



A Project Report on

**The Corporate Governance Influence on
Profitability: A study on Insurance Company of
Bangladesh**

UNITED INTERNATIONAL UNIVERSITY

THE CORPORATE GOVERNANCE INFLUENCE ON PROFITABILITY: A STUDY ON INSURANCE COMPANY OF BANGLADESH

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Letter of Transmittal

20th August, 2021

Md. Abdullah Babu
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Subject: Project Report Submission

Dear Madam,

With due respect, I have the pleasure to submit my project report on “CORPORATE GOVERNANCE INFLUENCE PROFITABILITY ON FINANCIAL PERFORMANCE OF INSURANCE INDUSTRY IN BANGLADESH” to partially fulfill the requirements for the degree Bachelor of Business Administration under your supervision. It has been an excellent experience for me to study in this topic and get a vast knowledge which helps me a lot of my future prosperity.

In my research, I have tried to find out the effects of corporate governance compliance on financial performance in insurance industry. I have used secondary data and your instructions, due to the pandemic situation it was not possible to collect primary data. I also confess that this research has some limitations due to limited resources. So, I hope you will kind enough to consider the limitations of this study.

I would like to thank you for your encouragement and support which inspired me to work enthusiastically. It would be my pleasure to clarify any discrepancy that may arise or any clarification that you may require regarding my project research.

Sincerely,

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ID: 111 171 084
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Declaration of the Student

I, Sohel Mahamud hereby declare that the presented report of research project titled “Corporate Governance Compliance influence on Financial Performance of insurance industry” is uniquely prepared by me after the completion of data analysis from 15 listed private insurance company (DSE).

I also ensure that the report is only prepared for my academic requirement, not for any other purpose. It might not be utilize with the interest of any other parties.

Acknowledgment

At the beginning of the study, I would show my gratitude towards the Almighty ALLAH and my parents for the continuous effort and support they are providing for me till now.

I would like to thanks my honorable accounting course faculty as well as my project supervisor **Md. Abdullah Babur, Assistant Professor, Faculty of Business and Economics, United International University** for the time and effort he had provided me while I was preparing my report. Without his help and suggestions, this study would not have possible. The support he gave me truly helps the progression and smoothness of the research project program.

This is an exclusive instance of academic life I passed and enjoyed in the time of my research project, which helps me to prepare for this investigation. I am very much fortunate to get sincere guidance and supervision from my academic faculty.

I also extend my gratitude to United International University to provide me with such a strong academic atmosphere and positive environment to work towards my success in life. I want to thanks all my friends and relatives for helping me to understand several concepts that were difficult for me to understand alone. And I believe that without all of their help and support the report could not be a satisfactory one.

Finally, I must say that no height is achieved without some sacrifices made at some end and it is here where I owe my special debt to our parents and our friends who have always shown their love and care the entire time.

Abstract

Nowadays corporate governance has become a buzzword in the corporate world. It is considered as a moral responsibility. Corporate governance implies for promoting the compliance of law in letter and essence and expressing ethical conduct. The relationship in between corporate governance and financial performance has caught up extensive attention of researchers for the last few decades. Researchers have been accompanying in past to explore this correlation, but there has been a lack of evidence. The findings acquired from existing researches have been mixed. From this research paper, we attempt to investigate the impact of corporate governance on the financial performance of Insurance companies, using a sample of 15 private insurance companies listed in the Dhaka Stock Exchange (DSE). For testing the correlation we did regression analysis by using secondary data over a period of years from FY 2015-2016 to FY 2019-2020. Qualitative data of corporate governance disclosers from the years 2016 to 2019 to investigate the corporate governance performance. Corporate governance has no significant impact on corporate financial performance that has been concluded in this research. But like any other research, the current study is also subject to few limitations, which should be considered while using the results of this research paper.

List of Abbreviation

| Short Form | Full Form |
|-------------------|--|
| CG | Corporate governance |
| EPS | Earning per share |
| P/E | Price to Earning Ratio |
| ROE | Return on Equity |
| ROI | Return on Investment |
| ROA | Return on Asset |
| RICGD | Relative index of Corporate Governance Discloser |

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CHAPTER ONE

1.1 INTRODUCTION TO THE TOPIC IN HAND

Corporate governance and its impact on the company's profitability are the most discussed topics in the current literature. The discussion focused on the structure of the board of directors, which is actually the main governance mechanism of the internal control system for any company or organization. Researchers studying corporate governance have used various theoretical concepts to understand the characteristics, effects, and roles of these boards. The theoretical argument of the agency is an explanation of the relationship between the shareholder and the board of directors. The Board of Directors is responsible for due accountability, transparency, and diligence to manage corporate affairs and maximize shareholder wealth. It is generally believed that there is a direct and clear link between the behavior of the board and the success of the organization, measured by factors such as profitability, stock price, and reputation. Therefore, the report subject matter is to analyze the impacts of corporate governance on the profitability of the Insurance industry in Bangladesh as the insurance sector is the largest contributor to the Bangladeshi economy.

1.2 A BRIEF INTRODUCTION OF THE INSURANCES INDUSTRY OF BANGLADESH

Insurance is a means of protection from financial loss. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. An entity which provides insurance is known as an insurer, insurance company, or insurance carrier. A person or entity who buys insurance is known as an insured or policyholder. The insurance transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in the event of a covered loss. The loss may or may not be financial, but it must be reducible to financial terms, and must involve something in which the insured has an insurable interest established by ownership, possession, or preexisting relationship.

Insurance involves pooling funds from many insured entities (known as exposures) to pay for the losses that some may incur. The insured entities are therefore protected from risk for a fee, with the fee being dependent upon the frequency and severity of the event occurring. In order to be an insurable risk, the risk insured against must meet certain characteristics. Insurance as a financial intermediary is a commercial enterprise and a major part of the financial services industry, but individual entities can also self-insure through saving money for possible future losses (Role of insurance company in bangladesh economy, 2016).

The Economy of Bangladesh has rapidly been shifting from agricultural to the services sector. The role so played by the service sector is burgeoning as well. Insurance is one of the

ingredients of the financial services industry has a lot to play if it is promoted properly. In this comprehensive and ultimate guide on the insurance sector of Bangladesh, we will walk you through the itineraries of the market. Let's delve into the insurance market of Bangladesh.

In spite of the stable growth rate (around 4%) of the Bangladesh insurance industry in the last few years, the expansion of the insurance business, particularly the nonlife sector, has experienced a downward trend in the year 2016 because of poor investment and slowdown of economic activities led by the political unrest. The experts have the fear of what the industry was likely to have the similar experience in 2015.

According to the statistics of Bangladesh Insurance Association (BIA), the total premium income of private sector life insurance companies rose from Tk. 62,429 million in 2013 to Tk. 66,879 million in 2014. The gross premium income of non-life private sector insurance companies increased from Tk. 21,038 million in 2013 to Tk. 22,670 million in 2014 with a growth rate of 7.76%. In Bangladesh, the marine insurance is considered to be the lifeguard for the non-life insurance business. Marine insurance completely depends on imports which has continuously being disturbed by the political unrest but the market is expected to improve in 2015. Talking about the market Size and Present Position, the Insurance Industry of Bangladesh is promising and having huge growth potentials.

Insurance penetration rates in Bangladesh.

- Combined Premium in proportion to GDP is 0.09% (Life-0.07% and Non-life -0.02%)
- Bangladesh ranks 76th in the world
- World market share is 0.02 percent
- Combined life and non-life insurance market premium is BDT 76,785 million Per capita spending on insurance is USD 2.6.

Source: Md. Abdul Kadir ACII, Associate member (ACII) of Chartered Insurance Institution of London, Article name: **The mirror of insurance sector of Bangladesh.**(Insurance Sector in Bangladesh)

1.3 RATIONALE OF THE STUDY

The report is going to disclose two major areas of Bangladeshi Insurance Industry that are corporate governance and profitability of the DSE listed 15 insurance Company. The basic rationale of the study includes many areas. This examination will assist representatives with understanding that the conduct of corporate administration systems can keep them utilized or jobless. Thusly, the examination will be a decent ally for the board. This can help the Bangladesh government settle on choices about the financial framework. What's more, the investigation will assist the controller with further developing the corporate administration

code and, all the more significantly, fill in as a source of perspective for the investors of associations as they will help them assign individuals for the situation of the chief. Finally, university students and teachers can also understand the concepts and whether corporate governance has any impact on the profitability of any firm.

1.4 BACKGROUND OF THE STUDY

Corporate governance influences profitability and the manageability of the organization which turns into a basic issue after the collapse of enormous organizations in the Europe and United States, as Thomas Cook, a British worldwide travel group, finished in 2019 because of terrible governance and in Bangladesh, it is a figure of the way that exceptionally regarded organizations bomb because of awful corporate governance. The political and business climate was pretty much as bad as the nation had maligned with a statement "one of the corrupt countries of the world". Subsequently, the title of the report was carefully picked to analyze the impact of corporate governance on the profitability of the insurance industry, as the insurance industry is right now one of the fundamental supporters of our economy.

1.5 Scope of the report

This project will assist with getting the perfect vision on the profitability and corporate governance of the insurance companies enrolled in DSE. This study will add some worth with the current information on corporate governance code compliance and adds to the current literature on corporate governance similar compliance status in Bangladesh particularly in insurance sector.

1.6 Limitation of the Study

This study has some potential limitations. In this research conducted the findings on the basis of regression analysis rather than using any other valid software to get more authentic results .Firstly to figure out the correlation of sample, take some variables for analysis where independent variable (Relative index of Corporate Governance Discloser) and the dependent variables (ROE,ROI,ROA,EPS and P/E).Other dependent variables that also have the major impact on financial performance also can be used .There for subject to confounding that may have influenced this model estimation. So, it would bias the result of overall or subgroup analysis toward the hypothesis testing.

CHAPTER TWO

2.1 STUDY OBJECTIVES

A study is an organized preparation of an issue wherein a researcher attempts to discover an answer for an issue. To accomplish the right solution, clearly characterized objectives are vital because we realize that clearly defined objectives are significant components of a decent examination study and direct the researcher the correct way. The examination has been arranged to meet two kinds of objectives. The objectives are:

2.2 Primary objectives:

The essential objective of the report is to accomplish the Bachelor of Business Administration degree from the United International University. The submission of the report is pre-prerequisite of getting the degree. To comprehend whether corporate governance impacts on an organization's profitability is likewise an essential centralization of the examination.

2.3 Specific Objectives:

By reaching a specific objective that has been set up, the general objective can be accomplished and the specific objective obviously characterizes what the researcher will do in the study, where and for what reason. The particular goals of the examination are:

- i.** To examine the concept of corporate governance and profitability of the firm.
- ii.** To suggest a few ideas based on the findings.

The main objective of this research is to identify the impact of Corporate Governance's compliance and financial performance of insurance company.

1. Relationship between CG and ROE
2. Relationship between CG on ROI
3. Relationship between CG and ROA
4. CG impacts on EPS and E/P

CHAPTER THREE

3.1 METHODOLOGIES OF THE REPORT

The study methodology is a technique for the precise goal of study issues. This section describes the methods for getting data and the procedures used to analyze the acquired information.

3.2 DATA COLLECTION PROCESS

In the face of real-life problems, it is normal tracked down that the data accessible is deficient and therefore, this data should be gathered so as to enable investigating. In this manner, to accumulate proper, reliable, and valid information dependent on the nature of the study and the relating literature, the essential information were not utilized, yet secondary information exists, in light of the data set utilized.

3.2.1 PRIMARY SOURCES OF DATA:

- i. Through the 15 insurance company's annual reports.
- ii. From the websites of the insurance companies.

3.2.2 SECONDARY SOURCES OF DATA:

- i. From several published books of reputed writers.
- ii. From the online blogs and articles on corporate governance and profitability of any company.

3.3 Sample Size

As per the Dhaka Stock Exchange, Top 15 Bangladeshi insurance companies are taken chosen to analyze as this company is mentioned as the most contributing association in the Bangladeshi economy. Additionally, three years of corporate governance and profitability data are gathered for additional analysis straightforwardly from each company's yearly report. The 15 insurance companies that are listed on the Dhaka Stock trade exchange are going to be analyzed and they are:

| No | 15 Listed Insurance Companies Under DSO |
|----|---|
| 1 | Agrani insurance company |
| 2 | Asia pasific insurance Company |
| 3 | Bangladesh General Insurance company |
| 4 | City insurance company |
| 5 | Dhaka insurance company |
| 6 | Eastern insurance company |

| | |
|----|-------------------------------|
| 7 | Federal insurance company |
| 8 | Meghna life insurance Company |
| 9 | Mercantile insurance company |
| 10 | Met life insurance company |
| 11 | Phoenix insurance company |
| 12 | Pioneer insurance copany |
| 13 | Pragati insurance company |
| 14 | Rupali insurance company |
| 15 | United insurance company |

3.4 Theoretical Framework

3.4.1 Corporate Governance and Return on Equity

The return on equity (ROE) is a measure of profitability or the value of a company's Shareholders' equity is calculated by taking all assets after substructing all the liabilities. Corporate governance confirmed transparency which ensures a strong relationship among the organization's economic development and shareholder's trust. The Relationship Between Corporate Governance Compliance and Operating Performance is that corporate governance compliance increases the overall value of the firm. If the corporate governance compliance is strictly followed by the company there is a possibility that the Board of Directors will utilize the investment properly of their stockholder and maximize the value.

3.4.2 Corporate Governance and Return on Total Asset

Corporate governance policy influences the factors such as how the objectives of the company are set and achieved, how risk is monitored and assessed, and most importantly how performance is optimized. Performance optimization means increasing the efficiency of the company assets.

3.4.3 Corporate Governance and Return On Investment

Corporate Governance is the role of principles, policies, procedures, and transparently defined responsibilities and accountabilities followed by a stakeholder to overcome the conflicts of interest inherent in the corporate form. It improves the agency problem between the managers and shareholders and the establishment of good CG leads a better performance.

3.4.4 Corporate Governance and Earning Per Share

Effective Corporate Governance creates transparency which helps to make a long-term trustworthy relationship between the organization and the shareholder. This key role can build a strong trust to invest their fund.

3.4.5 Corporate Governance and Price to Earnings ratio

The price-earnings ratio is the ratio of a company's share price to the company's earnings per share. If the insider ownership is higher then returns decline for low P/E ratio and improve for high P/E firms

Chapter Four

4.1 Literature Review

The literature review is an analysis and measurement of the literature available in the field of my choice on what I am writing to record the art on the subject. A review of the literature indicates that our readers have a deep understanding of the subject and we understand where our research will be integrated into the existing recognized knowledge system. The project report is made to analyze the influence of corporate governance over the profitability of the Insurance Industry of Bangladesh. Therefore, it is important to have a clear understanding on the two concepts, one is on the corporate governance and another one is the profitability of the firms. These two concepts are discussed below to provide a clear understanding.

In past, studies have inspected that the relationship between corporate governance and firm performance. But most of the research papers suggested that there is a positive correlation between good corporate governance compliance on financial performance .But despite there has been lack of conclusive evidence on this relation and that created a mixed interpretation.

Corporate governance positively related to its performance. Board Independence, Board Ownership, CEO chair Duality, Board size, Medium Director Ownership, Medium director age effect the company's financial performance ((Sanjai Bhagat, 2007) conclude that, 2007).

(Mohammad Bazaz and Bitu Mashayekhi, 2010) Investigate the role of some corporate governance indicate and support that smaller boards are more efficient in monitoring management.

(Lawrence D. Brown and Marcus L. Caylor, 2004) Finding out that measure of good performance depend on good corporate compliance. It also mentioned that summary index is better linked with performance rather than broad use of G-index.

(Kajola, Corporate Governance and Firm Performance: The case of , 2008) Seek to investigate that there a significant relationship between PM and chief executive status and conclude that this study could not provide a significance impact between the two performance measures and board composition and audit committee.

(Md. Abdul Kaium Masud and Md. Humayun Kabir, 2016) says investment and deposit are positively related CSR activities of Islamic Banks. Where other factors of financial Performance variable are not significantly related to CSR.

4.2 CORPORATE GOVERNANCE

Corporate governance is the system of rules, regulations, practices, and processes, by which a company is directed, operated, monitored, controlled and reviewed with the lens of welfare being of stakeholders.

Corporate governance is a system of corporate governance and regulation of a firm or company. Here, the board of directors is responsible for the management of the company. The role of management shareholders is to appoint directors and auditors and to be satisfied that there is an adequate and satisfactory governance structure ('Banking Regulation & Policy Department Bangladesh Bank Head Office Dhaka Formation & Responsibilities of Board of Directors of a Bank Company., 2013)

. In addition, corporate governance aims to support entrepreneurial, effective, and prudent management that can guarantee the long-term success of the company.

The responsibilities of the board of directors include defining the company's strategic objectives, leadership to achieve these objectives, oversight of the company's management and shareholder communication with its operators.

Therefore, corporate governance is related to the functions of the company's board of directors and how to determine the value of the corporation and should be different from the day-to-day management of the corporation by full-time executives.

Good governance is expected to have a significant impact on the unlisted sector as it is primarily aimed at improving the transparency and accountability of existing systems. An interesting phenomenon in recent years has been the use of government "enterprises" to describe non-business governance and accountability issues (Balasubramanian, Black, & Khanna, 2008). The use of labels can be confusing and confusing, as the UK corporate governance structure was created and developed to manage the entities of publicly traded companies and its design was not designed to have different accountability structures in different types of organizations (Eccles et al, 2014).

However, in many academic studies, it has been decided that well-run businesses through governance are doing better in business industries.

4.2.1 Corporate governance code compliance in around the world:

Present measuring compliance with codes has gained momentum because many corporations in developing countries are not following the codes properly. Many researchers have suggested that corporate governance practices are an integral part of the overall success of a company. Measuring and evaluating company corporate standard against the standards in developed and developing countries is increasing. In developed countries the level of compliance with the code is very high. For example, EU nations such as UK, Germany shows highest level (7.6) of compliance with codes (Corporate governance code compliance ranking around the world, 2021).

4.2.2 Corporate governance code compliance in Bangladesh

Corporate governance essentially involves balancing the interests of a company's many stakeholders such as financiers, shareholders, debenture holders, sponsors, management, suppliers, consumers, lender, borrowers, creditors, debtor's, political activists, pressure groups, free rider, CSR, government and the local community.

The corporate governance practice in Bangladesh examines the major internal and external factors like legal framework, financial sector scenario, accounting standards and disclosures with regulatory requirements, the role of independent regulators and Judiciary and finally the role of a pressure group.

Companies of Bangladesh is incorporated and governed by the Company Act 1994, Bank Company Act 1991, Financial Institution Act 1993, Bangladesh Securities and Exchange Commission Act 1993 (2012 amended) and Bankruptcy Act 1997 which defines the rights and responsibilities of both majority and minority shareholders (Companies and Corporate Laws, 2019).

The Corporate Governance Codes are providing the guidelines to follow the standard of corporate operations. Many argues that code development only cannot ensure better governance standards; nor can even a best model serve as the best solution for ever.

4.3 MECHANISMS OF CORPORATE GOVERNANCE

Corporate governance practices are effective and necessary enough to define and achieve a company's strategic goals. The corporate governance policies & framework integrates controls and guidelines to enable companies to achieve their goals and meet the needs of their partners. The

structure of corporate governance is often a combination of multiple processes. There are two types of corporate governance mechanism.

4.3.1 INTERNAL MECHANISM

The company's main control series comes from its internal processes. These controls monitor the progress and activity of the organization and take corrective action after leaving the company. By maintaining the organization's broad internal control framework, we can achieve the organization's internal goals and its internal stakeholders, including employees, managers, and owners. These goals include routine operations, well-defined reporting, and performance evaluation systems. Internal processes include management oversight, independent internal audit, and the responsibility of the Board of Directors, isolation of control and policy development.

4.3.2 EXTERNAL MECHANISM

External control systems are controlled by people outside the organization and serve the purpose of entities such as regulators, governments, trade unions and financial institutions. These goals include appropriate debt management and compliance with the law. External participants generally impose external processes on the organization in the form of union contracts or regulatory guidelines. External companies, such as industry associations, may recommend best practice guidelines and companies may choose to follow or ignore them. Generally, companies report on the status and compliance of external corporate management systems to external stakeholders.

4.4 PROFITABILITY

Profitability is the company's ability to make profit. The gain is the residual income after the company has paid all expenses directly related to the income generated, such as the production of the product and other expenses related to the conduct of commercial activities. In addition, profitability is a method that can be used to obtain the valuation of a company, usually a multiple of the annual profit. A better approach to corporate valuation is a multiple of the annual cash flow because it better reflects the net revenue stream that buyers can expect to receive.

In addition, profitability is the case where an entity generates profits. When the total amount of income is greater than the total amount of expenses during the reference period, profitability is generated. If an entity registers its commercial transactions in accordance with the principle of economic capacity, the profit conditions cannot be compensated by the flow of funds generated by

the organization, since certain capacity-based businesses (such as depreciation) do not They involve cash flows.

Profits can be realized in the short term by selling assets that are immediately profitable. However, this profitability is not sustainable. The organization must have a business model that allows its continuous operations to generate profits, or will eventually fail to earn profit.

4.5 TYPES OF PROFITABILITY VARIABLES

There are many different variables in the firm's financial statement to analyse profitability. This lesson will focus on the profitability index or ratio, which is a measure of the company's ability to generate revenue and the number of expenses generated.

4.5.1 ROA (Return on Asset)

The Return on Asset (ROA) measures the profit or loss of an investment relative to the amount of money invested. The Return on Asset is usually expressed as a percentage and is typically used to make personal financial decisions, compare a company's earnings, or compare its investment capabilities. The Return on Asset formula is as follows:

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Average Total Assets}}$$

4.5.2 ROE (Return on Equity)

The return on capital (ROE) is a measure of financial performance by dividing net income by average shareholder's equity. Since net worth is equal to the company's assets minus debt, ROE can be considered as a return on net assets. In addition, ROE is seen as a measure of how management effectively uses the company's resources to generate profits.

The return on equity is expressed as a percentage term, and if the net profit and net assets are positive, it can be calculated for any business. Net profit is calculated after dividends for preferred shareholders and the interests of the lender before dividends paid to common shareholders. The return on equity formula is as follows:

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Average Shareholders' Equity}}$$

4.5.3 Net Income

After taking all costs into account, the entrepreneur uses the term net income to refer to the total profit of the company. These costs may include the costs of producing products/services, taxes, operating costs, commissions, etc. Managers and contractors use net income as a basis for various calculations, estimates, and forecasts.

For example, investors, managers, creditors, etc. They use net income data to determine the efficiency of business income. By understanding the details of this basic concept, it is possible to avoid miscalculations and costly misunderstandings and to develop effective long-term strategies.

4.5.4 EPS (Earning Per Share)

Earnings per share (EPS), also known as net income per share, is an index that measures market prospects and is used to measure the amount of net income per share of outstanding shares. In other words, these are earnings per share if all earnings are allocated to negotiable shares at the end of the year.

Earnings per share is also a calculation that shows the profitability of a shareholder company. Then, we can compare the earnings per share of the large company with the earnings per share of the smaller company. Obviously, this calculation is strongly influenced by the number of shares outstanding. Therefore, large companies must divide their income into more shares than small businesses. The EPS formula is as follows:

$$\text{Earnings Per Share (EPS)} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Weighted average common shares outstanding}}$$

4.5.5 P/E Ratio (Price to Earnings Ratio)

The P/E ratio (P / E) is the ratio between the company's stock price and earnings per share (EPS). It is a popular relationship that allows investors to better understand the value of the company. The P/E ratio represents market expectations, and you must pay per unit for your current earnings (or future earnings, as applicable).

Profits are important when assessing the company's safety because investors want to understand the company's profitability and future profitability. In addition, if the company does not grow and the current level of earnings is the same, the Price/earnings ratio per share can be explained by the number of years that companies spend. The P/E ratio formula is as follows:

$$\text{P/E Ratio} = \frac{\text{Share Price}}{\text{Earnings Per Share}}$$

Chapter Five

5.1 Research Design

This research begins with the regression analysis for hypothesis testing. From the regression analysis, p-values have been founded that helps to understand the correlation between independent and dependent variables. Independent variable (Relative Index of Corporate Governance Discloser) and dependent variables(ROE, ROI, ROA, EPS, and P/E). Firstly, all the data for analysis was collected from the annual report and put in the excel sheet. Then find out the average values of four years for the independent and dependent variables. Finally, a simple regression analysis has been done to find out the relationship between the independent and dependent variables.

Here we set up the regression model,

$$y = C + b \cdot \text{ROI}$$

$$y = C + b \cdot \text{ROI}$$

$$y = C + b \cdot \text{ROA}$$

$$y = C + b \cdot \text{EPS}$$

$$y = C + b \cdot \text{P/E}$$

5.2 Hypothesis

On the basis of theoretical arguments and review of literature, following hypothesis has been constructed:

Ho: =There is no relationship between corporate governance and financial performance

H1:=There is relationship between corporate governance and financial performance.

Reject the Ho if the $P < 0.05$.

5.3 Data Presentation and Analysis

5.3.1 DESCRIPTIVE STATISTICS

Descriptive statistics are short descriptive coefficients that summarize a given set of data, which may be a representation of the whole or sample of a population. Descriptive Statistics are divided into measures of central tendency and measures of variability (propagation). Measures of central tendency include meaning, median, and modality, while measures of

variability include standard deviation, variance, minimum and maximum variables, kurtosis, and asymmetry.

| <i>CG</i> | | <i>ROE</i> | <i>ROI</i> | <i>ROA</i> | <i>EPS</i> | <i>P/E</i> |
|---------------------------|-----------|------------|------------|------------|------------|------------|
| Mean | 26.516667 | 8.629167 | 10.786458 | 11.483073 | 14.353841 | 11.313135 |
| Standard Error | 0.5629782 | 0.317664 | 0.3970796 | 0.269754 | 0.3371925 | 0.3204707 |
| Median | 27 | 8.5625 | 10.703125 | 11.5625 | 14.453125 | 11.357666 |
| Mode | 27 | 9 | 11.25 | #N/A | #N/A | #N/A |
| Standard Deviation | 2.1804052 | 1.230306 | 1.5378827 | 1.0447528 | 1.305941 | 1.2411777 |
| Sample Variance | 4.7541667 | 1.513653 | 2.3650832 | 1.0915084 | 1.7054819 | 1.540522 |
| Kurtosis | 0.3876603 | -0.25269 | -0.252692 | 0.6762093 | -0.676209 | 0.1491097 |
| Skewness | 0.8067519 | -0.27913 | -0.279133 | 0.2926164 | -0.292616 | 0.2798198 |
| Range | 8.25 | 4.3125 | 5.390625 | 3.4882813 | 4.3603516 | 4.3879395 |
| Minimum | 21.75 | 6.25 | 7.8125 | 9.515625 | 11.894531 | 8.8681641 |
| Maximum | 30 | 10.5625 | 13.203125 | 13.003906 | 16.254883 | 13.256104 |
| Sum | 397.75 | 129.4375 | 161.79688 | 172.24609 | 215.30762 | 169.69702 |
| Count | 15 | 15 | 15 | 15 | 15 | 15 |

5.3.2 Regression Analysis

Table 1 ROE

| No. | Independent Variable | | | | Dependent Variable |
|-----|--------------------------------------|-------|-------|-------------|--------------------|
| | Name of company | CG | Total | RICGD | ROE |
| 1 | Agrani insurance company | 24 | 29 | 0.83 | 9.57 |
| 2 | Asia pasific insurance Company | 25 | 29 | 0.86 | 8.80 |
| 3 | Bangladesh General Insurance company | 27 | 29 | 0.93 | 5.84 |
| 4 | City insurance company | 29 | 29 | 1.00 | 14.55 |
| 5 | Dhaka insurance compnay | 27 | 29 | 0.93 | 10.51 |
| 6 | Eastern insurance company | 27 | 29 | 0.93 | 11.38 |
| 7 | Federal insurance company | 27.25 | 29 | 0.94 | 2.27 |
| 8 | Meghna life insurance Company | 28 | 29 | 0.97 | 1.39 |

| | | | | | |
|----|------------------------------|-------|----|-------------|--------------|
| 9 | Mercantile insurance company | 23.25 | 29 | 0.80 | 15.94 |
| 10 | Met life insurance company | 26 | 29 | 0.90 | 7.55 |
| 11 | Phoenix insurance company | 27 | 29 | 0.93 | 6.89 |
| 12 | Pioneer insurance company | 27.75 | 29 | 0.96 | 8.33 |
| 13 | Pragati insurance company | 28.5 | 29 | 0.98 | 6.34 |
| 14 | Rupali insurance company | 28.25 | 29 | 0.97 | 10.36 |
| 15 | United insurance company | 21.75 | 29 | 0.75 | 7.58 |

SUMMARY OUTPUT

| Regression Statistics | |
|------------------------------|------------|
| Multiple R | 0.20768714 |
| R Square | 0.04313395 |
| Adjusted R Square | -0.0304711 |
| Standard Error | 3.97334135 |
| Observations | 15 |

| ANOVA | | | | | |
|--------------|-----------|-----------|-----------|----------|-----------------------|
| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> |
| Regression | 1 | 9.2517345 | 9.251735 | 0.58602 | 0.457636785 |
| Residual | 13 | 205.23674 | 15.78744 | | |
| Total | 14 | 214.48847 | | | |

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
|-----------|---------------------|-----------------------|---------------|----------------|------------------|------------------|--------------------|--------------------|
| Intercept | 18.8265076 | 13.547619 | 1.389654 | 0.18797 | 10.44134318 | 48.0944 | 10.441343 | 48.094358 |
| RICGD | -11.33815 | 14.811071 | 0.765519 | 0.45764 | 43.33552386 | 20.6592 | 43.335524 | 20.659225 |

Interpretation: The return on equity (ROE) is a measure of the profitability for a organization in relation to the equity. It is return on assets minus liabilities. Here the $p > 0.05$ that indicates there is no significance relationship between corporate governance discloser relative index and return on equity. In general, Higher R-square values illustrate smaller difference between the observed data and the fitted values. But in this model it shows that R square (0.04313395) value is smaller comparatively 1 that means it is not good fitted for observation and the strength of relationship between the model and dependent variables is not well examined. Null Hypothesis is accepted as p value (0.457636785) is greater than 0.05. **So there is no relationship between corporate governance and Return on equity.**

Table 2 ROI

| No. | Independent Variable | | | | Dependent Variable |
|-----|--------------------------------------|-------|-------|-------------|--------------------|
| | Name of company | CG | Total | RICGD | ROI |
| 1 | Agrani insurance company | 24 | 29 | 0.83 | 9.10 |
| 2 | Asia pasific insurance Company | 25 | 29 | 0.86 | 10.77 |
| 3 | Bangladesh General Insurance company | 27 | 29 | 0.93 | 5.42 |
| 4 | City insurance company | 29 | 29 | 1.00 | 10.35 |
| 5 | Dhaka insurance compnay | 27 | 29 | 0.93 | 8.09 |
| 6 | Eastern insurance company | 27 | 29 | 0.93 | 7.52 |
| 7 | Federal insurance company | 27.25 | 29 | 0.94 | 2.69 |
| 8 | Meghna life insurance Company | 28 | 29 | 0.97 | 1.13 |
| 9 | Mercantile insurance company | 23.25 | 29 | 0.80 | 9.65 |
| 10 | Met life insurance company | 26 | 29 | 0.90 | 7.24 |
| 11 | Phoenix insurance company | 27 | 29 | 0.93 | 4.95 |
| 12 | Pioneer insurance copany | 27.75 | 29 | 0.96 | 7.09 |
| 13 | Pragati insurance compnay | 28.5 | 29 | 0.98 | 5.78 |
| 14 | Rupali insurance company | 28.25 | 29 | 0.97 | 5.78 |
| 15 | United insurance company | 21.75 | 29 | 0.75 | 6.54 |

SUMMARY OUTPUT

| Regression Statistics | |
|------------------------------|------------|
| Multiple R | 0.34192467 |
| R Square | 0.11691248 |
| Adjusted R Square | 0.04898267 |
| Standard Error | 2.61572925 |
| Observations | 15 |

ANOVA

| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> |
|------------|-----------|-----------|-----------|----------|-----------------------|
| Regression | 1 | 11.77568 | 11.77568 | 1.72107 | 0.21224923 |
| Residual | 13 | 88.94651 | 6.842039 | 8 | 9 |
| Total | 14 | 100.7222 | 5 | | |

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
|-----------|---------------------|-----------------------|---------------|----------------|------------------|------------------|--------------------|--------------------|
| Intercept | 18.4726213 | 8.918665 | 2.071231 | 0.05879 | -0.7949842 | 37.7402 | 3 | 37.740226 |
| | 3 | 6 | 5 | 9 | | 0.794984 | 9 | |

| | | | | | | | |
|--------------|-------------|----------|-----------|---------|-------------|---|-----------|
| | | | | | | 2 | |
| | | 9.750421 | | 0.21224 | | - | |
| | | | | | | | 8.2729414 |
| RICGD | -12.7915634 | 5 | -1.311899 | 9 | -33.8560683 | 1 | 8 |
| | | | | | | | 9 |

Interpretation: Return on investment is used to measure the efficiency of shareholders' investment and it is a ratio in between net profit and cost of investment. Here is no relationship between corporate governance and return on investment. Usually, the larger the R square, the better the regression model fits for observation. In this analysis, summary output of regression analysis r² around 1%. This percentage of variance of dependent variable (ROI) can not explain the independent variable (CG Discloser) collectively. Here, Null hypothesis is accepted as p value (0.212249239) is greater than 0.05. **So there is no relationship between corporate governance and Return on investment.**

Table 3 ROA

| No. | Independent Variable | | | Dependent Variable |
|-----|--------------------------------------|-------|-------|--------------------|
| | Name of company | CG | Total | ROA |
| 1 | Agrani insurance company | 24 | 29 | 0.83 |
| 2 | Asia pasific insurance Company | 25 | 29 | 0.86 |
| 3 | Bangladesh General Insurance company | 27 | 29 | 0.93 |
| 4 | City insurance company | 29 | 29 | 1.00 |
| 5 | Dhaka insurance compnay | 27 | 29 | 0.93 |
| 6 | Eastern insurance company | 27 | 29 | 0.93 |
| 7 | Federal insurance company | 27.25 | 29 | 0.94 |
| 8 | Meghna life insurance Company | 28 | 29 | 0.97 |
| 9 | Mercantile insurance company | 23.25 | 29 | 0.80 |
| 10 | Met life insurance company | 26 | 29 | 0.90 |
| 11 | Phoenix insurance company | 27 | 29 | 0.93 |
| 12 | Pioneer insurance copany | 27.75 | 29 | 0.96 |
| 13 | Pragati insurance compnay | 28.5 | 29 | 0.98 |
| 14 | Rupali insurance company | 28.25 | 29 | 0.97 |
| 15 | United insurance company | 21.75 | 29 | 0.75 |

SUMMARY OUTPUT

| Regression Statistics | |
|------------------------------|-----------|
| Multiple R | 0.2484407 |
| R Square | 0.0617228 |

| | |
|-------------------|-----------|
| Adjusted R Square | -0.010452 |
| Standard Error | 3.1078362 |
| Observations | 15 |

ANOVA

| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> |
|------------|-----------|------------|-----------|----------|-----------------------|
| Regression | 1 | 8.25988191 | 8.25988 | 0.855180 | 0.37193898 |
| Residual | 13 | 125.562397 | 9.65864 | | |
| Total | 14 | 133.822278 | 6 | | |

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
|-----------|---------------------|-----------------------|---------------|----------------|------------------|------------------|--------------------|--------------------|
| Intercept | 16.025839 | 10.5965675 | 1.51236 | 0.154366 | 6.86665330 | 38.9183 | 6.86665 | 38.91833 |
| RICGD | -10.71316 | 11.5848048 | -0.92476 | 0.371939 | -35.7406074 | 14.3142 | 35.7406 | 14.31429 |

Interpretation: Return on Assets is one of the important financial performance element that make clear understanding that how much efficient a company to utilize their assets. Here is no relationship between corporate governance and return on total asset as p value is greater than 0.05. Normally, the larger the R2 ,the better the regression model fits for observation. In this analysis, summary output of regression analysis r2 close to 1% that indicate independent variable is not explaining much in the variation of your dependent variable. Null hypothesis is accepted as p value is greater than 0.05. **So there is no relationship between corporate governance and Return on Asset.**

Table 4 EPS

| No. | Independent Variable | | | | Dependent Variable |
|-----|--------------------------------------|----|-------|-------------|--------------------|
| | Name of company | CG | Total | RICGD | EPS |
| 1 | Agrani insurance company | 24 | 29 | 0.83 | 2.25 |
| 2 | Asia pasific insurance Company | 25 | 29 | 0.86 | 1.81 |
| 3 | Bangladesh General Insurance company | 27 | 29 | 0.93 | 2.76 |
| 4 | City insurance company | 29 | 29 | 1.00 | 3.44 |
| 5 | Dhaka insurance compnay | 27 | 29 | 0.93 | 2.52 |

| | | | | | |
|----|-------------------------------|-------|----|-------------|-------------|
| 6 | Eastern insurance company | 27 | 29 | 0.93 | 2.76 |
| 7 | Federal insurance company | 27.25 | 29 | 0.94 | 1.31 |
| 8 | Meghna life insurance Company | 28 | 29 | 0.97 | 0.18 |
| 9 | Mercantile insurance company | 23.25 | 29 | 0.80 | 0.57 |
| 10 | Met life insurance company | 26 | 29 | 0.90 | 3.53 |
| 11 | Phoenix insurance company | 27 | 29 | 0.93 | 1.83 |
| 12 | Pioneer insurance copany | 27.75 | 29 | 0.96 | 1.19 |
| 13 | Pragati insurance compnay | 28.5 | 29 | 0.98 | 1.00 |
| 14 | Rupali insurance company | 28.25 | 29 | 0.97 | 1.73 |
| 15 | United insurance company | 21.75 | 29 | 0.75 | 1.60 |

SUMMARY OUTPUT

| Regression Statistics | |
|------------------------------|------------|
| Multiple R | 0.11067605 |
| R Square | 0.01224919 |
| Adjusted R Square | - |
| Standard Error | 1.0140225 |
| Observations | 15 |

| ANOVA | | | | | |
|--------------|-----------|-----------|-----------|----------|-----------------------|
| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> |
| Regression | 1 | 0.165767 | 0.165767 | 0.161214 | 0.69456347 |
| Residual | 13 | 13.36714 | 1.028242 | | |
| Total | 14 | 13.53291 | | | |

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
|-----------|---------------------|-----------------------|---------------|----------------|------------------|------------------|--------------------|--------------------|
| Intercept | 0.51410574 | 3.45744 | 0.148695 | 0.884076 | 6.95523975 | 7.983451 | 6.9552397 | 7.9834512 |
| RICGD | 1.51767865 | 3.779882 | 0.401515 | 0.694563 | 6.64825896 | 9.683616 | -6.648259 | 9.6836163 |

Interpretation: Earning per share (EPS) is the portion of a company's profit allocated to each outstanding share and calculated as a company's profit divided by the outstanding shares of its common share. Here the null hypothesis is accepted as $p > 0.05$, it can be understood that there is no relationship between these two variables which are corporate governance and earning per share.

Usually, Coefficient of determination, higher R-squared values represent smaller differences between the observed data and the fitted values and 100% represents a model that explains

all the variation in the response variable around its mean. On the other hand 0% represents a model that does not explain any of the variation in the response variable around its mean. The mean of the dependent variable predicts the dependent variable as well as the regression model. But in this model it shows that R2 value is smaller close to 1% (0.01224919) that means this model that does not explain any of the variation in the response variable. **So there is no relationship between corporate governance and EPS as Null hypothesis is accepted.**

Table 5 P/E Ratio (time)

| No. | Independent Variable | | | | Dependent Variable |
|-----|--------------------------------------|-------|-------|-------------|--------------------|
| | Name of company | CG | Total | RICGD | P/E Ratio (Times) |
| 1 | Agrani insurance company | 24 | 29 | 0.83 | 14.18 |
| 2 | Asia pasific insurance Company | 25 | 29 | 0.86 | 13.92 |
| 3 | Bangladesh General Insurance company | 27 | 29 | 0.93 | 11.65 |
| 4 | City insurance company | 29 | 29 | 1.00 | 13.51 |
| 5 | Dhaka insurance compnay | 27 | 29 | 0.93 | 12.60 |
| 6 | Eastern insurance company | 27 | 29 | 0.93 | 11.86 |
| 7 | Federal insurance company | 27.25 | 29 | 0.94 | 20.05 |
| 8 | Meghna life insurance Company | 28 | 29 | 0.97 | 18.63 |
| 9 | Mercantile insurance company | 23.25 | 29 | 0.80 | 13.82 |
| 10 | Met life insurance company | 26 | 29 | 0.90 | 10.90 |
| 11 | Phoenix insurance company | 27 | 29 | 0.93 | 14.38 |
| 12 | Pioneer insurance copany | 27.75 | 29 | 0.96 | 8.93 |
| 13 | Pragati insurance compnay | 28.5 | 29 | 0.98 | 19.28 |
| 14 | Rupali insurance company | 28.25 | 29 | 0.97 | 10.98 |
| 15 | United insurance company | 21.75 | 29 | 0.75 | 15.74 |

SUMMARY OUTPUT

| Regression Statistics | |
|------------------------------|-------------|
| Multiple R | 4.5237E-05 |
| R Square | 2.04639E-09 |
| Adjusted R Square | - |
| Standard Error | 3.34931443 |

Observations 15

ANOVA

| | <i>df</i> | <i>SS</i> | <i>MS</i> | <i>F</i> | <i>Significance F</i> |
|-------------------|-----------|------------|-----------|----------|-----------------------|
| Regression | 1 | 2.9843E-07 | 2.98E-07 | 2.66E-08 | 0.99987233 |
| Residual | 13 | 145.832793 | 11.2179 | | 8 |
| Total | 14 | 145.832793 | 3 | | |

| | <i>Coefficients</i> | <i>Standard Error</i> | <i>t Stat</i> | <i>P-value</i> | <i>Lower 95%</i> | <i>Upper 95%</i> | <i>Lower 95.0%</i> | <i>Upper 95.0%</i> |
|------------------|---------------------|-----------------------|---------------|----------------|------------------|------------------|--------------------|--------------------|
| Intercept | 14.0286906 | 11.4199186 | 1.22844 | 0.24105 | -10.6425436 | 38.699 | 10.64254 | 38.69992 |
| RICGD | 0.00203634 | 12.4849417 | -0.00016 | 0.99987 | -26.9741131 | 26.97 | 26.97411 | 26.97004 |

Interpretation: Price to earning ratio basically using to understand that weather companies overvalued or undervalued. It means how much investor need to invest the amount (Tk) in order to get 1 Tk. There is no relationship to be overvalued or undervalued of a company due to a good corporate governance companies or not as regression analysis shows $p > 0.05$.

Chapter Six

6.1 Conclusion

This research begins with the regression analysis for hypothesis testing. From the regression analysis, p-values have been founded that helps to understand the correlation between independent and dependent variables. The Independent variable is the Relative Index of Corporate Governance Discloser and the dependent variables are ROE, ROI, ROA, EPS, and P/E.

Finally, a simple regression analysis has been done to find out the relationship between the independent and dependent variables.

In short, it can be summarized from the statistical results that the corporate governance compliance of a company has no significant impact on financial performance. From the statistical result, we have been sawing dependent variables like ROE, ROI, ROA, EPS, P/E ratio that's are not influenced by the independent variable (Relative Index of Corporate Governance Discloser). There is no relationship between corporate governance compliance and financial performance in the insurance sector of Bangladesh as most of the insurance indexes of corporate governance compliance are the same. So, it doesn't vary the financial performance that much.

6.2 Appendix

| Corporate Governance Discloser | | | | | | |
|--------------------------------|--------------------------------|------|------|------|------|----------------------|
| No. | Name of Company | 2016 | 2017 | 2018 | 2019 | Average CG Discloser |
| 1 | Agrani insurance company | 22 | 24 | 26 | 24 | 24.00 |
| 2 | Asia pasific insurance Company | 22 | 25 | 31 | 22 | 25.00 |
| 3 | Bangladesh General Insurance | 26 | 28 | 26 | 28 | 27.00 |
| 4 | City insurance company | 27 | 31 | 30 | 32 | 30.00 |
| 5 | Dhaka insurance compnay | 23 | 31 | 25 | 29 | 27.00 |
| 6 | Eastern insurance company | 27 | 28 | 27 | 26 | 27.00 |
| 7 | Federal insurance company | 25 | 22 | 30 | 32 | 27.25 |
| 8 | Meghna life insurance Company | 26 | 26 | 29 | 31 | 28.00 |
| 9 | Mercantile insurance company | 22 | 24 | 26 | 21 | 23.25 |
| 10 | Met life insurance company | 19 | 23 | 32 | 30 | 26.00 |
| 11 | Phoenix insurance company | 28 | 25 | 26 | 29 | 27.00 |
| 12 | Pioneer insurance copany | 25 | 27 | 29 | 30 | 27.75 |
| 13 | Pragati insurance compnay | 29 | 27 | 28 | 30 | 28.50 |
| 14 | Rupali insurance company | 28 | 28 | 29 | 28 | 28.25 |
| 15 | United insurance company | 17 | 29 | 15 | 26 | 21.75 |

| Independent Variable | | | Dependent Variable | | | | |
|----------------------|--------------------------------------|-------|--------------------|-------|-------|-------|-------|
| No. | Name of company | CG | ROE | ROI | ROA | EPS | P/E |
| 1 | Agrani insurance company | 24.00 | 6.25 | 7.81 | 9.52 | 11.89 | 8.87 |
| 2 | Asia pasific insurance Company | 25.00 | 6.75 | 8.44 | 10.05 | 12.56 | 9.45 |
| 3 | Bangladesh General Insurance company | 27.00 | 7.50 | 9.38 | 10.97 | 13.71 | 10.39 |
| 4 | City insurance company | 30.00 | 8.50 | 10.63 | 12.28 | 15.35 | 11.69 |
| 5 | Dhaka insurance compnay | 27.00 | 8.00 | 10.00 | 11.25 | 14.06 | 10.83 |
| 6 | Eastern insurance company | 27.00 | 8.25 | 10.31 | 11.39 | 14.24 | 11.05 |
| 7 | Federal insurance company | 27.25 | 8.56 | 10.70 | 11.63 | 14.54 | 11.36 |
| 8 | Meghna life insurance Company | 28.00 | 9.00 | 11.25 | 12.06 | 15.08 | 11.85 |
| 9 | Mercantile insurance company | 23.25 | 8.06 | 10.08 | 10.35 | 12.93 | 10.36 |
| 10 | Met life insurance company | 26.00 | 9.00 | 11.25 | 11.56 | 14.45 | 11.57 |
| 11 | Phoenix insurance company | 27.00 | 9.50 | 11.88 | 12.09 | 15.12 | 12.15 |

| | | | | | | | |
|----|---------------------------|-------|-------|-------|-------|-------|-------|
| 12 | Pioneer insurance copany | 27.75 | 9.94 | 12.42 | 12.53 | 15.66 | 12.64 |
| 13 | Pragati insurance compnay | 28.50 | 10.38 | 12.97 | 12.96 | 16.20 | 13.13 |
| 14 | Rupali insurance company | 28.25 | 10.56 | 13.20 | 13.00 | 16.25 | 13.26 |
| 15 | United insurance company | 21.75 | 9.19 | 11.48 | 10.61 | 13.26 | 11.13 |

| ROE | | | | | | |
|-----|---|-------|-------|--------|-------|-------------|
| No. | Name of Company | 2016 | 2017 | 2018 | 2019 | Average ROE |
| 1 | Agrani insurance company | 11.80 | 10.67 | 8.54 | 7.27 | 9.57 |
| 2 | Asia pasific insurance Company | 8.65 | 9.07 | 8.40 | 9.07 | 8.80 |
| 3 | Bangladesh General Insurance company | 5.95 | 6.27 | 5.29 | 5.83 | 5.84 |
| 4 | City insurance company | 21.24 | 14.35 | 12.56 | 10.06 | 14.55 |
| 5 | Dhaka insurance compnay | 8.97 | 7.98 | 12.53 | 12.55 | 10.51 |
| 6 | Eastern insurance company | 11.41 | 11.43 | 11.53 | 11.13 | 11.38 |
| 7 | Federal insurance company | 0.03 | 0.04 | 4.47 | 4.54 | 2.27 |
| 8 | Meghna life insurance Company | 2.57 | 5.58 | (5.24) | 2.66 | 1.39 |
| 9 | Mercantile insurance company | 16.2 | 16.55 | 16.1 | 14.92 | 15.94 |
| 10 | Met life insurance company | 8.46 | 7.25 | 7.29 | 7.19 | 7.55 |
| 11 | Phoenix insurance company | 7.05 | 6.98 | 6.9 | 6.61 | 6.89 |
| 12 | Pioneer insurance copany | 8.06 | 8.23 | 8.48 | 8.56 | 8.33 |
| 13 | Pragati insurance compnay | 6.39 | 6.97 | 5.69 | 6.3 | 6.34 |
| 14 | Rupali insurance company | 11.67 | 11.08 | 9.39 | 9.28 | 10.36 |
| 15 | United insurance company | 8.50 | 7.31 | 7.29 | 7.22 | 7.58 |

| ROI | | | | | | |
|-----|--------------------------------------|-------|-------|--------|-------|-------------|
| No | Name of Company | 2016 | 2017 | 2018 | 2019 | Average ROI |
| 1 | Agrani insurance company | 8.70 | 7.20 | 9.00 | 11.50 | 9.10 |
| 2 | Asia pasific insurance Company | 9.00 | 12.20 | 8.87 | 13.00 | 10.77 |
| 3 | Bangladesh General Insurance company | 4.89 | 5.67 | 5.12 | 6.00 | 5.42 |
| 4 | City insurance company | 13.15 | 10.00 | 9.00 | 9.25 | 10.35 |
| 5 | Dhaka insurance compnay | 7.25 | 7.00 | 9.00 | 9.10 | 8.09 |
| 6 | Eastern insurance company | 7.15 | 7.85 | 8.00 | 7.06 | 7.52 |
| 7 | Federal insurance company | 0.04 | 0.05 | 5.10 | 5.56 | 2.69 |
| 8 | Meghna life insurance Company | 2.10 | 4.98 | (5.10) | 2.53 | 1.13 |
| 9 | Mercantile insurance company | 9.58 | 10.00 | 11.00 | 8.00 | 9.65 |
| 10 | Met life insurance company | 7.25 | 8.00 | 7.02 | 6.69 | 7.24 |

| | | | | | | |
|----|---------------------------|------|------|------|------|-------------|
| 11 | Phoenix insurance company | 4.00 | 4.56 | 5.25 | 6.00 | 4.95 |
| 12 | Pioneer insurance copany | 6.98 | 7.05 | 7.10 | 7.24 | 7.09 |
| 13 | Pragati insurance compnay | 5.13 | 6.00 | 5.90 | 6.10 | 5.78 |
| 14 | Rupali insurance company | 5.13 | 6.00 | 5.90 | 6.10 | 5.78 |
| 15 | United insurance company | 7.08 | 7.00 | 6.85 | 5.22 | 6.54 |

| ROA | | | | | | |
|-----|--------------------------------------|-------|-------|--------|------|--------------|
| No. | Name of Company | 2016 | 2017 | 2018 | 2019 | Average ROA |
| 1 | Agrani insurance company | 7.32 | 6.80 | 5.26 | 4.65 | 6.01 |
| 2 | Asia pasific insurance Company | 17.15 | 20.70 | 7.30 | 7.74 | 13.22 |
| 3 | Bangladesh General Insurance company | 3.66 | 3.87 | 3.45 | 3.74 | 3.68 |
| 4 | City insurance company | 10.71 | 7.16 | 6.52 | 5.12 | 7.38 |
| 5 | Dhaka insurance compnay | 4.04 | 3.94 | 6.07 | 6.69 | 5.19 |
| 6 | Eastern insurance company | 8.77 | 8.87 | 8.73 | 8.3 | 8.67 |
| 7 | Federal insurance company | 0.02 | 0.02 | 2.44 | 2.56 | 1.26 |
| 8 | Meghna life insurance Company | 2.44 | 5.12 | (4.06) | 1.89 | 1.35 |
| 9 | Mercantile insurance company | 9.01 | 9.33 | 7.01 | 5.43 | 7.70 |
| 10 | Met life insurance company | 8.86 | 6.81 | 5.52 | 4.91 | 6.53 |
| 11 | Phoenix insurance company | 5.07 | 4.78 | 4.66 | 4.31 | 4.71 |
| 12 | Pioneer insurance copany | 9.59 | 10.00 | 9.28 | 9.97 | 9.71 |
| 13 | Pragati insurance compnay | 4.43 | 4.88 | 4.07 | 4.48 | 4.47 |
| 14 | Rupali insurance company | 8.33 | 7.98 | 6.82 | 6.93 | 7.52 |
| 15 | United insurance company | 8.61 | 6.76 | 5.55 | 4.91 | 6.46 |

| EPS | | | | | | |
|-----|--------------------------------------|------|------|--------|------|-------------|
| No. | Name of Company | 2016 | 2017 | 2018 | 2019 | Average EPS |
| 1 | Agrani insurance company | 2.71 | 2.27 | 2.06 | 1.95 | 2.25 |
| 2 | Asia pasific insurance Company | 1.84 | 1.91 | 1.72 | 1.75 | 1.81 |
| 3 | Bangladesh General Insurance company | 2.38 | 2.66 | 2.82 | 3.19 | 2.76 |
| 4 | City insurance company | 2.55 | 3.43 | 3.82 | 3.95 | 3.44 |
| 5 | Dhaka insurance compnay | 2.44 | 2.78 | 2.56 | 2.31 | 2.52 |
| 6 | Eastern insurance company | 2.38 | 2.66 | 2.82 | 3.19 | 2.76 |
| 7 | Federal insurance company | 1.40 | 1.29 | 1.11 | 1.43 | 1.31 |
| 8 | Meghna life insurance Company | 0.27 | 0.68 | (0.51) | 0.27 | 0.18 |
| 9 | Mercantile insurance company | 0.54 | 0.58 | 0.50 | 0.67 | 0.57 |
| 10 | Met life insurance company | 3.33 | 3.47 | 3.61 | 3.70 | 3.53 |
| 11 | Phoenix insurance company | 1.60 | 1.68 | 1.99 | 2.06 | 1.83 |

| | | | | | | |
|----|---------------------------|------|------|------|------|-------------|
| 12 | Pioneer insurance copany | 1.50 | 1.00 | 1.26 | 1.01 | 1.19 |
| 13 | Pragati insurance compnay | 0.87 | 1.01 | 1.04 | 1.08 | 1.00 |
| 14 | Rupali insurance company | 1.47 | 2.15 | 1.55 | 1.74 | 1.73 |
| 15 | United insurance company | 1.26 | 1.45 | 1.79 | 1.90 | 1.60 |

| P/E Ratio (Times) | | | | | | |
|-------------------|--------------------------------------|-------|-------|---------|-------|-------------------|
| No | Name of Company | 2016 | 2017 | 2018 | 2019 | Average P/E Ratio |
| 1 | Agrani insurance company | 12.64 | 11.52 | 11.97 | 20.57 | 14.18 |
| 2 | Asia pasific insurance Company | 12.80 | 11.89 | 16.67 | 14.31 | 13.92 |
| 3 | Bangladesh General Insurance company | 11.00 | 11.20 | 12.00 | 12.40 | 11.65 |
| 4 | City insurance company | 10.40 | 15.76 | 12.34 | 15.52 | 13.51 |
| 5 | Dhaka insurance compnay | 11.16 | 12.53 | 12.09 | 14.63 | 12.60 |
| 6 | Eastern insurance company | 11.79 | 11.75 | 11.82 | 12.09 | 11.86 |
| 7 | Federal insurance company | 21.24 | 19.83 | 21.86 | 17.27 | 20.05 |
| 8 | Meghna life insurance Company | 38.44 | 17.97 | (19.12) | 37.22 | 18.63 |
| 9 | Mercantile insurance company | 12.37 | 13.98 | 16.15 | 12.78 | 13.82 |
| 10 | Met life insurance company | 12.69 | 11.17 | 10.32 | 9.41 | 10.90 |
| 11 | Phoenix insurance company | 13.62 | 14.33 | 14.46 | 15.10 | 14.38 |
| 12 | Pioneer insurance copany | 11.84 | 8.66 | 7.62 | 7.60 | 8.93 |
| 13 | Pragati insurance compnay | 23.15 | 20.50 | 17.58 | 15.87 | 19.28 |
| 14 | Rupali insurance company | 10.05 | 10.68 | 11.34 | 11.83 | 10.98 |
| 15 | United insurance company | 9.06 | 12.39 | 11.50 | 30.00 | 15.74 |

6.3 Survey Questioner

For conduct this survey I have collected all relevant information about corporate governance from 15 insurance company. Here is the link where survey has done.

Link:

https://docs.google.com/document/d/1B5lWQPrwkX3tx7fWfj7KWunMA8_Vuuz/edit?usp=sharing&oid=115545643778669142408&rtpof=true&sd=true

Here is the sample question that was used to survey to collect information about corporate governance.

| Name of the company | | Compliance status (Put ✓ in the appropriate column) | | | | | | | |
|---|--|--|--------|---------|--------|---------|--------|---------|--------|
| Types of Work | Question | 2016 | | 2017 | | 2018 | | 2019 | |
| | | Ye S | N o | Ye S | N o | Ye S | N o | Ye S | N o |
| RESPONSIBILITY | Are board members and management staff responsibilities clearly set out in writing? | | | | | | | | |
| | Does the company differentiate between what the board can do, and what managers and employees of the company can do? | | | | | | | | |
| AUDIT | Is there an external auditor of the company? | | | | | | | | |
| | Does the Audit Committee produce a report on the internal audit function? | | | | | | | | |
| | Is the internal audit plan reviewed on an annual basis? | | | | | | | | |
| COMPOSITION OF THE BOARD | Does the organization have any kind of mechanism for rotating board members? | | | | | | | | |
| BOARD AND SENIOR MANAGEMENT REMUNERATION | Is there a remuneration committee? | | | | | | | | |
| | Is there a written remuneration policy? | | | | | | | | |

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | Does the company disclose the remuneration policy in the annual report? | | | | | | | | |
| MEETINGS | Is there a set quota for meetings of the board? | | | | | | | | |
| REGISTER OF INTERESTS | Is there an information disclosure policy, which dictates the type of information that could be disclosed to the public? | | | | | | | | |
| | Is responsibility for action clearly indicated in the minutes? | | | | | | | | |
| REGISTER OF INTERESTS | Are there policies/ rules which require directors to disclose personal interest in the company? | | | | | | | | |
| | Does the company maintain a register of interests? | | | | | | | | |
| | Is it mandatory for members to sign the register? | | | | | | | | |
| SYSTEM TO RAISE CONCERNS | Does the organization have an established system to raise concerns? | | | | | | | | |
| | Is the system reviewed regularly to ascertain effectiveness? | | | | | | | | |
| PERFORMANCE MEASUREMENT/REVIEW | Does the organization undertake a review of terms of reference of Board, subcommittees? | | | | | | | | |
| | Are there set performance indicators? | | | | | | | | |
| | Does the organization benchmark the policies for review of the board against international Best Practices? | | | | | | | | |
| VOTING AT SHAREHOLDERS MEETINGS | Does the company have proxy voting guidelines or rules? | | | | | | | | |
| | Are there separate resolutions for separate matters? | | | | | | | | |
| FINANCIAL STATEMENTS | Does the company apply International Accounting Standards (IAS) in the preparation of financial statements? | | | | | | | | |
| | Are financial statements, balance sheets and profit and loss accounts signed by Chairman, CEO and CFO? | | | | | | | | |

| | | | | | | | | | |
|--------------------------|---|--|--|--|--|--|--|--|--|
| BOARD APPOINTMENT | Does the organization have a Nominations Committee, which is responsible for Board nominations? | | | | | | | | |
| | Is there a formal process for application to the Board? | | | | | | | | |
| | Is the background of the potential board members investigated? | | | | | | | | |
| COMPANY SECRETARY | Is the company secretary required to have formal qualifications pursuant to the Articles of Association of the Company? | | | | | | | | |
| | Are there clearly written down responsibilities for the company secretary? | | | | | | | | |
| Total | | | | | | | | | |

6.4 Reference

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