

**Impact of Applying Good Governance Principles on
Employee Performance of State and Private Banking
SECTOR: A COMPARATIVE STUDY BETWEEN STATE AND
PRIVATE BANKS**

**(WITH SPECIAL REFERENCE TO SELECTED STATE AND
PRIVATE BANKS IN BATTICALOA)**

By

KIRI ARACHCHIGE THIRA PRABHANJANA

REG NO: EU/IS/2017/MS/034

INDEX NO: MS 1994



**A project report submitted to the Faculty of Commerce and Management,
Eastern University, Sri Lanka, as a partial fulfillment of the requirement for the
Degree of Bachelor of Business Administration Honours.**

**DEPARTMENT OF MANAGEMENT
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY, SRI LANKA**

2023

ABSTRACT

This study examined the impact of applying Good Governance principles on Employee performance of state and private sector banks in Batticaloa with a comparison between state and private banks, with special reference to selected state and private banks in Batticaloa. The independent variable of this study is good government governance and the dependent variable is Employee Performance. The good government governance of four dimensions of accountability, transparency, participation and rule of law. This research study relies on a data set derived from its survey of 300 employees who are working in selected state and private banks in Batticaloa.

A structured questionnaire was used as the method of data collection. The simple random sampling method was used to make the sampling framework and quantitative research approach used for this research study. This research has three objectives. So, the data were analyzed using descriptive statistics, correlation and simple regression analysis to achieve the objectives. The result shows that good government governance, consisting of accountability, transparency, participation and rule of law has a significant positive impact on employee performance.

According to the findings, there is a positive impact and relationship of good government governance on employee performance. According to this, banking employees should have a good governance to enhance their performance and then, it will help to improve the performance of the banking sector.

Keywords: Good Government Governance, Employee Performance, Accountability, Transparency, Participation and Rule of law, State Banks, Private Banks

TABLE OF CONTENTS

ACKNOWLEDGEMENT	iii
ABSTRACT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	ix
LIST OF FIGURES	xii
LIST OF EQUATIONS	xiii
ABBREVIATION	xiv
Chapter - 1	13
Introduction	13
1.1 Background of the Study	13
1.2 Research Problem	14
1.3 Research Questions	14
1.4 Research Objectives	15
1.5 Significance of the Study	15
1.6 Scope of the Study	15
1.7 Chapter Organization	16
1.8 Chapter Summary	17
Chapter - 2	21
Literature Review	21
2.1 Introduction	21
2.2 Employee Performance	22
2.3 Good Governance	23
2.3.1 Accoutability	24
2.3.2 Transparency	24

2.3.3 Participation.....	25
2.3.4 Rule of Law.....	26
2.4 Supporting Theories for the Study	26
2.4.1 Spillover Theory	27
2.4.2 Work Enrichment Theory.....	27
2.5 Impact of Good Governance on Employee performance	28
2.5.1 Impact of Accountability on Employee performance	28
2.5.2 Impact of Transparency on Employee performance	29
2.5.3 Impact of Participation on Employee performance	29
2.5.4 Impact of Rule of Law on Employee performance.....	29
2.6 Relationship between Good Governance and Employee performance	30
2.7 Level of Good Governance and Employee performance.....	30
2.8 Chapter Summary	31
Chapter - 3	31
Conceptualization and Operationalization	31
3.1 Introduction.....	32
3.2 Conceptual Framework.....	32
3.3 Variables Related to the Conceptual Framework.....	32
3.3.1 Good Governance	33
3.3.2 Employee performance.....	34
3.4 Operationalization	34
3.5 Hypotheses	35
3.6 Chapter Summary	35
Chapter - 4	29
Research Methodology.....	30
4.1 Introduction.....	30

4.2 Research Philosophy.....	30
4.3 Research Approach.....	31
4.4 Research Strategy	31
4.5 Methodological Choice.....	31
4.6 Time Horizon	32
4.7 Research Area Selection	32
4.8 The Population of the Study.....	32
4.9 Sampling Technique / Method.....	33
4.10 Sample Size and Sampling Framework.....	34
4.10.1 Sample Size	34
4.11 Method of Data Collection and Source.....	35
4.12 Research Instrument	35
4.13 Sources of Measurement.....	36
4.13.1 Method of Measuring the General (Personal) Information	36
4.13.2 Method of Measuring the Research Information	37
4.14 The Pilot Study	38
4.15 Reliability Test	36
4.16 Unit of Data Analysis	37
4.17 Method of Data Analysis	37
4.17.1 Method of Data Analysis for First Objective	38
4.17.2 Method of Data Analysis for Second Objective	38
4.17.3 Method of Data Analysis for Third Objective	39
4.18 Method of Data Evaluation	39
4.18.1 Univariate Analysis (Descriptive Statistic)	40
4.18.2 Bivariate Analysis	41
4.18.3 Simple Regression Analysis	42

4.18.4 Testing Hypotheses	43
4.19 Data Presentation.....	43
4.19.1 Data Presentation for General (Personal) Information.....	44
4.19.2 Data Presentation for Research Information.....	44
4.20 Ethical Consideration.....	45
4.21 Chapter Summary	45
Chapter - 5	46
Data Presentation and Analysis.....	46
5.1 Introduction.....	47
5.2 Analysis of Reliability	47
5.3 Data Presentation.....	47
5.3.1 Data Presentation for General (Personal) Information.....	48
5.3.2 Data Presentation for Research Information	48
5.3.3 Testing Hypotheses	49
5.4 Chapter Summary	50
Chapter - 6	50
Findings and Discussion	51
6.1 Introduction.....	51
6.2 Discussion of General (Personal) Information.....	52
6.2.1 Age	52
6.2.2 Marital Status.....	53
6.2.3 Dependents of the Respondents.....	53
6.2.4 Education Level	54
6.2.5 Type of the Working Bank	54
6.3 Discussion of Research Information	55
6.3.1 Discussion for Objective One	55

6.3.2 Discussion for Objective Two	56
6.3.3 Discussion for Objective Three	56
6.3.4 Discussion of Hypotheses Testing	57
6.4 Chapter Summary	57
Chapter - 7	58
Conclusions and Recommendations.....	59
7.1 Introduction.....	60
7.2 Conclusions.....	61
7.2.1 First Objective of the Study.....	62
7.2.2 Second Objective of the Study.....	63
7.2.3 Third Objective of the Study	64
7.3 Contribution of the Study.....	65
7.4 Recommendation.....	65
7.5 Limitations of the Study	66
7.6 Directions for Future Study.....	67
List of References.....	68
APPENDIX 1: Research Questionnaire.....	69
APPENDIX 2: The Output of the Data Analysis	70