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The Role of Corporate Governance and its Significance on the Share Price Movements of Banking Financial Institutions Listed on DSE

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Abstract

The rationale of this study was to ascertain how corporate governance affected the fluctuations in share price of Dhaka Stock Exchange listed banking financial organizations. Companies must instantly release new price-sensitive information via official news outlets, requiring Bangladeshi stock market regulations. The research investigates the connection between changes in share price and corporate governance. Additionally, it assesses the effectiveness of a company's framework for effective corporate governance, the equal treatment under the law of shareholders, the participation of stakeholders in corporate governance, transparency and disclosure, and the board of directors' accountability. To confirm the data quality, descriptive statistics were calculated for all variables. Primary and secondary data were used in this investigation. The main approach utilized to determine the interaction between the dependent and independent variables was regression. The analysis revealed that shareholder rights and significant ownership responsibilities had a negative but minimal impact on share price, while company's board of directors, an effective framework for corporate governance, and the role of stakeholders in corporate governance all had a significant and positive effect on share price. The study has laid a foundation for the management of publicly traded companies to aim for an ideal board of directors for their companies in order to boost the value of their companies, resulting in higher share prices.

Keywords: Corporate governance, Share prices, Dhaka Stock Exchange

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Introduction

Corporate governance, in general, refers to a system of rules and regulations, as well as other laws and policies that regulate the administration, direction, and management of an organization. The activities of corporate governance in share price movements is critical because proper adoption and execution of corporate governance will boost the confidence of the organization's various stakeholders, resulting in an increase in the share price on the financial markets. Bangladesh, as a developing country, must exercise extreme caution in this regard.

In order to do this, running companies must preserve their equality, intelligibility, and accountability. Furthermore, corporate governance is a limited instrument for securing

a organization's long-term economic growth. Many worldwide communities have been pressing for an international, comparable corporate governance framework to be implemented (Hossain, 2017)

Due to market dynamics, stock values are continually fluctuating. This indicates that supply and demand affects stock price fluctuations. When more investors want to buy a stock than want to sell it, the price of that stock increases (supply). On the other side, price of the stock will be decline when the majority numbers of investors are showing their desire to sell the securities rather than purchase for that the demand of that security will be lower comparatively than its supply. Supply and demand are easy concepts to understand. However, it is tough to pinpoint the reasons why investors favor one stock over another. It comes down to figuring out which news is crucial to a company and which isn't.

A company with sound corporate governance will likely publish information that is more trustworthy and transparent, which will improve the predictability of investor expectations. In accordance with (Herawaty & Solihah, 2019) it has been made the argument that greater corporate governance implementation enables businesses to lessen the temptation that management has to manipulate earnings. In addition to (Jin & Myers, 2006), Greater transparency in information and knowledge settings enables outside investors to learn more confidential information about businesses, raising investor expectations. Investor trades stocks in accordance with these forecasts, and the stock price reflects the likelihood of the events. As a result, because there won't be as much surprise and shock, the market won't respond as strongly to these events in the future. Since the stock price only reacts to statements that are new to or unanticipated by market actors, this mechanism was known as the intuitive implication of market efficiency (Dasgupta et al., 2010). Assuming the synchronicity could consistently assess the amount of private information in stock returns, a more informative stock price today should be connected with fewer firm fundamentals being absorbed into this stock price in the future and higher synchrony. The second conclusion drawn from our study of the literature is that institutional and foreign ownership can successfully monitor and enhance corporate governance (Chung & Zhang, 2011; He et al., 2013). Numerous studies have shown that these two kinds of outside investors are particularly interested in the stocks of businesses with greater managerial capability and better disclosure (Giannetti & Simonov, 2006; Parrino et al., 2003).

The study's main goal is to gain a deeper understanding of the relationship in between corporate governance practices and the movements of the share price of firms listed on the Dhaka Stock Exchange. In this way, the study will attempt to demonstrate the most effective corporate governance procedures as well as opportunities for future growth.

Justification of the Study

To explain the dramatic swings in stock prices that define the financial market, a scientific model must be created. The volatility and variance in stock prices make it crucial to identify the root reasons of this volatility. The goal of the current study was to identify the corporate governance norms that can have an impact on the stock price of a financial institution that belongs to the banking sector and is traded on the Dhaka Stock Exchange. One of the modern options for achieving the maximum return on the share price is the Dhaka Stock Exchange of the markets, which aims to implement the concept of corporate governance in listed enterprises to provide investment possibilities that are safe and true to its investors, so answer the following questions of the study will be sought:

- ✓ What impact does the idea that a solid framework for corporate governance will be guaranteed have on the share prices of BFIs listed on the Dhaka Stock Exchange?
- ✓ What impact does the notion of equal treatment for all shareholders have on the share prices of BFIs listed on the Dhaka Stock Exchange?
- ✓ How does the share price of BFIs listed on the Dhaka Stock Exchange change when the principle of stakeholders' role in corporate governance is applied?
- ✓ How does the share price of BFIs listed on the Dhaka Stock Exchange change when openness and transparency are applied?
- ✓ How does the share price of BFIs listed on the Dhaka Stock Exchange impact the core responsibilities of the Board of Directors?

Prime Objective

To determine whether corporate governance and share price are related;

The following goals are also sought after by this study

- To know the usefulness of appropriate framework of corporate governance;
- To identify the responsibilities and duties of the board of directors;
- To measure the impartial treatment of shareholders that influences the movements of stock price;
- To identify the significance of stakeholders' participation that creates the significant impact on stock price movements;
- To be informed of disclosure and intelligibility, that may have a noteworthy impact on changes in stock prices.

Literature Review

The influence of board size and foreign ownership on stock price synchronicity is favorable, whereas the influence of management ownership is negative. This study supported the idea that as corporate governance at firms improves, market stocks tend to move in tandem. (Huu Nguyen et al., 2020). According to (Zattoni & Pugliese, 2021) corporate governance studies could quickly identify which pre-pandemic mechanisms (such as ownership structure, board characteristics, and executive compensation) will influence corporate responses and, ultimately, the survival of enterprises in the immediate post-pandemic period. Long-term structural changes in governance processes will be brought about by the crisis, enabling businesses to either prevent or respond to probable future occurrences of comparable catastrophes. Moreover, some other researchers found that while family ownership, debt, and regulation/law are rarely looked into, institutional ownership, executive remuneration factors, board size, and merger and acquisition results are frequently researched (Li & Singal, 2022).

Additionally, research has determined that the Board of Directors has a negative impact on under-pricing while the ownership of institutional investors and board members has a beneficial impact. In contrast, no conclusive evidence is discovered regarding ownership concentration, stock option implementation, board independence, or the proportion of female directors in the boardroom (Teti & Montefusco, 2021). According to (Dewri, 2021) a strong correlation between firm value and return on stock and corporate governance, financial performance, and enhanced economic value added attributes. No matter the size, nature, or age of the company, adopting good corporate governance within business management practice can significantly improve financial performance and continuously generate positive economic value for both the company and its shareholders

over time, increasing the firm's value and return on equity. Additionally, businesses that demonstrate consistent value creation are able to give shareholders a positive return on their investment in the company. Another study discovered that better corporate governance, whether it be a family firm or non-family firm, is associated with better accounting and market performance during the global financial crisis. Family firms are more sensitive to changes in book value than earnings changes, according to this study (Aldamen et al., 2020).

By protecting their ability to compete, supporting them in getting financial resources, encouraging profits, and enhancing their ability to provide jobs, private enterprises are encouraged to grow. Good corporate governance practices have an impact on a company's value, cost of capital, availability of capital, and volume of external funding, according to a number of studies. When conducting business with companies that have poor corporate governance, creditors may object or charge them higher interest rates (Claessens et al., 2000; Jackson & Roe, 2009; Lins, 2003).

According to (Banerji, 2017), in emerging economies, independent directors have been essential to the corporate system since their actions are required by law and are protected by legislation. In addition, research was (Dechow et al., 1996) indicated a link between board independence and the incidence of financial statement fraud. Real earnings management is constrained by independence directors, who also promote voluntary disclosure (Chouaibi et al., 2018).

Additionally, prior research demonstrated that companies with a minimum number of independent directors had considerably higher market valuations (Ammann et al., 2011). In a summary, it may be stated that independent directors have a higher propensity to successfully monitor company disclosure and make contributions to raising its caliber and reliability, which enhances corporate information environments. The ownership mix, board composition, and disclosure standards are the three issues our governance index is intended to address. Our anti-takeover index, as opposed to the anti-takeover index, places more emphasis on the effectiveness of internal controls within the company (Gompers et al., 2003). The market for corporate control in Japan is still in its infancy, which is the root cause. Our index is therefore closer to the one (Brown & Caylor, 2004).

Despite the fact that our index includes more specific information, some elements (such as the state of incorporation) must be disregarded because of institutional distinctions between Japan and the US and issues with data accessibility (e.g., cross-shareholding). Some scholars propose alternative indices based on company surveys (Miyajima, 2006). However, their building employs a methodology comparable to ours. The sections that follow for each variable go over the justifications for each variable's inclusion in the index (with its CGES code in parenthesis). Additionally, we go over how each factor influences agency disputes and, eventually, firm effectiveness.

According to Uwuigbe, (2013), It was discovered that while ownership structure and share price have a negative correlation, the audit committee and share price have a positive link. According to the research, board members' shareholding should be restricted to ensure a favorable share price disposition. In order to investigate the impact of corporate governance on stock price performance during the financial crisis, researchers from this study attended a symposium in Saudi Arabia where they learned about the analysis of unintended companies: The purpose of the study was to ascertain how the chairman of the board and executive director responsibilities differed from share price performance and how corporate governance practices affected the success of Saudi firms during the current financial crisis. The board of directors and business performance, however, did not correlate (EZZINE, 2011).

Based on the agency theory, businesses having a stronger governance framework for example, more independent boards provide sustainable management oversight (Fama, 1980; Fama & Jensen, 1983). Further, several studies support this theory by demonstrating that businesses with stronger governance structures also have higher disclosure and intelligibility quality (Fama, 1980; Fama & Jensen, 1983). Moreover, (Ajinkya et al., 2005; Beekes & Brown, 2006) proprietary costs act as a restriction to voluntary disclosure and claims similarly according to (Verrecchia, 1983) firms with high market-to-book ratios are less likely to disclose to the general public preferring to do so in response to analyst or media enquiries. According to (Bamber & Cheon, 1998) Proprietary costs are positively connected with a company's potential for growth. The market capitalization to book value of total assets ratio is one of the factors we consider when assessing a company's growth prospects, and we anticipate that there will be a negative correlation between this factor and the performance of our disclosure metric.

The percentage of outside ownership is probably going to affect how a company discloses information and invites analysts to participate. Corporate transparency may be seen by institutional investors as a more affordable substitute for pricey monitoring (Bushee & Noe, 2000). This is more likely to occur when individual institutional stakes are lower since there are greater incentives to invest in monitoring (Shleifer & Vishny, 1986). Similar to this, institutions may rely more on analysts at lower investment levels because it is less expensive to do so than to generate their own data (Hussain, 2000). At higher levels of ownership, institutional investors may gain privately from control, including potential knowledge advantages (Bhojraj & Sengupta, 2003; Sengupta, 1998).

Investors seem to favor greater levels of information. Studies demonstrate that greater levels of disclosure lead to lower capital costs and debt (Botosan, 1997). According to (Sengupta, 1998) even academics have discovered proof that companies don't always swiftly and completely disclose information that is valuable when it comes to earnings prediction disclosures, for instance, (Lev & Penman, 1990) evidence was required to support the claim that US companies are more likely to broadcast positive news than bad news, based on the supposition that managers looking to maximize shareholder wealth will only publish information likely to boost share prices. Chen & Jaggi, (2000) applied an equivalent that disclosure score to 87 Hong Kong corporations from 1994 resolved the same issue. The proportion of non-executive board members and a family control variable were found to be related to voluntary financial statement disclosures. As a result, it seems that there is some confusion over how board independence and corporate transparency relate to one another. Studies from many countries have discovered that disclosure in Hong Kong firms is consistently and favorably related to firm growth.

In contrast to Lev and Penman's findings, (Skinner, 1994) shows that companies were additionally interested to announce terrible news rather than high-quality news. He explains this behavior by pointing out that firms are more likely to face legal action for concealing negative news than positive news, leading to an asymmetric loss function because of the possibility of legal action. According to UK data, profit warnings outweigh upgrades by 50% provided by (Collett, 2004), supporting (Skinner, 1994). (Dedman & Lin, 2002) It was found that only approximately half of the CEO departures in their sample were revealed to the regulatory news service, irrespective of the fact that this was PSI as demonstrated by the share price responses to the financial press's revelation of this information. They exhibit a clear bias against voluntary disclosure in smaller enterprises, which is in line with the conclusions of various scholars (Ryan & Taffler, 2004).

Research Hypotheses

To fulfill the outlined objectives of my proposed research, namely the effect of corporate governance and its impact on the share price movements of Banking Financial Institutions (20 banks) listed on Dhaka Stock Exchange, the study is evaluating the following five hypotheses.

Main Hypothesis

Ho: There is no statistically significant relationship between corporate governance and Dhaka Stock Exchange listed share price fluctuations.

Particular Hypothesis

- Ho1: No statistically significant influence on stock price at the level of significance was caused by the idea of an efficient corporate governance system.
- Ho2: No statistically significant effect of the equitable treatment of shareholders exists on stock price.
- Ho3: No statistically significant effect on stock price was seen when the concept of stakeholder participation in corporate governance was applied.
- Ho4: No statistically significant effect on the stock price was seen when the principles of transparency and disclosure were applied.
- Ho5: No statistically significant connection between the concept regulating the Board of Directors' responsibilities and the stock price.

Conceptual Framework

It is a crucial analytical tool in research that aids in demonstrating the relationship between preferred variables. The following framework is highlighted in this example:

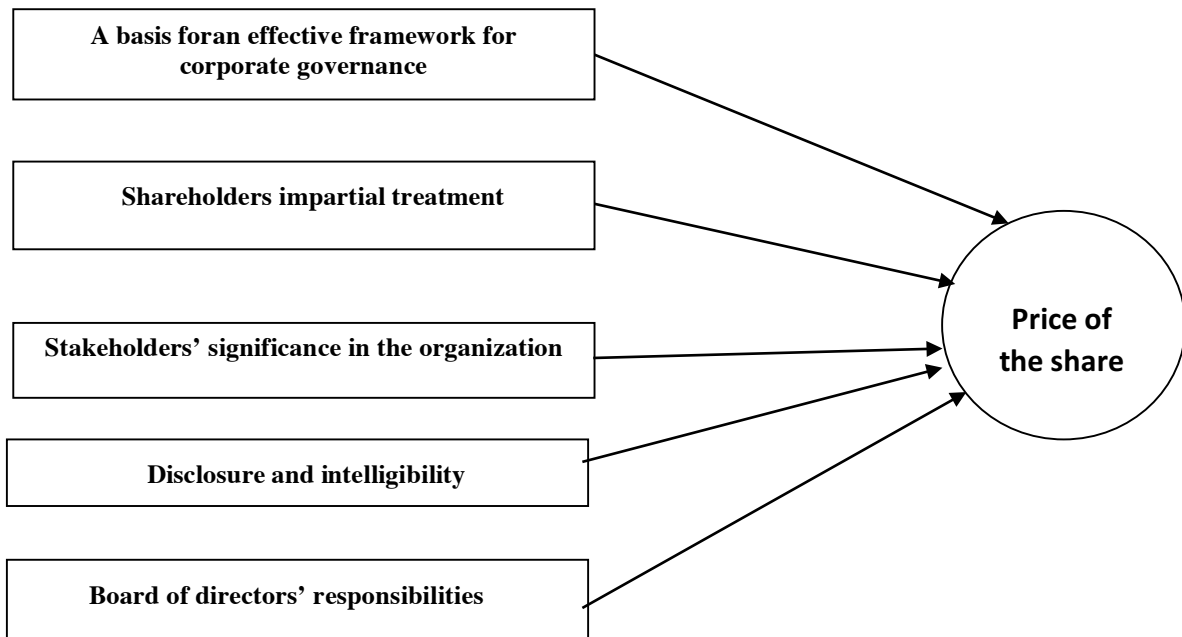


Figure-01: Conceptual Framework

Methodology

A shareholder-centric vision of the business has long been emphasized in mainstream corporate governance studies (Jenson & Meckling, 1976). Scholars, decision-makers, and corporate executives using a stakeholder-oriented approach have contested this viewpoint and its underlying premises (Zattoni, 2020). When attempting to evaluate how boards respond to corporate crises, academics face a number of challenges (Daily et al., 2003). In reality, directors are prohibited from exposing personal information since it might be used against them in a lawsuit under their legal fiduciary obligations. Scholarly access to board procedures and decision-making may be facilitated by the crisis' particular roots and systemic nature. Regarding the importance of non-economic aims in maintaining survival, disclosure will also be important (Crane & Matten, 2021): Will the crisis make it easier or more difficult to include key performance indicators for environmental and social performance (Paine, 2020)?

The researchers have used two different major sources of data gathering to meet the study's objectives, which were to evaluate the share price's effect on the corporate governance implementation level in the banking financial institutions operating in Bangladesh listed on the Dhaka Stock Exchange. It was intended to discover and gather information about the function of corporate governance of financial institutions like bank operating in Bangladesh that are listed in Dhaka Stock Exchange by field research like exploratory interviews, and questionnaires. This refers to information that has been gathered via references and sources found in publications, Bangladesh bank websites, Dhaka Stock Exchange libraries, and other pertinent places documents pertaining to data and information on the share prices of financial companies involved in banking that are listed on the Dhaka Stock Exchange. The five corporate governance principles that could influence the share price of banking and financial companies listed on the Dhaka Stock Exchange were used as

independent variables in this study. The model below replicated the study's conclusions. The regression equation was expressed as follows:

$$Y = \beta_0 + \beta_1.x_1 + \beta_2.x_2 + \beta_3.x_3 + \beta_4.x_4 + \beta_5.x_5 + \epsilon$$

Where:

Share price expressed as a price-to-earnings ratio is Y.

β_0 = Constant variable;

X1= effective framework for corporate governance;

X2 = Shareholders impartial treatment;

X3= stakeholders' significance;

X4= disclosure and intelligibility;

X5= board of directors' responsibilities, and

E= for an error term.

The dependent variable in this case is denoted as Y and is a representative of price earnings ratio for companies listed on the Dhaka Stock Exchange.

Data Analysis & Findings

To test how well it could predict how corporate governance will affect the movements of share price of bank institutions listed in Dhaka Stock Exchange, the study then used a multiple linear model. Included were coefficient of determination, the model, analysis of variance, and regression analysis.

Table 1: Descriptive Statistics

	peratio	pef	pet	prs	pdt	prd
N	Valid 240	240	240	240	240	240
	Missing 0	0	0	0	0	0
Mean	6.840000	3.703333	3.416667	3.490000	3.703333	3.443333
Median	6.600000	4.000000	3.400000	3.800000	3.800000	3.700000
Mode	4.6400	4.6000	4.0000	4.0000	3.6000	4.2000
Std. Deviation	1.603583	1.0031826	.9088115	.9405344	1.0662061	.9420818
Skewness	.942	-1.228	-.553	-.648	-1.090	-.819
Std. Error of Skewness	.221	.221	.221	.221	.221	.221
Kurtosis	.550	.831	-.532	-.423	.519	-.010
Std. Error of Kurtosis	.438	.438	.438	.438	.438	.438

a. Multiple modes exist. The smallest value is shown

b. Source: Author (2022)

We take five independent variables from our sample of 240 respondents from 20 commercial banks listed on the Dhaka Stock Exchange in the above-mentioned data set. For all variables, the values of mean and median are not perfectly matched, but they are fairly close.

Table 2: Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	prd, pef, pet, pdt, prs ^a	.	Enter

a. Dependent variable: peratio

b. All requested variables entered.

Regression Analysis

The researcher also conducted a multiple regression analysis to determine the link between share price and variables unrelated to corporate governance. To code, enter, and compute the measurements of the multiple regressions for the study, the researcher employed statistical software for the social sciences (SPSS V 20.0).

The percentage of variation in the dependent variable (share price) that can be explained by all five independent variables is indicated by the coefficient of determination, which measures how well changes in the dependent variable can be explained by changes in the independent variables (the foundation for an effective framework for corporate governance, equal treatment of shareholders, the role of stakeholders in corporate governance, disclosure and transparency, and the responsibility of the board of directors).

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.621 ^a	.503	.044	1.5516634	.503	2.619	5	114	.028

a. Predictors: (Constant), prd, pef, pet, pdt, prs

b. Source: Author (2022)

Only 62.1 percent of the influence of corporate governance on the share price, as reflected by the R, can be explained by the five independent variables analyzed. Furthermore, the significant level is 2.80%, indicating that there is a statistically significant effect between corporate governance and Dhaka Stock Exchange share price movements when the threshold of significance (a 0.05) is used.

The Analysis of Variance

In order to determine the observed aggregate variability in a data set, the statistical method known as the analysis of variance (ANOVA) separates the systematic components from the random elements. Although it is, the presented data set is not statistically influenced by random factors. Analysts use the ANOVA test to determine how independent variables influence the dependent variable in a regression study.

Table 04: ANOVA^a (Regression)						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.533	5	6.307	2.619	.028 ^b
	Residual	274.473	114	2.408		
	Total	306.006	119			
a. Dependent Variable: peratio						
b. Predictors: (Constant), prd, pef, pet, pdt, prs						
c. Source: Author (2022)						

The significance value of 0.028, which is less than 0.05, indicates that the model is statistically significant in predicting how (the basis for an effective framework for corporate governance, equal treatment of shareholders, the role of stakeholders in corporate

governance, disclosure and transparency, and the duty of the board of directors affect share price.

One Way ANOVA

One-way analysis of variance (ANOVA) is used to compare the means of three or more unrelated groups and discover whether there are any statistically significant differences between them. This article will provide a quick overview of the one-way ANOVA, as well as details on its underlying assumptions and practical uses.

Table 5: One Way ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
pef	Between Groups	28.823	11	2.620	3.112	.001
	Within Groups	90.936	108	.842		
	Total	119.759	119			
pet	Between Groups	22.279	11	2.025	2.878	.002
	Within Groups	76.008	108	.704		
	Total	98.287	119			
prs	Between Groups	25.500	11	2.318	3.139	.001
	Within Groups	79.768	108	.739		
	Total	105.268	119			
pdt	Between Groups	21.319	11	1.938	1.837	.056
	Within Groups	113.960	108	1.055		
	Total	135.279	119			
prd	Between Groups	17.423	11	1.584	1.940	.042
	Within Groups	88.192	108	.817		
	Total	105.615	119			

Source: Author (2022)

Shareholders acceptable treatment, stakeholders' participation in corporate governance, and the board of directors' responsibilities and duties all demonstrated their importance in a one-way ANOVA test, but disclosure and transparency in this case did not.

Table 6: Coefficients

Model 1	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5.592	.595		9.406	.000
pef	.486	.307	.304	1.585	.016
pet	.268	.302	.152	1.888	.036
prs	.746	.327	.438	2.280	.024
pdt	-.306	.275	-.203	-1.112	.269
prd	.191	.290	.112	3.661	.010

Source: Author (2022)

The coefficient test revealed that the basis for an efficient framework for corporate governance, the treatment of shareholders fairly, the importance of stakeholders in corporate governance, and the duty of the board of directors were all significant; however, disclosure and transparency were not. The constant value in the table is 5.592, and four of the five independent variables showed a positive association with the activities between the

dependent and independent variables, while the remaining one showed a negative relationship.

Table: 7 Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	pef	pet	prs	pdt	prd
	1	5.892	1.000	.00	.00	.00	.00	.00	.00
	2	.049	10.953	.95	.01	.01	.01	.03	.01
	3	.021	16.628	.00	.14	.12	.06	.02	.47
	4	.014	20.206	.04	.01	.61	.00	.56	.04
	5	.014	20.546	.00	.22	.13	.40	.29	.09
	6	.009	25.927	.00	.63	.13	.53	.09	.40

a. Dependent Variable: peratio

b. Source: Author (2022)

In this Collinearity Diagnostics test, the principles of a successful framework for corporate governance, including shareholder equality, stakeholder involvement in corporate governance, disclosure and transparency, and the board of directors' accountability, demonstrated their importance, i.e. 10.953; 16.628; 20.206; 20.546; 25.927, indicating that there is less of a chance of collinearity because it is less than 15. When it exceeds 30, though, it is a significant indication of a collinearity problem.

Q-Q (quantile-quantile) Plot

The morphologies of two distributions are compared using a Q-Q plot, which provides a graphical representation of how variables like location, scale, and skewness differ in the two distributions. For comparing data sets or theoretical distributions, Q-Q charts are helpful. The comparison of the underlying distributions of two samples of data using Q-Q plots is a non-parametric method. Comparing the histograms of the two samples is a weaker approach for doing this than a Q-Q plot, but it is harder to understand. Q-Q graphs are extensively used to compare a data set to a theoretical model. This provides a graphical evaluation of the "goodness of fit" rather than a simple numerical report. Q-Q graphs can also be used to contrast two theoretical distributions. Because Q-Q plots compare distributions, neither the number of values in the two groups being compared nor the necessity that the values be visible in pairs, as in a scatter plot, are necessary.

Model Description		
Model Name		MOD_1
Series or Sequence	1	peratio
	2	pef
	3	pet
	4	prs
	5	pdt
	6	prd
Transformation		None

Table 8: Case Processing Summary

		peratio	pef	pet	prs	pdt	prd
Series or Sequence Length		120	120	120	120	120	120
Number of Missing Values in the Plot	User-Missing	0	0	0	0	0	0
	System-Missing	0	0	0	0	0	0

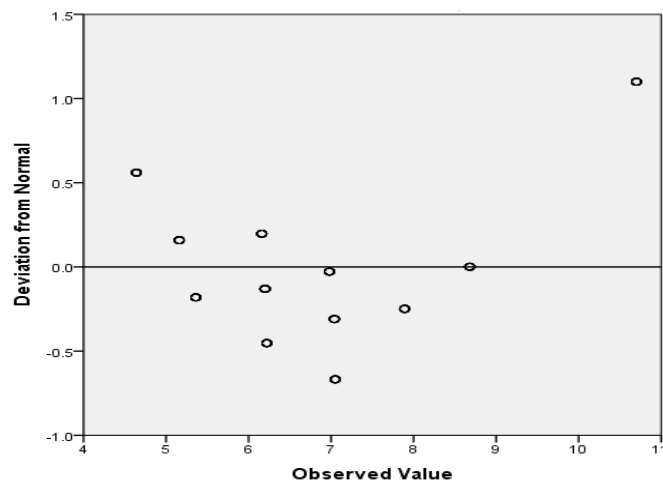


Figure-02: Q-Q plot of price of the share

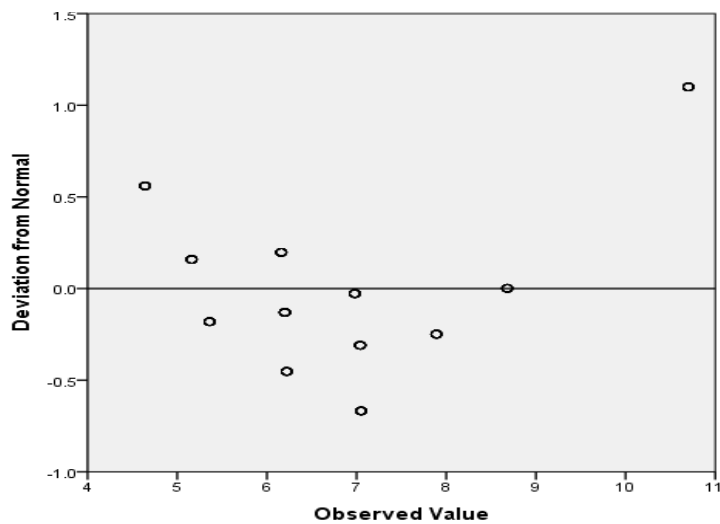


Figure-03: Q-Q plot of effective framework

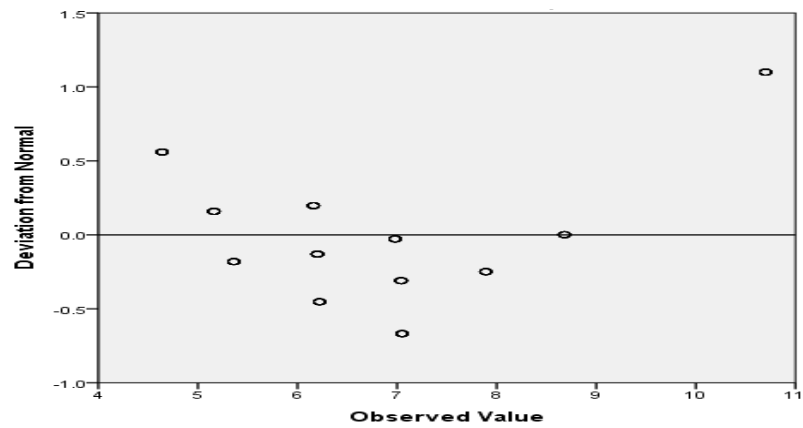


Figure-04: Q-Q plot of shareholders' impartial treatment

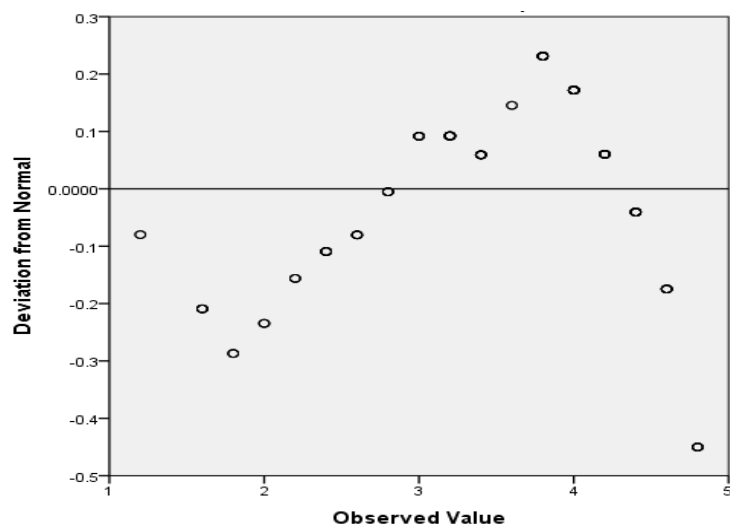


Figure-05: Q-Q plot of stakeholder's significance

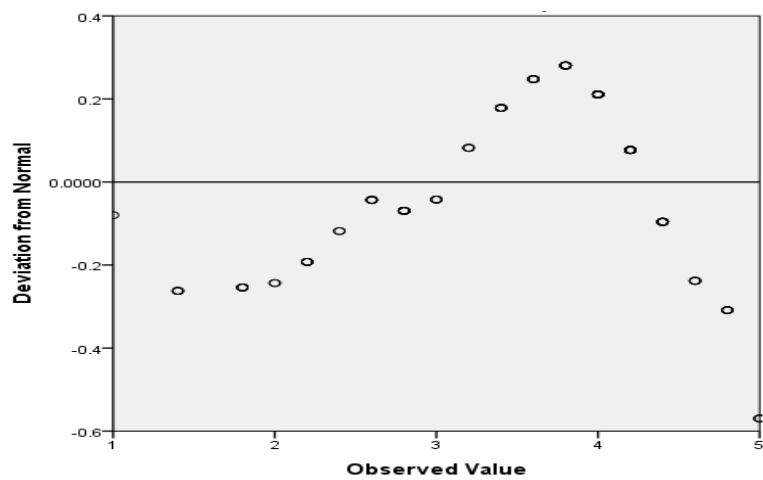


Figure-06: Q-Q plot of disclosure and intelligibility

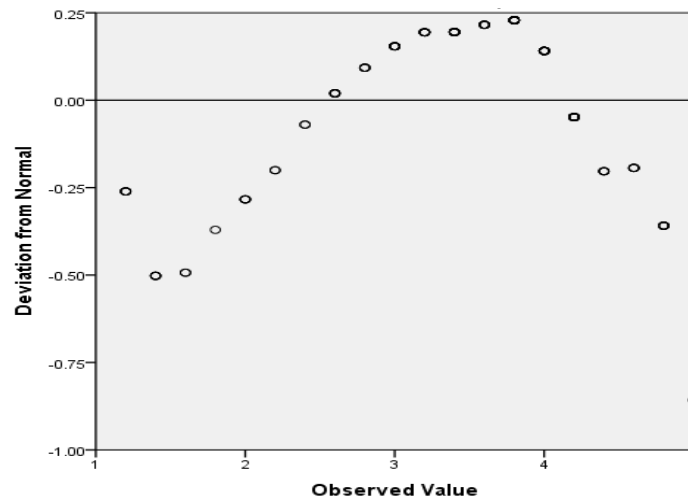


Figure-07: Q-Q plot of directors' responsibility

Because the points in a Q-Q plot were situated close to the straight diagonal line, the data are all evenly spaced. On the other hand, the less likely the data set is to follow a normal distribution, the more the points in the plot deviate from a straight diagonal line.

Recommendation

The findings demonstrate that the basis for a framework for effective corporate governance, the fair treatment of shareholders, the significance of stakeholders in corporate governance, and the responsibility of the board of directors all had a positive effect on the share prices of banking and financial companies listed in Dhaka Stock Exchange. In order to raise the value of their businesses and raise the prices of their stocks, the study advises listed firm management to work toward an ideal effective structure, equal treatment of owners, and a participation role for stakeholders and the board of directors. The study also showed that disclosure and transparency as principles of corporate governance had a negative impact on the stock prices of banks and financial companies that were listed on the Dhaka Stock Exchange. The study gives listed company executives advice on how to enhance their company's financial performance and increase the value of their stocks. It advises them to avoid disruptive and value-detrimental transparency and openness.

Limitations of the Study

The study showed the relationship between the corporate governance and share price movements on the basis of some specific criteria as like appropriate framework of corporate governance; responsibilities and duties of the board of directors; the impartial treatment of shareholders; stakeholders' participation; disclosure and intelligibility etc. Apart from these variables, there might have some other factors or variables that could be used and considered to analyze the movements of share price significantly. Moreover, in our study, among five independent variables, we have not found a significance relationship of a particular variable i.e. disclosure and intelligibility. In this regard, further research might be conducted considering 'disclosure and intelligibility' variable with extended number of observations in addition to other new variables existing in the economy.

Scope for Further Research

This learning evaluated the effect of corporate governance on the movement of share prices of banking financial companies listed in Dhaka Stock Exchange. In this consequence, it is to be recommended that an equivalent analysis might be carried outside in Bangladesh along with other developing nations like us for making the comparison and to enable generalization of the conclusions regarding the effect of corporate governance on the movements of prices of share under selected banking companies.

In order to address the study's limitation of receiving no or few response, the analysis is also to be guided that more research be performed entirely using secondary data that is conveniently attainable. Further a similar exploration might be carried out to realize the influence of governance of the corporation for the survival of business in Bangladesh's listed non-banking financial industry, as this leaning examined the impact of corporate governance on the movement of share prices of listed Dhaka Stock Exchange's companies.

Conclusion

This study examined how corporate governance affected the fluctuations of share price of banking financial institutions (BFIs) listed in Dhaka Stock Exchange. Proficient and sustainable corporate governance results in significant and positive share movement as well as a higher stock return. Knowing that good corporate governance affects business value could be advantageous to relevant parties and motivate them to improve corporate governance transparency. Additionally, by creating frameworks for corporate governance disclosure, policymakers can assist businesses in doing better. We anticipate that our research will support the idea that improved corporate governance produces more timely market movements.

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