

# DETERMINANTS OF CORPORATE GOVERNANCE QUALITY IN THE BANKING INDUSTRY: EVIDENCE FROM BANGLADESH

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Corporate governance has been a major focus of interest for scholars, policy officials, and politicians due to occurrences of financial scandals and crises in many areas of the business world. Consequently, BSEC has issued the Corporate Governance Code 2018 to ensure the quality of corporate governance (CGQ) in Bangladesh. The study aims to identify the factors that determine the corporate governance quality of the banking industry in Bangladesh. The qualitative perception of CGQ was measured using 20 dichotomous items aligned with the BSEC code. A convenient sample of 33 scheduled commercial banks' annual reports provided 2018–2022 panel data. Outliers were removed using case-wise diagnostic, boxplot, and Cook's distance test. Durbin-Watson test analyzed serial autocorrelation, while the Pearson correlation matrix and variance inflation factor examined multicollinearity. Fixed Effect Regression Model was used for the best estimation. The results demonstrate that the average CGQ score of banks was 72.82 while the model's coefficient of determination was 60.1%. Company size, board independence, and audit committee size positively affected CGQ, while leverage, age, and ownership type affected CGQ negatively and statistically. Nevertheless, banks' profitability and board size did not relate to CGQ. The trend analysis showed a sudden decline in CGQ score in 2020, suggesting further study to examine the impact of COVID-19 on CGQ. The study helps in identifying CGQ value, which will help the banking industry evaluate the board formation and capital structure decisions more adequately and prudently than earlier. The study provides valuable insights into CGQ in the banking sector of Bangladesh, which is helpful for policymakers.

**Keywords:** Bangladesh, board characteristics; Commercial banks, Corporate governance code, Corporate governance quality