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RESEARCH SEMINAR

organized by the

Centre for European Research in Microfinance

“Board Committees and Performance of Microfinance Institutions: Evidence from Ethiopia”



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Abstract:

This study broadly endeavours to find evidences on board effectiveness as an essential element of governance mechanisms. Previous studies on corporate governance took as given the size and composition of the board and mostly provided mixed conclusions. Alternatively, this study measures differences in microfinance institutions (MFIs) performance caused by board governance through examining board of directors' participation on different board committees. Methodologically, performance measures are regressed on board and its committee structures controlling for some institutional and governance variables using random-effects econometric model for a panel of twenty-three MFIs in Ethiopia for a six year period from 2006 to 2011. The econometric analysis shows that organising board members into subcommittees may exhibit considerable impact on performance, which in fact conditional on the types of committee and the respective responsibilities entrusted to them. Hence, the aggregate of strategic related committees, which included risk management, saving mobilization, resource management, and other committees are found significant in enhancing the sustainability of MFIs. In general, the finding of this study provides some evidences on the performance gains obtained by enrolling board members into committees.

Thursday, June 5, 2014

At 2.30 PM

Location: Seminar Room R42.2.113 of the
Université libre de Bruxelles (ULB), Solvay
Brussels School of Economics and Management

Av. F.D. Roosevelt, 42- 1050 Brussels

Please confirm your attendance to cermi@ulb.ac.be at the earliest.