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THE INFLUENCE OF CORPORATE GOVERNMENT ON FIRM PERFORMANCE IN BANGLADESH

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ABSTRACT

The purpose of this research proposal is to assess the effect of corporate governance on enterprise performance vis-a-vis emerging economies with a special reference to Bangladesh. Bangladesh is the subject of this investigation. The majority of the studies will focus on Bangladesh. Our research will be focused more closely on Bangladesh only. Below, it quantifies a relationship between good corporate governance and higher business performance as key to encouraging investment in all sectors and hence, economic growth. Nevertheless, it becomes important that this connection is made within the backdrop of the business environment. This is true in that each of these features serves to underscore the importance of this relationship. When it comes to decision making the term ‘corporate governance’ refers to the several systems, ideas and process which are different. This phrase is used all through the discussion on the leadership and management of firms. This may be because, as the above phrase covers the entire process, it accounts for this. [1]. This predicament arises because corporate governance involves all of these aspects. The importance of corporate governance, in any case, is not insignificant; it is even more important in emergent countries such as Bangladesh where institutions are weak. This does not mean that the significance of the corporate governance is low. The first reason is that corporate governance plays an outstanding role in the sphere of commerce. The conclusion from this analysis is that corporate governance does not matter at all. In this article, we would like to discuss the variety of possibilities how corporate governance affects the tools applied for the evaluation of a firm’s performance. All these questions will be answered within the scope of this article. They include as profitability, return on equity (ROE), market performance indicators among others. Other parameters are also added into the model such as total performance of the market. [2]

Keywords: Corporate Governance, Emerging economies, Investigation, Predicament,

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Parameters.

1. INTRODUCTION

Literature on the association between CG and FP is comparatively scarce and confined to an emerging economy like Bangladesh. Corporate governance has to do with the systems that steer and regulate the management of organizations. The structures and procedures have an impact on controlling the nature and efficiency of productions and other performances in organizations. Every one of the above-mentioned institutions and procedures falls under the headings belonging to corporate governance. The banking industry of Bangladesh is a matter of study because of its importance for the overall economy as well as the particular problems it experiences from a number of viewpoints. This sector on its own is a big portion in contributing to the GDP of the nation. Furthermore, the project reveals that banking has special challenges that other economic sectors do not face.[1]

The impact that the corporate governance (CG) has on firm performance (FP) specifically in the developing countries that include Bangladesh has over time been the subject of a growing number of studies over the last few years. This trend has been more visible in Bangladesh as it will be evident in the subsequent sections of this report. Such interest has grown out of the necessity to pay attention to how institutions of good governance can enhance the financial state and effectiveness of enterprises in an organisational environment which is quite unique under the variability of challenges and opportunities. Thus, this interest has emerged thematics emerged. [3]

Corporate governance can be defined as that branch of commerce which is actually involved with controlling and managing the companies. These structures and processes are supposed to manage the organisation. Such steps as which are being taken to protect the stakeholder's interests and ensure that management will remain accountable to those stakeholders are encompassed in this exercise. The existing literature of corporate governance in Bangladesh is in fact financed by the banking industry and it plays a vital role in corporate governance studies in Bangladesh. This is due to the fact that it occupies a very important place in the economy, and also due to the fact that corporations misgovernance has exposed that there are flaw in the rules governing governance. So there are two primary factors for this result. [4]

1.2: Corporate Governance Plays a Vital Role to Developing Countries/ Organizations

Organizational governance is critically important to the efficient running of an organization, and this is especially so in emerging economies Such as Bangladesh. This has been due to various reasons. The following are only a few of the many possible reasons that fall under this category:

1.2.1 Investor Confidence:

They found out that gm5 is negatively related to the level of risk that investors are exposed to and this relationship prevails between the two. It also results in increase in the amount of money borrowed from the other countries and money invested by other nations people, for which is required for the growth of economy. The confidence that investors place on these approaches rest on the fact that, they themselves, reduce the risks that are associated with the investment process. [5].

1.2.2 Performance Enhancement:

A research that was carried out for the express purpose of increasing performance has pointed out that organizations that boast of good governance structures are inclined to do better than organizations whose governance structures may not be as sound. It may therefore be concluded from the study with analysis of the findings made from the survey. The study was done to achieve the improvement of performance based on the objectives of the study. The availability of quantifiable measures of corporate governance like the board of directors, its independence and size establishes a significant and positive correlation with the actual measures of financial performance – ROA and ROE. [5] This has been proved through the following studies According to various researches. On the basis of the research it has been found that these measurements are related with the financial performance measures and especially in banking sector where it has also been found that such relationship exists. Consequently, the role of corporate governance in the banking sector comes into the increased focus as it is the case with above. [6]

1.2.3 Mitigation of Agency Problems:

Agency issues are more likely to be seen when ownership and control are manifested separately. As a result, agency problems are quite likely to occur. Such challenges are typical for cases when the goals of management are opposite to the shareholders' interests. Issues are the right terminology when it comes to the affairs in question. The development of proper CG mechanisms can contribute to the synthesis of various self- interested staking that in turn can help to achieve a higher business performance. Besides this, there is a possibility to achieve this. [7]

1.3: Corporate governance has an impact on business outcomes

Several specific and fundamental principles of corporate governance that can be found to exert a strong impact on corporate success, are identified by several researches. This is normally the expected result the learners give based on the knowledge they possess.

1.3.1: Board Size and Composition:

As identified from the emergent evidence and findings reviewed from the various studies, the sound decision making and effective supervisory activities may be supported by board that is not only of the right size but also with diverse perspectives. This is something that has been thought to be possible. The use of independent directors as part of the board may have a positive effect of enhancing accountability while the use of large boards may have the effect of enhancing the diversification of knowledge in the board. An increase of responsibility can result originating from both of these elements. [8]

1.3.2: CEO Duality:

The very practice of CEO/president also being the chairman of the board of directors leads logically to the possibility of conflicts of interest emerging. This is because the CEO also has a position of the chairman of the board of the company in question. It has been shown so. The information that was obtained in Bangladesh points towards the possibility that the splitting of these responsibilities may lead to improvement in monitoring, as well as, organisational performance within the firm as a whole. Going by the data that was gathered, this might be the case**.** [10]

1.3.3: Audit Committees:
With a view of the fact that audit committees can effectively deliver on their responsibilities in the most effective manner, there is a tremendous boost in the amount of transparency and accountability within the corporations. The existence has been proved to be related positively to very excellent financial returns, and this has been proved or evidenced.

1.4 Issues that concern The Readymade Garments Industry in Bangladesh
According to the literatures now a days the good corporate governance is needed universally and Bangladesh is no exception of it at present Bangladesh is going through some hurdles to adopt the world best practices of corporate governance. Even if the general public constantly appreciate good corporate governance practices, they remain ignorant of these principles. Here are the several types of duties that fall under this category, listed alphabetically according to their respective categories:

1.4.1: Regulatory Framework:
There is still no uniformity in the application of these standard, and, therefore, the level to which they can be complied with widely differs among the various businesses. In fact there are guidelines or procedures that are supposed to enhance critical thinking (CG), this is however still the reality. Even though there are regulations over the situation, this is the position in which individuals have been placed themselves. [9]

1.4.2: Cultural Factors:
It is one of the cultural components that has the capacity to undermine formal governance systems that the impact of family ties and informal networks, which often have an effect on the makeup of boards of directors and the decision-making processes, is one of the aspects that has the ability to undermine formal governance systems.

2. REVIEW OF LITERATURE
Relevant Research

1. Rahman et al. (2024) - An examination of the influence that corporate governance has on the success of organizations that are now being investigated as a part of the investigation The following is an assessment of the evidence that was presented in the COVID Report: Many of the commercial banks which are present in Bangladesh have been owned by some private individuals. These institutions are referred as private commercial banks.

This study seeks to explore various CG mechanisms such as board of director's size and composition, board of directors competence, amongst others, to find ways through which CG mechanisms affect various company performance indicators including return on asset and return on equity. The objective of this research is to establish different techniques through which mechanisms affect organization performance. Firm performance metrics is the area that will be examined in this study to determine how these mechanisms impact it in various ways. It is the objective of this research to identify these mechanisms. Therefore, on the basis of the result of this study, it is possible to conclude that efficient governance would lead to enhancement of Bangladeshi banks financial performance during the fiscal year 2022 (2023). This conclusion is made having regard to the fact that the research was conducted. This is something that can be assumed if the findings of the research conducted earlier have to be considered.

2. Muttakin and Ullah (2019) – Relationship between Corporate Governance and Bank Performance: Some Empirical findings from Bangladesh.

The research question therefore is: how does corporate governance regimes influence the performance of the publicly listed banks? This study is being conducted with the purpose of establishing such a link in the present time. The research is being conducted in case there may exist such a link and the project was set in 2009 and might go on till 2017. For the purpose of this particular piece of study, the investigation was undertaken of the period of 2009 to 2017. Several decades of this work of literature are focused on the period between 2009 and 2017, which coincides with the period under discussion in the present paper starting from 2009 through 2017. The outcome of the research pointed towards evidence showing that the size of the board, in correlation with the extent of independence of the directors, has been viewed to has positive impact on the performance of the bank. Indeed, this was prompted by the outcome of the study in question. Since the board does not belong to any organization then disclosure of this information was made possible. This is the scenario in any case when the board is operating under independent supervision. In point of fact, this is the reality. On the other side, it has been established that there is a negative force operating on the relationship between management ownership and performance. This event has happened, which has not been expected according to the predictions made.

3. Islam et al. (2020): Bangladeshi Listed Banks' Corporate Governance and Firm Performance

The purpose of this research is to explore various governance issues like the characteristics of the ownership structure of the firm and board of director size. The change of the board of directors is another topic that will be evaluated within the framework of this process. Therefore, according to the generated knowledge, the authors of the work concluded that comprehensive norms of the corporate governance increase the key indicators of the financial institutions including ROA and ROE. [12] Consequently the conclusion was made as a result of the findings of this research. This conclusion was therefore reached based on the outcome of the investigation towards that led to the formulation of this conclusion. The range of the time in which the data used in this research was obtained includes not only the year 2010 to 2015, but also the other years in between the two years mentioned above.

4. Khan et al. (2022): Examining the Evidence from Dhaka Stock Exchange on Corporate Governance and Firm Performance

In the framework of this study, this question is mainly concerned with the 58 business entities which operate on the territory of Dhaka Stock Exchange. This research is however part of this research investigation. These businesses are also looked at as part of this inquiry. The statistical data that was gathered for this study especially focuses on the year between 2016 and 2021. The research was carried in the United States. The United States of America function as the setting in which this research was conducted[15]. It is quite logical to come to the conclusion that the variable of independence of the board of directors is one of the beneficial characteristics influencing the performance of the firm. Since this is the situation we can safely come to this conclusion. On the other hand, there was no other aspect of governance that emerged out to have any form of correlation with the quantum of success that was feasible for the fir across various levels of its organizational structure. 5. Rashid (2020) - Corporate Board Characteristics Mediate Capital Structure and Business Performance in Bangladesh.

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Specifically, for the years 2015 to 2017, the goal of this research is to establish and explore the correlation between accounting-based performance indicators and institutional investors. In particular, it will be devoted to the assessment of this connection. The time period which is most scrutinized is the one that runs from the year 2015 to the year 2017. When performing the process of analysis, it is proposed to do it between years 2015-2017 having regard to the current state. On this basis, it is possible to conclude that the two methods of foreign ownership and director ownership increase the marketing-based and the accounting based performances. [13]. On the basis of the outcomes of this research, it is likely to make the conclusion that both kinds of metrics are given from the positive direction, which can be taken into consideration. From the result of this research it is distinctly evident that the impact in question has a positive effect on the particular scenario that is being explored through the end of this research.

2.1Corporate Governance Mechanisms

Board Structure:

Board Size and Composition: Hence, from the gathered data of a number of researches, it can be concluded that organizations should have a higher number of directors and out of them, more number of directors should be independent directors as it establishes that the boards with high number of directors and out of them higher number of independent directors improve the performance of businesses. Besides this, another factor, which is an important determinant of the firm's performance is the composition of the organizational board of directors. For example, investigate by listed banks in Bangladesh, it is appearing that board of directors' independence has a positive relationship with return on asset (ROA) as well as return on equity (ROE). [16]. This was made known through the study that was conducted as indicated above. Another example of measurements of profitability is the return on assets (ROA), and the return on equity (ROE). As it was identified during the research process that was conducted on the discussion, so it was found out at the end. However, the contrary is also true: large board size can be costly to the organization since there are conflicting effects the size has on the performance of the business. Something that can be observed in the findings is this. Even from the results, you can deduce that this is something that could be found. [17]

CEO Duality: Pretty self-explanatory – the interaction of the Chief Executive Officer's two personalities is employed here. Most people seem agreed about the desirability of a clear split between the roles of CEO and chairman. Research has found that there was negative correlation and that companies that adopted the combined CEO-chairperson system the companies performed poorer than those who had no such system. This is the case given the involvement of two roles that enhance the institution's stability and growth [18]. This is because these companies are most likely to have conflict of interests arising from within their institutions – hence the need for this.

2.1.2 Ownership Structure

It therefore becomes probable that the level of ownership concentration is going to affect the outcome of the governance functions. This is because the level of ownership concentration is expected to have an influence on the results of this exercise. Consequently, the following argument on the synergy between growth of management ownership and negative impacts on performance can be deduced from the company's association. This research has shown that this relationship does exist. Managers' entrenchment refers to a situation whereby managers put self-interests of the organisation before the interest of the shareholders. All of these ramifications could be said to stem from the phenomenon known as entrenchment. This is the primary reason that has resulted in these effects. On the opposite side of the same coin, the results show that there is a direct link between high performance indicators and ownership by the institutions and organizations that are situated in other countries. As a rule, this is the case. [19].

2.1.3: Audit Committees: It is imperative that audit committees are in a position to carry out the tasks effectively in as the optimization of the amount of accountability and transparency in the corporate entities was to be achieved by the setting of the audit committees. Because the goal is to achieve the goal of increasing accountability and transparency that is currently being present, this is why this is the reason. On the other hand, many empirical results argue that there is a weak relationship between audit committee's characteristics and performance results. [20]. This makes a clear indication that the two have no relationship. The findings of the mentioned investigations corroborate this conclusion which has been arrived at due to the given findings. In as much as research has revealed that there has significant relationship between the characteristics of audit committees and performance the situation that audit committees are faced with is the one mentioned above. [11].

2.2: Performance Indicators

In many cases, the studies employ certain financial variables such as return on assets, return on equity and profit per share (EPS) in order to evaluate the effects of business activities and identify the extent of organizational performance. The facts out their proving this continually exemplify that organizations with sound CG principles yield superior financial returns

.• A research on private commercial banks in Bangladesh found out that if exceptional corporate governance standards were followed, higher return on assets and EPS was realized.rtain the level of success that the organization has achieved. The facts, which illustrate this in a consistent way, demonstrate that companies that adhere to great corporate governance principles provide superior financial performance. These facts are as follows:

• A research that focused on private commercial banks in Bangladesh came to the conclusion that adhering to exceptional corporate governance resulted in a higher return on assets and earnings per share. The conclusions of this study were presented in the next paragraph and follow the logic of increasing specificity of the results obtained through the examination of research materials. In Bangladesh itself the research was done. By confirming the fact that efficient bus operations may lead to cutting of operating expenditures and thus increased profitability through improving governance; this study puts more emphasis on this idea.

• In another research of the banking industry it has been identified that a board of directors of the company has major bearing on the return on equity. actions of the company and ascertain the level of success that the organization has achieved. The facts, which illustrate this in a consistent way, demonstrate that companies that adhere to great corporate governance principles provide superior financial performance. These facts are as follows:

- A research that focused on private commercial banks in Bangladesh came to the conclusion that adhering to exceptional corporate governance resulted in a higher return on assets and earnings per share. The conclusions of this study were presented in the next paragraph. It was in Bangladesh that the research was carried out. As a consequence of this study, the concept that efficient governance has the potential to save operating expenditures and increase profitability is given additional weight. [21]
- After conducting yet another research into the banking industry, it has been shown that the independence of boards of directors has a major influence on return on equity. This conclusion was made based on the outcome of the foregoing investigation. This means that the role of independently conducting the inspections is critical in improvement of the financial performance. [22]

2.3: Challenges in Implementation

However, these two studies suggest that there is a heavy connection between corporate corporate governance and the performance of the firm but yet there are constraints that needs to be tackled to enhance the efficiency of the corporate governance system in Bangladesh. This is so even though there is a very strong correlation between the two. This is so however there presently exist linkages of this sort. The current situation is the scenario that persists currently in spite of the fact that there are connections that can be of help with respect to a given situation. However, even if there can be relationships between the two, the situation remains as it was before, the same. This is true in every case, whether the relationships are made through Web content, or in any other way. In terms of the issue at hand, there are numerous variables that at their core may be considered as being some kind of barriers towards the advancement of the situation. [23]. Some of the factors that are at play which include failure to strictly adhere to statutory provisions, cultural residue and probably poor understanding by some organizations of what might be in store for them in terms of gains out of governance. The other reasons include inadequate appreciation of the possible gains that may accrue from governance. However, there are quite a number of other factors that can act as the halt button to the process of development. As it can be seen from the above type of information sources, the components in question include a vast number of various characteristics.

3. METHODOLOGY

Research Design

Before enquiring into the perception towards corporate governance and its effect on the general business performance in developing nations especially Bangladesh, a research design has to be formulated. This is what determines whether this study will eventually run to completion. Hence, this will because the investigation will be conducted in Bangladesh. The reason for this is because shall enable an assessment on the effectiveness of the groups in issues. This scenario is being described because like many of nations today, Bangladesh is now enjoying economic growth. It is and constitutes the three major goals of this approach, namely; data collecting, analytical methodologies, and sample selection. We shall also endeavor to pursue the goal of attaining a random sample selection. These are the main targets that this approach is trying to accomplish. [24]. This is a continuation of the following three main objectives. The rationale of this method is to present these approaches so that to give the reader the idea of the varieties of the research methodologies that have been employed in connection with the topic under consideration. Each one of these ways of functioning has been used at some period of human history.

3.1 Quantitative Approach

A quantitative research approach is adopted in most cases in a bid to establish the relationship that exists between corporate governance and business performance. It is done to establish data concerning the existing interaction between the two entities. Due to applying this technology it is possible to perform statistical computation on that data which has been collected from numerous companies simultaneously.

Example: A work done by Ferrous did an analysis using quantitative method in order to measure how 229 firms on the Dhaka Stock Exchange (DSE) apply the Code of Corporate Governance. The meant of this study was:

To identify the degree of compliance to the Code by these companies. This data was collected through the use of a structured questionnaire and through the use of multivariate techniques in order accurately to discern interrelationships between many of the factors that have an impact on compliance indices. [25].

3.2 Sample Selection

Choosing a sample that accurately reflects the population is crucial for producing credible results. The findings will be more trustworthy and accurate if this is done. This is done to guarantee that the outcomes are true representations of the events that were seen. As part of their analysis of the manufacturing sector, researchers combed through the DSE records of 131 unique businesses. The study that included this mostly aimed at the industrial sector. The industrial sector was the main focus of the research group. All ten of the economic sectors that these businesses were based in were well-represented. A total of 1,993 observations pertaining to the years of the company were included in the study, which encompassed 2012–2021.[26]. This huge sample data greatly aids in establishing the reliability of the operational procedures of corporate governance. This contribution is made possible by the material's usage.

3.3 Data Collection Methods

Using questionnaires and surveys to poll different internal stakeholders is a frequent technique when collecting data. This is one way of looking at things. Using Likert-scale questionnaires, this research aimed to examine banking sector governance. Getting a variety of people to fill out the surveys was the main objective. The degree to which governance standards were examined and followed was determined by surveying a wide range of stakeholders, including regulators and management. [27] Collecting information was one reason for conducting the survey.

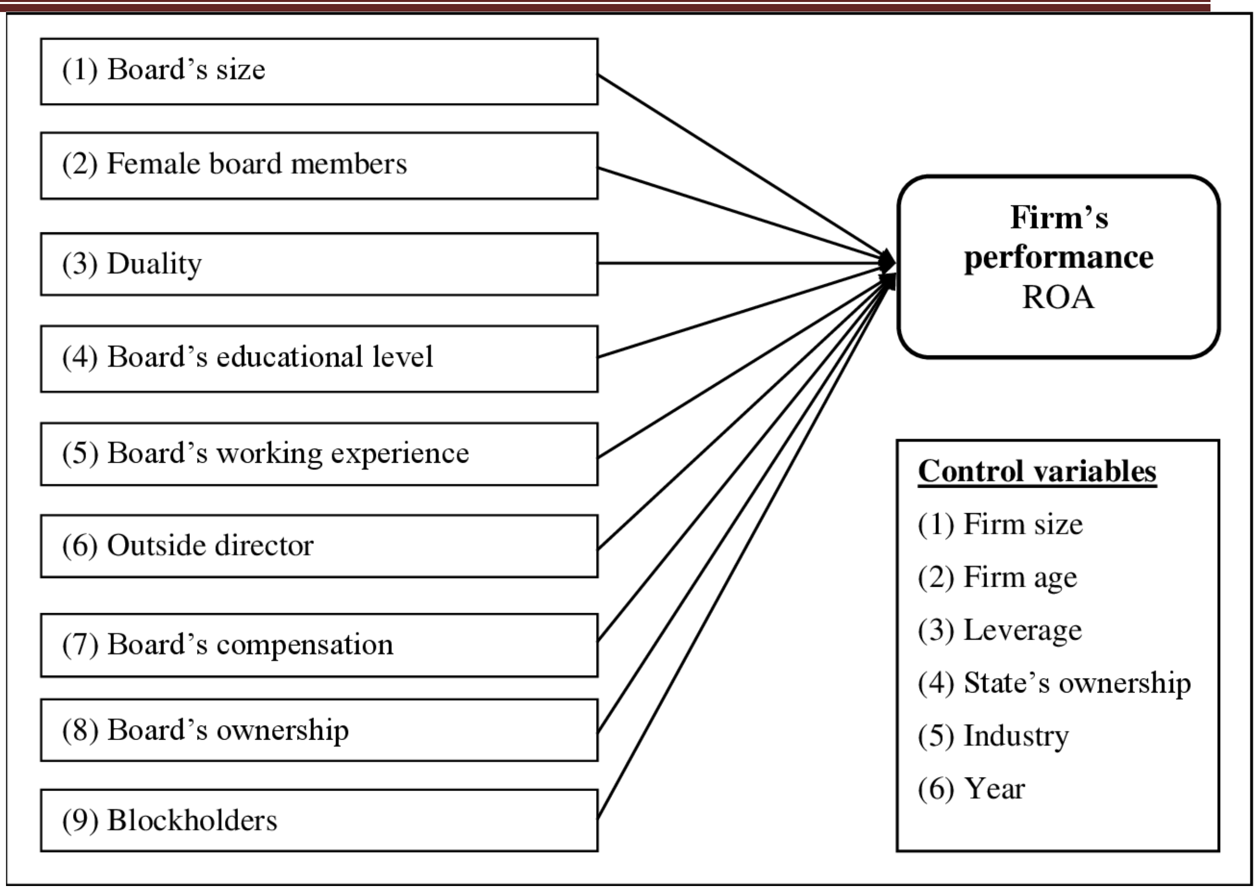
3.4: Analytical Techniques

Analysis of Regression: Multiple regression is a technique that is often used to examine the influence that various aspects of corporate governance (such as board size and independence) have on organization performance indicators such as return on assets and return on equity. This is accomplished via the use of regression analysis. Analyzing the data that was acquired from the regression analysis is the method that is used to do this.
Analysis of Correlation: Studies often make use of correlation coefficients with the intention of performing correlation analysis in order to investigate the connections that exist between governance practices and performance results. This is done in order to explore the ties that exist between the two. The focus of these research is on crucial aspects, such as the degree to which ownership is concentrated and the level of commitment shown by board members. [21]

3.5: Methodological Framework

Quantitative Approach: The quantitative method incorporates the use of panel data analysis in order to investigate the connection that exists between corporate governance standards and firm performance metrics such as Return on Assets (ROA) and Return on Equity (ROE). For the purpose of determining the significance of the connection that exists between the two, this is carried out. By using this method, it is feasible to conduct an analysis of a number of different companies over a period of time. This analysis enables the identification of patterns and the establishment of causal connections. In addition to that, this approach makes it available to the whole public.[27]
Qualitative Approach: the qualitative method is the practice of conducting case studies or conducting interviews with important stakeholders (such as members of the board, managers, and regulators). Gathering information on the application of corporate governance regulations and the perceived efficacy of these standards is the objective of this method, which aims to acquire information.

- When doing an analysis of panel data, it is possible to control for unobserved heterogeneity by using econometric models such as fixed-effects or random-effects models. This may be done in order to get the desired results.
- In order to examine the impact that various corporate governance arrangements have on the success of the organization, it is recommended that regression analysis be used.
- In order to identify recurrent themes that are connected to the challenges and successes of governance, it is recommended that a qualitative content analysis be performed on the transcripts of the interviews.



4. RESULTS AND ANALYSIS

The role that corporate governance plays in determining the degree of success that enterprises in developing countries, notably in Bangladesh, acquire from their operations has been the subject of a recent study that has placed a large amount of attention on the topic. Bangladesh places a special emphasis on the significance of achievement of this sort. This particular emphasis has been specifically focused on with reference to the effectiveness of corporate governance. The goal of this study is to offer a thorough overview of the results and conclusions about the adoption of corporate governance efforts and the influence that these methods have on the overall performance of organizations. [21].This research was conducted with the intention of providing this summary. In order to produce this summary, the investigation was carried out with the intention of providing all that was discovered. This study is a collection of material that was collected from a wide range of different types of research to create this study.

Variables	Symbols	Measures
Predictor Variables:		
Board Size	BS	Total number of members on the board
Board Composition	BC	Proportion of outside directors on the board i.e. non-executive directors in the board
Board ownership	BO	Directors hold % of shares of total outstanding share
Institutional ownership	IO	Institutions hold % of shares of total outstanding share
Foreign ownership	FO	Foreigners hold % of shares of total outstanding share
Brand name of the audit firm	BN	Code "1" if A category audit firm perform and "0" otherwise
Quality of the audit committee	QAC	Code "1" if CA professional hold on the audit committee "0" otherwise
Audit committee meeting	ACM	Number of meeting hold in a year
Gender	G	Code "1" if women hold in the board and "0" otherwise
Predicted Variables:		
Return on assets	ROA	Earnings before tax and interest/Total Assets

4.1: Governance Improves Performance:

According to a number of studies, a strong corporate governance structure has been shown to have a positive association with company performance metrics such as Return on Assets (ROA) and Return on Equity (ROE). This link has been shown to be beneficial. On top of that, it has been found out that this connection is shown to be beneficial. The results of a research that was carried out on private commercial banks in Bangladesh are a good illustration of this point. According to the findings of the research, the overall performance of the firm is significantly influenced by a number of factors, including the size of the board, the composition of the board, and the expertise of the board members. In contrast, the presence of two chief executive officers has a negative impact on the organization's overall performance and should be avoided at all costs.

Variables	N	Minimum	Maximum	Mean	Std. Dev
Board Size	90	7.00000	13.00000	9.78820	2.84791
Board Composition	90	0.00000	6.00000	1.48000	1.40100
Board Ownership	90	0.02000	0.45000	0.16230	0.15331
Institutional Ownership	90	0.09000	0.77000	0.23630	0.16662
Foreign Ownership	90	0.00010	1.83770	0.23287	0.37538
Brand name of Audit firm	90	0.00000	1.00000	0.61000	0.49000
Quality of Audit Committee	90	0.00000	1.00000	0.31000	0.46600
Audit Committee Meeting	90	3.00000	41.00000	10.71000	7.81500
Gender	90	0.00000	6.00000	1.49000	1.64600
Return on Assets	90	0.00000	0.96000	0.03640	0.12917

4.2 Board Characteristics:

When it comes to the board of directors, one of the most significant issues to take into consideration pertains to the makeup of the board of directors. A research that looked at listed banks in Bangladesh came to the conclusion that independent boards of directors had a beneficial influence on both the return on assets and the return on equity. This was one of the conclusions of the study. The results of the investigation provided evidence that led to this conclusion. [11].On the other hand, the presence of female directors did not have a significant impact on performance, which shows that nominations may be based more commonly on familial relationships than on the individual's level of ability alone on a more consistent basis.

4.3 Impact of Ownership Structures:

Another component that plays a function in influencing the outcomes of governance that takes place is the concentration of ownership, which is an extra factor that plays a role. There is a risk that high levels of management ownership might have a negative influence on performance. This is due to the fact that there is the potential for conflicts of interest to arise, as well as the inefficient allocation of resources. The existence of each of these indicators contributes to an increase in the likelihood of this risk occurring. Because of the possibility that these arguments may take place, it is quite probable that they will actually take place. On the other hand, higher performance metrics are linked to ownership being held by institutions and by companies that are located outside of the jurisdiction of the country. It is demonstrated here that the other end of the spectrum is present. To be more specific, this is due to the fact that these organizations often advocate for more stringent governance requirements, which is the primary motivating factor for this phenomena. [27]

4.4 Regulatory Frameworks:

The regulatory environment in Bangladesh has undergone a process of change over the course of time with the intention of promoting corporate governance standards that are more effective. This has been done with the goal of fostering more effective corporate governance. The Securities and Exchange Commission (SEC) has devised a series of guidelines that have been designed with the intention of boosting the effectiveness of board structures. In accordance with the plan, the implementation of these rules will take place in a systematic manner. Following these criteria has been found to have the potential to result in an improvement in the overall performance of businesses over the course of time, as shown by scientific research. There is a link between the adoption of these policies and an increase in the overall stability of the economy. [28]. This is because the number of risks that investors face has decreased as a consequence of the implementation of these policies. This is due to the fact that it is absolutely necessary to comply with these rules.

4.5: Mixed Results on Governance Mechanisms:

Nevertheless, as long as a certain research method was used, the results do not necessarily have to be identical. The findings of some studies that show the benefits of good governance may be called into question by future study, even if these investigations have already been conducted. This is still the case despite several investigations. But this isn't always the case; for instance, there's some inconsistent behaviour in the findings related to board size. Some situations, nonetheless, defy this rule. Generally speaking, it's not always the case that larger boards perform better. Despite the generally accepted relationship between board independence and performance, this issue has emerged. From a different perspective, the issue has continued to evolve in this manner. [25]

4.6: Implications for Practice

- Increasing the Number of Independent Directors on Boards of Directors Companies should make it a top priority to expand the number of independent directors on their boards of directors in order to improve the efficiency of monitoring and better align management decisions with the interests of shareholders. The choices made by management will be simpler to align with the interests of shareholders as a result of its implementation. [20]
- It is extremely recommended that businesses have a clear difference between these two roles in order to increase responsibility. This is done in order to mitigate the risks that are connected with having a dual CEO. In order to differentiate between the responsibilities of the Chief Executive Officer and those of the Chairperson, this exercise is carried out.
- Ensuring Compliance with laws: It is possible that adhering to the laws that have been established by the SEC may assist in the development of a governance structure that is more robust, which in turn encourages higher levels of firm performance. When it comes to making it easier for people to comply with guidelines, this is another alternative that may be considered. [22]
- In the event that institutional investments are supported, it is probable that the result will be an increase in the number of governance processes. The purpose of this would be to encourage institutional ownership of the organisation. In order to foster a sense of ownership inside the institution or organization, this would be done. This is due to the fact that institutional investors often search for criteria that are very stringent in comparison to those that are presently accessible. [19]

5. CONCLUSION AND RECOMMENDATION

5.1: Conclusion

The impact of corporate governance on the success of enterprises in developing countries, notably in Bangladesh, exposes major insights and has substantial ramifications for the policies and procedures that will be implemented in the future. This is especially true in Bangladesh. The objective of this conclusion is to provide suggestions with the intention of developing corporate governance systems in their many forms. It is a synthesis of the data that was gathered from a variety of different research investigations.

A research conducted in Bangladesh found that firms with good corporate governance had far higher performance. Important results consist of:

- Return on assets (ROA) and return on equity (ROE) are financial performance metrics that benefit from strong corporate governance practices, such as an independent, big, and competent board. For example, studies show that financial institutions with strong governance systems perform better than those with weaker ones; this emphasizes the need of good governance in this industry.
- An important tenet of agency theory is that, when shareholders' and managers' interests are better aligned, good governance results in lower agency costs. Given that biases in ownership systems might manifest in developing countries, this consistency is of utmost importance.
- The Securities and Exchange Commission (SEC) has imposed stricter regulations on business organizations in Bangladesh, leading to improved corporate governance practices. More enforcement methods are needed, however, since compliance is still uneven.
- Managerial techniques, such as having a co-CEO, may be detrimental to a company's success, according to behavioral factors. To improve control and accountability, it is suggested that the chairman and chief executive officer's duties be separated.

5.2: Recommendations

We recommend the following measures to enhance corporate governance and, by extension, economic growth in Bangladesh:

Enhancement of the Regulatory Framework:

- The present rules of corporate governance must to be more rigorously implemented and applied to all businesses, particularly those in the financial sector.
- Make the penalties for not complying harsher to deter poor governance practices.

Fostering board independence:

- Advocate for the nomination of impartial directors who can assist with decision-making by keeping businesses under close watch.
- Board members should be trained on their responsibilities as stewards of the organization.

Transparency Enhancement:

- The regular reporting of financial outcomes and governance processes may be a powerful tool to encourage transparency.
- With the use of technology, companies and stakeholders may be able to interact more efficiently.

Encouraging Stakeholder Participation:

- Collaborate with shareholders and other stakeholders in governance processes to protect their interests.

- By polling stakeholders on a frequent basis, you may learn their thoughts on governance processes and identify areas for improvement.

Funding Efforts to Increase Knowledge and Understanding:

- Gather business leaders and managers for seminars and workshops to stress the need of good corporate governance.
- Collaborate with educational institutions to integrate teachings on corporate governance into business curricula.

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