Comparative Corporate Governance and Convergence with Revised OECD Principles: A Study on Bangladesh

Naznin Sultana Chaity
School of Business
Ahsanullah Universtiy of Science and Technology
Bangladesh.

Abstract

Comparative corporate governance is now a days most commonly used term in recent studies around the world. Several studies also conducted in Bangladesh regarding corporate governance but few studies found regarding in this issue. Organization for Economic Co-operation and Development (OECD) provided principles, guidelines and codes that become international benchmark and basis for development of every countries' own guidelines and codes for corporate governance around the world. Through this study, a comparative corporate governance study is conducted to identify convergences with revised OECD principles as well as the reforms and challengs with the newly issued guidelines in Bangladesh studied here.

Keywords:

Governance, Convergence, Economic, Shareholders.

Introduction

Corporate governance (CG) provides a way to ensure that organizations are transparent in every respect of conducting business, maintaining shareholders' rights, reporting to shareholders and making management accountable for their conduct. The theoretical background of Corporate Governance dated back to 1932 when 'Berle and Means' in their work focused on the separation of ownership and control in large American corporations. According to Aguilera and Cuervo-Cazurra (2004) the first country to issue a code was the United States in 1978 and the second country was Hong Kong in 1989. The pace of issuance gathered speed in 1992 when the Unite Kingdom's Cadbury report was issued. Afterwards, different countries adopted the codes/ guidelines by improvising the principles according to their country needs.

Corporate governance may be defined in various ways by different scholers, institutions and organizations. In any organization, corporate governance is found as one of the factors that determine the health of the system and its ability to survive economic shocks. It can be defined in another way, as a set of relationships between a company's management, its board, its shareholders and other stakeholders. It describes the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled (OECD, 2004).

There are mainly two approaches of corporate governance. First, the mandatory rule-based approach where companies are uniformly required to abide by a set of legal rules Sarbanes-Oxley Act (SoX, 2002). Second, the voluntary based approach where a company's compliance with the governance code or guidelines is not mandatory, but that disclosure to compliance is. Since companies subject to the codes often differ significantly in terms of size, structure and organization, it is argued that the a "one size fits all" approach will not achieve its desired outcome. It is also argued that the voluntary approach reduces the risk of companies complying only with the letter (box-ticking exercise) (Biswas 2012). By the exercise of Section 2CC, the Securities and Exchange Ordinance 1969, January 9, 2006 and a revised set on 20th February, 2006, Bangladesh Security Exchange Commission (BSEC) provides the corporate governance guidelines. All the conditions (guidelines) provided by this law should be imposed on 'Comply' or 'Explain' basis. These conditions (guidelines) were further amended on August, 2012. The new notification is issued where 'comply' is mandetory.

The existing literatures on corporate governance were mostly shifted towards two directions. First, there is a move towards the focus on the influence that a particular code has on firms in a given county and secondly the other tends to describe the existence and content of codes in multiple countries (Aguilera and Cuervo-Cazurra, 2004). In recent years, there is a rise in comparative corporate governance (CCG) as an increasingly mainstream approach within the world corporate governance studies (Clark, 2011). Globaliazation calls for an increased understanding of how things are done worldwide because of financial crises. In Bangladesh, corporate governance has become an increasingly important issue. Number of corporate scandals and share market manipulations raised questions on effective implementation of good governance and whether any reforms are required.

This study is exploratory in nature. First, it will provide ideas on different literatures of comparative studies on coporate governance (CCG) around the world. The second objective of the study is to indentify key features in newly issued guidelines (revised guidelines) by examining the previous one issued by Bangladesh Security Exchange and Comission (BSEC). Next, the study will provide a comparative study between the revised OECD principles that are considered as international benchmark for good governance and newly issued BSEC guidelines. It is said that high quality Corporate Governance practices can reduce market imperfection.

Literature Review

Several studies are found worldwide as well as in Bangladesh specially conducted on the issues of corporate governance practices, extend of disclosure practices and relation with firm performances. Even comparative studies regarding different country perspectives also get equal importance. Nedelchec (2013) conducted a study on exploring the effects of hard and soft legislation on good practices of several counties for latest 20 years. The study is designed to compare the option 'one size fits all' vs. 'comply or explain approach'. Comparative analysis shows that state policy determines good practices and the heart of good practices in corporate governance is the comply or explain approach. Mamun (2013) analyzed the issues and challenges of newly issued corporate governance (as on august 2012) by BSEC. His findings concluded that the latest corporate governance guidelines is far better than that of earlier one and BSEC has taken strong initiative to build up good governance culture by ensuring transparency and accountability. Kabir (2013) studied the effectiveness of corporate governance code and guidelines in practice with OECD principles among different Asian countries. Corporate Governance scenario in Asia remains at best a gradual work-in-progress. Full convergence with international accounting and audit standards, better protection of minority investors, stronger areas requiring immediate improvement in corporate governance scenario in Asian countries.

Ahmed and Uchida (2009) study aimed at benchmarking the status of corporate governance in Bangladesh. The results of the study revealed that core elements for ensuring good governance are regulations, auditing, stakeholder engagement and all these forces need development and enforcement. Also institutional set up should be established to train and educate stakeholders to get familiarized with the corporate governance concepts and practices. Biswas (2012) analyzed the impact of the revised Corporate Governance guidelines issued by BSEC in Bangladesh. It is found that a number of key changes are made in the guidelines, particularly in the areas of independent director requirement, board's statements, CEO and CFO certification on financial statements, subsidiary company governance, and reporting and compliance of corporate governance. The lack of flexibility in the revised guidelines is likely to pose challenges to the listed firms when implementing the guidelines fully and the key challenges will be enforcement of the regulation.

Biswas (2013) further studied the reforms of corporate governacne in emerging countries like Bangladesh. The study revealed that corporate governance regulations take effect over time as companies gradually update their corporate governance practices to comply with the national guidelines. The introduction of annual awards by the professional institutions is one effort to motivate companies to improve their governance practices.

Siddiqui (2009) investigated the development of corporate regulations in Bangladesh. By analyzing the corporate environment and corporate regulations, he concluded that like other developing countries Bangladesh has also adopted the Anglo-American shareholder model of corporate governance. Anglo-American shareholder model is based on agency based notions of market efficiency. He suggested that this model is not appropriate for country like Bangladesh and provided recommendation that this model is based on assumptions that only hold in developed countries. Aguilera and Cuervo-Cazurra (2004) reviewed the developments in the area of codes of good governance. Finding of the study was that though the codes' voluntary nature limits their ability to improve governance practices, there is need for additional reforms.

Corporate Governance Reforms in Bangladesh

Reed (2002) stated that reforms in developing countries occur due to past attempts at promoting developement and recent processes of economic globalization, resulting in the movement of development in the direction of an Anglo-American model of corporate governance. International donor agencies have extended support (financial assistance) and exerted pressure for adoption of corporate governance and reforms in accordance with international corporate governance best practice in Bangladesh. Due to increased interest in corporate governance practices in Bangladesh by international donor agencies (Asian Development Bank, International Moneray Fund and World Bank) in mid-1990s, various corporate governance reforms were initiated with the support of them (Rashid, 2011). As countries differ in terms of their economical, social, cultural, political and legal development, the drivers of corporate governance reforms may also differ from one country to another (Biswas, 2012). The country-level initiative to develop corporate governance regulation in Bangladesh began in 2003 by Bangladesh Enterprise Institute (BEI), a non-profit and non-political research center.

The market regulator of Bangladesh, BSEC, issued an order requiring the listed companies to follow a number of corporate governance related conditions on 9 January 2006. The aim was to improve the goverance situation and thereby, better protect the interests of minority shareholders and develop Bangladesh Capital Market. The Commission revised its order by a notification 2; dated 20 February 2006. It is to be noted that the notification was issued under a 'comply or explain' basis, meaning that the disclosure of compliance statement was mandatory. Again, companies have the option not to comply with individual provision or explain the reasons for noncompliance with any of the provisions.

Prior studies show that listed companies in Bangladesh have accepted the notification with positive intent. It is evident from their level of compliance with the Commission's Corporate Governance guidelines and disclosure of compliance statement in the annual reports (Imam and Malik, 2007; Ali and Anwar, 2009; Karim, et. Al. 2010; Hossain, 2011; Muttakin and Ullah, 2012; Biswas 2012; Hoque, et. Al. 2013). In order to further improve the corporate governance situation, the Commission issued the revised corporate governance guidelines through a notification on 3 July 2012 replacing its previous notification issued in 2006. These conditions (guidelines) were further amended on 07 August, 2012.

BEI was the first institution in Bangladesh which provide a roadmap for effective implemataion and adoption of code of corporate governance. Following the BEI recommendations , BSEC provided guidelines first in 2006. In this section, attempt is made to provide a comparative statement of corporate governance reforms initiative taken by BEI code of corporate governance through the BSEC's guideines in Bangladesh till now (Appended Table 1).

Convergences with Revised OECD Principles

The OECD Principles of Corporate Governance were originally developed in response to a call by OECD council meeting at ministerial level on April, 1998. OECD published the principles of corporate governance first in 1999. In 2004, it circulated the revised principles. The reason for further amendment was that OECD recognizes the principles may not fit all countries because of practice of different socio-cultural and corporate structure. The revised principles take voluntary approaches to corporate governance in various countries over the world used in building and evaluating their legal frameworks and best practices. Kabir(2011) said these principles are lining instrument offering non-binding standards and good practices as well as guidance on implementation, which can be adapted to the specific circumstances of individual countries and regions.

Based on these recommendations, this section wiil introduce how newly issued corporate governance guidelines of Bangladesh (2012) align with the revised OECD principles (2004). The Revised OECD principles (2004) were chosen to analyse BSEC newly issued guidelines (2012) because they allow better account for country specific business environment's characteristics. Revised OECD principle of corporate governance comprises six categories – corporate governance framework, shareholders' right, equitable treatment for shareholders, the role of stakeholder in corporate governance, disclosure and transparency and responsibilities of Boeard of Directors (BOD). These principles are further broken down with explanation and annotation.

Effective Corporate Governance Framework

The revised OECD principles note that flexibility of CG framework allows companies to report on regulatory outline. Several issues related to corporate governance arrangement also required to disclose accordance with previous guidelines 2006. Some of the important considerations are

Table 1 : (Principle I) Implementation of Effective Corporate Governance Framework

Issue on CG Framework	Country Incorpation on Issues (BSEC Guildelines, 2012)
Periodic Information on Annual Report	Segment wise or product wise performances Industry outlook and possible future developments in the industry Key operating and financial data of a minimum last five years Discussion on Cost of good sold, gross profit margin, net profit margin of the company The director of the company shall state in the director's report whether the company has complied with these conditions. (Condition 1.5.(i); (ii); (iv); (xvii);7(ii))
Unaudited quarterly statement	The company shall disclose to Audit Committee(AC) about the uses and application of funds by major categories on quarterly basis. (Condition 3.3 (x))

Personal details of Company's Directors	Disclosure of the director's biographical information including their expertise, position held in different committee and directorship held in other organization. (Condition 1.5.(xxii)
Information on Corporate Governance	Company shall obtain a certificate from professional account or chartered secretary regarding compliance of CG condition Compnay shall send compliance certificate along with annual report to shareholder yearly. (Guidelines 7(i)) Number of board meetings held and attendance by eac director shall be disclose.(Condition 1.5(xx))
Insider trading information, related party transaction	AC must report any material findings to BSEC after expiry of six months from the date of first reporting to BOD or after reporting to the board three times whichever is earlier. (Condition 3.4.2) Insider trading is prohibitated.

Source : SEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07 august 2012; www.oecd.org/corporate/corporategovernanceprinciples/33977036.pdf

Shareholders Rights and Ownership Structure

Revised OECD principles (annotation 2004, p.32) of CG framework should protect and facilitate shareholder rights including registration. Revised principles state that capital structure and arrangements that enable shareholders to obtain a degree of control dispropotional to their ownership shall be disclosed. Shareholders should be able to participate effectively and vote in general meeting (revised principles, p.18). Shareholders have the right to be timely informed on corporate changes and should have opportunity to participate in general meeting.

Table 2: (Principle II) Shareholders Rights and Ownership Structure

Issue on CG Framework	Country Incorpation on Issues (SECB Guildelines, 2012)
Shareholdings	The patterns of shareholding (Parent/subsidiary/ associated company or other related parties) shall be reported and shareholding of directors, Chief Executive officer(CEO), Company Secretary (CS), Chief Financia Officer (CFO) Head of audit and their spouses name wise details. Shareholders holding ten percent (10%) or more voting interest in the company. (Condition 1.5(xxi))
Appointment and removal of directors	Appointment of Independent Director (ID) shall be approved by the shareholders in the Annual General Meeting (AGM). (Guidelines 1.2(iii)) Inc case of appointment/ re-appointment of a director the company shall disclose information to the shareholders (Condition 1.5(xxii))
Appointment and removal of auditors	Ac shall be composed of at least 3(three) member and BOD shall membe AC who shall be directors of the company and at least 1(one) independent director. (Condition 3.1 (i), (ii)) Chairman shall be an ID and shall remain present in the AGM (Condition 3.2 (i), (ii)).
Reporting to Shareholders and General Investor by AC	Report carried out by the AC and any report made by BOD under condition 3.4.1(ii) during the year shall be disclosed in the annual report. (Conditions 3.5)

Directors' report to Shareholders (Major corporate events and transactions)	Explanation if financial results deteriorate after the company goes IPO, RPO, Right Offering and Direct listing. Remuneration to directors including ID. If the issuer company has not declared dividend (cash or Stock) for the year, the reasons thereof shall be disclosed. If the issuer company is not considered to be going concern, the fact along with reasons should be disclosed. Significant deviation on between quarterly and annual financial performance (Condition 1.5 (vii); (ix);(x); (xix); (xvi).

Source : SEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07 august 2012; www.oecd.org/corporate/corporategovernanceprinciples/33977036.pdf.

Equatable Treatment of Shareholders

OECD revised principles emphasize that all shareholders should be equally treated. Insider trading and abusive self dealing should not be allowed accordance with revised principles (revised principles, p.44). Top management and BOD should disclose to the board if they have material interests on matter affecting the corporation (revised principles, p.44). Concerning the institutional investors, revised principles do not advocate particular strategies (revised principles, p.37). In newly CG guidelines, shareholders entered into share register before ten days of AGM have the right to attend the meeting.

Table 3 : (Principle III) Equitable Treatement of Shareholders

Issue on CG Framework	Country Incorpation on Issues (BSEC Guildelines, 2012)
Price Sensitive information; Multiple voting rights; Vote by Proxy or mail.	Though conditions are not given in the BSEC guidelines but the facts ares address by The BSEC notification on 2009 and Section 43(6) and 43(7) of the listing requirement of Dhaka stock exchange.

Source : SEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07 august 2012; www.oecd.org/corporate/corporategovernanceprinciples/33977036.pdf.

Role of Stakeholders

BOD(s) of the listed company must not meet as a board to consider price sensitive information during trading hour of the stock exchanges. Listing companies are required to publish price sensitive decisions in two widely circulated daily newspapers both in Bangle and English (BSEC notificaito, 2009). But in case of minority shareholders protection, BSEC fully automated the trading system and introduced the Central Depository of Bangladesh Limited (CDBL) to efficient delivery, settlement and dtransfer of Secutiries. For effective funtionning of AGMs the BSEC restrict providng any kinds gifts and other benefits to the shareholders at the AGM except of dividend (BSEC notifiacation 2000). Additonally, BSEC is also required for the companies to submit an audio visual recording of AGM to the commission (BSEC notifiacaiton 2002a).

Table 4 : (Principle IV) Role of Stakeholders

Issue on CG Framework	Country Incorpation on Issues (BSEC Guildelines, 2012)
Self binding instruments applied by companies to protect stakeholder right	There are no specific guideline available to protect stakeholders right.
Right of employee regarding participation in BOD and information of the company	No special rights exist for participation in BOD and availability of information(except of public information).Neither the CG guidelines and nor the CG reforms discuss on employee's participation and rights.
Employee participation in the company profit by share ownership	Employee can participate in the company profit but do not have any statotury right.
Creditors involvent in Ownership	There are also no discussion on the creditors involvement of CG implication on guidelines.

Source : SEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07 august 2012; www.oecd.org/corporate/corporategovernanceprinciples/33977036.pdf.

Disclosure and Transperency

Disclosure and transparency part of revised principles notes the timely and accurate disclosure of material information. Accuracy refers to standard of accounting and financial or non-financial disclosure and annual audit should assure that the disclosure represent the financial position and performance of the company. Corporate guidelines hold several provisions regarding disclosure and transaperacy and for effecting monitoring of these conditions there are also several laws as well as punishment under different acts is also prevail in Bangladesh. Some of the important provisions are - To monitor and ensure the publication of quarterly report on company websites as well as on stock exchanges. BSEC is instructed the authorities of stock exchange to submit a compliance report to the commission (BSEC notification, 2009).

Table 5 : (Principle V) Disclosure and Transperency

Issue on CG Framework	Country Incorpation on Issues (BSEC Guildelines, 2012)
Company required to disclose information on CG structure and practices	The company shall obtain a certificate from a practicing professional accountant/ Cost an Management Accountant/ Chartered Secretary regarding compliance of conditions of CG guidelines of the commission. Directors of the company shall state in the directors report whether the company has complied with the conditions. (Conditions 7 (i) and (ii))
Company required to disclose information on remuneration of directors and key executives	Remunaration to directors including the ID shall be included in the directors reports (Conditions 1.5 (x))
Required companies to have their financial statement audited by external auditor	Yes No partner or employees of the external audit firms shall possess any share othe company they audit at least during the tenure of audit assignmen of that company. (conditions 4 (ii))
Terms and services of audit firms and auditors	All the members of the audit committee shuld be 'financially literate' and at least one member shall have accounting or related financial management experience. The term of service of th expire or there is any circumstance casing any committee member to be unable to hold office until expiration of the term of service, the position may not vacant for more than 1(one) month of the date. The quorum of AC meeting shall not constituta at least 1(one) ID. (Conditions 3.1 (iii); (iv); (vi).

Source : SEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07 august 2012; www.oecd.org/corporate/corporategovernanceprinciples/33977036.pdf.

Board Responsibility

Revised principles (2004, p.58) do not contain exclusive recommendations of board composition but they take an approach of describing best practice. Revised principles state that corporate governance framework should ensure company's strategic guidance, effective monitoring of management by the board and board accountability to the company and shareholders. Revised principles also specify certain key functions that board should fulfill.

Table 6 : (Principle VI) Board Responsibility

Issue on CG Framework	Country Incorpation on Issues (BSEC Guildelines, 2012)
Prescribed Board Sturcture	The number of BOD shall not be less than 5(Five) and more than 20(Twenty). At least one fifthe (1/5) of the total number of directors shall be ID. (Conditions 1.1; 1.2 (i))
CEO Duality	Position of chairman and CEO shall be filled by different individual persons. (Condition 1.4)

Professional Experience and qualification of BOD	There are no prescribe role of qualification and experience for BOD except of ID. For ID details of qualification is describe on condition 1.2 (ii) and 1.3. The chairman of the company shall be elected from among the directors of the company.
Individual Shareholders suits against board and management	No critereia is given on the guidelines.

Source : SEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07 august 2012; www.oecd.org/corporate/corporategovernanceprinciples/33977036.pdf.

Challenges with the Revised guidelines

Though several changes were made regularly with the notification by BSEC, still some challenges remain to effective implementation of corporate governance. The new guidelines specified the qualification of an ID(s) and the said ID(s) will be appointed and approved in annual general meeting (AGM). The said post can not be remain vacant for 90(ninety) days and the tenure of the office of ID(s) shall be for 3(three) years subject to extendsion for one term only. Although, the new CG guidelines mentioned the qualification of ID(s), again they make some relaxation of said qualification. It may encourage companies to abuse the clause (Mamun, 2012). There is no clause which given regarding roles and responsibilities of Chairman and CEO as it was clearly given for AC. There is also no provision where given to evaluate the performance of the BOD and Chairman.

Another important consideration, the separation between chairman and CEO is required was previously advised. Though several studies noted that the debate on whether CEO-duality is beneficial or detrimental to improve firm performance is still not over (Biswas, 2012; Abdullah 2004; Elsayed 2007). Therefore, the efficacy of the revised guidelines' mandatory requirement of separate individuals to fill these two positions remains questionable (Biswas, 2012).

International guidelines recommend for forming of remuneration and nomination committee in newly reformed guidelines. No proposition was given regarding formation of remuneration committee and nomination commettee. AC not only oversees the financial reporting processes but also monitors the choice of accounting policies, internal control risk management process and oversee hiring and performance of external auditors. In case of appointment of auditors, BSEC relax it's provision by disburshement of minimum percentage of dividend and that again raised the question on auditors' idependence and recruitment. External auditors shall be neither any partner nor any employee of the external audit firm should hold any share of the client firm during the term of the audit assignment.

The guidelines require the companies to obtain a 'certificate of compliance of conditions of Corporate Governance Guidelines of the Commission' from a Chartered Accountant or a Cost & Management Accountant or a Chartered Secretary. This requirement is likely to be beneficial to the market regulators as well as to the general investors since it would ensure systematic verification of the contents of compliance statements. But it is expected that this certification will not be free of any cost, which may increase the cost of compliance for the small firms. Sneller and Langendijk (2007) show that in the USA, company's audit fee increases by 50 per cent in the first year of compliance with Section 404 of the Sarbanes-Oxley Act (SOX) that requires a company to assess its internal controls and acquire an attestation of such assessment from its external auditor.

Dignam and Galanis (2009) suggested that the governace regulation should always be tailored to the size, complexity and maturity of business enterprise. As opposed to a 'one-size-fits-all' approach, they concluded there should be a tailored recommendation accordace with size, ownership structure and maturity of firms. According to Biswas (2012) the new CG Guidelines have at least two implications for listed companies in Bangladesh. First, the guidelines are aimed at improving CG practices of the listed public limited companies in Bangladesh. Second, implementation of the guidelines is likely to be costly for small organizations.

The OECD principles should be provided accordance with ownership structre (concentrate or disperser) and corporate structure to cope the value of good governance. In addition to this, it would be useful if the principles recognize the contribution made by other mode of capital providers (bond holders, securitizations). Neither any recommendation nor any guidelines exists in the revised principles.

Conclusion

This study is based on newly issued corporate governance guidelines, the advent of initiatives taken for reform of corporate guidelines. Various refom initiatives have already been taken to protect the minority shareholders, protecting shareholders rights, responsibilies of boards and well as right to get information on time. Corporate and securities laws in Bangladesh are basically enforced by BSEC, Dhaka stock exchange, the Registrar of Joint Stock Companies and judiciary. Coordination among all these institutions are required for effective implementation and best practices. But it has been identified that still there is gap between national and international practices. A country like Bangladesh where concentrated ownership and firms are predominated by family control. In situation like this, the BOD may not regard themselves as representing the interest of the shareholders rather they represent the interest of the owner who appoint them (Biswas, 2012). Though newly issued guidelines increase the number of independent directors and provide clear definitions and qualifications in view of increasing the effectiveness of the board, for the criteria of other directors no guidelines are given. It is also evident that there is no instance was found for non-compliance.

Lastly, effort was made to whether newly issued guidelines are deviated from the international best practice. It was found that BSEC are continuously updating and maintaining the international best practice. But still there are rooms for improvement. Though corporate governace is an ongoing process, concerning with the changing world BSEC and OECD both open a link on their websites and ask for any comments as well as advise from the stakeholders. BSEC started this effort from 2009. For last one year, OECD is also conducting a further review of the OECD principles started from 2014 with an objective of conclusion within one year and invites comments upto 5th January, 2015. However, having a standard set of requirement does not gurantee effective implementation. It takes proper enforcement and surveillances.

Throughout the study only an effort was made to identify the international convergences with OECD principles and benchmarks. But, International corporate governacne moves towards the directions of comparative corporate governance and its functionalism in different country context. Further this study could be extended towards examining different corporate govervnce models and theories (Anglo-Saxon model, Continental model and Japan-German model) and evaluating whether any model is apporiate for our country context or existing guideline is sufficient enough from international perspective.

References

Abdullah, S. N. (2004). Board Composition, CEO Duality and Performance among Malaysian Listed Companies. Corporate Governance 4 (4):47-61.

Aguilera, R.V. and Cuervo-Cazurra, A(2004) Codes of Corporate Governance Worldwide: What's the Trigger? Organization Studies, 25, pp.417-446.

Ahmed S.U. and Uchida S. (2009), Benchmarking the State of Corporate Governance in Bangladesh. Keiei to Keizai, Nagasaki University's Academic Output Site, Vol 89, No. pp 155-168.

Ali, SM. R and Anwar, G. M (2009), Asymmetry Barriers to Corporate Governance Effectiveness, J.Innov.Dev.Strategy. Vol. 3 Issue. 2 pp.35-46.

Bangladesh Enterprise Institute (BEI) (2003). A comparative Analysis of Corporate Governance in South Asia: Charting A Roadmap for Bangladesh.

---------- (2004) The Code of Corporate Governance for Bangladesh. Dhaka, Bangladesh: Bangladesh Enterprise Institute.

Bangladesh Security Exchange Commission (BSEC) 2000, Notification No. SEC/SMRI/2000-953/1950, Gazetted on 7 November 2000.

-------(2002a) SEC Order No. SEC/ CFD-71/2001/Admin/02/0508 dated 03 January 2002.

-------(2002b) SEC Order No. SEC/ CFD-71/2001/Admin/02/0508 dated 03 January 2002.

-------(2006) SEC Notification No. SEC/CMRRCD/2006-158/134/Admin/02-08 dated 20 February 2006.

--------(2012) SEC Notification No. SEC/ CMRRCD/2006-158/134/Admin/44 dated 07 august 2012.

Berle, A., and Means, G. C. (1932). The Modern Corporation and Private Property. First Edition. Harcourt: Brace and World.

Biswas, P. K.(2012), Corporate Governance Guidelines in Bangladesh: Some Observations (2012). The Cost and Management, Vol. XL, No. 4, July-August 2012 pp. 5-9.

.... (2013), Corporate Governance Reforms in Emerging Countries: A Case Study of Bangladesh, International Journal of Disclosure and Governance, Available at SSRN: http://ssrn.com/abstract=2192360

Clark, C. D. (2011), 'Nothing But Wind?' The past and Future of Comparative Corporate Governance, The American Journal of Comparative Law, Vol. 59, pp 58-110.

Dignam, Alan J. and Galanis, Michael, The Globalization of Corporate Governance (January 12, 2009). Available at SSRN:http://ssrn.com/abstract=1839545

Elsayed, K. (2007). Does CEO Duality Really Affect Corporate Performance? Corporate Governance: An International Review 15 (6):1203-1214.

Hoque, M. Z., Islam, M. R. and Ahmed, H (2013), Corporate Governance and Bank Performance: The Case of Bangladesh (January 29, 2013). Available at SSRN: http://ssrn.com/abstract=2208903

Hossain, M. A. (2011), "Corporate Governance Practices in Bangladesh". The online version is available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1971852

Imam, M. O and Malik, M. (2007), Firm Performance and Corporate Governance Through Ownership Structure: Evidence from Bangladesh Stock Market, International Review of Business Research Papers, Vol.3, No.4, pp 88-110.

Kabir. M.A.A. (2013) Corporate Governance as per OECD Principles: A Comparative Study of Bangladesh and Some Selected Asian Countries.The Bangladesh Accountant, Quarterly Journal of The Institute of Chartered Account in Bangladesh, Issue April-June 2011, pp.43-50.

Karim, R., Sarkar, J. B. and Fowzia, R. (2010), Corporat Governance Practices in Bangladesh with Reference to SEC Corporate Governacne Guideline, ASA University Review, Vol. 4 No. 2, July–December, 2010, pp 223-231.

Mamun, A. A. (2013) Corporate Governance Mechanisms in Bangladesh: A Critical Analysis of BSEC's latest Corporate Governance Guidelines, The Bangladesh Accountant, Quarterly Journal of The Institute of Chartered Account in Bangladesh, Issue October- December 2013, pp.41-63.

Metropolitan Chamber of Commerce and Industry (MCCI) (2010), New Guidelines of the S.E.C.: Meetin with the SEC cited 13 May 2010. (http://www.mccibd.org/events 2006.php.)

Nedelchev, M. (2013). Good Practice in Corporate Governance: One-Size-Fits-All vs. Comply-or-Explain. International Journal of Business Administration, Vol 4. N0 6. pp 75-81.

Organisation for Economic Cooperation and Development (1998), Corporate Governance: improving competitiveness and access to capital in global markets, a report to the OECD by the Business Sector Advisory Group on Corporate Governance, Paris: OECD.

-------------(2004),www.oecd.org/corporate/corporategovernanceprinciples/33977036.pdf.

--------------(2011), Corporate Governance in Asia: Progress and Challenges, Corporate Governance, OECD Publishing.

Rashid, A. (2011) Corporate governance in Bangladesh: A quest for the accountability or legitimacy crisis? Research in Accounting in Emerging Economies 11: 1–34.

Reed, D (2002). Corporate Governance Reforms in developing countries. Journal of Business Ethics, 37, pp.223-247

Siddiqui, J. (2009) Development of corporate governance regulations: The case of an emerging economy. Journal of Business Ethics 91(2, pp.253–274.

Sneller, L., and H. Langendijk (2007). Sarbanes Oxley Section 404 Costs of Compliance: a case study. Corporate Governance: An International Review 15 (2), pp101-111.

Appendix:

Table A-1 : Corporate Governance Initiative and Major Reforms

CG Criteria	BEI Code, 2004	BSEC Oder 2006	BSEC Order 2012
Board Effectiveness (Size , composition, Idependent Director (ID), Qualification of ID, Seperation of Chairman and CEO	• 7-15 • Majority should be independent and non-executive director • Sepration of chairman and CEO is proposed	• 5-20 • One-Tenth of the member will be ID (minimum of one) • Specific qualification is not given but specific criteria for a director to consider as independent director given. • Seperation Proposed	• 5-20 • Atleast one-fifthe of the member will be ID. • Specific qualification for ID (experience of atleast 12 years in the field of business, economics and law) as well as criteria are given. • Seperation required.
Audit Committee (AC) Affairs(formulation, composition, skill, experience, qualification, Auditor Independence)	• Suggested • Atleast three members and a chairman	• Required • Atleast three members and a chair • Professional qualification requirement for all AC members. • Ac chairman need not present at the Annual General Meeting(AGM). • No requirement for Audit Independence	• Required • Atleast three members and AC chairman shall be an ID. • No Professional qualification requirement for Chairman of AC Only. • Chairman of Ac must present at AGM. • Neither any partner nor any employee of the external audit firm should hold any share of the client firm during the term of the audit assignment.
Reporting and Compliance of CG (Modes of Implementation)	• Advises thea the SEC should adopt their CG code on a 'Compliance or Expalain' basis.	• Has adopted order by listed companies on a 'comply or explain basis. • Compliance is not mandatory. In case of non-compliance reasonable explanation is needed. • No requirement to get certificate from professional accountant or chartered secretary regarding compliance of CG condition.	• Has adopted order by listed companies on a 'comply or explain basis. • Compliance is not mandatory. • The company shall obtain certificate from professional accountant or chartered secretary regarding compliance of CG condition.

Source: www.**bei**-bd.org/images/publication/whc4f4b6d540eb13.pdf; SEC Notification No. SEC/CMRRCD/2006-158/134/Admin/02-08 dated 20 February 2006; SEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 august 2012; Biswas(2012).