CHAPTER 7
TESTING OF HYPOTHESES

This chapter is divided into two parts:
1. Explanation of Hypotheses & Sub Hypotheses
2. Testing of Hypo

1. Explanation of Hypotheses & Sub Hypotheses

Hypothesis ensures the entire process of research remains scientific and reliable. The statistical testing of hypothesis will determine what outcomes of a study would lead to a rejection of the null hypothesis for a pre-specified level of significance. The researcher has laid down three main hypotheses (Hypothesis A, Hypothesis B, Hypothesis C). Further for Hypothesis A & B there were five sub hypothesis were formulated and tested using bivariate correlation method. Whereas the third hypothesis was tested using chi-square test.

Hypotheses: Considering the nature of the study the researcher has laid down following statement of hypotheses to start with research inquiry:

7.1 Hypothesis –A

H0 = there is no relationship between corporate governance and bank performance
H1 = there is significant relationship between corporate governance and bank performance

Sub Hypothesis Under A

7.1.1 Ho: r=0 (there is no relationship between fairness and bank performance)
H1: r ≠ 0 (there is significant relationship between fairness and bank performance.)

7.1.2 Ho : r = 0 (there is no relationship between proper ethical practices and bank performance.)
H1: r ≠ 0 (there is significant relationship between proper ethical practices and bank performance.)

7.1.3 Ho: r=0 (there is no relationship between leadership and bank performance)
H1: r≠0 (there is significant relationship between leadership and bank performance)
7.1.4 Ho: \( r=0 \) (there is no relationship between accountability and bank performance)
H1: \( r \neq 0 \) (there is significant relationship between accountability and bank performance)

7.1.5 Ho: \( r=0 \) (there is no relationship between creativity and bank performance)
H1: \( r \neq 0 \) (there is significant relationship between creativity and bank performance.)

7.2 Hypothesis –B

\( \text{Ho} \) = there is no relationship between corporate governance and financial performance of urban co-operative banks in Pune

\( \text{H1} \) = there is significant relationship between corporate governance and financial performance of urban co-operative banks in Pune

Sub Hypothesis Under B

7.2.1 Ho: \( r=0 \) (there is no relationship between fairness and financial performance)
H1: \( r \neq 0 \) (there is significant relationship between fairness and financial performance.)

7.2.2 Ho: \( r=0 \) (there is no relationship between proper ethical practices and financial performance indicators.
H1: \( r \neq 0 \) (there is significant relationship between proper ethical practices and financial performance indicators.)

7.2.3 Ho: \( r=0 \) (there is no relationship between leadership and financial performance)
H1: \( r \neq 0 \) (there is significant relationship between leadership and financial performance.)

7.2.4 Ho: \( r=0 \) (there is no relationship between accountability and financial performance indicators)
H1: \( r \neq 0 \) (there is significant relationship between accountability and financial performance indicators.)

7.2.5 Ho: \( r=0 \) (there is no relationship between creativity and financial performance)
H1: \( r \neq 0 \) (there is significant relationship between creativity and financial performance)
7.3 **Hypothesis –C**

**Ho:** there is no difference in the relative importance given by directors to the bank performance indicators

**H1:** there is significant difference in the relative importance given by the directors to the bank performance indicators.

2. **Testing of Hypotheses**

7.1 **Hypothesis –A (Hypothesis based on primary data)**

**Ho** = there is no relationship between corporate governance and bank performance

**H1** = there is significant relationship between corporate governance and bank performance

1) **Fairness**

**Purpose:** To study if there is relationship between fairness and bank performance

**Variables & Measurements**

Fairness was originally measured using eight items

1) Our bank tries to produce desired results to all the customers without bias of any kind

2) Staff delivers desired services to all customers regardless of who they are

3) Service procedures used by this bank are consistent across the customers

4) Service staff are polite

5) Service staff give thorough explanation

6) Service staff are courteous

Each item was measured by using five point scale (1= strongly agree, 2= agree, 3= neither agree nor disagree, 4= disagree, 5= strongly disagree)

The six item scale was converted in single item scale using ‘transform – compute’ command in IBM SPSS.

**Statistical test bivariate correlation**

Ho: r=0 (there is no relationship between fairness and bank performance - profitability, staff motivation, customer satisfaction, image, increase in customer base, financial performance)
H1: \( r \neq 0 \) (there is significant relationship between fairness and bank performance-(profitability, staff motivation, customer satisfaction, image, increase in customer base, financial performance)

Table 7.1 Statistic for Fairness and Bank Performance

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairness- Profitability</td>
<td>-0.047</td>
<td>0.807</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Fairness- Staff Motivation</td>
<td>0.031</td>
<td>.870</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Fairness- Customer Satisfaction</td>
<td>0.326</td>
<td>0.079</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Fairness- Image</td>
<td>0.051</td>
<td>0.791</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Fairness- Increase In Customer Base</td>
<td>0.025</td>
<td>0.896</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Fairness- Financial Performance</td>
<td>.473**</td>
<td>.008</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>

**Interpretation:**

No relation between fairness & profitability (P>0.05)
No relation between fairness & staff motivation (P>0.05)
Partial relation between fairness & customer satisfaction (P>0.05 but P<0.10)
No relation between fairness & image (P>0.05)
No relation between fairness & increase in customer base (P>0.05)
Relation between fairness & financial performance (P<0.05)

From the above table it can be concluded that there is a relationship between fairness and financial performance, partial relationship between fairness and customer satisfaction. However no relationship was noticed between fairness and other four parameters i.e. profitability, staff motivation, image, and increase in customer base. H1 is accepted in case of customer satisfaction and financial performance, so that researcher found relation between fairness and bank performance. Hence, it can be concluded that corporate governance has a moderate effect on the bank performance. Even management is aware of the philosophy of corporate governance, yet greater need for corporate governance implementation is necessary.
2) Ethics:

Purpose: To study if there is any relation between proper ethical practices and bank performance

Variables & Measurements

Ethics was originally measured using four items

1) Staff in a bank engaged in a behavior that are considered to be ethical
2) Staff in a bank never compromised in ethics.
3) Top management in a bank has let it known to all that unethical behavior will not be tolerated
4) If staff in a bank found engaged in unethical behavior that results in primarily personal gain rather than corporate gain, he or she is reprimanded

Each item was measured by using five point scale (1= strongly agree, 2= agree, 3= neither agree or nor disagree, 4= disagree, 5= strongly disagree)

The four item scale was converted in single item scale using ‘transform – compute’ command in IBM SPSS.

Statistical test bivariate correlation

Ho : \( r = 0 \) (there is no relationship between proper ethical practices and bank performance.)

H1: \( r \neq 0 \) (there is significant relationship between proper ethical practices and bank performance.)

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics – Profitability</td>
<td>-0.029</td>
<td>0.878</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Ethics – Staff Motivation</td>
<td>.322</td>
<td>0.083</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Ethics – Customer Satisfaction</td>
<td>.211</td>
<td>.262</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Ethics – Image</td>
<td>.283</td>
<td>.130</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Ethics – Increase In Customer Base</td>
<td>.347</td>
<td>.060</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Ethics – Financial Performance</td>
<td>.315</td>
<td>.090</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>
Interpretation:
No relation between ethics & profitability (P>0.05)
Partial relation between ethics & staff motivation (P>0.05 but<0.10)
No relation between ethics & customer satisfaction (P>0.05)
No relation between ethics & image (P>0.05)
Partial relation between ethics & increase in customer base (P>0.05 but<0.10)
Partial relation between ethics & financial performance (P>0.05 but <0.10)
From the above table it can be concluded that there is a partial relationship between ethics and three parameters i.e. financial performance, increase in customer base & staff motivation. However there is no relationship was noticed between ethics and other three parameters i.e. profitability, image, customer satisfaction. H1 is accepted in case of financial performance, increase in customer base & staff motivation. Therefore, that researcher found relation between ethics and bank performance. Hence, it can be concluded that corporate governance has a moderate effect on the bank performance. A sound ethical base is needed for the betterment of the bank in the long run.

3) Leadership

Purpose: To study if there is any relation between leadership and bank performance

Variables & Measurements
Leadership was originally measured using six items
1) I strive to keep my employees motivated.
2) I spend time for coaching and mentoring of my staff.
3) I am competent to lead the organization towards the attainment of strategic goals.
4) I believe in delegation of work.
5) I am easily accessible to all my staff for discussion and solving the queries.
6) Our organization believes in fair human resource practices.
Each item measured by five point scale “1) Very often, 2) Fairly often, 3) Sometimes, 4) Rarely, 5) Not at all.” The six-item scale was converted in single item scale using “transform – compute” command in IBM SPSS.

Statistical test bivariate correlation
Ho: r=0 (there is no relationship between leadership and bank performance)
H1: \( r \neq 0 \) (there is significant relationship between leadership and bank performance)

**Table 7.3 Statistic for Leadership and Bank Performance**

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson correlation</th>
<th>P Value</th>
<th>n</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership- Profitability</td>
<td>.162</td>
<td>.392</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Leadership – Staff Motivation</td>
<td>.544**</td>
<td>.002</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Leadership- Customer Satisfaction</td>
<td>.402*</td>
<td>.028</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Leadership- Images</td>
<td>.194</td>
<td>.304</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Leadership- Increase In Customer Base</td>
<td>.457*</td>
<td>.011</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Leadership- Financial Performance</td>
<td>.354</td>
<td>.055</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>

**Interpretation:**
No relation between leadership & profitability (P>0.05)
Relation between leadership & staff motivation (P<0.05)
Relation between leadership & customer satisfaction (P<0.05)
No relation between leadership & image (P>0.05)
Relation between leadership & increase in customer base (P<0.05)
Partial relation between leadership & financial performance (P>0.05 but <0.10)

From the above table it can be concluded that there is relation between leadership and three parameters i.e. staff motivation, customer satisfaction, increase in customer base, & partial relation between leadership and financial performance. However no relation was noticed between leadership and other two parameters i.e. profitability, image. H1 is accepted in case of financial performance, customer satisfaction, and increase in customer base & staff motivation. Therefore, researcher found relation between leadership and bank performance. Hence, it can be concluded that corporate governance has a good effect on the bank performance. Researcher states that effective leadership will have good impact on the performance of the bank.
4) **Accountability**

*Purpose:* To study if there is any relation between accountability and bank performances

**Variables & Measurements**

Each item measured by five point scale (1= Strongly Agree, 2= Agree, 3= Either Agree Or Nor Disagree, 4= Disagree, 5= Strongly Disagree)

1. Staffs in a bank are answerable for action.
2. There is a redress (compensation) when the duties and commitments are not made.
3. Staff of bank are held accountable for the services delivered by them.
4. Bank have set standards for the employees.
5. To what extent you agree that bank can differentiate between what the board can do, and what managers and employees of the bank can do?

The five-item scale was converted in single item scale using “transform – computer” command in IBM SPSS.

**Statistical test bivariate correlation**

Ho: r=0 (there is no relationship between Accountability and bank performance)

H1: r ≠ 0 (there is significant relationship between Accountability and bank performance)

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability- Profitability</td>
<td>.368*</td>
<td>.045</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Accountability- Staff Motivation</td>
<td>.595**</td>
<td>.001</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Accountability- Customer Satisfaction</td>
<td>.306</td>
<td>.100</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Accountability- Image</td>
<td>-.127</td>
<td>.502</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Accountability - Increase In Customer Base</td>
<td>.396*</td>
<td>.030</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Accountability- Financial Performance</td>
<td>.342</td>
<td>0.064</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>
**Interpretation:**
Relation between accountability & profitability (P<0.05)
Relation between accountability & staff motivation (P<0.05)
No relation between accountability & customer satisfaction (P>0.05)
No relation between accountability & image (P>0.05)
Relation between accountability & increase in customer base (P<0.05)
Partial relation between accountability & financial performance (P>0.05 but <0.10)

From the above table it can be concluded that there is a relation between accountability and three parameters i.e. profitability, staff motivation, increase in customer base, & partial relation between accountability and financial performance. However no relation was noticed between accountability and other two parameters i.e., customer satisfaction, image.

H1 is accepted in case of financial performance, profitability, staff motivation, and increase in customer base. So that researcher found relation between accountability and bank performance. Hence, it can be concluded that corporate governance has a good effect on the bank performance. Researcher states that accountability is an important feature whereby performance of the bank is measured and discipline is ensured.

5) **Creativity**

**Purpose to study if there is any relation between creativity and bank performances**

**Variables & Measurements**
One item measured by five point scale (1= Excellent, 2= Good, 3= Average 4= Poor, 5= Very poor)

1) How do you rate research and development department efforts in your bank?

**Statistical test bivariate correlation**
Ho: r=0 (there is no relationship between Creativity and bank performance)
H1: r ≠ 0 (there is significant relationship between Creativity and bank performance.)
Table 7.5 Statistic for Creativity and Bank Performance

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creativity- Profitability</td>
<td>.230</td>
<td>.221</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Creativity- Staff Motivation</td>
<td>.331</td>
<td>.074</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Creativity- Customer Satisfaction</td>
<td>.350</td>
<td>.058</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Creativity- Image</td>
<td>-.065</td>
<td>.732</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Creativity- Increase In Customer Base</td>
<td>.252</td>
<td>.180</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Creativity- Financial Performance</td>
<td>.313</td>
<td>.093</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>

**Interpretation:**

No relation between creativity & profitability (P>0.05)
Partial relation between creativity & staff motivation (P>0.05, <0.10)
Partial relation between creativity & customer satisfaction (P>0.05, <0.10)
No relation between creativity & image (P>0.05)
No relation between creativity & increase in customer base (P>0.05)
Partial relation between creativity & financial performance (P>0.05, <0.10)

From the above table it can be concluded that there is a partial relation between creativity and three parameters i.e. staff motivation, customer satisfaction and financial performance. However no relation was noticed between creativity and other three parameters i.e., profitability, increase in customer base, image.

H1 is accepted in case of staff motivation, customer satisfaction and financial performance. So that researcher found relation between creativity and bank performance. Hence, it can be concluded that corporate governance has a moderate effect on the bank performance. Researcher states that for effective implementation of the corporate governance in the urban co-operative banks have to think in the terms of creativity approach.
7.2 Hypothesis –B (Hypothesis based on secondary data)

Ho = There is no relationship between corporate governance and financial performance of urban co-operative banks in Pune

H1 = There is significant relationship between corporate governance and financial performance of urban co-operative banks in Pune

1) Fairness

Purpose: study this relationship between fairness and financial performance

Variables & Measurements

Fairness was originally measured using six items

1. Our bank tries to produce desired results to all customers without bias
2. Staff delivers good services to all customers regardless of who they are
3. Service procedure used by this bank are consistent across the customer
4. Service staff are polite
5. Service staff give thorough explanation to customers
6. Service staff are courteous

Each item was measured by using five point scale (1= strongly agree, 2= agree, 3=neither agree or nor disagree, 4= disagree, 5= strongly disagree)

Financial performance was measured using following parameters:

1) Deposit 2) Loan 3) Per Employee Business 4) NPA 5) Credit deposit ratio 6) CRAR 7) Profit

The six item scale was converted in single item scale using’ transform – compute’ command in IBM SPSS.

Statistical test bivariate correlation

Ho: r=0 (there is no relationship between fairness and financial performance)

H1: r≠0 (there is significant relationship between fairness and financial performance.)
### Table 7.6 Statistic for Fairness and Financial Performance

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairness- Deposit</td>
<td>.375*</td>
<td>.038</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Fairness- Loan</td>
<td>.376*</td>
<td>.037</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Fairness- Per Employee Business</td>
<td>.153</td>
<td>.411</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Fairness- NPA</td>
<td>.012</td>
<td>.949</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Fairness- Credit Deposit Ratio</td>
<td>.008</td>
<td>.968</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Fairness- CRAR</td>
<td>.199</td>
<td>.282</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Fairness- Profit</td>
<td>.391*</td>
<td>.030</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>

**Interpretation:**

Relation between fairness & deposit (P<0.05)
Relation between fairness & loan (P<0.05)
No relation between fairness & per employee business (P>0.05)
No relation between fairness & NPA (P>0.05)
No relation between fairness & credit deposit ratio (P>0.05)
No relation between fairness & CRAR (P>0.05)
Relation between fairness & profit (P<0.05)

From the above table it can be concluded that there is a relation between fairness and three parameters i.e. deposit, loan, profit. However no relation was noticed between fairness and other four parameters i.e. Per Employee Business, NPA, credit deposit ratio, CRAR.

H1 is accepted in case of deposit, loan, and profit so the researcher found relation between fairness and financial performance of urban co-operative banks in Pune. Hence, it can be concluded that corporate governance has a reasonable effect on the financial performance of urban co-operative banks in Pune. Urban Co-operative banks need more improvement in systematic approach towards corporate governance policy implementation specifically recovery of nonperforming assets and increased efficiency of staff.
2) Ethics: 

**Purpose:** To study if there is any relation between ethics and financial performance

1) Staff in a bank engaged in a behavior that are considered to be ethical
2) Staff in a bank never compromised in ethics.
3) Top management in a bank has let it known to all that unethical behavior is not to be tolerated
4) If staff in a bank found engaged in unethical behavior that results in primarily personal gain rather than corporate gain, he or she is reprimanded

Each item was measured by using five point scale (1= strongly agree, 2= agree, 3= neither agree or nor disagree, 4= disagree, 5= strongly disagree)

Financial performance was measured using following parameters: 1) Deposit 2) Loan 3) Per Employee Business 4) NPA 5) Credit deposit ratio 6) CRAR 7) Profit. The four item scale was converted in single item scale using ‘transform – compute’ command in IBM SPSS.

**Statistical test bivariate correlation**

Ho: r=0 (there is no relationship between ethics and financial performance indicators)

H1: r≠0 (there is significant relationship between ethics and financial performance indicators.)

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics - Deposit</td>
<td>.512</td>
<td>.003</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Ethics - Loan</td>
<td>.513</td>
<td>.003</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Ethics - Per Employee Business</td>
<td>.377</td>
<td>.037</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Ethics - NPA</td>
<td>.058</td>
<td>.758</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Ethics - Credit Deposit Ratio</td>
<td>.339</td>
<td>.062</td>
<td>30</td>
<td>Partially Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Ethics - CRAR</td>
<td>-.192*</td>
<td>.301</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Ethics - Profit</td>
<td>.520</td>
<td>.003</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>
Interpretation:
Relation between ethics & deposit (P<0.05)
Relation between ethics & loan (P<0.05)
Relation between ethics & per employee business (P<0.05)
No relation between ethics & NPA (P>0.05)
Partial relation between ethics & credit deposit ratio (P>0.05, <0.10)
No relation between ethics & CRAR (P>0.05)
Relation between ethics & profit (P<0.05)

From the above table it can be concluded that there is a relation between ethics and four parameters i.e. deposit, loan, profit, per employee business. However no relation was noticed between fairness and other two parameters i.e. NPA, CRAR but found partial relation between ethics and credit deposit ratio.
H1 is accepted in case of deposit, loan, profit, per employee business and credit deposit ratio, so that researcher has found relation between ethics and financial performance of urban co-operative banks in Pune. Hence, it can be concluded that corporate governance has a very good effect on the financial performance of urban co-operative banks in Pune.
Urban Co-operative banks need improvement in systematic approach towards corporate governance policy implementation specifically recovery of nonperforming assets.

3) Leadership
Purpose to study if there is any relation between leadership and financial performance
1. I strive to keep my employees motivated.
2. I spend time for coaching and mentoring of my staff.
3. I am competent to lead the organization towards the attainment of strategic goals.
4. I believe in delegation of work.
5. I am easily accessible to all my staff for discussion and solving the queries.
6. Our organization believes in fair human resource practices.
Each item measured by five point scale (1 Always, 2) Often, 3) sometimes, 4) Rarely, 5) Not at all)
Financial performance was measured using following parameters: 1) Deposit 2) Loan 3) Per Employee Business 4) NPA 5) Credit deposit ratio 6) CRAR 7) Profit. The six-item scale was converted in single item scale using “transform – compute” command in IBM SPSS.

**Statistical test bivariate correlation**

Ho: $r=0$ (there is no relationship between leadership and financial performance)

H1: $r\neq 0$ (there is significant relationship between leadership and financial performance.)

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership - Deposit</td>
<td>0.382</td>
<td>0.034</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Leadership - Loan</td>
<td>0.38</td>
<td>0.035</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Leadership - Per Employee Business</td>
<td>0.193</td>
<td>0.299</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Leadership - NPA</td>
<td>0.081</td>
<td>0.666</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Leadership - Credit Deposit Ratio</td>
<td>0.038</td>
<td>0.841</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Leadership - CRAR</td>
<td>-0.111*</td>
<td>0.553</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Leadership - Profit</td>
<td>0.381</td>
<td>0.034</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>

**Interpretation:**

Relation between Leadership& deposit (P<0.05)

Relation between Leadership& loan (P<0.05)

No relation between Leadership& per employee business (P>0.05)

No relation between Leadership & NPA (P>0.05)

No relation between Leadership& credit deposit ratio (P>0.05)

No relation between Leadership& CRAR (P>0.05)

Relation between Leadership& PROFIT (P< 0.05)

From the above table it can be concluded that there is a relation between leadership and three parameters of financial performance i.e. deposit, loan, profit. However no relation was noticed between fairness and other four parameters i.e. NPA, CRAR, per employee business & credit deposit ratio.
H1 is accepted in case of deposit, loan, and profit. So that researcher found relation between accountability and financial performance of urban co-operative banks in Pune. Hence, it can be concluded that corporate governance has a moderate effect on the financial performance of urban co-operative banks. Researcher states that positive findings indicate positive financial performance on the part of the banks and vice versa. More positive indication better is the corporate governance. Negative relation between leadership and per employee business indicates the requirements of better staff management, may be productivity of staff is less. No relation found between leadership and NPA indicates to what extent staff is involved in the management of NPA.

4) **Accountability**

*Purpose to study if there is any relation between accountability and financial performances*

Each item measured by five point scale Each item measured by five point scale (1= strongly agree, 2= agree, 3= neither agree or nor disagree, 4= disagree, 5= strongly disagree)

1. Staffs in a bank are answerable for action.
2. There is a redress (compensation) when the duties and commitments are not made
3. Staff of bank are held accountable for the services delivered by them
4. Bank have set standards for the employees
5. To what extent you agree that bank can differentiate between what the board can do, and what managers and employees of the bank can do?

Financial performance was measured using following parameters:

1) Deposit 2) Loan 3) Per Employee Business 4) NPA 5) Credit deposit ratio 6) CRAR 7) Profit

The five-item scale was converted in single item scale using “transform – compute” command in IBM SPSS.

**Statistical test bivariate correlation**

Ho: r=0 (there is no relationship between Accountability and financial performance indicators)

H1: r≠0 (there is significant relationship between Accountability and financial performance indicators.)
Table 7.8 Statistic for Leadership and Financial Performance

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability - Deposit</td>
<td>.620</td>
<td>.000</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Accountability - Loan</td>
<td>.619</td>
<td>.000</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Accountability - Per Employee Business</td>
<td>.611</td>
<td>.000</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Accountability - NPA</td>
<td>-.075</td>
<td>.689</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Accountability - Credit Deposit Ratio</td>
<td>.177</td>
<td>.341</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Accountability - CRAR</td>
<td>-.356</td>
<td>.049</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Accountability - Profit</td>
<td>.628</td>
<td>.000</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>

**Interpretation:**

Relation between Accountability & deposit (P<0.05)
Relation between Accountability & loan (P<0.05)
Relation between Accountability & per employee business (P<0.05)
No relation between Accountability & npa (P>0.05)
No relation between Accountability & credit deposit ratio (P>0.05)
Relation between Accountability & CRAR (P<0.05)
Relation between Accountability & PROFIT (P<0.05)

As per the analysis researcher found relation between accountability and five parameters of financial performance i.e. Per Employee Business, CRAR, deposit, loan, profit, fairness & CRAR. However no relation was noticed between accountability and remaining two parameters of financial performance i.e. NPA & credit deposit ratio.

H1 is accepted in case of Per Employee Business, CRAR, deposit, loan, profit. Therefore, that researcher has found relation between accountability and financial performance. Hence, it can be concluded that corporate governance has a good effect on the financial performance. No relation found between accountability and NPA indicates management and staff unable to control on NPA, or they are facing lot of problems at time of recovery of loans (e.g. unsecured loans, mismanagement etc.)
5) **Creativity**

**Purpose:** To study if there is any relation between creativity and financial performances

Each item measured by four point scale (1= Excellent, 2= Good, 3= Poor, 4= Very poor)

1. How do you rate research and development department efforts in your bank

Financial performance was measured using following parameters: 1) Deposit 2) Loan 3) Per Employee Business 4) NPA 5) Credit deposit ratio 6) CRAR 7) Profit

**Statistical test bivariate correlation**

Ho: $r=0$ (there is no relationship between Creativity and financial performance)

H1: $r\neq 0$ (there is significant relationship between Creativity and financial performance)

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pearson Correlation</th>
<th>P Value</th>
<th>N</th>
<th>Result</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creativity - Deposit</td>
<td>.294</td>
<td>.109</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Creativity - Loan</td>
<td>.290</td>
<td>.113</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Creativity - Per Employee Business</td>
<td>.494</td>
<td>.005</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Creativity - NPA</td>
<td>.073</td>
<td>.696</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Creativity - Credit Deposit Ratio</td>
<td>.049</td>
<td>.792</td>
<td>30</td>
<td>Insignificant</td>
<td>Null Accepted</td>
</tr>
<tr>
<td>Creativity - CRAR</td>
<td>-.388*</td>
<td>.031</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
<tr>
<td>Creativity - Profit</td>
<td>.282</td>
<td>.124</td>
<td>30</td>
<td>Significant</td>
<td>Null Rejected</td>
</tr>
</tbody>
</table>

**Interpretation:**

No relation between creativity & deposit ($P>0.05$)

No relation between creativity & loan ($P>0.05$)
Relation between creativity & per employee business (P<0.05)
No relation between creativity & NPA (P>0.05)
No relation between creativity & credit deposit ratio (P>0.05)
Relation between creativity & CRAR (P<0.05)
No relation between creativity & profit (P>0.05)
From the above table it can be concluded that there is a relation between leadership and two parameters of financial performance i.e. CRAR, per employee business. However no relation was noticed between fairness and other five parameters i.e. NPA, & credit deposit ratio, deposit, loan, profit.
H1 is accepted in case of Per Employee Business, CRAR, so the researcher has found moderate relation between creativity and financial performance. Hence, it can be concluded that corporate governance has a moderate effect on the financial performance. No relation found between creativity and NPA, & credit deposit ratio, deposit, loan, profit.
Researcher states that corporate governance has relation with financial performance of urban co-operative banks in Pune.

7.3 Hypothesis – C (Bank performance)
Purpose: To study if there is difference in the importance given by directors to the various bank performance indicators
Statistical test: Friedman Chi-square test
Variables and measurements
Respondents were asked to rate the following six performance indicators of bank performance.
1) Profitability of bank.
2) Improvement in staff motivation for last three years of the bank.
3) Improvement in customer satisfaction for last three years of the bank.
4) Improvement in image for last three years of the bank.
5) Increase in customer base for last three years.
6) Financial performance of your bank.
Each performance indicators were measured by using five point scales. (5=excellent, 4= good, 3= fair, 2= poor, 1= very poor.)
Ho: there is no difference in the importance given by directors to the banks performance indicators.
H1: there is significant difference in the importance given by directors to the banks performance indicators

Table No. 7.11 Statistics to ranks given by directors to the Banks performance indicators

<table>
<thead>
<tr>
<th></th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability</td>
<td>3.75</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>3.92</td>
</tr>
<tr>
<td>Staff Motivation</td>
<td>3.38</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>2.98</td>
</tr>
<tr>
<td>Image</td>
<td>3.27</td>
</tr>
<tr>
<td>Customer Base</td>
<td>3.70</td>
</tr>
</tbody>
</table>

N | 30
Chi-Square | 9.106
Df | 5
Asymp. Sig. | .105

Level of significance $\alpha = 0.05$

Observation: Chi-square (5) = 9.106, P= 0.105, N=30

Conclusion: Since P value (0.105) is more than level of significance (0.05) the null hypothesis is retain

From the rank table it can been seen that profitability of the bank has mean rank of 3.75, financial performance has the mean rank of 3.92, staff motivation has mean rank of 3.38, customer satisfaction has mean rank of 2.98, image has mean rank of 3.27, customer base has mean rank of 3.70. Therefore, there is no difference in the importance given by directors to the various bank performance indicators.