safeguard property rights, guarantee ownership security, and permit unrestricted share transferability are essential to effective CG. Additionally, this principle acknowledges their right to participate in important business decisions including the selection of directors and the endorsement of significant mergers or acquisitions. (Shivdasani, A. and Zenner, M., 2004)

2.6. CG Standards

The efficient functioning of government departments and the proper fulfilment of their legal and policy duties depend heavily on good governance. It guarantees the establishment of a framework of procedures, rules, and structures necessary to fulfil these duties and permits an impartial evaluation of management and business performance. It should be evident that top management is in charge of developing and implementing the governance frameworks for each department.

2.7. CG Application Requirement

Planning process that includes action plans, budgeting, operating plans, analysis, reporting, and much more is necessary for good CG. The board members' decisions and goal monitoring are held responsible for by the strategic plan. (Jessica Donohue – 2023), Because it establishes a set of guidelines and procedures that specify how an organization should function and how to best serve the interests of all of its stakeholders, CG is crucial. Financial viability is the result of ethical company activities fostered by good CG. Consequently, that may draw in investors.

2.8. Models for Applying CG Standards and Principles

There are different models around the world, but three of them are the predominant models: The Anglo-US model, The German model, The Japanese model, Social Control Model.

2.8.1. The Anglo-US Model “Anglo-Saxon model”

The Anglo-American Model of CG acknowledges and prioritizes the interests of shareholders. They are able to choose every member of the Board, which controls how the business is run. Some of the featured of this model are:

- This concept is focused on shareholders. It is also known as the Anglo-Saxon approach to CG, and it serves as the foundation for CG in India as well as in Britain, Canada, America, Australia, and the Common Wealth Countries.
- Seldom are directors free from management influence.
- Professional managers who own very little of the company run the businesses. The division of ownership and management is evident.
- Portfolio investors are institutions such as mutual funds and banks. They just sell their shares in the market and depart when they are unhappy with the performance of the company.

2.8.1. The German Model

Called continental model or European model. Employees are thought to be one of the company's most important stakeholders and ought to have the ability to influence the company's management. The term "two-tier board model" refers to the CG that is implemented by means of two boards. The two boards in question are:

- Supervisory Board: Members are chosen by their fellow shareholders. Additionally, workers choose a representative for the Supervisory Board, which typically consists of one third or half of the Board.

- Board of Management or Management Board: The Management Board is chosen and overseen by the Supervisory Board. The Management Board may be dissolved by the Supervisory Board and reconstituted.

2.8.3. The Japanese Model

A large portion of the capital raised by Japanese businesses comes from banks and other financial organizations. Due to their substantial investments in enterprises, banks and other institutions collaborate closely with the management of the company. The President and the Board of Directors are chosen by the major banks in conjunction with the shareholders. This approach takes into account the interests of lenders in addition to that of shareholders.

Depends on two legal relationships: The first is between “shareholders, customers, suppliers, creditors, employee unions”. In second place is “administrators, managers, shareholders”. There is shared responsibility and balance. It comes down to loyalty between suppliers and customers. In practice, this balance consists of a defensive attitude and distrust of new business relationships in favor of old ones.

2.8.4. Social Control Model

CG's Social Control Model promotes complete stakeholder representation on the board. This model suggests that the internal control mechanisms of CG would be enhanced by the establishment of a Stakeholders Board, which would be independent of the shareholders-determined Board of Directors. The Stakeholder's Board is made up of representatives from a variety business groups, including lenders, major suppliers, employees, and shareholders (Afshan Younas,2022).

2.9. CG Theories

2.9.1. Agency Theory: The relationship between principals, such as a company's shareholders, and agents, such as its directors, is defined by agency theory. This notion holds that the agents are employed by the company's principals to carry out tasks. The directors or managers, who act as the shareholders' agents, are given the task of managing the company by the principals. The agents are expected by the shareholders to act and decide in the principal's best interest. Conversely, agents do not always need to act in the principals' best interests when making judgements. The agent could give in to opportunistic behavior and self-interest, failing to live up to the principal's expectations. The division of ownership and control is the central tenet of agency theory.

2.9.2. Stewardship Theory: According to the steward theory, a steward maximizes and safeguards the wealth of the company's shareholders through firm performance. Executives and managers of the company who work for the shareholders as stewards safeguard and maximize profits for them. The accomplishment of organizational success brings satisfaction and motivation to the stewards. It places emphasis on executives' or employees' roles to act with greater autonomy in order to maximize returns to shareholders. The workers put a lot of effort and ownership into their work.

2.9.3. Resource Dependency Theory: The Resource Dependency Theory centers on the function of the board of directors in granting the company's access to resources that it requires. It claims that because of their connections to the outside world, directors are crucial in supplying or obtaining necessary resources for an organization. The availability of resources improves a company's ability to operate, perform, and survive. The directors provide the company with information, expertise, credibility, and access to important stakeholders like buyers, suppliers, legislators, and social groups. Directors can be divided into four groups: important members of the community, business professionals, support specialists, and insiders. (Bratton, W.W. and McCahery, J.A., 1999).

2.9.4. Stakeholder Theory: The accountability of management to a wide range of stakeholders was incorporated into the notion of stakeholders. According to this, managers in businesses have a network of relationships to look after, which includes relationships with suppliers, staff members, and business partners. The idea is centered on managerial decision-making, and it assumes that no group of interests is more important than any other and that all stakeholder interests have intrinsic value.

2.9.5. Transaction Cost Theory: According to transaction cost theory, a business enters into a variety of contracts with the market or other businesses inside the corporation to generate value. Every deal with an outside party has expenses; these expenses are referred to as transaction costs. In the event that using the market carries a larger transaction cost, the business would handle that transaction on its own.

2.9.6. Political Theory: Instead of buying voting power, political theory proposes building voting support from shareholders. It emphasizes how corporate advantages, profits, and power are distributed in accordance with the government's preferences. Vallabhaneni, S.R., 2008.

Chapter Three: Practical Outline of CGA in Selected Commercial Banks

3.1. Results:

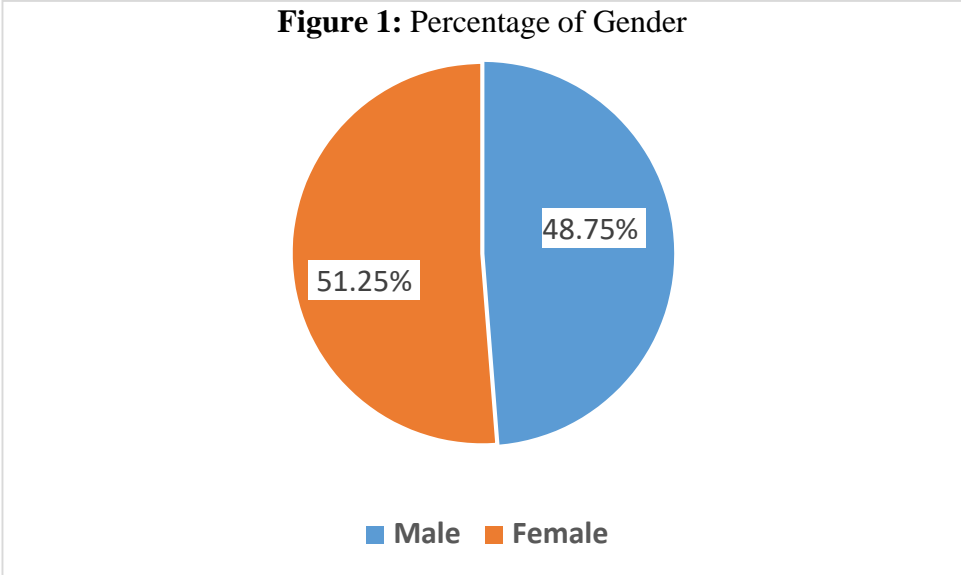
Table 1- Descriptive Statistics for Demographic Questionnaire

		N	%
Gender	Male	39	48.75%
	Female	41	51.25%
Level of Education	Diploma	15	18.75%
	High school	54	67.50%
	Bachelor	6	7.50%
	Master	5	6.25%
	PhD	0	0.00%
Age	20-24	27	33.75%
	25-29	48	60.00%
	30+	5	6.25%
Experience	1-3	25	31.25%
	4-6	38	47.50%
	7+	17	21.25%

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

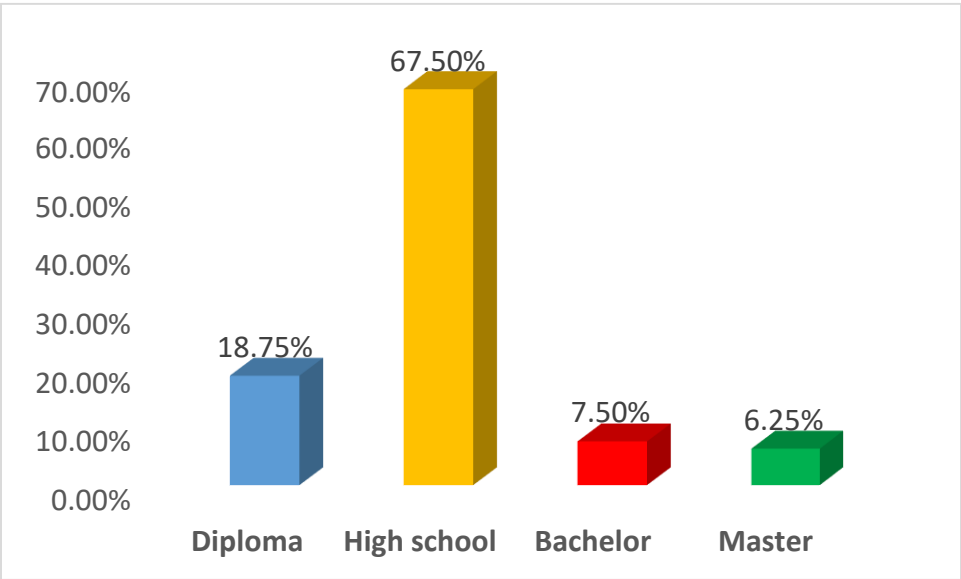
Table 1 shows the descriptive Statistics for demographic questions. The percentage of participants who are female (51.25%) is higher than the percentage of participants who are male (48.75%). Majority of participants are aged between 25 and 29 years (60 %) followed by (20-24) years (33.75%), and more than 29 years (6.25%) respectively. Majority of participants have high school (67.5%) followed by diploma (18.75%), bachelor (7.5%), and master (6.25%) respectively while none of them have PhD (0%). Most of participants have 4-6 years of experience (47.5 %) followed by (1-3) years (31.25%), and more than 6 years 21.25%) respectively.

Figure 1: Percentage of Gender



Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Figure 2: Percentage level of education



Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

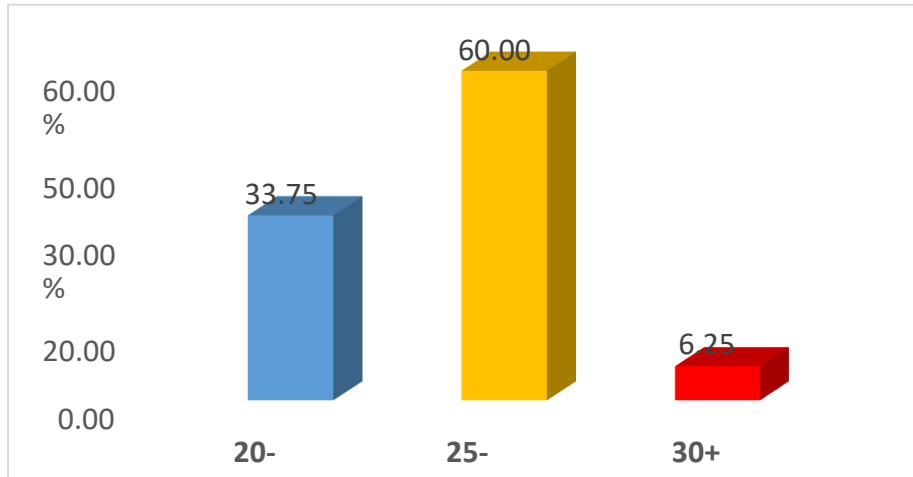
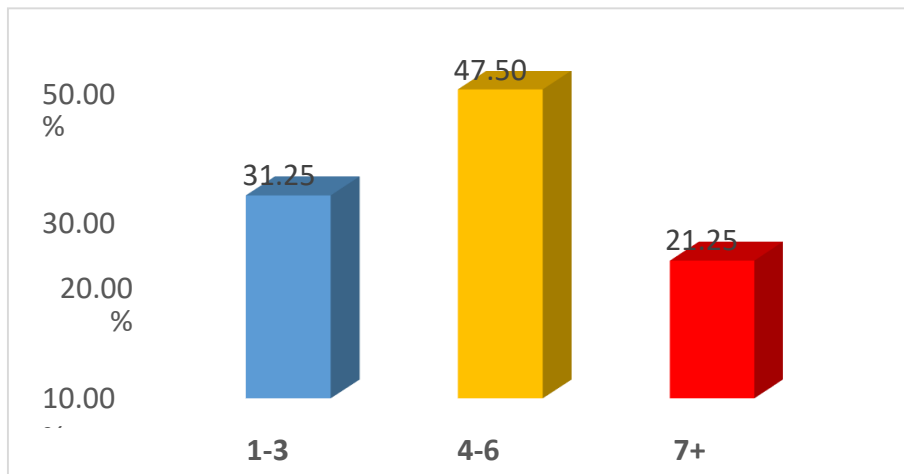


Figure 3: Percentage of age

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Figure 4: Percentage of experience



Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Figure 4: Percentage of experience

Measurement of 3 - Point Likert Scale		
Level	Value	Range(Weighted Mean)
Disagree	1	1 - 1.66
Neutral	2	1.67 - 2.33
Agree	3	2.34 - 3

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Table 2 Formula to calculate the weighted mean (Range) for 3-point Likert scale as follows

Weighted mean between 1 to 1.66 = Disagree
 Weighted mean between 1.67 to 2.33 = Neutral
 Weighted mean between 2.34 to 3 = Agree

Table 3 Descriptive Statistics for the role of the bank and corporate governance

	Disagree		Neutral		Agree		Mean	SD
	N	%	N	%	N	%		
X1	0	0.0%	11	13.8%	69	86.3%	2.863	0.347
X2	9	11.3%	1	1.3%	70	87.5%	2.763	0.641
X3	42	52.5%	10	12.5%	28	35.0%	1.825	0.925
X4	29	36.3%	49	61.3%	2	2.5%	1.663	0.526
X5	21	26.3%	24	30.0%	35	43.8%	2.175	0.823
X6	9	11.3%	2	2.5%	69	86.3%	2.750	0.646
X7	12	15.0%	37	46.3%	31	38.8%	2.238	0.698
X8	14	17.5%	39	48.8%	27	33.8%	2.163	0.702
X9	30	37.5%	48	60.0%	2	2.5%	1.650	0.530
X10	10	12.5%	17	21.3%	53	66.3%	2.538	0.711
Overall							2.263	0.175

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Table 2 shows the descriptive statistics for the role of the bank and corporate governance, the mean of the overall of the role of bank and corporate governance is 2.263 which indicate that most of the participants are not decided (neutral) to this factor. According of the figure5 most of the participants are not decided to this factor (59%) while (41%) of them are agree to this factor.

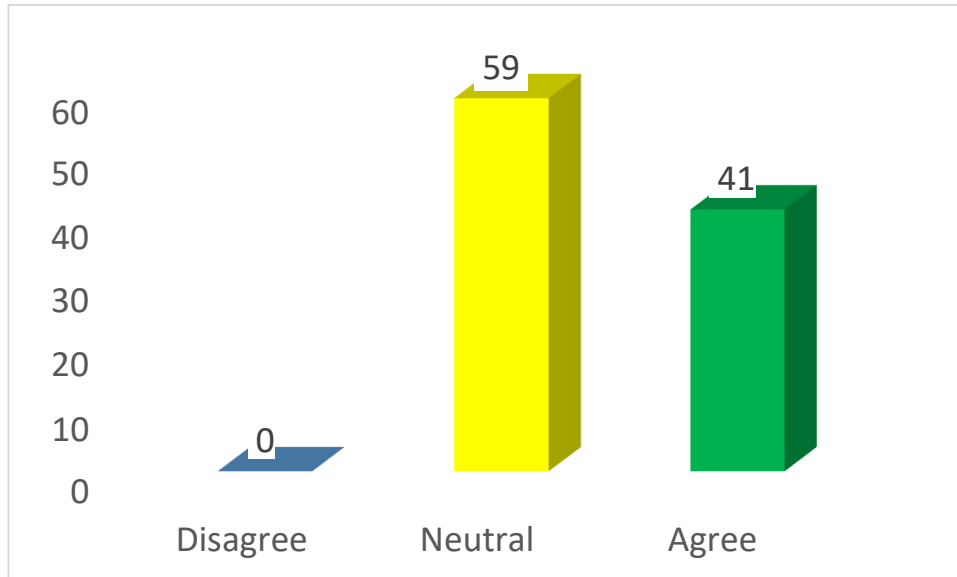


Figure 5: Overall percentage of the role of the bank and corporate governance

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Table 4: Descriptive Statistics for the role of Shareholders Rights

	Disagree		Neutral		Agree		Mean	SD
	N	%	N	%	N	%		
Y1	0	0.0%	1	1.3%	79	98.8%	2.988	0.112
Y2	22	27.5%	1	1.3%	57	71.3%	2.438	0.898
Y3	1	1.3%	47	58.8%	32	40.0%	2.388	0.515
Y4	5	6.3%	32	40.0%	43	53.8%	2.475	0.616
Y5	13	16.3%	29	36.3%	38	47.5%	2.313	0.739
Y6	2	2.5%	57	71.3%	21	26.3%	2.238	0.484
Y7	25	31.6%	48	60.8%	6	7.6%	1.759	0.582
Y8	20	25.0%	39	48.8%	21	26.3%	2.013	0.720
Y9	47	58.8%	17	21.3%	16	20.0%	1.613	0.803
Y10	23	28.8%	28	35.0%	29	36.3%	2.075	0.808
Overall							2.230	0.164

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Table 3 shows the descriptive statistics for the role of the Shareholders Rights, the mean of the overall of the role of Shareholders Rights is 2.230 which indicate that most of the participants are not decided (neutral) to this factor. According of the figure56 most of the participants are not decided to this factor (69%) while (31%) of them are agree to this factor.

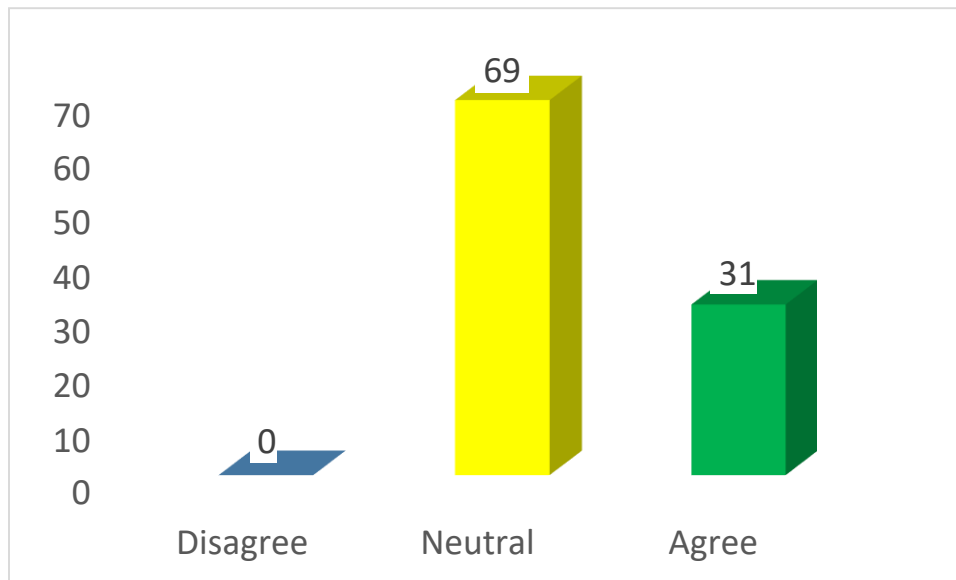


Figure 6 Overall percentage of the role of the Shareholders Rights

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Table 5: Descriptive Statistics for the role of the transparency, disclosure and regulatory

	Disagree		Neutral		Agree		Mean	SD
	N	%	N	%	N	%		
Z1	2	2.5%	8	10.0%	70	87.5%	2.850	0.424
Z2	0	0.0%	2	2.5%	78	97.5%	2.975	0.157
Z3	1	1.3%	26	32.5%	53	66.3%	2.650	0.506
Z4	26	32.5%	39	48.8%	15	18.8%	1.863	0.707
Z5	25	31.3%	40	50.0%	15	18.8%	1.875	0.700
Z6	35	43.8%	29	36.3%	16	20.0%	1.763	0.767
Z7	24	30.0%	38	47.5%	18	22.5%	1.925	0.725
Z8	7	8.8%	42	52.5%	31	38.8%	2.300	0.624
Z9	14	17.5%	4	5.0%	62	77.5%	2.600	0.773
Z10	2	2.5%	15	18.8%	63	78.8%	2.763	0.484
Overall							2.356	0.301

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Table 4 shows the descriptive statistics for the role of the transparency, disclosure and regulatory, the mean of the overall of the transparency, disclosure and regulatory is 2.356 which indicate that

most of the participants are agreed to this factor. According of the figure7 most of the participants are not decided to this factor (54%) while (46%) of them are agree to this factor.

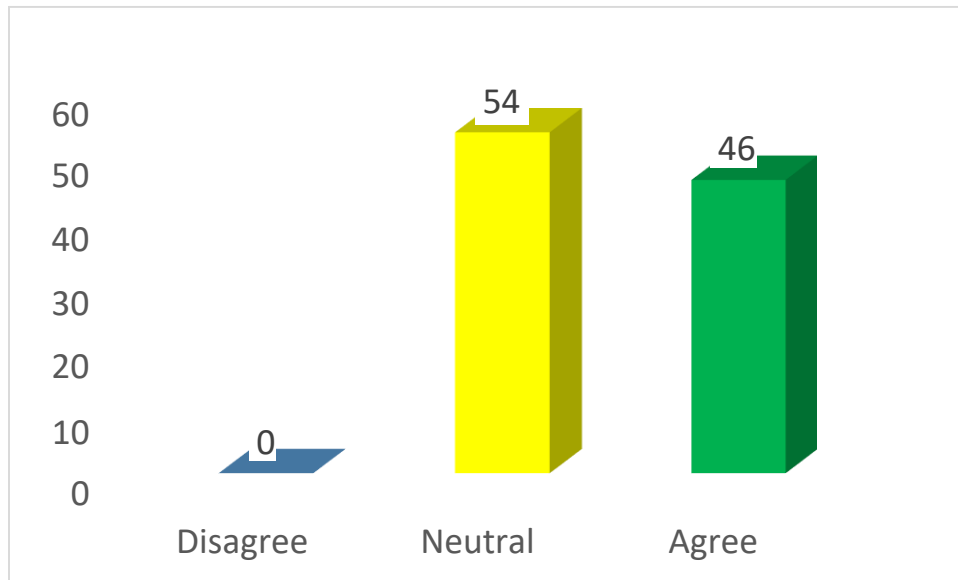


Figure 7 Overall percentage of role of the transparency, disclosure and regulatory

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Table 6: Correlation between factors

	Shareholders Rights	Transparency, disclosure and regulatory
The bank and corporate governance	-0.089	0.250*
Shareholders Rights		-0.085

Recourse: Prepared by researchers by depending on Questionnaire form and SPSS

Table 3 shows the correlation between all factors, there is a weak significant positive correlation between the role of the (bank and corporate governance) and (transparency, disclosure and regulatory) (0.205).

Then, there is a weak non-significant negative correlation between the role of the (bank and corporate governance) and (Shareholders Rights) (-0.089).

Lastly, there is a weak non-significant negative correlation between the role of the (Shareholders Rights) and (Transparency, disclosure and regulatory) (-0.085).

Chapter Four: Conclusions and Suggestions

4.1. Conclusions:

The research conducted on the application of corporate governance in a sample of chosen commercial banks in Erbil city in 2023 has provided valuable insights into the current practices and challenges faced by these financial institutions. Through a comprehensive analysis of the governance structures, policies, and mechanisms in place, it was observed that while some banks demonstrated a strong commitment to transparency, accountability, and ethical conduct, there were areas where improvements could be made.

One of the key findings of the study was the varying levels of board independence across the sampled banks. Boards with a higher proportion of independent directors were found to be more effective in overseeing management decisions and safeguarding the interests of stakeholders. However, there were instances where board composition lacked diversity and expertise, which could potentially limit their ability to provide strategic guidance and oversight.

Moreover, the research highlighted the importance of risk management practices within commercial banks. Effective risk oversight mechanisms were identified as crucial for ensuring financial stability and resilience against external shocks. Banks that had robust risk management frameworks in place were better equipped to navigate uncertainties and protect shareholder value.

Furthermore, the study shed light on the role of regulatory compliance in shaping corporate governance practices. Banks that adhered to regulatory requirements not only mitigated legal risks but also enhanced their reputation and credibility in the market. Compliance with industry standards and best practices was seen as a cornerstone for building trust with customers, investors, and other stakeholders.

In conclusion, while the sampled commercial banks in Erbil city demonstrated a commitment to corporate governance principles, there is room for enhancement in areas such as board independence, risk management, and regulatory compliance. By addressing these gaps and

fostering a culture of good governance, banks can strengthen their resilience, improve decision-making processes, and ultimately create long-term value for all stakeholders involved.

4.2. Suggestions:

Based on the findings and conclusions drawn from the study on corporate governance application in a sample of chosen commercial banks in Erbil city, several suggestions can be made to enhance corporate governance practices within these financial institutions:

- 1. Enhance Board Independence:** It is crucial for commercial banks to ensure that their boards are independent and free from conflicts of interest. Implementing policies that promote board independence can help in making objective decisions that benefit the bank and its stakeholders.
- 2. Strengthen Risk Management Practices:** Given the nature of the banking industry, it is essential for commercial banks to have robust risk management practices in place. This includes identifying, assessing, and mitigating risks effectively to safeguard the interests of depositors and investors.
- 3. Transparency and Disclosure:** Transparency is key to building trust with stakeholders. Commercial banks should focus on enhancing transparency in their operations, financial reporting, and decision-making processes. Clear and comprehensive disclosure practices can help in fostering trust among stakeholders.
- 4. Accountability Mechanisms:** Establishing clear accountability mechanisms within the organization is vital for ensuring that individuals are held responsible for their actions. This can include performance evaluations, ethical standards, and consequences for misconduct.
- 5. Regular Training and Development:** Continuous training and development programs for board members, executives, and employees can help in enhancing their understanding of corporate governance principles and best practices. This can lead to a culture of compliance and ethical behavior within the organization.

6. Engagement with Stakeholders: Commercial banks should actively engage with their stakeholders, including shareholders, customers, regulators, and the community at large. Building strong relationships with stakeholders can help in understanding their expectations and concerns, leading to better decision-making.

7. Adherence to Regulatory Requirements: Compliance with regulatory requirements is non-negotiable for commercial banks. It is essential to stay updated on relevant laws and regulations governing the banking sector to avoid legal issues and maintain a good reputation.

8. Ethical Leadership: Promoting ethical leadership at all levels of the organization sets the tone for ethical behavior throughout the institution. Leaders should lead by example and uphold high ethical standards in their actions and decisions.

By implementing these suggestions, commercial banks operating in Erbil city can strengthen their corporate governance practices, improve overall performance, mitigate risks, build trust with stakeholders, and ensure long-term sustainability.

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زانكۆی سه‌لاحه‌دین - هه‌ولێر
Salahaddin University-Erbil

Salahaddin University
College of Administration and Economy
Finance and banking Department
Questionnaire form

Dear respondents

Within the framework of preparing a graduation research project in a college of Administration and Economy/Finance and Banking department titled '**Corporate governance application in a sample of commercial banks in Erbil city (2023)**'. The form was designed to assess the application of corporate governance in a sample of commercial banks. The collected data is used for academic purposes only, so please express your opinion by filling it out. We highly appreciate your time and effort.

Researchers

Section one: Personal information:

Gender: Male Female	Education:	Work Position:
Age:	Work Experience (Years):	

Section Two: The bank and corporate governance

Nu.	Statement	Yes	No	Not sure
1.	The bank applies corporate governance standards			
2.	The bank has its own corporate governance system			
3.	The bank adopts corporate governance standards as strategic issue			
4.	The bank announces within its annual financial reports the compliance with the principles of corporate governance			
5.	The Bank separates ownership from management			
6.	The voting process is done by the trustees or the authorized representatives in a manner agreed upon with the shareholders			
7.	The bank recognizes the rights of stakeholders and their participation in governing the corporation as established by law			
8.	The bank sets the authorities with its structure and policies			
9.	The bank takes into account the interest of all shareholders			
10.	Board of directors work to achieve interests of the bank and shareholders			

Section Three: Shareholders Rights

Nu.	Statement	Yes	No	Not sure
1.	The bank protects all rights of shareholders			
2.	The process of buying selling and transporting the ownership of shares is legal and transparent			
3.	The bank provides all needed information to shareholders			
4.	Shareholders obtain their share from the profits on the bank			
5.	All shareholders are treated equally based on their share			
6.	The bank guarantees shareholders' right to elect the board of directors			
7.	Each share of the bank has one voting right			
8.	All shareholders have voting right in general assembly of shareholders			
9.	Shareholders has a right to ask questions to the board of directors			
10.	Shareholders can to add topics to the agendas of general meetings			

Section Four: Transparency, disclosure and regulatory

Nu.	Statement	Yes	No	Not sure
1.	The bank ensures accurate and timely disclosure			
2.	Bank disclosure includes all matters such as financial position, performance, ownership			
3.	The bank defines the responsibilities of supervision and control			
4.	The bank ensures safety integrity and independency of accounting			
5.	The bank guaranties safety and integrity of accounting reports			
6.	The bank ensures safety integrity and independency of auditing			
7.	The bank guaranties safety and integrity of auditing reports			
8.	The bank ensures transparency in the ownership and control structure			
9.	The banks adhere to implied regulations and rules			
10.	The bank spirits discipline, seriousness, diligence and concern			