

IMPACT OF CORPORATE GOVERNANCE ON PERFORMANCE OF SELECTED COMMERCIAL BANKS IN BANGLADESH: A COMPARATIVE APPROACH



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ABSTRACT

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This study tries to determine the impact of Corporate Governance (CG) on the performance of Commercial Banks (CB) in Bangladesh. Data are collected from different banks listed under DSE for the period starting from 2015 to 2020. For analyzing the data and testing hypothesis Pearson's correlation and OLS regression models are used to assess the relationship among the performance of the banks and CG related predictor variables like Board Size (BS), Board Independence (BI), Audit Committee (AC), Risk Management Committee (RMC), and some control variables like Firm Age (FA), Firm Size (FS) and Market Capitalization (MC). The regression analysis results showed a mixed result. The BS and BI are significantly affirmatively related with ROE and positively correlated with ROA. The BS is affirmatively related with Tobin's Q, but BI is significantly negatively related. No significant positive connection is found between the AC, RMC and ROE, ROA. The RMC is significant affirmatively related with Tobin's Q, but no significant association between the AC and Tobin's Q. The theoretical part of this paper has focused about a brief discussion about different variables related with Corporate Governance. The empirical part is based on a survey made on twenty commercial banks listed with DSE.

Contribution/ Originality: This study contributes to existing literature by examining the impact of corporate governance on the performance of commercial banks listed in the DSE in Bangladesh. This research is one of the primary studies in financial sector in Bangladesh focusing on the influences of corporate governance factors on the performance.

1. INTRODUCTION

CG is a systematic process used by different parties to control, direct, and manage for ensuring fairness, transparency and accountability in the organization. Owiredu and Kwakye (2020) said that the area of CG is monitoring, supervision and determination of a strategic direction for the organization. Recent literature found that good CG ensures better and sustainable financial performance, while poor CG is the primary cause of the financial crisis. Good CG ensures the proper utilization of corporate scarce resources, formulation and implementation of corporate strategies, management and control of the organization, which lead to firm's financial performance. Mallin (2004) argued that in developed and developing countries, CG has become the great interesting issues for the business organizations. Since the global financial crisis 2008, a proper CG practice has become the burning issue for financial and banking institutions. Corporate investors expect fair management of the firm and its assets. "The

potential investors and creditors always try to ensure getting back the original investment along with the return” Hossain (2020b); Hossain, Nesa, Dowla, and Akter (2021). “The affirmative rate of return is the indispensable component of investment.” Hossain (2013). Firms’ ability to generate profit can be maintained and measured by the magnitude of CG. “When making investment decisions, investors want to ensure the ability and strength of the company to generate profit.” Hossain (2021) and Hossain et al. (2021). Bezawada (2020) concluded that good CG enables to ensure good financial performance and ensure a fair return for all stockholders of the firms. According to Rahman and Islam (2018) “The main and crucial reason behind the financial crisis of the banking sector's in Bangladesh is an inadequate practice of CG.” Ehikioya (2009) “Practicing of good CG ensures the effective monitoring and efficient control, performance and sustainability of the business. Good CG of commercial banks in Bangladesh is the demand of time.

The CB is very important for the sustainable development of the economy of a country. The Bangladeshi banking sector is substantial and important in the country. The business sector of Bangladesh is facing huge challenges (Faruky, Uddin, & Hossain, 2011). Due to some recent financial scams banking sector in Bangladesh is seriously criticized. Some commercial banks were involved in those financial scams. These financial scams indicate the lack of proper practices of CG in the banking sector in Bangladesh. Rahman and Islam (2018) “Banking business in Bangladesh is frequently facing crises due to the lack of practices of CG”. Banks' performance depends on the fair practices of banking activities. Hossain (2017) “Bangladesh is also being pressurized by the international community’s to follow an international, comparable CG framework”. According to Fanta, Kemal, and Waka (2013) the shareholders of the corporations elect and appoint a board of directors to monitor management's activities and draw strategic decisions about the corporation. So, it can be said that good CG will lead to emphasize the best financial performance.

CG has become a burning concern for corporate performance in developed and developing countries in the world. Proper CG ensures the efficient and effective uses of firm’s scarce resources which enable firms’ success and shareholders’ interest. The Board of Directors (BoD) is responsible for designing of mission and strategy, the building of culture and working environment to operate the business smoothly. Many researchers found that CG factors like BS, BI, CEO duality, AC, RMC etc., have a crucial influence on the performance of banks. The ID in the BoD assure unbiased decisions on the bank affairs, which lead to influence the performance positively. In Bangladesh, many researchers researched about the influence of CG on performance of different types of firms, but a few studies are found about the commercial bank. Not only for the business organizations but also the general people bank is essential for financial services in the economy. An inefficient banking system of a country will lead to lower and unstable economic growth.

The span of this report is restricted to the overall descriptions and impact of CG on the performance of the CB of Bangladesh. This study would focus on the CB listed in capital market DSE in Bangladesh. The study would also focus on the period starting from 2015 to 2020 to analyze the financial statements. To assess the bang of CG on the performance of CB in the context of Bangladesh, this report has examined the association of CG elements and the commercial bank’s performance.

1.1. Objectives of the Study

The most important purpose is to find out the impact of CG practices on the performance of CB in Bangladesh. The following specific objectives will be accomplished by this study:

- i. To find out characteristics and present scenarios of CG practices in commercial banking organizations in Bangladesh.
- ii. To find out the influence of CG factors such as BS, BI, CEO duality, AC, RMC on the performance of CB in Bangladesh.

2. LITERATURE REVIEW

The influence of CG practices on the performance of CB has been talked about in this section. [Rehman and Mangla \(2012\)](#) found that good CG practices improve financial performance of the banks in both developing and developed countries in the world. The instruments of CG practices such as BS, BI, CEO duality, RMC and AC are essential factors that influence commercial banks' performance. [Kyereboah-Coleman and Biekpe \(2006\)](#) researched Ghana and concluded BS and banks' ROA affirmatively related to each other.

There is a mixed finding of the impact of BS and performance in commercial banking companies. Some researchers concluded that a larger BS could use more expert human capital for advising management. [Adams and Mehran \(2012\)](#) concluded BS is significantly positively associated with the performance of the banks. [Malik, Wan, Ahmad, Naseem, and Rehman \(2014\)](#) also found an identical result, such as a significant affirmative influence of BS on banks' performance. [Rahman and Islam \(2018\)](#) researched in Bangladesh using CG factors such as BS, board composition, CEO duality, and performance measures as ROE and ROA. They established BS is significantly affirmatively related to ROE and ROA. Board composition is also significantly positively related to ROE, and CEO duality is also significantly positively related to ROA. On the contrary, some argue that large BS is fewer efficient due to less harmonization, control, and supervision. [Yermack \(1996\)](#) found that tiny BS is significantly affirmatively related to the financial performance of firms. [Haniffa and Hudaib \(2006\)](#) "large BS can enjoy diversity in expertise, business contacts and experience than little BS". [Pillai and Al-Malkawi \(2018\)](#) argued in their research that BS, audit type and CSR in GCC countries have a negative influence on financial performance.

BI is a very important consideration in CG practices. BI indicates the proportion of independent directors on the BoD. A higher percentage indicates more BI. According to [Aldamen, Duncan, Kelly, McNamara, and Nagel \(2012\)](#) "BI has no significant influence on the firms' performance". [Yameen, Farhan, and Tabash \(2019\)](#) "by reducing the agency cost, BI positively affects the firm's performance". [Rowe, Shi, and Wang \(2011\)](#) investigated that lower BI is significantly negatively related to the success of banks. [Muniandy and Hillier \(2015\)](#) also found an affirmative association between BI and performance. [Pathan, Skully, and Wickramanayake \(2007\)](#) Found a mentionable affirmative connection amid the proportion of BI and the banks' performance. Any other way, [Chan and Heang \(2010\)](#) argued excessive percentage of BI might destroy the advisory role of the BoD, which may create problems in coordinating, controlling, and decision-making. [Petra \(2005\)](#) concluded that outside directors might jeopardize a board of directors' efficient operation due to limited involvement with corporate activities. [Staikouras, Staikouras, and Agoraki \(2007\)](#) conducted research using ROA, Tobin's Q as the bank financial performance measures, CG factor as BS, BI on European Banks, and found a negative association of BS and affirmative association of BI with Tobin's Q and ROA.

The AC reviews the financial reporting and disclosure process, improves the integrity and objectivity of financial statements, monitors the selection, uses changes of accounting policies and principles, overseeing external auditors' appointments and monitors auditor independence, and finally ensures compliance with rules, regulations, and ethics. AC and its independence have an influence on the performance of CB. The Independent AC tries to ensure the interest of shareholders. According to [Aldamen et al. \(2012\)](#) "A high-quality CG practice such as AC improves the supervision of business administration, but a negative association amid AC and performance of the firms is recorded". [Al-Sahafi, Rodriqs, and Barnes \(2015\)](#) researched using performance measures like Tobin Q, ROE, ROA, and CG factor-like BS, BI, CEO duality, AC and found that BS and BI are positively related with performance such as Tobin's Q, ROE, ROA in Saudi Arabia. The best measures of profitability are the ROA and ROE ([Hossain, 2020b](#)).

CEO duality indicates CEO and the Chairman of the BoD of the business organization are the same people. If the same person belongs to both the CEO and Chairman of the BoD, the decision-making activities will not diversify. Some researchers argued that CEO duality is significantly negatively related to the performance of CB. [Duru, Iyengar, and Zampelli \(2016\)](#) found that CEO duality significant negatively shocks the firm operating

profitability. Al-Amarneh (2014) researched using BS, CEO duality on Jordan and found that BS and has an affirmative connection to the performance. Gafoor, Mariappan, and Thyagarajan (2018) conducted research on India using CG factors as BS, BI, and CEO duality. They found BS and BI have a positive impact on CB performance. However, they also argued CEO duality negatively bang on CB performance. Grove, Patelli, Victoravich, and Xu (2011) argued that CEO duality is negatively related to the performance of CB.

Rashid, Zobair, Chowdhury, and Islam (2020) researched Bangladesh using CG factors as BS, BI, Accounting and Legal experts on the board. They found an affirmative connection of legal experts in the board, an insignificant relationship of Accounting experts on the board, Independent board members and BS with performance. Praptiningsih (2009) researched Asian emerging markets using CG factors as CEO duality, BS, BI, AC and Return on assets is used as performance measurement. He found no significant relationship of bank's performance with BS, BI, and there is a negative relationship with CEO duality but an optimistic affiliation with auditing by a reputable external auditor.

There are many other CG factors that impact on bank's performance. Haider, Khan, and Iqbal (2015) found that Board size, number of meetings, and AC size are also positively associated with performance.

2.1. Conceptual Scheme

The conceptual Scheme Figure 1 for this study is constructed by three types of variables such as independent variables, control variables and dependent variables. The relationship among those variables are presented here in a scheme which is presented below:

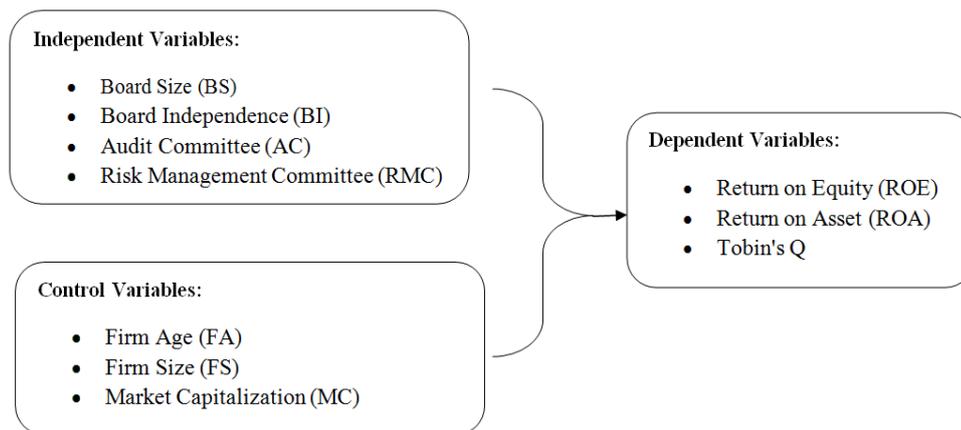


Figure 1. Conceptual framework.

3. RESEARCH METHODOLOGY

3.1. Research Instruments

Some variables relating to CG have been identified through the literature review. The following independent variables are selected as influencing the performance of the commercial banks: (i) Board Size (BS), (ii) Board Independence (BI), (iii) Audit Committee (AC), (iv) Risk Management Committee (RMC). The following variables are used as control variables like (v) Firm Age (FA), (vi) Firm Size (FS) and (vii) Market Capitalization (MC). The bank's performance is measured by the proxy of Tobin's Q, Return on Equity (ROE) and Returns on Assets (ROA).

3.2. Population, Sample, and Data Collection

There are 30 commercial banks listed in the capital markets in Bangladesh; among them, 20 banks are randomly selected for 2015-2020. Total 100 data entries are used for drawing conclusions on the influence of CG on CB performance.

3.3. Data Analyses Procedures and Hypotheses

The different statistical outputs will be computed by using the statistical software SPSS. The variables importance are examined by using descriptive statistics. The Pearson Correlation and OLS regression are used to determine the association among different variables used in this study.

The study will test the following hypothesis:

- i. H_{01} : BS is significant positively related to the CB performance.
- ii. H_{02} : BI is significant positively related to the CB performance.
- iii. H_{03} : AC is significant positively related to the CB performance.
- iv. H_{04} : RMC is significant positively related to the CB performance.
- v. H_{05} : FA is significant positively related to the CB performance.
- vi. H_{06} : FS is significant positively related to the CB performance.
- vii. H_{07} : MC is significant positively related to the CB performance.

3.4. Model Specification

The CB performance (Tobin's Q, ROE and ROA) is modeled as a function off our independent variables for measuring CG like BS, BI, AC, RMC and three control variables like FA, FS, MC. " ε is the error term in the model and $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ and β_7 are the coefficients of the regression of model" (Hossain et al., 2021) and Hossain (2020a). The following models and equations are examined by OLS regression analysis:

$$\text{ROE} = f(\text{BS}, \text{BI}, \text{AC}, \text{RMC}, \text{FA}, \text{FS}, \text{MC})$$

$$\text{ROA} = f(\text{BS}, \text{BI}, \text{AC}, \text{RMC}, \text{FA}, \text{FS}, \text{MC})$$

$$\text{Tobin's Q} = f(\text{BS}, \text{BI}, \text{AC}, \text{RMC}, \text{FA}, \text{FS}, \text{MC})$$

$$\text{Model 1: ROE}_{it} = \beta_0 + \beta_1 \text{BS}_{it} + \beta_2 \text{BI}_{it} + \beta_3 \text{AC}_{it} + \beta_4 \text{RMC}_{it} + \beta_5 \text{FA}_{it} + \beta_6 \text{FS}_{it} + \beta_7 \text{MC}_{it} + \varepsilon_{it}$$

$$\text{Model 2: ROA}_{it} = \beta_0 + \beta_1 \text{BS}_{it} + \beta_2 \text{BI}_{it} + \beta_3 \text{AC}_{it} + \beta_4 \text{RMC}_{it} + \beta_5 \text{FA}_{it} + \beta_6 \text{FS}_{it} + \beta_7 \text{MC}_{it} + \varepsilon_{it}$$

$$\text{Model 3: Tobin's Q}_{it} = \beta_0 + \beta_1 \text{BS}_{it} + \beta_2 \text{BI}_{it} + \beta_3 \text{AC}_{it} + \beta_4 \text{RMC}_{it} + \beta_5 \text{FA}_{it} + \beta_6 \text{FS}_{it} + \beta_7 \text{MC}_{it} + \varepsilon_{it}$$

3.5. Data and Variables

Twenty commercial banks are selecting randomly for collecting data for the study. The numerical data are collected from the published annual of CB covering the period of 2015 to 2020. For measuring the impacts of CG on the performance of CB following variables are utilized. Table 1 presents the details about different variables.

Table 1. Variable's list.

Variable	Abbreviation	Measurement
Tobin's Q	Tobin's Q	"(Market value of equity + Liability market value)/Total Assets replacement costs" (Al-Sahafi et al., 2015).
Return on Equity	ROE	"Earnings Before Tax And Interest/Total Equity" (Hossain, 2020b).
Return on Assets	ROA	"Earnings Before Tax And Interest/Total Assets" (Hossain, 2020b).
Board Size	BS	Total number of directors in board.
Board Independence	BI	Total Independent Directors/Total Directors
Audit Committee	AC	Total members in Audit Committee
Risk Management Committee	RMC	Total members in Risk Management Committee
Firm Age	FA	Age of the firm
Firm Size	FS	Ln (Total Assets)
Market Capitalization	MC	Total shares outstanding*Market value per share.

4. EMPIRICAL RESULTS AND DISCUSSION

4.1. Descriptive Statistics

The Descriptive statistics are shown in the following Table 2.

Table 2. Descriptive statistics of variables.

Variable	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
ROE	10.60	3.808	0.002	0.243	0.622	0.481
ROA	0.87	0.388	0.895	0.243	0.975	0.481
Tobin's Q	0.13	0.028	1.176	0.243	5.178	0.481
BS	13.81	3.848	-0.071	0.243	-0.684	0.481
BI	0.18	0.076	0.009	0.243	0.146	0.481
CEOD	2.00	0.000	-	-	-	-
AC	4.34	0.971	-0.195	0.243	-0.297	0.481
RMC	4.64	1.173	0.129	0.243	0.044	0.481
FA	26.28	11.284	0.444	0.243	0.034	0.481
FS	26.2929	0.41544	-1.503	0.243	3.550	0.481
MC	15923693258.00	7729422817.67	1.097	0.243	2.662	0.481

The descriptive statistics are presented in Table 2. Here the mean and standard deviation of ROE is 10.60% and 3.808%, with skewness 0.002 and kurtosis 0.622. The mean and standard deviation of ROA is 10.60% and 0.388%, with skewness 0.895 and kurtosis 0.975. The mean and standard deviation of Tobin's Q are 0.13% and 0.028%, with skewness 1.176 and kurtosis 5.178. Table 2 also shows the average BS is 14 with a standard deviation of 3.848, skewness -0.071 and kurtosis -0.684. We also found here only 18% members of the BoD are independent with a standard deviation of 7.6%, skewness 0.009 and kurtosis 0.146. The average size of the AC is 4.34 with a standard deviation of 0.971, skewness -0.195 and kurtosis -0.297. The average size of RMC is 4.64 with a standard deviation of 1.173, skewness 0.129 and kurtosis 0.044. The average FA is 26.28 years with a standard deviation of 11.284, skewness 0.444 and kurtosis 0.034. The average FS is 26.2929 with a standard deviation of 0.41544, skewness -1.503 and kurtosis 3.330. The average market capitalization of the banks is 15923693258.00 with a standard deviation of 7729422817.67, skewness 1.097 and kurtosis 2.662. In all of the observations it is found that the chairman of BoD and CEO are different persons. There is no single case where the Chairman of BoD and CEO are the same person. So this variable can not be measured and excluded from the variable lists.

4.2. Correlations Analysis

Table 3 represents the correlation and the significance of different variables used in this study. Here ROE is affirmatively related to Tobin's Q, ROA, BS, BI, MC and negatively related to FA, FS. The relationship among ROE and ROA, Tobin's Q, FA, FS are significant, while BS, BI, AC, RMC, MC are insignificant. ROA is affirmatively associated with ROE, Tobin's Q, BS, FA, MC and negatively related to BI, FS. The relationship among Tobin's Q and ROE, ROA, FA, FS are significant, while BS, BI, AC, RMC, MC are insignificant. Tobin's Q is affirmatively associated with ROE, ROA, BS, MC and negatively associated with BI, FA, FS. The relationship among ROA, ROE, Tobin's Q, MC are significant, while BS, BI, AC, RMC, FA, FS are insignificant.

4.3. Regression Analysis

In Table 4, model one, we found that the F-Value 7.042 is significant at a 1% level of significance, and D-W Statistic is 1.302, which indicates that the regression analysis is possible for the dependent variable ROE. The value

of R, R², and Adjusted R² is 0.593, 0.351, and 0.301, which implies that the dependent variable ROE is 30.1% explained by this model.

Table 3. Correlations results.

Variable	ROE	ROA	Tobin's Q	BS	ID	AC	RMC	FA	FS	MC
ROE	1									
ROA Sig. (2-tailed)	0.787**	1								
	0.000									
Tobin's Q Sig. (2-tailed)	0.324**	0.437**	1							
	0.001	0.000								
BS Sig. (2-tailed)	0.085	0.118	0.117	1						
	0.401	0.244	0.249							
BI Sig. (2-tailed)	0.018	-0.229*	-0.064	-0.480**	1					
	0.859	0.023	0.528	0.000						
AC Sig. (2-tailed)	-0.020	-0.006	0.107	0.523**	-0.132	1				
	0.847	0.950	0.294	0.000	0.194					
RMC Sig. (2-tailed)	-0.011	-0.010	0.127	0.497**	-0.002	0.756**	1			
	0.913	0.924	0.210	0.000	0.981	0.000				
FA Sig. (2-tailed)	-0.326**	-0.229*	0.137	-0.106	0.079	-0.002	-0.082	1		
	0.001	0.023	0.175	0.298	0.438	0.981	0.418			
FS Sig. (2-tailed)	-0.305**	-0.467**	-0.162	-0.164	0.476**	-0.211*	-0.212*	0.382**	1	
	0.002	0.000	0.109	0.105	0.000	0.036	0.035	0.000		
MC Sig. (2-tailed)	0.143	0.001	0.615**	-0.122	0.401**	-0.122	-0.119	0.252*	0.566**	1
	0.157	0.994	0.000	0.230	0.000	0.230	0.241	0.012	0.000	

Note:

** Significant at 1%.

* Significant at 5%.

Table 4. Results of regression.

Dependent Variable: Tobin's Q, ROA and ROE			
Parameter	Model 1: ROE	Model 2: ROA	Model 3: Tobin's Q
Constant	156.463(0.000)***	19.390(0.000)***	1.360(0.000)***
BS	0.283(0.028)**	0.214(0.91)*	0.043(0.520)
BI	0.287(0.024)**	0.096(0.445)	-0.136(0.042)**
AC	-0.048(0.725)	-0.094(0.484)	-0.067(0.353)
RMC	-0.211(0.139)	-0.158(0.264)	0.139(0.065)*
FA	-0.211(0.029)**	-0.044(0.638)	0.182(0.000)***
FS	-0.614(0.000)***	-0.731(0.000)***	-0.743(0.000)***
MC	0.432(0.000)***	0.383(0.000)***	1.058(0.000)***
R	0.593	0.601	0.905
R ²	0.351	0.361	0.820
Adjusted R ²	0.301	0.312	0.806
F-Value	7.042(0.000)***	7.343(0.000)***	59.142(0.000)***
D-W Statistic	1.302	1.166	1.056

Note:

* Significant at 5%.

** Significant at 1%.

*** Significant at 10%.

From model two, we found that the F-Value 7.343, which is statistically significant at 1% level of significance, and D-W Statistic is 1.166, which indicates that the regression analysis is possible for the dependent variable ROA. The value of R, R², and Adjusted R² is 0.601, 0.361, and 0.302, which implies that the dependent variable ROA is 30.2% explained by this model.

From model three, we found that the F-Value 59.142 statistically significant at 1% level of significance, and D-W Statistic is 1.056, which indicates that the regression analysis is possible Tobin's Q. Here the value of R, R², and Adjusted R² is 0.905, 0.820, and 0.806, which implies that model three is able to explain 80.6% of the dependent variable Tobin's Q.

From Table 4, model one, we found that the beta coefficient of BS is 0.283 and the p-value is 0.028, which indicates BS significant positive impact on the dependent variable ROE supporting the result of Kyereboah-Coleman and Biekpe (2006); Adams and Mehran (2012); Malik et al. (2014); Rahman and Islam (2018); Al-Sahafi et al. (2015) and varying the result of Yermack (1996); Pillai and Al-Malkawi (2018). The hypothesis H₁ BS is significantly related to ROE is accepted.

The same result is found in model two, where the dependent variable is ROA. But in model three, we found that the beta coefficient of BS is 0.043 and the p-value is 0.520, which indicates implies BS does not positively impact on Tobin's Q, varying the findings of Al-Sahafi et al. (2015). The hypothesis H₁ BS is significant positively related to Tobin's Q is rejected.

Model one shows the beta coefficient of BI is 0.287 and p-value is 0.024, which indicates BI is statistically significant at a 5% level of significance and positively impact the dependent variable ROE supporting the finding of Yameen et al. (2019); Muniandy and Hillier (2015); Pathan et al. (2007) and varying the results of Aldamen et al. (2012); Rowe et al. (2011).

Here the hypothesis H₂ BI is significant affirmatively related to ROE is accepted. But for ROA, the result is not significant, and the hypothesis H₂ is rejected. In model three, we also found a beta coefficient of BI is -0.136 and p-value is 0.042, which indicates BI has a significant negative impact on Tobin's Q, varying the results of Al-Sahafi et al. (2015). The H₂ BI is significant affirmatively related with Tobin's Q is rejected.

We also found from Table 4, AC does not significant positively impact all the predicting variables such as Tobin's Q, ROE and ROA supporting the results of Aldamen et al. (2012) and varying the result of Haider et al. (2015). Here hypothesis H₃ AC is significant positively related with the CB performance is rejected for all cases.

RMC is insignificant negatively associated with ROA and ROE. So the hypothesis H₄ is rejected for the dependent variables ROE and ROA. But for Tobin's Q, the beta coefficient of RMC is 0.139, and the p-value is 0.065, which indicates that RMC is significant positively related to Tobin's Q. Here the hypothesis H₄ is accepted for Tobin's Q.

FA is insignificant negatively related to ROA and ROE. So hypothesis H₅ is rejected for the dependent variables ROE and ROA. But for Tobin's Q, the beta coefficient of BS is 0.182, and the p-value is 0.000, which indicates FA is significant positively associated with Tobin's Q. Here the hypothesis H₅ is accepted in the case of Tobin's Q.

We also found from Table 4; FS does not significant positively impact all the dependent variables Tobin's Q, ROE and ROA. Here the beta co-efficient is -0.743, -0.614, -0.731 and the p-value is 0.000, 0.000, 0.000 respectively. Here hypothesis H₆, there is a significant positive relation between FS and CB performance is rejected for all the dependent variables Tobin's Q, ROE and ROA. The FS is significantly negatively associated with CB performance.

We also found from Table 4, MC is significantly positively related to Tobin's Q, ROA and ROE and. Here the hypothesis H₇ is accepted for all cases. Here the beta co-efficient is 1.058, 0.383, 0.432 and the p-value is 0.000, 0.000, 0.000 respectively. The MC significant positively impacts the performance of CB in Bangladesh.

5. HYPOTHESES TESTS' SUMMARY

In Table 5 the details about hypotheses tests' summary are presented.

Table 5. Hypotheses tests' summary.

Hypotheses	Dependent Variable	Beta Coefficients	P-Value	Decision	Justification
H ₀₁ : BS is significant positively associated with the banks' performance	ROE	0.283	0.028	Accepted	P-value is significant at 95% confidence level, and the beta coefficient is positive.
	ROA	0.214	0.91	Rejected	P-value is not significant, but the beta coefficient is positive.
	Tobin's Q	0.043	0.520	Rejected	P-value is not significant, but the beta coefficient is positive.
H ₀₂ : BI is significantly positively related to the banks' performance.	ROE	0.287	0.024	Accepted	P-value is significant at 95% confidence level, and the beta coefficient is positive.
	ROA	0.096	0.445	Rejected	P-value is not significant, but the beta coefficient is positive.
	Tobin's Q	-0.136	0.042	Rejected	P-value is significant at a 95% confidence level, but the beta coefficient is negative.
H ₀₃ : AC is significantly positively associated with the banks' performance.	ROE	-0.048	0.725	Rejected	P-value is not significant, and the beta coefficient is negative.
	ROA	-0.094	0.484	Rejected	P-value is not significant, and the beta coefficient is negative.
	Tobin's Q	-0.067	0.353	Rejected	P-value is not significant, and the beta coefficient is negative.
H ₀₄ : RMC is significantly positively associated with the banks' performance.	ROE	-0.211	0.139	Rejected	P-value is not significant, and the beta coefficient is negative.
	ROA	-0.158	0.264	Rejected	P-value is not significant, and the beta coefficient is negative.
	Tobin's Q	0.139	0.065	Accepted	P-value is significant at 90% confidence level, and the beta coefficient is positive.
H ₀₅ : FA is significantly positively associated with the banks' performance.	ROE	-0.211	0.029	Rejected	P-value is significant at 99% confidence level, but the beta coefficient is negative.
	ROA	-0.044	0.638	Rejected	P-value is not significant, and the beta coefficient is negative.
	Tobin's Q	0.182	0.000	Accepted	P-value is significant at 99% confidence level, and the beta coefficient is positive.
H ₀₆ : FS is significantly positively associated with the banks' performance.	ROE	-0.614	0.000	Rejected	P-value is significant at the 99% confidence level, but the beta coefficient is negative.
	ROA	-0.731	0.000	Rejected	P-value is significant at the 99% confidence level, but the beta coefficient is negative.
	Tobin's Q	-0.743	0.000	Rejected	P-value is significant at the 99% confidence level, but the beta coefficient is negative.
H ₀₇ : MC is significantly positively associated with the banks' performance.	ROE	0.432	0.000	Accepted	P-value is significant at 99% confidence level, and the beta coefficient is positive.
	ROA	0.383	0.000	Accepted	P-value is significant at 99% confidence level, and the beta coefficient is positive.
	Tobin's Q	1.058	0.000	Accepted	P-value is significant at 99% confidence level, and the beta coefficient is positive.

6. CONCLUSIONS

The banking sector in Bangladesh is the largest sector in the economy. This sector accelerates the economic, financial and social development of the country. The smooth performance and contribution of this sector to the national economy is essential for economic development and the country's stability. Good CG practices ensure the effective management of the banks. There are some CG factors that influence the bank's profitability. First, the BS

is significant for ROE and insignificant for Tobin's Q and ROA. This result indicates that a larger board size increases ROE but cannot significantly increase Tobin's Q ratio. Secondly, the significant level of the BI also significant positively influence the ROE of the banks but cannot influence Tobin's Q and ROA. Third, the AC is not significant with the performance of the banks. In all the cases of different dependent variables like Tobin's Q, ROE and ROA, the AC is insignificant and unenthusiastically associated with the bank's performance. Fourth, the RMC is also insignificant and negatively related with ROE and ROA but significant absolutely connected with Tobin's Q. The RMC also cannot positively influence the banks' performance on the basis of equity and assets. Fifth, the FA and FS also do not considerable positively influence ROA, ROE and Tobin's Q. FS significant positively interferes with Tobin's Q. So, we can conclude that the FA and FS are not important for the financial performance. The market capitalization is significantly positively influenced all three performance-related dependent variables.

More researches should be conducted, adding more and more CG related variables for finding any more impacts on the performance of the CB in Bangladesh. If the CB itself and the potential investors are confirmed about the impacts of the different CG factors, they will be able to take proper action and proper decisions.

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