

# Members e from above model -7.39 is

[Business](#), [Corporate Governance](#)



Members  $X_2$  = Board meeting frequency  $X_3$  = Audit committee meeting frequency  $X_4$  = CEOs' compensation Moreover  $\beta_0$  is the constant or intercept.  $\beta_1, \beta_2, \beta_3$  and  $\beta_4$  are slope or regression coefficients and  $e$  is error term for the model.

4.0 Results and Discussions Analysis and interpretation of collected data are discussed in this section of this research paper. This section discusses the inferential statistics of the data.

1 Results of selected state owned commercial banks Following results are getting from ordinary least square (OLS) multiple regression analysis based on investigated state owned commercial banks. Table 2: Model summary and ANOVA analysis for investigated State owned commercial banks Details ROA ROE Sample size 12 12 Multiple correlation coefficient (R) 0.822 0.689 Co-efficient of determination ( $R^2$ ) 0.864 0.593 Adjusted  $R^2$  0.580 0.019 Standard error of the estimate 0.

86960 7.22236 F value 4.827 2.535 Source: Appendix table 3 to 84. 1.

1 Influential CG factor analysis Model 1:  $ROA = -7.79 + 0.30(x_1) + 0.$

$187(x_2) + (-1.19)(x_3) + 0.112(x_4) + e$  From above model -7.39 is the constant value that indicates if the independent variables has zero impact on ROA then the companies will face loss about -7.39 million BDT.

Most influencing variable for ROA is board meeting frequency then CEO's compensation and most uninfluential variable is audit meeting frequency.

Model 2:  $ROE = -33.186 + 1.$

$826(x_1) + 1.646(x_2) + (-7.82)(x_3) + 0.$

293(x4) + e For model-2 the constant value is -33.186 that indicates if the independent variables has zero impact on ROE then the companies will face loss about -33.186 million BDT. Most influencing variable are board size and board meeting frequency and most uninfluential variable is audit committee meeting frequency on ROE.

4.1.2 Co-efficient of correlation (R): Co-efficient of correlation measures the strength of the linear relationship between dependent variable and independent variables. Multiple co-efficient of correlation for ROA is 82.2% which means dependent variable and independent variables are very strongly positively correlated. On the other hand, co-efficient of correlation for ROE is 68.9% which just exceeds the moderate level but positively correlated.

4.1.3 Co-efficient of determination (R<sup>2</sup>): Co-efficient of determination measures the percentage or proportion of total variation in dependent variable explained by the independent variables. R<sup>2</sup> is 86.4% which is very high for ROA.

It means independent variables can explain perfectly 86.4% variation of ROA. The co-efficient of determination is 59.3% for ROE.

4.1.4 Adjusted R<sup>2</sup> Adjusted r<sup>2</sup> measure whether the model is fit or not that is adjusted for the number of explanatory variables in the model. If more useful explanatory variable will add in the model, the more adjusted r<sup>2</sup> will increase.

For ROA adjusted r<sup>2</sup> is 58%. On the other hand, for ROE it is 1.9%.

There may be other variables which affect more on the banks financial performance. 4. 1. 5 Standard error of estimate: A standard error is the standard deviation of the sampling distribution of a statistic.

In this analysis standard errors are 0.86960 and 7.22236 respectively for ROA and ROE. 4. 1.

6 F-test: Here level of significance is 5%. Degrees of freedom for the Numerator and denominator are respectively 4 and 7. Condition rule: If  $f_{\text{calculated}} > f_{\text{tab}}$  then the overall model is significant. If  $f_{\text{calculated}} < f_{\text{tab}}$  then the overall model is insignificant. Therefore  $f_{\text{table}}$  value found is 4.12 from  $f$  distribution table. For ROA  $f_{\text{calculated}}$  value is greater than the  $f_{\text{table}}$  value.

So the null hypothesis is rejected and alternate hypothesis is accepted that means there has impact of corporate governance on ROA and the model is significant. On the other hand for ROE,  $f_{\text{table}}$  value is greater than the  $f_{\text{calculated}}$  value so we cannot reject the null hypothesis. Also it is clear that the overall model is insignificant and there has no impact of corporate governance on ROE.

4. 2 Results of selected private commercial banks Following results are getting from the ordinary least square (OLS) multiple regression analysis based on selected private commercial banks. Table 3: Model summary and ANOVA analysis for selected private commercial banks. Details ROA Sample size 12  
 12 Multiple correlation coefficient (R) 0.792 0.692 Co-efficient of determination ( $R^2$ ) 0.609 0.568 Adjusted  $R^2$  0.

302 0. 223 Standard error of the estimate . 38539 3. 6342 F value 1.

376 1. 494 Source: Appendix table 9 to 144. 2. 1Influential CG factor analysis  
Model 1: ROA:  $1. 475 + 0.$

$063(x1) + 0. 082(x2) + -7. 56(x3) + -0. 043(x4) + e$   
From above model-1 the constant value is 1. 475 that indicates if the independent variables has zero impact on ROA then the companies will generate about 1.

475 million BDT. Most influencing variable for ROA is board meeting frequency then board size and most uninfluential variable is Audit committee meeting frequency. Model 2: ROE:  $10. 4534 + 0. 682(x1) + 0. 069(x2) + -6.$

$30 (x3) + -0. 147(x4) + e$   
From above model-2 the constant value is 10. 4534 that indicates if the independent variables has zero impact on ROE then the companies will generate about BDT 10. 4534 million. Also in this case most influencing variable for ROE is board size then board meeting frequency and most uninfluential variable is Audit committee meeting frequency.

4. 2. 2 Co-efficient of correlation: For selected private banks multiple correlation of coefficient is 79. 2% and 69. 9% respectively for ROA and ROE which are defined as perfectly positively correlated between independent variables and dependent variable. 4. 2. 3 Co-efficient of determination (R<sup>2</sup>): Co-efficient of determination is approximately 60% for ROA which means independent variables can express almost 60% variation in ROA.

On the other hand for ROE is 56. 8%. 4. 2. 4 Adjusted R<sup>2</sup>: Adjusted R<sup>2</sup> is 30. 2% and 22.

3% respectively for ROA and ROE. There must be other variables which have more influence on selected private banks' financial performance than those are taken. 4. 1.

5 Standard error of estimate: A standard error is the standard deviation of the sampling distribution of a statistic. In the analysis standard errors are 0.38539 and 0.3.

0.6342 respectively for ROA and ROE. 4. 2.

5 F test: Here level of significance is 5%. Degrees of freedom for the Numerator and denominator are respectively 4 and 7. As the calculated f value