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Corporate Governance Reporting in Bangladesh: A Study of Selected Listed Private Commercial Banks of Bangladesh

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Abstract *Corporate Governance (CG) largely determines how well the interests of the stakeholders are being maintained. This study has been opted for in-depth inquiry into the corporate governance disclosure practices in the annual reports of the selected listed banking companies in Bangladesh. The study finds that all the sample companies disclose corporate governance information as per regulatory requirements laid down in Clause 1.5 of the SEC Notification, 2012. The focus of this study was to empirically examine the mandatory corporate governance disclosure and the relationship between various corporate attributes and with the level of that mandatory disclosure of the banking companies of Bangladesh. The study revealed that Bangladeshi banking companies have high level of compliance to the mandatory corporate governance disclosure and the variables of board size, ownership, board composition, and profitability have significant impact in the corporate governance disclosure. However, the inclusion of the separate section of 'Corporate Governance Reporting' in the annual reports and suggested guidelines for mandatory list of items to be included in the report is a milestone for Bangladesh. For the purpose, the study has developed a questionnaire based on recent literature survey and have gathered the opinions of the executives of three sample banks under the framework of likert's 5 point scale. The gathered primary data have been properly analysis by a number of descriptive statistics, such as, Mean, Standard Deviation, ANOVA and Post hoc multiple comparison tests.*

Keywords *Corporate Governance, Commercial Banks, Clause 1.5 of SEC Notifications 2012, Mandatory Disclosure, Corporate Social Responsibility*

INTRODUCTION

Banks are critically important for industrial expansion and capital allocation. When banks efficiently mobilise and allocate funds, this lowers the cost of capital to firms, boosts capital formation, and stimulates productivity growth. Thus, the functioning of banks has ramifications for the operations of firms and the prosperity of nations. Effective Corporate Governance practices are essential to achieving and maintaining public trust and confidence in the banking system, which are critical to the proper functioning of the banking sector and economy as a whole (Kar & Sarker, 2014).

It is believed that there is an association between corporate governance and financial reporting disclosures. The scandals of high profile companies such as Enron, WorldCom, Tyco and some other firms in the U.S, have realised the question of the effectiveness of monitoring mechanisms in organisations (Raphaelson & Wahlen, 2004). Corporate governance reduces emerging market vulnerability to financial crises, reinforces property rights, reduces transaction costs and the cost of capital, and leads to capital market development. Weak corporate governance frameworks reduce investors' confidence, and can discourage outside investment. In addition, poor corporate governance can lead markets to lose confidence in the ability of a bank to properly manage its assets and liabilities, including deposits, which could in turn trigger a bank run or liquidity crisis.

It is well known that the financial reporting practices of a country depend on several factors, and the legal, economic, political, cultural and historical background of a country forms the basis of the financial reporting environment. The extent of information disclosure, its adequacy relevance and reliability are important characteristics of financial reporting practices prevalent in a country (Hossain, 1999). The financial reporting practices have been changed during the last few decades. Karim and Ahmed (2005) opted that the quality of financial reporting in developing countries appears to be a major concern for the international financial community. Full compliance of disclosure with proper and effective audit is very important to maintain accountability and bring about transparency of firms, and as a result banking companies, which collect people's money and make a profit by investing those funds, require more stringent audit and disclosure practices than non-financial firms (Reaz & Arun, 2006).

There is no single model of good corporate governance that might be universally applicable to all the markets, countries

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or regions. The Organization for Economic Co-operation and Development (OECD) maintains the same view although there is evidence that work carried out in member countries of OECD and within the OECD has identified some common elements that underlie good corporate governance. The OECD principles build on these common elements and are formulated to embrace the different models that exist. For example, they do not advocate any particular board structure and the term “board” as used in this document is meant to embrace the different national models. In some countries, “board” as used in the principles refers to the “supervisory board” while “key executives” refers to the “management board” In system where the unitary board is over seen by an internal auditor’s board, the term board includes both (OECD 1999, p. 240).

The banking industry which is one of the major industries in Bangladesh plays very critical role both in money market and capital market. Though this is a highly regulated industry, minority shareholders and other stakeholders are always suffers from acute information asymmetry problem due to the weak institutional environment of Bangladesh.

Corporate governance mechanisms play a vital role in providing quality reporting. Most corporate governance mechanisms, namely non-executive directors, board size, the practice of separate CEO and chairman of the board, the proportion of independent members of audit committee, and government ownership, have a significant contribution in providing quality voluntary disclosure (Janadi, Rahman, & Omar, 2013, p.25). Hence, this study focuses on effectiveness of corporate governance as a mechanism of monitoring power to provide users with adequate and sufficient information. Hopefully, this study have important implications on authority regulators, policy makers, shareholders and other users of reports who have an interest in best practices of corporate governance.

In the literature of corporate governance, disclosure, transparency, and accountability are most often seen as triplets. As viewed by Sir Adrin Cadburry, “Disclosure is as much an opportunity for companies to establish their business aims and principles, as a means of enhancing their accountability” (Cadbury, 2002). Also various Corporate Governance Codes stressed on disclosure issues for good corporate governance. More so international and regional organisations focused on greater transparency and disclosure of high quality and relevant information to form capital and control structure of the organisation (EU Action Plan, 2003).

OBJECTIVES OF THE STUDY

This study has been undertaken for an in-depth inquiry into the corporate governance reporting practices in the selected listed banks in Bangladesh. The objectives are—

1) To examine the statutory requirements of corporate governance reporting in Bangladesh;
2) To assess the perception of different stakeholders of the banks with regards to the importance of CG reporting;
3) To suggest some areas of corporate governance reporting for sample enterprises.

METHODOLOGY

Data were collected for the purpose of study from primary sources and secondary sources. The primary data relates to disclosure by the selected banks. The opinions on disclosure of corporate governance have been collected from the respondents on the basis of a prepared questionnaire. The requisite primary data were collected from 10 selected banks out of 30 banks. On the basis of accessibility, the researcher selected 20 members of board of directors randomly, 40 members of shareholders and 40 members of depositors. In total 100 respondents were selected for collecting their opinions. Therefore, questionnaire method of data collection was extensively used in collecting primary data. Interview questions were open-ended, close-ended, and Likert’s 5 point scale questions. The respondents were asked to identify the disclosure on Corporate Governance. Secondary data were collected from annual report of the selected banks. The secondary data also include: research studies, corporate and securities laws, corporate governance codes and the relevant articles published in highly esteemed journals and features/ columns of the newspapers and periodicals covering corporate governance issues. An extensive desk study was conducted where in relevant literature including research publications were studied.

Data Analysis Techniques

The statistical tools have been used to analyze the collected data. The analysis and interpretation of data has been done both qualitatively and quantitatively. Firstly, primary data have been analysed with SPSS software, using some descriptive statistics like Mean, Standard Deviation and ANOVA test, to explain the respondent’s answers on the questions. Analysis of Variances (ANOVA) is a useful technique used in the field of business and is important in the context of such situations where the researcher wants to compare among the population mean. The stakeholder’s views on different issues of corporate governance disclosure have been analysed by examining the respondent’s answers to those issues. Finally, data on corporate governance reporting were analysed using some descriptive statistics.

LITERATURE REVIEW

The researcher studied a good number of books, articles, reports manuscripts and other publications on corporate governance reporting and visited many web sites for relevant literature. While reviewing related literature the researcher came to the end that there are many aspect of corporate governance reporting which needs to be addressed properly. However major findings of the reviewed literature are stated below:

Aktharuddin (2005) in his paper title "Corporate mandatory disclosure practices in Bangladesh" reported the results of an empirical investigation of the extent of mandatory disclosure by 94 listed companies in Bangladesh. His study also reported the results of the association between company specific characteristics and mandatory disclosure of the sample companies. It was evident that companies, on average, disclosed 44% of the items of information, which, according to the author, was an indication of regulatory ineffectiveness in monitoring the compliance behaviour of the companies in Bangladesh. The study further revealed that company age was an insignificant factor in influencing the level of mandatory disclosure. And there was little support for industry size as a predictor of mandatory disclosure except where size was measured by sales. Mandatory disclosure was not found to have been influenced by profitability and status, i.e., whether company is mandatory or traditional.

Gupta, Nair and Gogula (2003) in their paper title "Corporate Governance Reporting by Indian Companies: A Content Analysis Study" have analysed the CG reporting practices of 30 selected 'Indian' corporations listed in BSE. The CG section of the annual reports for the years 2001-02 and 2002-03 had been analysed by using the content analysis, and least square regression technique was used for data analysis. Their study found variations in the reporting practices of the corporations, and in certain cases, omission of mandatory requirements as per Clause 49.

Hossain and Khan (2006) in their article titled "Disclosure on Corporate Governance Issues in Bangladesh: A Survey of the Annual Reports" used an OLS regression model to analyse the data of the listed sample enterprises of stock exchanges (Dhaka or Chittagong). The authors find that some corporate attributes such as multinational affiliation, linkage of auditor with big four audit firms, concentrated ownership by sponsor and banking companies influence significantly on corporate governance disclosure. Companies having MNC affiliation have their own reporting requirements. So they are always trying to concentrate the issue more than that of local companies.

Haque, Jahan, and Khan (2007) in their article title, "Corporate Disclosures through Directors' Report-Compliance of the Companies Act, 1994" have examined the status of the Companies Act, 1994 with regard to corporate disclosures through directors' report based on a sample of 54 companies in Bangladesh. They commented that most of the companies disclosed voluntary information in addition to mandatory requirements by their directors in the annual report but the volume of mandatory disclosure was very low. They further mentioned that the companies do not disclose a satisfactory number of items in the directors' report as prescribed by the Companies Act, 1994.

Bhuiyan and Biswas (2007) in their paper title "Corporate governance and reporting: An empirical study of the listed companies in Bangladesh" conducted research on a sample of 155 companies listed under Dhaka Stock Exchange where 45 disclosure items were chosen, so that disclosure level of those companies can be measured. This study mainly depicts sector-wise difference among the Corporate Governance Disclosure Index (CGDI) of those sectors where the mean and standard deviation were 56.04 and 17.20 respectively. Besides, multiple regressions provides that CGDI is significantly influenced by some attribute like local ownership, the SEC notification and the size of the company; while, there are some other attributes like multinational companies and the size of the board of directors which did not influence significantly to CGDI.

Hossain (2008) in his article titled "The Extent of Disclosure in Annual Reports of Banking Companies: The Case of India" reported the association between company-specific attributes and total disclosure, i.e., mandatory and voluntary. The study also revealed that in disclosing mandatory items, the average score is 88, whilst the average score for voluntary disclosure is 25. The findings also indicate that size, profitability, board composition, and market discipline variables are significant and other variables such as age, complexity of business and asset-in-place are insignificant in explaining the level of disclosure.

LIMITATION OF THE STUDY

It is not to deny that this study has certain limitations which are basically arisen from time and resource constrains.

i) The sample size was one-third of the total population.
ii) The study was limited to on corporate governance reporting practices in Bangladesh.
iii) The number of respondents for collecting primary data were also few as compared to the total population.

FINDINGS OF THE STUDY

In Bangladesh, corporate governance has emerged as an important issue very recently, although many of the different corporate governance mechanisms including law that ensure good corporate governance practices have long been in existence. For example, the Central Bank while exercising its regulatory functions relating to commercial banks had been pressing compliance by the banking companies with certain business rules, principles or ethics (BEI, 2004, p. 7).

In any legal regime, the banking sector in Bangladesh is highly regulated so as to curb antitrust behaviour of banks and generate efficiency and effectiveness. In accordance, Bangladesh Bank (BB) has several prudential regulations issued in 2009 as a corollary to various Acts and Ordinances issued by the regulators, such as the BB, Securities and Exchange Commission (SEC), and National Board of Revenue (NBR). As the regulator of money market, Bangladesh Bank closely monitors the requirements set by international best practices such as Bangladesh Accounting Standards (BAS), International Accounting Standards (IAS), Basel I, II and III accords. It also updates the disclosure requirements of the banks (Anwar & Deepty, 2009). Despite supervision and monitoring by the regulatory bodies such as Bangladesh Bank and BSEC, serious mismanagement and malpractices have occurred in the banking sector as well as in the capital market (Ahmed, 2015).

The sample banking companies have been involved in almost all general banking functions over the years and they have been serving to the same target market. At this stage, a brief description of the sample commercial banks featuring their background and current operations has been presented in the following table:

From Table 1, it is evident that Southeast Bank Ltd shows an outstanding performance as compared to other sample banks, such as, earning per share and profit after tax. It is very important for a private bank to expand its branches because it wants to reach to the maximum number of customer. Bank branches are the only means through which banks can provide its services to the common people. Against this backdrop, Pubali Bank Ltd. shows tremendous growth in case of number of branches and number of employees than the other sample banks. For this reason, the operating activities of this bank are also high. With regard to this, National Bank Ltd has demonstrated a better position because the paid up capital is high.

Corporate Governance Reporting of Sample Banking Companies: Mandatory Disclosures

Disclosure are said to be mandatory if it is obligatory for the companies to disclose according to the regulations, accounting standards that are applicable, etc. (Owusu-Ansah, 1998; Omar & Simon, 2011). These include some basic accounting, financial and operational information. In addition, companies may also be required to disclose non-financial information such as, information relating to corporate governance practices, social and environmental performance, etc. (Cheung, Jiang, & Tan, 2010). Yuen, Liu, Zhang, and Lu (2009) described mandatory disclosure as a basic demand of the readers of the financial report who utilise this information in order to make company assessment. They further opined that mandatory disclosures help promote corporate governance by contributing to the effective exercise of shareholder franchise, by assisting shareholder enforcement of management fiduciary duties, and by raising managerial consciousness. Mandatory disclosures are the information that the companies are required to disclose mandatory as per the requirements of different Acts, Rules and Regulations. Companies tend to comply with regulatory specifications before providing such information to the public. Thus mandatory disclosures are expected to have a positive impact on the quality of CG.

Corporate Governance Disclosures Index (Mandatory) of the Sample Banks

While making literature survey for this research, it was discovered that a number of research papers had identified the failure of different listed companies in Bangladesh to comply with various sections of the SEC Notifications requirements.

Table 1: Comparative Analysis Showing Pertinent Information about the Sample Banks

Issues	**PBL (Pubali)**	**NBL**	**SEBL**	**DBL**	**AIBL**	**DBBL**	**MBL**	**PBL (Premier)**	**BAL**	**BRAC**
Year of establishment	1983	1985	1995	1995	1995	1996	1999	1999	1999	1999
No. of Branches	423	171	103	74	110	136	91	86	86	88
No of Employees	7362	4126	1704	1450	2387	4666	1814	1283	1600	6624
Paid Up Capital (million)	8384.51	14196.03	8,732.86	5,414	1798.95	2000	6,599.61	5124.58	6936.32	4433
Earning Per share	2.75	1.49	3.87	3.56	2.46	10.0	2.68	1.53	2.10	2.81
Profit after Tax (million)	2305.54	2116.59	3,378.82	1927	2276.68	2000.80	1,978.70	785.75	1459.82	1246

Source: Annual Reports of the Sample Banks for the Period 2013

Table 2: Disclosures Index

Banks	(Total Compliance / Total compliance required)	Index	Percent (%)
Pubali Bank Ltd	97/97	1.00	100%
National Bank Ltd.	82/97	.845	84.50%
Southeast Bank Ltd	83/97	.856	85.60%
Dhaka Bank Ltd	82/97	.845	84.50%
Al-Arafah Islami Bank Ltd	96/97	.989	98.90%
Dutch-Bangla Bank Ltd	78/97	.804	80.40%
Mercantile Bank Ltd	94/97	.969	96.90%
Premier Bank Ltd	91/97	.938	93.80%
Bank Asia Ltd	97/97	1.00	100%
BRAC Bank Ltd	86/97	.886	88.60%

Source: Annual Reports of the Sample Banks.

To take some illustrations, some companies could not appoint independent directors and some companies could not separate the office of the CFO from the offices of HoIA and Company Secretary. In such a context, this study deems it fit to assess the status of the sample listed companies as to ensure compliance of corporate governance requirements a required by SEC Notification of 2012. For the purposes, the study has relied on secondary data published in the latest annual reports (year 2013) of the sample listed companies. The findings of the status are summarised in Table 2.

SEC Notification, 2012 of Bangladesh contains as many as 97 requirements to be complied under seven broad sections (the format is exhibited in Table 3). On the basis of compliance performance of the sample listed companies, the study constructed disclosure index taking the number of requirements complied with as numerator and total number of compliances as denominator. It is evident from the table that 20% of the sample banks, that is, only two banks, categorically, Pubali Bank Ltd. and Bank Asia Ltd. had been successful to comply with all the requirements, where as, Dutch Bangla Bank Limited had demonstrated the poorest performance by complying with 78 requirements out of 97(80%).

Reporting as Per SEC Notification

In the view of concerns of business community leaders, policy circles and academicians over establishing good corporate standards for Bangladesh, Bangladesh Enterprise Institute (BEI), a non-governmental research centre engaged in advocacy work on corporate governance, published a report in August 2003 titled “A comparative Analysis of Corporate Governance in South Asia: Charting a Road Map for Bangladesh” and later published “The Code of Corporate Governance for Bangladesh” in April 2004. BEI sets separate codes for Financial Institutions and Private Sector Enterprises, which provisions cover various types of corporate governance mechanisms such as board issues, shareholders’ rights, disclosures, internal and external audits. Following the BEI Code, The Securities and Exchanges Commission issued a Notification aiming at bringing a substantial change in the arena of corporate governance in Bangladesh. Such Notification (No. SEC/CMRRCD/ 2012-158/Admin/02-08 dated 7th August, 2012) imposed some conditions on “Comply basis” to the companies listed with any stock exchange in Bangladesh.

Mandatory disclosure practices of commercial banks need to have a comprehensive system in order to meet the needs of different stakeholders. The study is an attempt to evaluate the reporting practices of the sample banks in accordance with the compliance of all disclosure requirements. It should be made mandatory to put all corporate governance disclosures in a separate section of the annual report and in a prescribed format. The findings show that the sample banks comply with almost all the mandatory disclosure requirements in the annual reports and disclose corporate governance information as per the requirements laid down in clause 1.5 of the SEC Notification 2012.

Generally, banks disclose voluntary information in addition to mandatory disclosure in order to build a positive image to the public. The sample banks do not disclose adequate voluntary disclosure in addition to mandatory disclosures in the annual reports. The disclosure which is reported as voluntary is shown in Chapter Five. However, such disclosures are aimed at reducing the information gap between the management and investors and providing the stakeholders with the information needed to assess the long term sustainability of the business (Boesso & Kumar, 2007).

The total elements of disclosure which are shown in the findings have been categorically presented in Tables 3-5.

For disclosing reporting on notice of shareholders is being

Table 3: Most Important Elements of Disclosure Supported Strongly by all the Groups of Stakeholders

Element of Disclosure	Board Members		Shareholders		Depositors		Anova
	Mean Scores	Standard Deviation	Mean Scores	Standard Deviation	Mean Scores	Standard Deviation	
Reporting on disclosing the composition of the board.	5.000	.000	4.250	.669	4.600	.496	.000
Reporting on appointment of Independent Directors	5.000	.000	4.450	.503	4.700	.464	.000
Reporting on chairman of the board and Chief Executive officer	4.900	.307	4.475	.505	4.500	.716	.018
Reporting on board attendance	4.850		4.500		4.500		
Reporting on fairness of Financial Statements	5.000	.000	4.625	.585	4.700	.563	.030
Reporting on maintenance of proper books of accounts	5.000	.000	4.550	.503	4.725	.598	.005
Reporting on consistent application of Accounting Policies in preparation of Financial Statements	5.000	.000	4.475	.505	4.500	.716	.002
Reporting on Application of Bangladesh Accounting Standard (BAS)	5.000	.000	4.375	.667	4.500	.716	.001
Reporting on soundness in design and efficiency of internal control	5.000	.000	4.200	.853	4.500	.506	.000
Reporting on ability to continue as going concern	5.000	.000	4.550	.503	4.475	.554	.000
Reporting on summary of key operating and financial data for the last three years	5.000	.000	4.075	.655	4.525	.598	.000
Reporting on declaration of stock dividend	5.000	.000	3.975	.891	4.525	.598	.000
Reporting on notice of shareholders is being served by letter, email and others etc.	5.000	.000	3.300	.790	4.525	.640	.000
Reporting on the agenda items of shareholders meeting.	4.900	.307	4.175	.500	4.675	.525	.000
Reporting on number of Members of Audit Committee	5.000	.000	4.300	.686	4.550	.638	.000
Reporting on monitor the integrity of the financial statements of the company	5.000	.000	4.425	.843	4.550	.503	.004
Reporting on review internal financial control and risk management systems	4.900	.307	4.475	.846	4.625	.585	.072
Reporting on monitor and review the effectiveness of the company's internal audit function	4.700	.470	4.400	.671	4.500	.506	.166
Reporting on donation to the education, training and other Organizations	5.000	.000	4.225	.697	4.625	. 490	.000

served by letter, email and others etc., the composition of the board, appointment of independent directors, chairman of the board and Chief Executive officer, reporting on board attendance, fairness of financial statements, maintenance of proper books of accounts, consistent application of accounting policies in preparation of financial statements, application of Bangladesh Accounting Standard (BAS), soundness in design and efficiency of internal control, ability to continue as going concern, summary of key operating and financial data for the last three years, declaration of stock dividend, reporting on the agenda items of shareholders meeting, number of members of audit committee, to monitor the integrity of the financial statements of the company, review internal financial control and risk management systems, to monitor and review the effectiveness of the company's internal audit function, donation to the education, training and other organisations, two groups of respondents, that is, board members and depositors have given higher weight, where as, shareholders have given a comparatively lesser importance to those elements of disclosure.

For disclosing number of board sub-committees, name of the members of board sub– committees, disclosure about number of board meeting held during the year and attendance by each director, disclosure about shareholding pattern, details of loan to directors, reporting on ratification of annual accounts, director's report, and auditor's report, reporting on election procedure of director's, reporting on appointment of statutory auditors, their remuneration and independence, inclusion of independent director in the audit committee, qualification of the chairman of the audit committee, review significant financial reporting issues and judgments involved in the preparation of: annual accounts; interim announcements; preliminary announcements; other formal statements, report to the board by the audit committee on conflicts of interest, report to the board by the audit committee on suspected or presumed fraud or irregularity or material defect in the internal control system, report to the board by the audit committee on suspected infringement of laws, including securities related laws, rules and regulations, donation to public health, sponsorship to arts, sports and culture, scholarship programs, training, seminar and workshop, employee family welfare, good working environment, employee health and safety, equal opportunity in employment, employee recreation, fair advertisement, smoking free area in bank premises, green banking, banks policy on use of scarce energy, specific consumer relations,

Table 4: Moderately Important Elements of Disclosure Supported Strongly by the Most of The Respondents

Element of Disclosure	Board Members		Shareholders		Depositors		Anova
	Mean Scores	Standard Deviation	Mean Scores	Standard Deviation	Mean Scores	Standard Deviation	
Reporting on number of Board sub- Committees	5.000	.000	4.100	.810	4.475	.598	.000
Reporting on name of the members of Board sub – committees	4.900	.307	4.100	.632	4.425	.594	.000
Reporting on number of meetings held for each sub – committee	4.600	.598	3.750	.839	4.050	.714	.000
Reporting on caliber and experiences of Directors	4.200	1.056	4.375	.774	4.125	.822	.417
Reporting on significant deviations from last year in operating results	4.700	.732	4.425	.675	4.325	.693	.146
Reporting on disclosure about number of Board meeting held during the year and attendance by each Director	5.000	.000	4.075	.572	4.250	.839	.000
Reporting on disclosure about shareholding pattern	5.000	.000	4.150	.579	4.325	.729	.000
Reporting on details of loan to directors	4.600	.598	3.925	.944	4.025	.831	.013
Reporting on ratification of annual accounts, director's report, and auditor's report.	4.500	.512	4.200	.464	4.300	.607	.129
Reporting on election procedure of director's.	4.200	1.151	4.200	1.151	4.075	.797	.321
Reporting on appointment of statutory auditors, their remuneration and independence.	4.450	.944	4.125	.882	4.175	.812	.376
Reporting on inclusion of Independent Director in the Audit Committee	5.000	.000	4.400	.496	4.400	.632	.000
Reporting on qualification of the Chairman of the Audit Committee	4.100	1.020	4.175	.780	4.375	.627	.350
Reporting on recommend to the board the appointment of the external auditor; approve auditors' remuneration and terms of engagement.	4.300	.470	4.375	.490	3.975	.659	.006
Reporting on monitor and review the external auditor's independence, objectivity and effectiveness	4.400	.502	4.225	.697	4.050	.450	.078
Reporting on review significant financial reporting issues and judgments involved in the preparation of: annual accounts; interim announcements; preliminary announcements; other formal statements.	4.900	.307	4.225	.576	4.300	.516	.000
Report to the Board by the Audit Committee on conflicts of interest	5.000	.000	3.900	1.007	4.075	.797	.000
Report to the Board by the Audit Committee on suspected or presumed fraud or irregularity or material defect in the internal control system	4.800	.615	4.000	1.198	4.150	.699	.007
Report to the Board by the Audit Committee on suspected infringement of laws, including securities related laws, rules and regulations	4.800	.615	3.825	.984	4.100	.708	.000
Reporting on donation to public health	4.800	.523	4.150	.699	4.300	.607	.001
Reporting on sponsorship to arts, sports and culture	4.750	.444	3.900	1.007	4.200	.648	.001
Reporting on scholarship programs	4.750	.444	4.225	.800	4.450	.638	.020
Reporting on training, seminar and workshop	4.900	.307	4.175	.675	4.425	.594	.000
Reporting on employee family welfare	4.200	.410	3.800	.790	4.000	.640	.088
Reporting on good working environment	4.900	.307	4.175	.446	4.300	.939	.001
Reporting on employee health and safety	4.050	.604	3.775	1.049	4.225	.767	.071
Reporting on equal opportunity in employment	4.800	.615	4.150	.662	4.325	.764	.004
Reporting on employee recreation	4.100	.640	3.825	.675	4.050	.714	.222
Reporting on environmental protection	4.500	.512	4.300	.757	4.275	.750	.488
Reporting on smoking free area in bank premises	5.000	.000	4.275	.715	4.425	.843	.001
Reporting on green banking	4.250	.786	3.825	1.034	4.000	.847	.240
Reporting on banks policy on use of scarce energy	4.550	.686	3.975	.6975	4.100	.671	.010
Reporting on specific customer relations	4.250	.444	3.725	.678	4.250	.742	.001
Reporting on product safety	4.650	.489	4.275	.554	4.275	.554	.025
Reporting on product labeling	4.550	.510	3.950	.388	4.050	.597	.000
Reporting on fair advertisement	4.750	.444	4.100	.545	4.100	.632	.000

Table 5: Less Important Elements of Disclosure Supported Strongly by all the Groups of Stakeholders

Element of Disclosure	Board Members		Shareholders		Depositors		Anova
	Mean Scores	Standard Deviation	Mean Scores	Standard Deviation	Mean Scores	Standard Deviation	
Reporting on minutes of meetings of the Board sub- committee	3.100	1.410	3.550	1.060	3.325	1.022	.330
Reporting on role of the chairman of the sub- committee in the board	3.450	1.276	4.050	1.036	3.650	.892	.073
Reporting on Board Training for new Director	2.200	.410	3.950	.985	3.325	.797	.000
Reporting on filling of the casual vacancy in the Audit Committee	4.700	.656	3.875	.822	3.775	.767	.000
Reporting on develop and implement policy on the engagement of the external auditor to supply non-audit services	3.500	.688	3.950	.749	3.925	.525	.032
Report to the Board by the Audit Committee on any other matter	4.550	.759	3.875	.722	3.775	.659	.000
Reporting on the profile of the lead auditor	3.650	1.136	4.125	.757	3.875	.607	.084
Reporting on remuneration of auditors for non audit works	2.650	1.039	3.750	.898	3.750	.630	.000
Reporting on assistance to vulnerable groups	3.700	.923	3.925	.971	3.975	.861	.539
Reporting on Internship program with cash allowance	3.250	1.332	3.700	.723	3.575	1.034	.258
Reporting on maintaining diversity principle in employment	4.000	.561	3.550	.904	3.525	.933	.104
Reporting companies' position on human rights	3.800	.410	3.725	.750	3.825	.873	.831
Reporting on provision for disabled, aged customers etc.	3.450	.944	3.675	.916	3.725	.816	.513

product safety, product labeling, two groups of respondents, that is, board members and depositors have given higher weight, where as, shareholders have given a comparatively lesser importance to those elements of disclosure.

On the other hand, the findings show that for disclosing reporting on caliber and experiences of directors, significant deviations from last year in operating results, recommend to the board the appointment of the external auditor; approve auditors' remuneration and terms of engagement, to monitor and review the external auditor's independence, objectivity and effectiveness, environmental protection, two groups of respondents, that is, board members and shareholders have given higher weight, where as, depositors have given a comparatively lesser importance to those elements of disclosure.

For disclosing role of the chairman of the sub- committee in the board, filling of the casual vacancy in the audit committee, report to the board by the audit committee on any other matter, reporting companies' position on human rights, maintaining diversity principle in employment, two groups of respondents, that is, board members and depositors have given higher weight, where as, shareholders have given a comparatively lesser importance to those elements of disclosure. On the other hand, the findings reveal that for disclosing minutes of meetings of the Board sub-committee, reporting on Board Training for new Director, to develop and implement policy on the engagement of the external auditor to supply non-audit services, reporting on the profile of the lead auditor, reporting on remuneration of auditors for non audit works, assistance to vulnerable groups, internship programme with cash allowance, provision for disabled, aged customers, two groups of respondents, that is, shareholders and depositors have given higher weight, where as, board members have given a comparatively lesser importance to those elements of disclosure.

Finally, it may be commented that the following elements which are suggested by the empirical findings, for disclosing as mandatory disclosures by the regulatory bodies but not disclosed in the annual report by the sample banks are; reporting on board training for new director, reporting on notice of shareholders is being served by letter or email, reporting on number of meetings held for each sub–committee, reporting on caliber and experiences of directors, reporting on election procedure of director's, reporting on qualification of the chairman of the audit committee, reporting on details of loan to directors, reporting on minutes of meetings of the board sub-committee, reporting on role of the chairman of the sub- committee in the board, reporting companies' position on human rights, reporting on provision for disabled and aged customers, reporting on the profile of the lead auditor, reporting on remuneration of auditors for non audit works, reporting on assistance to vulnerable groups, reporting on product safety etc.

BoD= Board of Directors

NEDs= Non Executive Directors

CSR= Corporate Social Responsibility

CONCLUSION

This study may be considered as one of the most comprehensive research works in Bangladesh as it deals with a wide range of corporate governance disclosure issues including those which are yet to be emerged as much talked issues in the context of Bangladesh. The study has made an extensive literature survey on the conceptual developments of the theories relevant to corporate governance disclosure. The study highlights the corporate governance disclosure of banks in the perspective of Bangladesh.

In addition to sample banks current practices of corporate governance reporting, this study reveals the opinions of the board members, shareholders and depositors on issues relating to corporate governance practices in Bangladesh which has been briefly discussed in this study. The opinion of the respondents have been categorised into four segments viz. Board Issue, Shareholders' meeting, Audit committee and External audit, and Corporate Social Responsibility (CSR). A sum of total 68 variables or components is included to measure the level of importance by the respondents. The mean scores of most of the variables are above 4.00, which suggest that the respondents strongly support disclosure of those variables by the sample banks.

In order to promote greater transparency in the corporate sector, financial reporting and disclosure requirements must comply with the prescribed rules and regulations. Section 184 of the Companies Act provides detailed outlines on how the directors represent the company's affairs to the stakeholders and what matters need to be disclosed in the annual report of the company. Section 184 entails that a report by its BoD along with the Financial Statements is to be placed before the AGM of the company. It is evident that the selected companies have fully complied with the compulsory disclosure requirements in the directors' report as prescribed by the Companies Act. There is no deviation in actual practices from the prescribed rules in this regard.

The study identified corporate governance system in Bangladesh as one which was basically belonged to the Anglo-American (or outsider) system with some attributes of control-oriented (or insider) system. Therefore, the study placed more emphasis on the recent developments in the field of corporate governance in those countries which contained the characteristics of the outsider system than the developments took place in other countries. In this background, like the many researches conducted in Anglo-American countries, the study gave paramount importance to the issues like independent role of NEDs in a unitary board system, formation of effective board committees including audit committee, effectiveness of the internal control system and terms of engagement of the statutory auditors.

In the backdrop of global warning and climate change, this study considers the environmental issues with paramount importance and hence, the stances of the sample banks on environmental protection and their appropriate reporting has been considered as a sign of good governance. Equally, the stakeholders of the banks, that is, three groups of respondents, categorically, directors, shareholders and depositors also have given much emphasis on environmental reporting. Another important fact of this study is that it has been taken into account the consumers' right, such as, product safety, product labeling, fair advertisement etc as an integral element of CSR. Equally, on the basis of respondents, the study suggests adequate disclosure on how the banking companies looked into these serious issues.

Scope of Future Research

The present study has not covered all the aspects relevant in the context of Bangladesh. Hence, there are areas where further research can be conducted. These areas are discussed below:

NGO Governance: Corporate governance equally deals with both business and non-profit organizations as both parties are accountable to different constituents groups and nevertheless, both are running the affairs of their organization with limited resources. Thus, the corporate governance concepts, such as, stewardships, transparency and accountability are to be taken into account by both the organizations. Moreover, both types organizations require to respond to conflicting interest of different groups stakeholders. Generally, efficient non-profit organizations including NGOs are measured in the chain of their ability to keep all those parties happy given that they all have resource constraints.

In this backdrop, an extensive study can be undertaken to assess the governance standards of Non Government Organizations of Bangladesh. Since, the activity of Non Government Organizations in Bangladesh is deep rooted even down to the very grassroot level and thus such study may uncover the level of transparency and accountability exists in Bangladesh.

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