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Original Research

Corporate Governance Mechanisms and Financial Performance: Evidence from the Listed Bank in Bangladesh

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Abstract

The determination of this research is to investigate the level to which the regulations governing professional authority have an influence on the efficiency of the banking sector in Bangladesh. In this study, we selected 100 (one hundred) sample from commercial banks from 2017 to 2021 years, respectively. These banks were all active participants and registered in the Dhaka Stock Exchange (DSE). To examine the relationship between the independent variables (bank size, board size, board composition, and CEO status) and the dependent variable (CEO status), a random effect of panel least square regression analysis was conducted (return on asset, return on equity and earnings per share). According to the results from the analysis, the size of a bank has a favorable effect on ROA and ROE, but a negative effect on EPS. Moreover, the success of Bangladeshi banks tends to increase as their size increases. Corporate governance and financial institution performance in Bangladesh are significantly associated.

Keywords: Commercial Banks, Governance, Listed Banks, Performance of Banks.

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Introduction

Corporate governance develops the structure, methods, and procedures that optimize long-term shareholder value via managerial responsibility and firm performance. Managerial goals may be more likely to be achieved if they are supported by such a framework, procedures, and practices that address the agency problem. Recent difficulties in corporate governance include management using business resources without permission from stockholders (Eldenburg et al. 2004 and Fan 2004). This has resulted in a reconsideration and inspection of the current practices of commercial authority, in addition to a strong interest in the empirical research of business supremacy organizations and the previous two decades have affected the economic and financial markets growth of the concerned nations, alerting their governments to the necessity for effective corporate governance to ensure economic stability (Fan 2004). Governments, corporations, and academic institutions are now focused on how corporate governance impacts company presentation (Doidge et al 2007; Abdulsamad and Zulkafi 2007 and khumaini et al 1998). At this time, intervention concerns originating from the departure of possession and organization continue to affect firm's worldwide (Jensen & Meckling, 1976). Recent research shows that companies with greater agency issues perform poorly (Wisbach 1993 and Wisbach 1995). These concerns allow managers to benefit themselves rather than the owners. Effective governance is one of the most important agency problem-solving techniques. However, the financial business has gotten more convoluted. Supervising bank operations and management choices is challenging. This is why banking has ongoing problems. Corporate governance failures cause most catastrophes. Bangladesh lacks corporate governance. Bangladeshi banks have financial issues. Regulatory authorities and bank board usually supervise banks together. Good banking governance includes regulatory agency and bank board oversight (John, Mehran and Qian, 2003). This improves financial institution performance. Bangladesh Bank applies governance standards. Bangladesh Bank capped bank directors. There's also a website rule for forming a private commercial bank. Bangladesh Bank implemented the 1991 Banking Companies Act, 1993's Securities and Exchange Commission Act, and The Financial Institutions Act to maintain good corporate governance. Improvements in Bangladesh's banking sector's corporate governance are positive. SEC publishes a corporate governance notice in 2006. Few empirical studies have looked at bank corporate governance, including Adams and Mehran (2003, 2005); Caprio et al. (2007); Levine (2004); Andresand Vallelado (2008); Elyasiani and Jia (2008); and Macey and O'Hara (2003). The study looked at the effectiveness of boards of directors' advising and oversight functions in the banking sector. For banks with more watchful boards, better governance is thought to lead to greater production of shareholder value. For a variety of reasons, the governance of banks may be different from that of unregulated, non-financial enterprises. One is that the numerous parties having an interest in financial institutions make their governance complex. Investors are not the only ones interested in a bank's performance; depositors and regulators also care. Overall, regulators are interested in how governance influences financial institution performance since it is essential to economic growth. Therefore, the ownership structure and board of directors of a bank may both have a big impact on how the bank is governed overall.Bangladesh has made some progress in recent years toward stronger corporate governance.In 2006, the Bangladesh Securities and Exchange Commission (SEC) released a "Corporate Governance Notification" establishing standards for corporate governance procedures, including the

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composition of the boards of publicly traded businesses on a "Comply or Explain basis." As part of a World Bank reform initiative, this was done. The board of a corporation should consist of not more than twenty members, at least ten of whom shall be independent, and at least two of whom shall be distinct from the chairman and chief executive officer (PDF). study of Bangladeshi banks' efficiency and corporate governance. According to the literature (Klapper and Love, 2004; Rajagopalan and Zhang, 2008), strong corporate governance has been associated with high levels of financial performance and market value. The banking sector in Bangladesh might benefit from improved corporate governance, as evidenced, in part, by an examination of the many aspects of the board structure, a crucial tool for governance. Recent data from publicly traded banks in Bangladesh confirm our finding that an independent board improves a company's bottom line. This indicates, in accordance with the agency argument, that having independent board members enhances the success of the business. Our results are consistent with the resource dependence theory, which contends that banks with larger boards benefit from a wider range and deeper level of expertise, knowledge, and social and professional networks. We also offer proof that having female board members has no discernible impact on company outcomes. On the other side, managerial stockholdings are associated with worse financial outcomes. The results of this study contribute to the body of knowledge in a number of ways. We examine the relationship between corporate governance and bank performance in Bangladesh, a developing nation with little recent research on the subject. Recent SEC suggestions that outline precise requirements for board structure underline the significance of the corporate board as an essential tool for governance for publicly traded companies in Bangladesh. The study's conclusions offer a compromise between legislative and regulatory adjustments, strengthening corporate governance in Bangladesh's banking sector. The findings of this study may be applicable to banks in other countries. Evidence from Bank Performance and Corporate Governance in Bangladesh (PDF). Evidence from Bangladesh about corporate governance and bank performance.

Definition of Corporate Governance

Corporate governance lacks a widely accepted notion. The description that corporate governance set the rules and incentives that drive and regulate the administration of a firm is more reflective of the concept. Good corporate governance improves long-term profitability and shareholder value (Khumani et al., 1998). After that, they present some examples of the numerous forms that expropriation might take. It is possible for the entry to only take the incomes for themselves, trade the produce, resources, before stocks of the company they regulator to extra company they individual at prices that are lower than the market price, redirect corporate opportunities away from enterprises, place incompetent relatives in management roles. This expropriation is very necessary for Jensen and Meckling's analysis of the agency predicament (1976). Governance in corporations is more important than it has ever been in today's world. Becht, Bolton, and Rosell (2002) provide a number of hypotheses to account explain this phenomenon. The overthrow upsurge of the 1980s and the Crisis of East Asia of 1997 are two examples of these kind of events. Companies need to optimize benefit competence and stockholder worth to generate cash to oil development potential, as noted by Yoshikawa & Phan (2001), as a result of greater worldwide rivalry and fast technical advancements resulting in reduced value limits. Activity difficulties, such as large gaps amid regulator and money movement human rights and inadequate marginal human rights defense (Claessens et al. 2002). As a result, there is an urgent need to address several problems and business ascendancy in Asia. Several recent legal, economic, and monetary reforms in Bangladesh have built the pillars of corporate governance by encouraging more slide, answerability, and adherence to the laws in the country business sector. These considerations have bolstered the motivation to improve Bangladeshi economy. Even though the experience in Bangladesh has only been short, it has shown that business communities have gone through many steps to adopt good corporate governance principles. Corporate governance isn't just something that government groups are interested in. A number of private forums and groups have also been set up to help spread the idea.

Objectives of the study

The primary objective of this study is to examine the effect of corporate governance practices on the financial performance of traditional banking firms traded on the Dhaka Stock Exchange in Bangladesh.

Secondary objectives are:

1. To examine the typical board structure in Bangladesh's traditional banking organizations.

2. To determine how corporate governance affects bank performance on how well a bank performs.

3. To assist the industry's decision-makers since little research had previously been done in this area.

4. To determine the extent to which the incidence of panel conferences and the percentage of women on the board both have an impact on the organization.

Scope of the study

The proposed research aims to investigate the relationship between corporate governance mechanisms and financial performance within the context of listed banks in Bangladesh. Corporate governance is a critical aspect of ensuring effective management, accountability, and transparency within organizations. This study will focus on understanding how various corporate governance mechanisms impact the financial performance of banks in Bangladesh. When it comes to a company's potential to turn a profit, sound corporate governance is an essential component. A very little change in one or more of the components of corporate governance may have a large and discernible effect on the amount of money that a company makes. This study was evaluated using a variety of criteria, and the results may help shed some light on the problem with corporate governance. Due to the fact that it is mainly founded on the results of the inquiry, the advice made in the report have to be taken into account as well.

Problem Statement

The primary research problem in this study is to examine the relationship between corporate governance mechanisms and the financial performance of banks that are listed on the stock exchange in Bangladesh. This entails investigating how different aspects of corporate governance practices within these banks contribute to or influence their financial performance metrics. The process of operating a corporation in such a way that its owners or other stakeholders are receiving a fair return on their investment and that the firm's financial performance is solid is known as corporate governance. The research that is included in this report will demonstrate how the corporate governance elements and the financial presentation of the nominated banks that are registered on the Dhaka stock exchange are connected to one another (DSE). Key Components:

Corporate Governance Mechanisms: The study aims to identify and analyze various corporate governance mechanisms that are in place within the listed banks in Bangladesh. These mechanisms could include board composition, executive compensation, ownership structure, audit practices, disclosure standards, and other relevant factors.

Financial Performance: The research will evaluate the financial performance of the listed banks. Financial performance indicators could encompass metrics such as return on assets (ROA), return on equity (ROE), net profit margin, asset quality, and other relevant financial ratios.

Relationship Analysis: The core objective is to establish a connection between corporate governance mechanisms and financial performance. Researchers might investigate whether stronger governance practices lead to better financial performance, or if there's a significant impact on certain financial indicators due to specific governance practices.

Context of Bangladesh: The research problem is specifically situated in the context of Bangladesh, which implies that the findings may be influenced by the country's regulatory environment, cultural norms, economic conditions, and specific challenges faced by the banking sector in Bangladesh.

Listed Banks: The study is limited to banks that are listed on the stock exchange. This selection criterion suggests that the research focuses on entities that are subject to public disclosure and regulatory scrutiny, which can have implications for their governance practices and financial performance.

Review of Related Literature

Business authority's influence on business performance has been studied extensively. Most of these studies support the premise that good make up is linked to business performance, which we shall discuss more below. Jensen and Meckling (1976) planned a link between corporate governance and organizational effectiveness. They blended components of the activity philosophy, stuff price theory, and finance philosophy to produce the firm ownership structure theory. The rising agency cost will reduce the firm's net value. Rising management ownership will boost the company's worth. This line of

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reasoning was also presented in additional empirical research, all of which came to the same conclusion (Milton 2002). The findings of the research that came after Jensen and Meckling's (1976) study investigate the influence of different ownership structures. Eldenburg et al. (2004) imagined that various proprietorship structures would be related with various directorate priorities and styles of corporate management.

They examined significant actions that boards take, such as the choice to change the CEO, as well as the degree to which this choice varies based on the kind of ownership, in order to assess this idea. The ownership structure of the company has a result on the arrangement of the panel of directors, which in turn causes shifts in the factors that determine the frequency with which board members and the CEO step down from their positions. When it comes to the effects of being on board, empirical studies produce contradictory outcomes (outside directors and board independence, specifically). Some people say that there shouldn't be any more outside directors than there now are (Potton and Baker 1987 and Jensen1993). There is no data to back up the claim that companies with outside directors perform better (Abdulsamad and Zulkafi 2007). Though, there is solid indication that external directors perform admirably in nursing and switch roles (Weisbach 1988; Masulis et al 2005 and Block 1999). Weisbach (1988) investigated the possibility there are several dominated each other’s. He drew parallels between the departure of CEOs and rising stock prices and profits. He also investigated if the connection between the CEO and the CEO's successor differs depending on the extent of the company, the possession construction, or the industry. Yermack (1996) conducted research on how the size of a board influences management as well as the success of a business. The purpose of this education is to inspect the hypothesis that the effectiveness of a panel of managers, which is responsible for overseeing and making decisions for a corporation, is proportional to the size of that board. Market value to replacement cost was the dependent variable in the reversion study, and he start that board size was the most significant explanatory factor. Yermack (1996) employs the reoccurrence on properties ratio and the reoccurrence on auctions ratio as supplementary tools for assessing a company's worth and profitability.

It would appear that companies with large boards produce less profit and make less efficient use of their assets. National features are the most significant factor determining business authority, and investor protection in the country and firm governance are complimentary. Because less developed nations lack institutional infrastructure and extensive capital markets, improving governance frequently has less benefits than costs. This is because the capital markets are extremely competitive and shallow. They came to the conclusion that the characteristics of the country were responsible for a sizeable amount of the variance that was discovered in the evaluation of corporate governance.

The absence of legal safeguards for investors in Italy prompted Volpin (2001) to study the factors that affect CEO turnover and business value as a function of governance and possession. According to his findings, a lack of permitted defense for savers and, in particular, top managers with ties to the controlling shareholder, is a hallmark of poor governance. According to what he discovered, turnover is more sensitive to performance in circumstances in which control is at risk and in circumstances in which controlling owners maintain a bigger part of the cash flow rights. In particular, Arun and Turner (2004) tackled the challenges of corporate governance that come up when doing business

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with financial institutions in underdeveloped nations. They say that a prudential regulatory framework is the only thing that is needed to make banking reforms work. This is based on a theoretical look at bank corporate governance. Developing countries must privatize financial institutions if they want to fix up their banking systems. They also imply that changes may have to be made to a firm's business authority in order for the government to be bright to sell its share in the company. They also originate that the augmented race that may result from the admission of international banks could potentially contribute to changes in the commercial authority procedures of banks that serve emerging economies. This was another finding made by the researchers. Abdulsamad and Zulkafli (2007) examined the business authority of publicly registered banking enterprises in nine Asiatic developing nations and found that bank and non-bank monitoring approaches are different. They divided the corporate governance systems that fulfilled the aim of monitoring banking firms into the following categories: first, the technique of ownership monitoring for large shareholders; next, ownership by the government; and finally, ownership by foreign investors.

The second strategy is the approach of internal control and monitoring of controls. A controlling nursing system originates in at number three, while a disclosure monitoring system occupies the number four spot. The authors of this study employed a regression model based on the hypothesis that there is a causal connection between the business authority nursing system and the business presentation of investment companies as restrained by (Tobin's Q ratio and ROE). This conclusion was obtained because the researchers hypothesized a causal relationship between the two variables. As the research shows, there is no connection between performance and the way internal controls are watched. All forms of ownership monitoring have a negative correlation with bank performance indicators, but regulatory and disclosure monitoring both have favorable correlations. Spong and Sullivan (2007) carried out a study in which they selected a number of state-chartered community banks at random for the purpose of determining the extent to which particular facets of corporate governance influence bank performance.

They came to the conclusion that reducing the potential for principal-agent conflicts, as predicted by financial theory, could be accomplished by providing recruited management with some ownership in the bank. This would be consistent with the expectation that principal-agent conflicts would be reduced. They also found that boards of directors had a higher beneficial impact on public banks' presentation when managements have a important monetary stake in the bank. That was another discovery of theirs. At the end of the day, they concluded that managers' and directors' wealth, in addition to their positions within the company's financial structure, had a significant effect on both their own risk tolerance and the bank's willingness to take chances. Micco, Panizza, and Yanez (2004) found that a significant association does exist between ownership and presentation in emerging nations, but that this correlation does not exist in industrialized ones. Foreign banks make local banks in emerging countries more efficient by cutting down on overhead costs and spreads, but they don't have much of an effect on how much money the local banks make. Another finding from a study. Khanna and Rivkin (2001) looked at how participation in groups affects how much money a business makes. They discovered evidence that company groupings had an effect on the patterns of economic performance. Returns tend to be more comparable amongst companies operating within the same business group as opposed to companies operating within separate groups.

This research showed that the governance, profitability, and efficiency of Bangladeshi banks are all affected by their ownership and control structures. It turns out that there are two distinct facets to this role, and they're both affected by the authority of the company's ultimate shareholder. There is a negative impact on a bank's efficiency when a single shareholder holds disproportionate elective and money movement human rights to a company. An increase in the concentration of ownership boosts the bank's bottom line. Price et al. (2011) conducted research to determine whether or not adhering to Best Corporate Practice increased the performance of companies. Participants on the market receive information from the Code on the quality of business authority practiced by businesses listed on the Mexican stock exchange. The Code would make this information available to market participants. This study explores the determinants of financial performance. Corporate governance, firm size, and ownership are analyzed as antecedents of financial performance. This novel study combines fuzzy-set qualitative comparative analysis (fsQCA) of a large panel of firms (1207 companies from 59 countries for the period 2013 to 2015) with linear and non-linear multiple regression analysis (MRA). It thus overcomes the known limitations of linear regression analysis (Woodside, 2013) by using a comprehensive approach that embraces Poisson regression and fsQCA. The study has two salient features. First, from a methodological perspective, the study combines the use of three empirical techniques. Second, the study provides some useful hints for practitioners and managers regarding the controversial relationship between corporate governance and financial performance. The academic debate on the link between corporate governance and financial performance is open. For example, do high stock dividends negatively impact future returns? Does a high capitalization ratio affect return on equity (ROE)? And what is the optimal board size? Certain scholars suggest that corporate governance and firm performance are complex (Hermalin & Weisbach, 1991; Dalton & Dalton, 2011; McGuire, Dow, & Ibrahim, 2012a; Fogel & Geier, 2007). These scholars have found multiple contradictory linkages including outside directors, compensation, and board size. Furthermore, the empirical findings in this area are not conclusive (Bhagat & Black, 2001; Klein, 2015). Yet, studies have failed to jointly control for board size, compensation, and ownership dispersion. Research has shown that ownership dispersion is relevant to financial performance (La Porta, Lopez-De-Silanes, Shleifer, & Vishny, 2002; Maury & Pajuste, 2005; Konijn, Kräussl, & Lucas, 2011). This study uses board size and ownership dispersion to provide a new perspective on previous studies (Bhagat & Black, 1999; Eisenberg, Sundgren, & Wells, 1998; Jensen, 1993; Hermalin & Weisbach, 2001). Additionally, there is no clear consensus on the most suitable way to measure financial performance (Dalton & Dalton, 2011). This study uses ROE as a direct measure of financial performance (Bhagat & Black, 1997).

Research Methodology

This article examines if the bank's governance structure affects its performance. According to past study, bank size and riskiness must be considered. Banks of different sizes and risk exposures may have variable degrees of corporate governance performance. The study model will test panel least square regression.

Therefore, null hypotheses can be stated as:

H1: Board size does not affect bank performance.

H2: External board of directors does not affect bank performance.

H3: CEOs does not affect bank performance when CEO and Chairman are separate people.

H4: Bangladeshi bank size does not affect bank performance.

An institution's success is difficult to pin down and evaluate. It's the final outcome of an action, and how it's measured varies with the type of company and the purpose of the analysis. Academics use metrics of reappearance on possessions and reappearance on fairness to compare the performance of various financial institutions. To ensure the resilience of your system, you should try out different ownership percentages. Board of Director Membership can also be determined by other metrics, such as percentage of ownership. One method for determining the level of management ownership is to look at CEO share ownership. The number of board members who are currently functioning in an active capacity determines the total membership of the board. We take into account both the size of the bank and the risk it faces.

Define the variables

a) Board size: Dimensions the bank board's size is its membership. Board size and bank performance have been studied extensively. They're opposed. Board size depends on company size and type (Dehaence, De Vuyst, and Oogne, 2001). Countries vary. Too-large boards cause a co-orientation difficulty. The CEO's inefficiency generates unsatisfactory performance (Eisenberg et al., 1998; Fernandez et al., 1997). The research demonstrates a undesirable suggestion between board size and bank performance. Large board impairs presentation. Mak and Yuanto (2005) found that board size inversely affects business value. Malaysia and Singapore statistics were utilized. Agency theory explains the competition between shareholders and management and how to monitor it, which improves corporate performance (Fama and Jensen, 1983). Business authority improves banks' efficiency. Mak and Kusandi (2005) suggested that small firms perform better. According to the research, proper board size favorably affects company performance. Large boards hurt bank performance, whereas tiny boards help. Most researchers agreed that a huge board boosted a bank's monitoring capability, but inefficient communication and decision making devalued it. Optimal board size improves bank presentation.

b) Board composition: Board Composition shows autonomous and non-independent managements. This impacts bank performance. Boards oversee internal monitoring and improve company performance. Board composition affects bank performance. Bangladesh's SEC announced (Feb. 20, 2008) the board makeup. One-tenth of firms consider minimum one. Chiang (2005) says board composition improves company success. Independent directors boost bank performance. Some research demonstrates independent director’s hurt corporate success. Some scholars say non-independent directors boost corporate performance. If directors aren't independent, they're told.

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Agency problems are reduced. Studies show that if bank directors are independent, monitoring efforts improve bank presentation. Much research suggests an independent board of director's increases a company's worth. When the independent board isn't engaged in banking, prosperity expansion improves.

c) CEO-Status: It has an effect on the performance of the corporation when the chairman and the CEO are the same person. These days, the majority of cons are the result of having the same chairman and CEO. Beasley et al. Studies suggest unraveling the chairman and CEO positions will enhance agency performance. When Chairman and CEO choose, the business performs better. Dual employment is a common source of agency difficulties. We hope to increase the value of the bank by maintaining two people in two positions.

d) Bank Size: The size of a bank may influence its performance. Relevant components that are interdependent include bank characteristics and bank performance. Any bank's competence is directly proportional to its size. Increased bank size has a favorable effect on the bank. By expanding its size, a bank may exert more regulator ended its competence, therefore enhancing its performance (Molyneux and Iqbal, 2005). Increasing the size of banks has repercussions for the economy as well. Increasing the size of a bank leads to improved overall bank performance. There are times when an expanding bank's size may also have a undesirable influence on the bank's overall presentation.

Data and Sampling

We gathered 100 secondary observations from the yearly intelligences of 20 banks traded on the DSE from 2017 to 2021 to analyze the connection between corporate governance and bank performance in Bangladesh's publicly traded banking institutions. Utilizing panel data, we may assess the effectiveness of Bangladesh's banking system. There is a strict focus on collecting just the information needed for the study, with any extraneous material being deleted.

Econometric Model and Variables Specification

On panel data, we employ a multiple linear regression model. The data is analysed using descriptive statistics, a correlation matrix, and the results of a Panel least squares regression. Following the regression model used in this paper:

$$BP_{it} = \alpha + \beta_1 BSM_{iT} + \beta_2 BOD_{iT} + \beta_3 IBM_{iT} + +\beta_5 CEO_{iT} + \varepsilon_{it}$$

Where, α = constant
β_1 *to* β_4 Coefficient of explanatory variables' determinants;
i (banks number) = 1….17;
t (time-interval) =1……5;
ε = Error term.
(BP) is dependent variable.
And independent variables are
BSM= Banks size measure.
BOD: Total numbers of Bank Directors Numbers.

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IBM: The number of Bank Managers.
CEO: The number of Chief Executive Officers.

Results and discussions

Descriptive and correlation analysis

Table 1. Descriptive Statistics

	ROA	Total assets	No of directors	IBM	EPS	ROE
Mean	0.523125	12.56967	11.52500	3.637500	4.212000	9.048625
Median	0.650000	12.64301	11.00000	3.000000	2.370000	9.565000
Maximum	2.020000	14.28002	20.00000	12.00000	32.32000	32.20000
Minimum	-5.870000	10.50219	5.000000	1.000000	0.020000	-29.20000
Std. Dev.	1.136584	0.739362	3.593155	2.576642	5.086408	8.057050
Probability	0.000000	0.000370	0.216777	0.000000	0.000000	0.000000
Observations	100	100	100	100	100	100

Table 1 presents a collection of descriptive data on the variables that are incorporated into the model. The table demonstrates the business authority and bank presentation over a certain period of time based on some particular variable impacts. Calculated variable star, counting Mean, Standard Deviation, Minimum, and Maximum values, are displayed in Table 1 and are derived from the data found in the chosen sample Bank. The reappearance on assets of all twenty banks, on average, is.52 percent, the mean number of total assets held by banks is 12.56, and the average number of directors working in banks is approximately 11.52. The return on equity for these banks is an average of 9.04 percent. The standard deviation of the total assets comes in at.73. In addition, the return on assets ranges from a low of -5.87 to a high of 2.02, with a minimum return of -5.87 and a maximum return of 2.02. The other variables, such as earnings per share of companies and independent directors of banks, have remained relatively constant at 3.2 and 4.21 respectively. Because the kurtosis value of all the variables is more than three and their skewness is positive, it can be concluded that all of the variables are definitely tilted and leptokurtic. The association constant is a statistical term for the forte and way of a lined connection amid deuce variable star on a scatterplot. Its abbreviation in the field of statistics is r. The value of r is never outside of the range of +1 and -1. To interpret its value.

Table 2. Pearson Correlation Matrix

	No of DI	IBM	Total asset	ROA	ROE	EPS	CEO
No of DI	1						
IBM	0.03	1					
Total asset	-0.14	0.62	1				
ROA	-0.0015	-0.04	0.08	1			
ROE	0.66	0.7	-0.11	0.6	1		
EPS	-0.24	0.27	0.1	-0.13	0.17	1	
CEO	0.38	0.03	-0.01	0.006	-0.04	0.005	1

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According to our correlation tables, two out of the maximum number of variables have a positive association with one another, while the other variables have a negative relationship. For instance, there is an inverse relationship between the total asset, salaries each part, and reappearance on possessions, as well as the number of directors a bank has. In addition, IBM has a optimistic connection with Total asset but a negative correlation with Return on Assets (ROA). There is an optimistic connotation among the value of CEO and ROA and EPS, yet there is a negative correlation between CEO value and ROE. There is a optimistic connection between Number of Directors on the Board and IBM (r=0.03), ROE (r=0.66), and CEO (r=0.38), whereas there is a undesirable correlation between Number of Directors on the Board and Total Assets (r=-.14), ROA (r=-0.0015), and EPS (r=-.24). Whereas IBM has a positive association with Total asset (r = - 0.62), ROE (r = - 0.7), EPS (r = - 0.27) and CEO (r = - 0.03) but a negative correlation with ROA (r = -.04). In addition, Total asset has a negative association with ROE and CEO (r=-.11), (r=-0.1), and a positive correlation with ROA and EPS (r=- 0.08), (r=- 0.1). ROA possesses a positive association with ROE and CEO (r=- 0.6), (r=- 0.006), however its correlation with EPS is negative (r=-.13). In conclusion, return on equity (ROE) shows a positive association with earnings per share (r=0.17). Where return on equity has a negative connection with chief executive officer (r = - 0.04) and earnings per share has a positive association with chief executive officer (r = 0.005).

Econometrics Analysis

Table 3. Random effect panel regression 1 output

Variable	Coefficient	Std. Error	T-Statistic	Prob.
Total Asset	0.52	0.25	2.06	0.04
No Of Directors	0.02	0.04	0.37	0.71
CEO	0.63	0.02	0.47	0.05
IBM	-0.06	0.07	-0.79	0.04
C	-6.05	3.24	-1.87	0.04

This research considers 20 planned banks for 2017-2021. To achieve the study's aims, the Panel OLS Regression with Random Effect Model was used. Tables 3, 4, and 5 show RER findings. The Regression Model is statistically significant and fit because F-statistics is 0.000, which is less than 0.05. Table 3 shows that two of four independent variables are significant and can be utilized to accept or reject the hypothesis. No of directors and IBM have probabilities over 0.05 (0.71 and.43). Falsifies the hypothesis.

Table 4. Random effect panel regression 2 output

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Total asset	1.67	1.70	0.98	0.33
No of directors	0.27	0.32	0.85	0.40
CEO	1.25	0.40	0.75	0.25
IBM	-0.68	0.49	-1.40	0.17
C	-12.63	21.63	-0.58	0.56

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In light of the purpose of the research, we will be employing the REPRM for the regression. The fact that the regression model's probability value for the F-statistics is 0.000, which is less than 0.05, demonstrates that the model fits the data and is statistically significant. The outcomes of regression 2, which compares the monetary presentation of the 20 national central banks of different nations. According to the findings, Total Asset, Number of Directors, and Chief Executive Officer all have a score of 1.67, 0.27, and 1.25 respectively, which indicates a positive and insignificant correlation with Bank Performance Indicators (ROE). While IBM and BP may have a strong negative connection (P =.02).

Table 5. Random effect panel regression 3 output

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Total asset	-2.09	0.96	-2.18	0.03
No of directors	-0.35	0.18	-1.93	0.06
CEO	-0.24	0.47	-2.45	0.09
IBM	0.80	0.27	2.91	0.00
C	31.65	12.22	2.59	0.01

It is important to point out that the findings of regression 3 are considerably distinct to those of regressions 1 and 2, which principals to the assumption that the primary answers of this training are reliable since the example was used to get rid of the probable outlier. The findings suggest that the adjusted R-square value is 0.58; this indicates that the explanatory variables that are included in this model are responsible for explaining 56% of the changes in the dependent variable. The fact that the F-statistics probability value is 0.00 demonstrates that the regression model is both statistically substantial and a appropriate model. The total asset, the number of directors, and the CEO all have a substantial and adverse relationship with BP (EPS). EPS is likewise favorably associated to IBM, albeit the relationship is not substantial. The overall results of all three regressions suggest a mixed impact. As indicated by regression number 1, if one unit each of total asset, number of directors, and CEO is raised, then bank performance will also rise. However, the transposition result shown by regression 3 indicates that if there is a rise of one unit in total asset, number of directors, or CEO, then BP will fall by one unit.

Summary of findings

We can summarize the findings as follows:

❖ Better corporate governance and would increase Bank performance metrics with regard to banks.

❖ This research looked at how corporate governance affects financial institutions. The result of business authority on bank performance was examined using a panel data regression model. Utilizing data from 2017 to 2021, the study aimed to answer issues about the extent to which corporate governance affects bank performance.

❖ This study's findings maintained the idea that sound business authority definitely touches financial institutions' bottom lines. Improvements in key measures of a bank's

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presentation are to be expected as a direct outcome of implementing best performs in business authority. The answers of this study provide credence to the idea that better corporate governance is linked to higher profits.

Recommendations

❖ Banks' adherence to Corporate Governance Codes in the Bangladeshi Financial System should be monitored on a regular basis, and various measures should be taken to guarantee that this is the case.

❖ Banks under scrutiny in this research should begin by examining their existing corporate governance framework and Bank performance indexes. Beyond following corporate governance laws to the letter, bank boards and management should make good governance a way of life.

❖ Bank boards and management should assess performance indicators in light of corporate governance frameworks, since these affect banks' performance and survival in the corporate environment. Corporate governance may transform the banking business. Archimedes, the renowned mathematician, said he could move the earth with a lever. If the same corporate governance lever is pushed across the nation's economy, we may expect changes in the Investment manufacturing. Business authority should be adopted by the nation's top institutions. Listing criteria and yearly reports might impact the listed purpose.

Conclusion

This study using panel data and OLS estimates, we evaluate the hypothesis. According to this study, an external panel fellow, the CEO's status, and the board of directors favorably affect the effectiveness of openly operated groups in Bangladesh. The size of the bank can affect ROA, ROE, and EPS, although these outcomes are not statistically significant. This article improves the efficiency of Bangladeshi banks by establishing robust corporate governance procedures. These empirical findings have wide-ranging implications. Both a bank's board of directors and management team must control all variables that assess corporate governance and bank performance qualitatively and quantitatively. It is a given that regulatory bodies such as the Central Bank of Bangladesh (BB) should overhaul their bank supervisory and regulatory framework to prevent corporate banking failures caused by commercial authority and bank presentation. Various stakeholders in the investment manufacturing, such as depositors, customers, shareholders, etc., should be involved to ensure unethical and unwholesome practices do not occur. Regulators should revamp their bank.

Author Contributions

Md. Nasirul Islam have made a substantial contribution to the concept or design the article; and analysis, interpretation of data for the article. Have given final approval of the version to be published and accountable for all aspects of the work in ensuring that questions related to the accuracy or integrity of any part of the work are appropriately investigated and resolved.

Farha Siddique helped to collect the data and involved in drafting the manuscript or revising it critically for important intellectual content.

Abu Hurira have given final approval of the version to be published and accountable for all aspects of the work in ensuring that questions related to the accuracy or integrity of any part of the work are appropriately investigated and resolved.

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