

論文内容の要旨

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題名	The Effectiveness of Corporate Governance Mechanism in Private Banking Sector of Bangladesh		
<p>論文内容の要旨</p> <p>Corporate Governance (CG) has captured increasing attention among academics, practitioners and regulators worldwide in recent times. Many academics and scholars indicate that a wide range of accounting and finance studies have contributed to governance literature examining the relation between corporate governance and firm performance. In this study, I would like to mainly focus on corporate governance practices: firstly, the effectiveness of board composition to bank's performance and market valuation of Bangladesh. Secondly, how corporate governance mechanism influence to determine CEOs remuneration of banking sector of Bangladesh. Banks are corporations & their firm value depends on good governance as any other firms. They provide financing for commercial enterprises, basic financial services to a broad segment of the population and access to payment systems. In the context of Bangladesh, the need for corporate governance has been highlighted because of the series of scams in Bangladeshi banking sector that had become almost regular feature in recent times. Most of the corporate governance studies in Bangladesh have indicated poor corporate governance due to lack of accountability, lack of fairness and transparency in practices, and faulty incomplete and ineffective audit and disclosure. These have led to widespread corruption in banking industry of Bangladesh, even though there exist many institutional and legal frameworks to oversee the banking sector of Bangladesh.</p> <p>For the first time, the country-level initiative to develop corporate governance regulation in Bangladesh began in 2003 by Bangladesh Enterprise Institute (BEI), a non-profit and non-political research center. On 9 January 2006, BSEC issued an order requiring the listed companies to follow a number of CG related conditions. The aim was to improve the CG situation and thereby, better protect the interests of minority shareholders and develop Bangladesh capital market. After the capital market collapse in 2011, BSEC again revised its notification order of 2006 (February 20). It is to be noted that the first notification was issued under a 'comply or explain' basis. It means</p>			

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<p>that although the disclosure of compliance statement was mandatory, companies had the option to comply with individual provision or explain the reasons for noncompliance with any of the provisions. However, the revised notification of 3 July 2012 requires the companies to ‘comply’ with all the guideline conditions. The revised guidelines include many new provisions in the areas of board independence, audit committee affairs, board’s declaration on the corporate governance issues to ensure good corporate governance practices among companies.</p> <p>On my first study, in order to see the magnitude of relationship between board composition and banking performance we have formulated regression equations. In this study, data have been collected from year 2006 to year 2015, in total 10 years of 29 sampled private commercial banks of Bangladesh. Total period has been divided into two sub periods: the first period is from 2006 to 2011 and the second period from 2012 to 2015 to see the influence of 2006 and 2012 corporate governance guidelines respectively. The regression result of whole period has shown that there is little statistically significant relationship of board composition in terms of number of directors, audit committee size, independent directors in the audit committee and board, the number of board meeting on the financial performance of banks measured by ROE, ROA and Tobin's Q of Bangladeshi banking sector. This means that the independent variables used in the study have negligible contribution in the financial value of the banks in most cases. When we look into different sub periods the result appears to be mixed. The sub period 2012-2015 shows stronger relation among different variables than those of previous sub period of 2006-2011. This is likely to be due to reform in the corporate governance guidelines introduced in 2012. It is believed that a well-balanced functioning of different variables is likely to result in better corporate performance. It is likely that independent directors may not be able to contribute in checks and balances among different activities implied by the corporate governance guidelines of 2006. However, all of the corporate governance variables are seen as in negative relation with market based performance measured of Tobin's Q in the period of 2012-2015. After the revision of CG guidelines, board composition variables have a positively significant effect on ROE and ROA but the market does not evaluate that revision.</p> <p>On my second study, I have examined how corporate governance mechanisms in terms of board of directors influence the determination of CEOs pay increase in banking sector of Bangladesh. From graphical representation, it is observed that CEOs annual remuneration has almost tripled at the year of 2017 even though the banking industry performance in terms of ROA, ROE and NPL shows a downward trend. In this study,</p>	

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<p>data have been collected from year 2006 to 2017 total 12 years data of 29 private banks and analysis have been carried through regression equations under fixed effect model. The result implies that the determination of CEOs compensation package is largely linked to the corporate governance mechanism, specifically board members of the bank. That is due to the fact that all the bank performance variables in terms of ROA, ROE and NPL coefficients exhibit the expected relationship with CEOs pay but insignificantly. This result is different from other previous literatures studied on both developed and developing countries. Subsequently from the risk management point of view, I have hypothesized that increase of the amount of provision for possible loan loss will be negatively related to the rise of CEO pay. But it has been found that provision for classified loan is positively related to CEO pay and is significant at 0.1% level. This implies that board of directors appreciates CEO through the increase of CEO compensation considering the amount of provision maintained for the risk.</p> <p>Finally, we have made some concluding remarks to improve corporate governance for our banking sector. Emergence of private banks in Bangladesh has nearly 40 years of history. Most of the private banks of Bangladesh are either family controlled or controlled by one or a few substantial shareholders, paving the way for the interests of minority shareholders to be expropriated by corporate insiders. Weak investor protection has resulted in a less developed capital market and weak insider trading legislation and enforcement would have been associated with a higher cost of capital. There are areas to be reformed such as the introduction of guidelines and laws to strengthen internal governance, protect and empower minority shareholders, enhance disclosure requirements and monitor corporate behavior and enforce the law.</p>	