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The Efficiency Of Corporate Governance Practices In Bangladesh's State-Owned Commercial Banks.

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Abstract
The goal of this research is to ascertain how corporate governance (CG) procedures affect Bangladesh's state-owned commercial bank's operational effectiveness. Secondary data were collected from the annual reports for all listed state owned commercial banks in Bangladesh for the years of 2018 to 2022. The research employs various corporate governance variables, including board size, composition, independence, activity intensity, gender diversity, and audit committee size, independence, and activity intensity. Return on equity (ROE) is used to measure financial performance. Findings from the study showed that audit committee activity intensity significantly negatively impacted state-owned commercial banks' performance in Bangladesh, while board composition and activity intensity significantly increased the profitability of state-owned commercial banks in that country. The financial success of banks is substantially positively connected with bank size, board independence, and board size. However, there is no relationship between the size of the audit committee and independence and the bank's financial success.
Keywords: *Board composition, board independence, audit committee size, audit committee independence,*

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I. Introduction

Corporate governance is a methodical procedure that many stakeholders use to manage, oversee, and regulate an organisation in order to guarantee responsibility, fairness, and openness. According to Owiredu and Kwakye (2020), the field of CG deals with oversight, monitoring, and deciding on an organization's strategic course. According to recent research, inadequate CG is the main contributor to the financial crisis, while strong CG guarantees stronger and more stable financial performance. Effective use of the company's limited resources, the creation and the application of business strategies, and the management and command over the entity are all made possible by good corporate governance (CG), and they all improve the company's financial performance. Corporate governance (CG) has become one of the most interesting subjects for commercial organizations in both developed and developing countries, according to Mallin (2004). Appropriate corporate governance (CG) practises have been a top priority for financial and banking firms since the 2008 global financial crisis. Corporate investors anticipate that the company and its assets will be managed fairly. “The potential investors and creditors always try to ensure getting back the original investment along with the return” According to Rahman and Islam (2018) “The main and crucial reason behind the financial crisis of the banking sector's in Bangladesh is an inadequate practice of CG.” "Practising good corporate governance ensures effective monitoring and efficient control, performance, and sustainability of the business," according to Ehikioya (2009). Over time, Bangladeshi commercial banks must maintain a good capital gyration. A nation's ability to expand its economy sustainably depends greatly on its state-owned commercial bank. There is a sizable and significant banking industry in Bangladesh. There are many difficulties affecting Bangladesh's business community (Faruky, Uddin, & Hossain, 2011). Because of recent financial manipulations, Bangladesh's banking industry is furiously unhappy. These financial scams were being carried out by certain commercial banks. These financial frauds show that Bangladesh's banking industry does not follow proper CG procedures. Rahman and Islam (2018) “Banking business in Bangladesh is frequently facing crises due to the lack of practices of Corporate Governance”. Fair banking procedures are essential to the performance of banks. Hossain (2017) “Bangladesh is also being pressurized by the international community’s to follow an international, comparable CG framework”. Fanta, Kemal, and Waka (2013) state that a selecting a board of directors and appointed by the shareholders of the companies to oversee management's operations and make strategic choices regarding the company. Thus, it can be concluded that the best financial performance would be highlighted by strong CG.

The focus of this study is on the broad descriptions and implications of CG on the functioning of the commercial bank controlled by the government of Bangladesh. The analysis for the study would also focus on the financial records for the years 2018 through 2022. In order to assess how CG affects the effectiveness of Bangladesh's state-owned commercial banks, This investigation has looked at the connection between CG aspects and bank performance.

Objectives of the Study

Examining the effect of corporate governance on output of Bangladesh's state-owned commercial banks is the primary goal of the research.

Precise Objectives of the study are as follows:

1. To analyze the Corporate Governance practices of state owned commercial bank in Bangladesh.
2. To identify the impacts of Board size, board independence, board composition, board activity intensity and gender diversity on performance of state-owned commercial banks.
3. To find out the influence of Audit committee size, Audit committee independence and audit committee activity intensity on the performance of state-owned commercial banks in Bangladesh.

II. Methodology of the Study

Methodology of the study are as follows:

Sources of data

The research's framework is made up of secondary data. Annual reports from the selected state-owned commercial banks were used to collect data. From 2018 to 2022, the study examined five years' worth of panel data carefully chosen from six state-owned commercial banks of Bangladesh.

Technique/Method

The data we assemble here is panel one that allow us to take three panel methods for data analysis. As the requirements of panel data, researcher adopted panel least square, fixed effects and random effects method as well. When the data is homogenous, that is, when all of the firms are the same, panel least square is usually utilized. It should be noted that the study included state-owned commercial banks in Bangladesh, and the author made the premise that all firms have similar features and could use the panel least square approach. After that fixed effects as well as random effects were subsequently conducted to find out the valid results. Accordingly law of panel method to set between fixed effects, and random effects, researcher analyzed the Test of Hausman(1978) so as to verify the actual one for our panel data. Because of Hausman's (1978) test, we were able to avoid using the fixed effects for which the author finally adopted random effects method used as ultimate technique. The common statistics include descriptive, and multi-correlinearity tests are employed.

Sample Selection

The following six States-owned commercial bank will be taken arbitrarily for gathering data for the research. The numerical data are collected from the available annual reports of state owned commercial bank covering the period of 2018 to 2022.

Table-01 Sample of the study

SL. No.	Name of the bank
1	Sonali Bank
2	Rupali Bank
3	Janata Bank
4	Agrani Bank
5	Basic Bank
6	Bangladesh Development Bank

Variable Selection and Hypothesis:

The following factors and hypotheses are used to measure the impact of corporate governance on the efficiency of state-owned commercial banks. Table 1 presents the details about different variables and hypothesis.

Table-2: Variables and Hypothesis

Variable	Abbreviation	Measurement	Hypothesis
Return on Equity	ROE	Earning Before Tax and Interest/Total Equity	----
Board Size	BS	Total Numbers of Directors in Board	**H_1:**Board size has significant impact on performance
Board Composition	BC	The board composition, which is calculated by dividing the total number of directors by the total number of non-functional management, indicates the total number of non-functional managers on board.	**H_2:** Board composition significantly influence the performance of state-owned commercial banks of Bangladesh.
Gender Diversity	GD	Gender diversity indicates the total number of female member in the board.	**H_3:** Gender diversity significantly influence the ROE.
Board Activity Intensity	BAI	It indicates the no. of board meeting held in a year	**H_4:** Board activity intensity has the significant influence on ROE.
Board Independence	BI	The number of independent directors on the board	**H_5:** Board Independence significantly influence the Performance.
Audit Committee size	ACS	Number of member in the audit committee	**H_6:** Audit committee size has the significant association with the ROE.
Audit committee activity intensity	ACAI	Number of meeting of audit committee held in a year	**H_7:** Audit committee activity intensity significantly influence the ROE.
Audit committee independence	ACI	Number of independent director in the audit committee	**H_8:** Audit committee independence has the significant connotation with ROE.

Model Specification:

ROE = $B_0 + B_1BS + B_2BC + B_3GD + B_4BAI + B_5BI + B_6ACS + B_7ACAI + B_8ACI + e$

III. Literature Review

Corporate governance is the body of customs, rules, associations, and practises that shape a corporation's management, control, and governance. Corporate governance encompasses not only the objectives towards which the organisation is controlled, but also the interactions among the various stakeholders. The primary stakeholders are the board of directors, management group, supervisory committee, stockholders, and other parties such as workers, clients, creditors (banks and bond holders), suppliers, supervisors, and the broader public. "Stockholders" refers to "members" in non-profit organisations and other membership businesses. Either the market or the bank-adjusted relationship can inform corporate governance. Stockholders provide funding under market-based corporate governance, whereas a significant portion of both obligation and equity make up finance under bank-cantered corporate governance (Prowse, 1996). Corporate governance was defined by Macey and Miller (1995) as the set of rules that grant management rights to shareholders, board members, and administrators of businesses and financial institutions. Corporate governance was defined by Kraft and Tirtiroglu (1998) as a set of rules that include procedures, ethics, and instructions that are followed by executives, stockholders, and the top management of firms when carrying out their duties, business deals, and activities. According to Uddin (2005), ineffective policy implementation and a lack of specialised ethics by the governing bodies result in poorer corporate governance. However, by guaranteeing investor premium, sound corporate governance will generally ensure comprehensive corporate performance (OECD, 2004).

The body of contemporary literature has addressed the effect that corporate governance frameworks have on the performance of commercial banks. In both developed and developing countries, it is commonly known that implementing sound corporate governance practises is crucial to raising a bank's financial efficiency (Rehman & Mangla, 2012). However, the impact of corporate governance on bank efficiencies varies since corporate governance schemes differ in established and developing financial markets because of the disparities in these countries' social and economic conditions (Rashid, 2008). A combination of instruments that influence a firm's efficiency in both developed and developing financial markets are suggested by economic and financial theory (Ranti, 2011). Rahman and Islam (2018) used CG concerns including CEO dualism, board structure, BS, and the efficiency shown by ROE and ROA to do research in Bangladesh. Scholars have focused on a number of characteristics of boards of directors and their holdings regarding the financial efficiency of banks. Greater boards are said to be able to advance financial efficiencies because of their diverse skill set and ability to make better decisions (Setia-Atmaja, Tanewski, & Skully, 2009). Stepanova and Ivantsova (2012) selected this argument by pointing out that the banking industry is unique compared to other subdivisions, and as a result, larger boards' additional abilities, skills, and understanding result in healthier bank efficiency. Corporate governance acknowledged that there is a strong positive correlation between BS and ROE and ROA. CEO duality has a significant positive correlation with ROA, while board conformance has a significant positive correlation with ROE. However, some contest that the lack of administration, management, and coordination makes large BS less successful. Yermack (1996) proves that there is a suggested positive correlation between small business savings and a company's financial efficiency. Big BS can like variation in proficiency, business contacts, and experience than little BS, according to Haniffa and Hudaib's (2006) findings. According to Pillai and Al-Malkawi's (2018) research, financial efficiency are negatively impacted by BS, audit type, and CSR in nations with respectable corporate governance.

One of the most important issues with corporate governance practises is board independence. The ratio of independent directors on the board of directors is known as board independence. Higher percentages indicate higher BI. "BI has no substantial effect on the firms' performance," claim Aldamen, Duncan, Kelly, McNamara, and Nagel (2012). According to Yameen, Farhan, and Tabash (2019), "BI positively affects the firm's performance by decreasing the agency cost." According to research by Rowe, Shi, and Wang (2011), banks' achievement is expressively inversely related to lower BI. Additionally, Muniandy and Hillier (2015) establish an inverse relationship between BI and the final result. The audit committee examines the process of recording and disclosing financial information, advances the integrity and equity of financial reports, presents the data, employs variations in accounting principles and standards, oversees the work of auditors who are not part of the audit team, maintains auditor independence, and, in the end, verifies adherence to protocols, laws, and ethics. The freedom and AC have an impact on CB's performance. The Autonomous AC makes an effort to validate investors' interest. According to Aldamen et al. (2012) "A high-quality CG practice such as AC improves the supervision of business administration, but a negative association amid AC and performance of the firms is recorded". The preeminent procedures of achievement are the ROA and ROE (Hossain, 2020)

Why should we pay attention to state-owned commercial banks (SOCBs) and corporate governance in Bangladesh?

It seems sense to investigate the efficacy of a state-owned commercial bank's corporate governance. It is very appropriate to look at the deficiencies and insufficiencies in bank corporate governance during the financial crisis since it serves as a foundation for further changes to the corporate governance of Bangladesh's state-owned commercial bank. Corporate governance is not only a well-recognized area of study at the center of company law, but it's also a crucial idea in relation to the financial operations of banks and other financial institutions. Consequently, examining corporate governance in the state-owned commercial bank of Bangladesh following the financial crisis has a significant impact.

Until honestly newly, corporate governance has been comparatively overlooked as a subject of analysis. However, there has been an growing amount of attention in banks 'corporate governance, particularly in the wake of a series of corporate governance failures in banks. All the aforementioned events have made corporate governance a major topical issue. From a banking industry perspective, a corporate governance system can be defined as a set of mechanisms in setting the incentives for a banking organization to act prudently and for control of the risks that a bank takes. The recent events mentioned above have emphasized that good corporate governance should be regarded as one of the foremost elements in the financial sector and the economy at large. In addition, the recent crisis is acting as a new stimulus to set up legal, regulatory and internal systems for corporate governance in banking organizations. Therefore, corporate governance has become a topic that has attracted much global attention.

Many bodies at national, regional and international level have realized the significance of banks 'corporate governance and set up standards and norms regarding important aspects of corporate governance in banks. More specifically, at international level, the Basel Committee on Banking Supervision published the first edition of *Enhancing Corporate Governance for Banking Organizations* in September 1999 after the Asia crisis in 1997,and a revised version of its guideline in 2006 based on the *OECD Principles of Corporate Governance* of 2004, and the latest set of principles for enhancing sound corporate governance practices at banking organizations in October 2010 after the recent financial crisis

Corporate Governance Variables

The study adopts the following variables to represent governance governance. These variables are the prevailing corporate governance mechanisms that are used in many previous corporate governance studies (Hussainey & Al-Nodel, 2008; Mohammed, 2012; Polo, 2007).

Board Size

Board size represents number of directors on a board. There are mixed feelings regarding size of the 'ideal' board. An ideal board should consist of both executive and non-executive directors (Goshi et al., 2002).

Lipton and Lorsch (1992) preferred eight to nine persons on board while Leblanc and Gillies (2003) claimed that members of board should be eight to eleven. BEI (2004) guidelines state that internationally successful corporate boards have memberships of 7 to 15 directors and according to BSEC (2012) the number of the Board Members of the company shall not be less than 5 (five) and more than 20. In reality, The effective board size should be consists of diverse expertise and experience to ensure a well-functioning board. Boards having too many directors could be unproductive with ineffective communication that results directors free riding problem. Rather than number, effectiveness of board should be the utmost consideration.

Board Composition

Board composition refers to the number of independent non-executive directors on the board relative to the total number of directors. An independent non-executive director is defined as an independent director who has no affiliation with the firm except for their directorship

Board Independence

Board independence depends on the number of non-executive directors on the board. Non-executive directors can be defined as "a member of the Board of Directors who does not have a full-time management position at the company, or who does not receive monthly or yearly salary" (CMA, 2006, p. 4). With their knowledge and experiences, outside directors can enhance firm's performance, as well as protect shareholders' interest through effective decision making (Weisbach, 1988).

Gender Diversity

Corporate boards are part of the resource stream since they bring bundles of knowledge, experience, ideas, and professional contacts (Carpenter et al., 2004). Historically, women and minorities have not been strongly represented in corporate governance. However, the situation began to change slightly in the 1990s when an appreciable increase in the number of women serving on corporate boards began to occur (Farrell & Hersch, 2005). According to proponents of gender diversity, women bring new ideas, have an ability to communicate which is very important to men as they deal with strategic issues at council meetings has a positive effect on the business (Carter et al., 2003, Adams and Ferreria, 2003 and Ehrhadto et al., 2002). Contrary to previous results, Shrader et al., (1997) analyze 200 American companies with market capitalization of the highest between 1992 and 1993. They find no significant positive relationship between the percentage of women on the board and financial performance. We measure gender diversity by finding the ratio of women to board size.

Audit Committee Size

The Audit Committee reviews internal financial operations, improves the integrity of financial statements, and recommends appointment of external auditors and monitors auditor independence and objectivity and audit effectiveness that helps a firm to achieve its goals in an effective and efficient way (Stewart and Subramaniam, 2013). The main objective of establishing an Audit committee is to uphold the integrity of financial statements by reflecting economic substance of transactions and present a true and fair view (Ojo,2006). Internal audit assists management and the board of directors in the effective performance of their responsibility (Lorsch and Young 1990). Audit committee contributes a lot in decision making of Board of Directors, management, internal audit and external audit.

Audit Committee Independence

The creation of corporate governance in an organization is crucially influenced by the audit committee. The auditing system is kept impartial and free by an independent audit committee. The best method to keep the auditing system fair is to appoint an independent director. The accountability of the stakeholders decreases as a result of an inadequate auditing mechanism. In this study, the audit committee's independence was measured by the proportion of independent directors they had on the committee.

Board Meeting or Board Activity Intensity

A board meeting is the number of board meetings held each year. The Bangladesh Security Exchange Code of Corporate Governance requires the board to hold four sessions each year, with a maximum of four months between each meeting. The success of the board depends on the frequency of its meetings, as this can improve the firm's performance by providing the board with more opportunities to monitor and analyze management's performance (Hsu & Petchsakulwong, 2010). This is consistent with the findings of Evans et al. (2002), who found that the frequency of the board meeting can identify the challenges related to falling firm performance. So, boards should think about holding more meetings if the situation calls for more control and oversight (Khanchel, 2007).

Audit Committee Meeting or Audit Committee Activity Intensity

The frequency of audit committee meetings is seen as a significant indicator of their monitoring efficacy (Lin, Li, & Yang, 2006). Some researcher observed that the audit committee maintains internal control and provides shareholders with accurate information. Consequently, the audit committee bolsters the internal auditing function and controls management's business risk assessment (Hsu,2007).

Recent academic literature confirms that audit committee activity, as assessed by meeting frequency, provides various benefits to a company's shareholders (Hoque et al, 2013). These advantages include increased oversight of the firm's financial reporting process and more openness, which allows shareholders to anticipate earnings more regularly and effectively (Laksmana,2008).

Return on Equity (ROE)

Return on Equity is a measure of how successful a firm is in using shareholders' equity business (Dickie, 2006). The ROE is calculated as a net income to total equity (NI/TE).

IV. Analysis and Findings:

Table-03 Descriptive statistics

	ROE	BS	BC	GD	BAI	BI	ACS	ACI	ACAI
Mean	0.106086	1.377143	1.908571	0.426800	10.64000	10.44571	4.725714	0.511257	4.582857
Median	0.101200	1.000000	2.000000	0.450000	10.00000	10.00000	5.000000	0.400000	4.000000
Maximum	0.459600	5.000000	4.000000	0.820000	24.00000	14.00000	7.000000	1.000000	9.000000
Minimum	-0.871100	3.000000	3.000000	0.100000	4.000000	7.000000	3.000000	0.000000	2.000000
Std. Dev.	0.127124	1.031427	1.007264	0.130798	4.363063	1.404497	0.790876	0.289827	0.960569
Skewness	-2.858549	0.457902	0.014412	-0.070231	0.657469	0.323598	-0.592274	0.254804	1.421656
Kurtosis	24.57708	3.375743	2.774295	3.550806	3.006977	3.239228	3.429264	2.224606	5.776745
Jarque-Bera	3633.112	7.144953	0.377515	2.356062	12.60811	3.471514	11.57495	6.277663	115.1700

The above table shows the characteristics of data by analyzing the descriptive statistics, which makes an idea about data shape. The average return on equity for sample companies is 10.61 percent, which is a long distance from the highest value of 45.96 percent to the lowest value of negative 87.11 percent. It has a standard deviation of 12.71 percent, with skewness and kurtosis values of -2.8585 and 24.5777, respectively, where standard deviation refers to the dispersion of data around the average value. Skewness is the degree to which data is asymmetric, and it should ideally be zero or very low. Our calculations did not yield such an optimal figure. The data shape, on the other hand, is not evenly dispersed. Gender diversity ranges from zero to five people, with a mean value of more than one person, indicating that not every company's board of directors has a female member. Its skewness and kurtosis are 0.457 and 3.37, respectively, which are acceptable. Board independence ranges from zero to four members on the board, with a mean value of 1.90, indicating that some boards do not have independent directors on their boards.The percentage of non-executive directors on the board is referred to as "board composition"; it ranges from 82 percent to 10 percent, with an average of 42.68 percent. However, the board composition is not at all good. Board activity Intensity is from maximum 24 meetings to 4 meetings, and average meetings were 10.64 marks more activity of boards. Board size constitutes from maximum of 14 to minimum of 7 members, and average of 10.44 members. Therefore, board size is at all suitable for all state-owned commercial banks in Bangladesh. An audit committee's total membership, which varies from three to seven with an average of 4.72, determines its size. The audit committee's size is therefore appreciated. The total number of non-executive members on the audit committee—that is, the number of non-executive members who make up the committee—determines the audit committee's independence. Such non-executive member participation indicates a decrease in audit committee independence. The audit committee activity shows how many meetings the committee has each year; for the purposes of this study, the committee met for a minimum of two and a maximum of nine times. Participation of the audit committee is therefore regarded as the absolute minimum of satisfaction. Every measurement for skewness and kurtosis (skewness = ± 3 and kurtosis = ± 10) falls within an acceptable range. The data type is therefore regularly distributed.

Table-04 : Pearson Correlation Matrix of variables

	ROE	BS	BC	GD	BAI	BI	ACS	ACI	ACAI
ROE	**1.0000**								
BS	**0.1388**	**1.0000**							
BC	**0.3570**	**0.4257**	**1.0000**						
GD	**0.0839**	**0.5290**	**0.5283**	**1.0000**					
BAI	**0.3947**	**0.2625**	**-0.1225**	**0.0462**	**1.0000**				

BI	**-0.2351**	**-0.0933**	**0.0069**	**0.1524**	**-0.1075**	**1.0000**			
ACS	**0.2369**	**0.7094**	**0.3523**	**0.2806**	**0.2346**	**-0.4100**	**1.0000**		
ACI	**-0.0551**	**0.0641**	**-0.0632**	**0.0466**	**-0.1292**	**-0.0170**	**-0.1597**	**1.0000**	
ACAI	**-0.0887**	**0.0383**	**-0.0211**	**-0.2098**	**0.3282**	**-0.0057**	**-0.0671**	**0.1120**	**1.0000**

Source: Estimated by author

Pearson correlation matrix of each variable is shown by the above table. Here we see that board size is positively related with board composition, gender diversity, board activity intensity, audit committee size, audit committee independence and audit committee activity intensity but negative relationship exist with the board independence. Board activity intensity, audit committee independence, and audit committee activity intensity are inversely correlated with board composition, but positively correlated with gender diversity, board independence, and audit committee size. While gender diversity has a negative correlation with audit committee activity intensity, it has a favorable correlation with size, activity intensity, and board independence. Board activity intensity was positively connected with audit committee activity intensity, but negatively correlated with board size and audit committee independence. The size, independence, and activity intensity of the audit committee are negatively correlated with board independence. The independence and activity intensity of the audit committee are negatively correlated with the audit committee's size. The degree of activity on the audit committee is positively correlated with audit committee independence.

Table-05: Operational Results of Panel Least Squares

ROE	Coef.	Std. Err.	t	P-value
BS	-.0033994	.0054654	-0.62	0.541
BC	.2797048	.08652	3.23	0.004
GD	-.008479	.0074509	-1.14	0.268
BAI	.0016088	.0004558	3.53	0.002
BI	-.0077853	.009207	-0.85	0.407
ACS	-.0007608	.0102454	-0.07	0.942
ACI	.0317993	.0428161	0.74	0.466
ACAI	-.0033804	.0017274	-1.96	0.044
_cons	-.1867145	.0857922	-2.18	0.041
R-square.		0.5999		
Adjusted R-squared.		0.4093		
F-statistic		2.62		
Prob (F-statistic)		0.0365		
Number of observation		30		

Source: Estimated by author

The panel least square method's operational results are displayed in Table-05, which also shows the relationship between state-owned commercial banks in Bangladesh's profitability and corporate governance. The size, gender diversity, independence, and size and independence of the audit committees did not appear to be significant factors influencing the profitability of Bangladesh's state-owned commercial banks. On the other hand, it was discovered that the key aspects of corporate governance affecting the profitability of Bangladesh's state-owned commercial bank were board composition, board activity intensity, and audit committee activity intensity. With an R-square value of 0.59999, the independent variables account for 59.99% of the variation in the performance of Bangladesh's state-owned commercial banks.The dependent variable may be influenced by additional variables.

Hausman Test

The Hausman test is used to determine the best technique between fixed effects and random effects approaches. The most accurate panel technique for this study was determined by applying the Hausman test after a number of panel tests, including panel least square, fixed effects, and random effects models. Because of this, the study expects the fixed effects technique to work correctly with the given data set. However, the Hausman test's estimated findings are as follows:

Table-06: Operational Result of Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f	Prob.
Cross-section random	4.597521	3	0.8002

Source: Estimated by author

Table 6 shows the operational findings of the Hasuman test, which show that the Chi-square value is 4.597521and the degree of freedom is 3. The test's p-value is 0.8002, which is more than 0.05 percent. As a result, the null hypothesis for the fixed effects approach is rejected, implying that the alternative hypothesis for this study is that the random effects method is better appropriate for such panel data analysis.

Table-7: Operational Results of Random effects Model

ROE	Coef.	Std. Err.	z	P-Value	
BS	**-.0033994**	**.0054654**	**-0.62**	**0.534**	
BC	**.2797048**	**.08652**	**3.23**	**0.001**	
GD	**-.008479**	**.0074509**	**-1.14**	**0.255**	
BAI	**.0016088**	**.0004558**	**3.53**	**0.000**	
BI	**-.0077853**	**.009207**	**-0.85**	**0.398**	
ACS	**-.0007608**	**.0102454**	**-0.07**	**0.941**	
ACI	**.0317993**	**.0428161**	**0.74**	**0.458**	
ACAI	**-.0033804**	**.0017274**	**-1.96**	**0.050**	
_cons	**-.1867145**	**.0857922**	**-2.18**	**0.030**	
R-square.		0.61999			
Adjusted R-squared.		0.48621			
F-statistic		2.62			
Prob (F-statistic)		0.0365			
Number of observation		30			

Table 07 shows the results of the random effects model's operational analysis applied to the relationship between state-owned commercial banks in Bangladesh and their profitability and corporate governance. The size, gender diversity, independence, and size of the audit committee are found to have no discernible effects on the performance of state-owned commercial banks in Bangladesh. Here, H1, H3, H5, H6, and H8 are not taken into consideration. But, due to modifications in board composition, board activity intensity, and audit committee activity intensity, state-owned commercial banks in Bangladesh experience a noticeable fall in profitability. For this reason, H2, H4, and H7 are accepted. In Bangladesh, the makeup of the board and the level of activity have a beneficial effect on the profitability of state-owned commercial banks; however, the audit committee's performance has a negative effect. 61.99% of the With an R-square value of 0.61999, the independent variables can account for the variance in the dependent variable. It is recommended that increasing the number of non-functional board members and the number of annual board meetings held by the state-owned commercial bank will boost the industry's performance and enhance the efficacy of corporate governance.

Major Findings of the Study:

The study's principal conclusions are as follows:

i) In Bangladesh, state-owned commercial banks had an average return on equity of 10.61%.

ii) The board of directors of the state-owned commercial banks met 10.64 times on average per year.

iii) The state-owned commercial banks' audit committees met on average 4.58 times each year.

iv) The performance of Bangladesh's state-owned commercial banks is not significantly impacted by the size, gender diversity, independence, and size of the audit committee.

v) The profitability of state-owned commercial banks in Bangladesh is significantly impacted by the makeup of the board, the level of board activity, and the activity of the audit committee.

vi) The activity level and makeup of the board have a beneficial influence on the commercial banks controlled by the government of Bangladesh that are profitable.

vii) Audit committee activity intensity negatively influence the effectiveness of Bangladesh's state-owned commercial banks.

Recommendations:

i) Ensuring the good corporate governance state-owned commercial banks can enhance their return on equity (ROE).

ii) State-owned commercial banks should increase their number of board meeting to ensure a good corporate governance as well as their performance.

iii) They ought to ensure that the audit committee meeting is productive.
iv) State-owned commercial bank should try to increase the number of non-functional board members in the board.

V. Concluding Remarks

The purpose of the study is to look into the connection between corporate governance and profitability of state-owned commercial banks in Bangladesh. The study's findings were contrasted with the key guidelines of a corporate governance code that BESEC approved in 2018. When the impact of corporate governance was examined using eight parameters on profitability, empirical evidence produced a variety of results. Gender diversity is not a serious issue as a factor of corporate governance for profitability of state-owned commercial banks, which is not supported by previous studies that a board with female members has appropriated the workforce and dynamics of board activity(Vander Walt, Ingley, Shergill, & Townsend, 2006). In measuring the profitability of state-owned commercial banks in Bangladesh, board composition, board activity intensity and audit committee activity intensity are deemed more significant, yet audit committee activity intensity has the negative relationship with profitability. Several previous investigations have backed up these findings such asVafeas (1999); Rashid, De Zoysa, Lodh&Rudkin, (2010). The size of the board of directors, the size of the audit committee, the independence of the audit committee, and the activity of the audit committee are all shown to be irrelevant in describing the profitability of non-bank financial organizations. Past studies have been able to cope with such outcomes (Cheng, 2008; Rahman et al., 2019; Aanu et al., 2014). However, when compared to previous relevant research, this study offers exceptional mixed results that will serve as a benchmark for policymakers in Bangladesh's state-owned commercial banks. There can be no exceptions to bring about modifications in corporate governance principles; to enforce a stringent code of corporate governance, a regulatory body must develop that will be devoid of political considerations and made up of professional experts and academicians. The effective solicitation of corporate governance at state-owned commercial banks can result in a beneficial shift in management quality and public confidence.

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