Empirical Evidence of Board Composition and CEO-Duality with Financial Performance of Select Indian Banks

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Abstract

Corporate governance is a combination of various practices, mechanisms, and processes with the help of which management and control of any organization can be executed. Banks are the key financial institutions in Indian financial system and play a vital role in the channelization of funds from the depositors to the borrowers. With changing scenario, and witnessing several scams, corporate governance gained popularity in this sector also. Corporate governance creates an environment of trust and transparency so that the interest of all the stakeholders can be preserved. The main objective of this study is to analyze the impact of Board Composition and CEO Duality on the financial performance of the select banks in India. The 4 selected banks are SBI, PNB; ICICI & HDFC studied over period of 11 years i.e. 2011 to 2021. It was found in this research that the Board Composition and Financial performance of select banks are insignificant to each other while the CEO Duality has a significant and positive relationship on financial performance.

KEYWORDS- Corporate Governance, Banks, Board Composition, CEO Duality

JEL Classification- G30, G21

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1.Introduction

The banking sector of India is dominated by public sector banks and contributing maximum percentage towards the GDP of the Indian economy, the number of total public sector banks after the merger comes down to 12 (Times, 2019). The Cadbury committee report was the first document for corporate governance all over the world, which defines corporate governance as "The system by which companies are directed and controlled." Corporate governance is the composition of rules to deal with the conflicts of ownership and management so that there is the protection of shareholders and investors by enhancing shareholder value, protecting rights, the composition of the role of the board of directors, integral control system, and disclosure norms. Basel committee in the year 1999 and clause 49 of the listing agreement are two major landmarks for the development of corporate governance, which includes comprehensive disclosure of the related information to ensure reliability and transparency.

The integration of the country through liberalization and globalization into the world have opened many business opportunities. During the last three decades, the number of world financial crisis and several scams like the Satyam scam (Hindu, 2015) and Robert Maxwell scam (Partridge, 2019) have shaken the trust and faith of shareholders and investors. Thus, to strengthen the trust of stakeholders on their investments and stakes, the practice of corporate governance cannot be ignored. The relationship between the board, stakeholders, and its management is regulated by corporate governance practices of the banking sector. Corporate governance is an ethical code necessary to resolve the conflict of interest, high-risk behavior, self-serving behavior, and abuse of power. Most of the recent studies show that the des-regulation in the banking sector has brought the issues of corporate governance also.

Corporate governance is of great significance for banks as it provides for effective and better management of businesses of banks and acts as a support system for banks for maintaining a high level of business ethics and enhancing its value. Every bank whether it is public or private following the norms of corporate governance to safeguard the interest of the shareholders, to safeguard the interest of all other related parties like customers, employees, etc. to bring transparency in working and to furnish clear and accurate information to all concerned parties, to bring fairness and accountability for its customers. So, by implementing corporate governance practices the banks are becoming more transparent in their functioning and this way increasing the trust of its stakeholders.

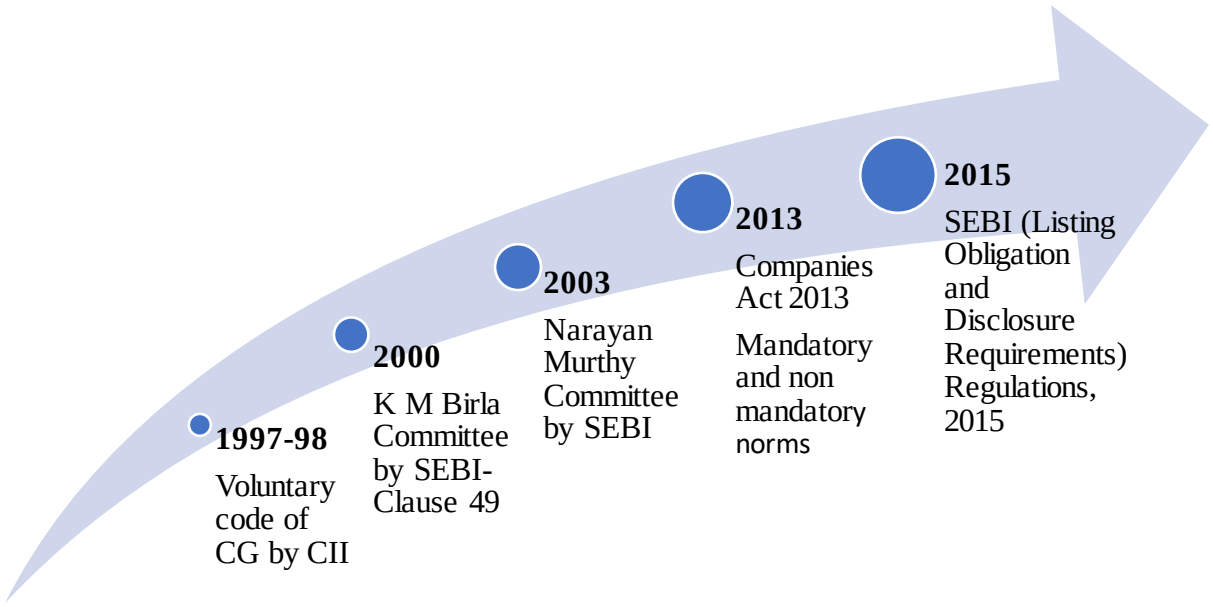

Figure 1 Development of Corporate Governance in India

2.Scope of the Study

The present study deals with the Corporate Governance norms implemented by both public and private sector banks according to Clause 49 of SEBI. The corporate governance score has been prepared for the four selected banks. Two public sector banks i.e. SBI & PNB and two private sector banks i.e. HDFC & ICICI. The banks were selected as per their market capitalization. The period of the study is 11 years from 2011 to 2021. Out of various parameters under Clause 49 Board composition & CEO Duality have been taken as independent variable as per convenience. The only control variable for the study is the natural log of the total asset.

3.Literature Review

Banks play a crucial role in the development of an economy and as a corporate body it is mandatory for banks to follow the norms of corporate governance under the Companies Act, 2013 and Clause 49 of SEBI. As the role of effective governance is increasing day by day so every bank whether it is public or private, is following corporate governance to ensure better transparency, fairness, and accountability and to protect the interest of the stakeholders. By going through various kinds of literature it has been found that corporate governance norms are directly or indirectly affecting the performance of the banks and increasing the confidence of the investors. (Handa, 2018), focused on the need for corporate governance practices in the banking sector and examined the role of board structures on the financial performance of select banks and found a significant impact of

board variables on the financial performance of banks. (Maurya, Sharma, Aljebori, Maurya, & Arora, 2015) discussed the importance of corporate governance in the banking industry. They have considered the Islamic banks as a sample for their study for the period 2005-2012, in which they found a very strong correlation between various corporate governance variables and the financial performance of Islamic banks. (Aggarwal, 2013), analyzed the impact of corporate governance on corporate financial performance by taking 20 companies and found a positive and significant relationship between corporate governance ratings and corporate financial performance. (Jackling & Johl, 2009), investigated the association between internal governance structures and the financial performance of Indian companies and concluded that larger board size positively affects the financial performance whereas; outside busy directors do not add value to the firms. (Masood, 2013)**,** focused on adherence to corporate governance practices in the banking sector and found both public, as well as private banks in India, are following the mandatory norms of corporate governance to bring transparency and better accountability. (Mishra & Pandey, 2020)have taken Board size, no. of outside director, and no. of meetings in a year as an independent variable and found no significant impact between independent and dependent variables (ROA, ROE, GOV) of HDFC and ICICI but those variables were significant in case of SBI. On the other hand, (Pandya, 2011) found that CEO Duality and the proportion of independent directors and financial performance of Indian banks are independent of each other. (Gayathri, 2015) concluded the public sector banks need to improve their corporate governance practices. (Singh, Bansal, Gupta, & Shrivastava, 2020) made a modest effort to explain the role of corporate governance in public and private sector banks and found out that every bank is satisfying the code of conduct of corporate governance.(Swarup, 2011) paper illustrates some practices of corporate governance and concludes that broad corporate governance is required in every banking regulation. (Chillumuri, 2013), highlighted the importance of corporate governance practices in the banking sector through a case study related to the State Bank of India and tried to study modern corporate governance in both international and Indian scenarios to find out the need for corporate governance in the banking sector. This paper analyzed the parameters like board practices, shareholder's services, disclosure, and transparency. Further, he concluded that SBI should improve its policy control system, risk management, to achieve excellence in transparency, maximum wealth as well as shareholders value. (Lama&Dhar, 2018) concluded the large board size, more non-executive, and independent directors will fulfill the need for corporate governance in public and private banks. (Deb, 2013)

suggested the success of corporate governance is based on the bank's responsibilities. (Rao & Sri, 2019) authors have taken 8 parameters according to clause 49 of the SEBI and prepared a disclosure index by taking a sample of 3 public and 3 private sector banks and used the Z-Test statistical tool for study. The limitation of the study is the banks are failed to disclose the role of the audit committee and none of the selected banks shows environmental health and safety measures. (Jain, 2019) outlined that the better corporate governance principles lead to better performance in banks and both banks are at a satisfactory level. (Musah & Adutwumwaa, 2021) explained that there was an insignificant association between ROA and ROE and CEO duality. It also shows board independence as a significant determinant. The result of the study will help the bank of Ghana and ARB Apex Bank to form a corporate governance framework in rural banks. (Bawaneh, 2020) explained how the impact and implementation of corporate governance elements affect the financial stability of financial institutions and suggested that to analyze the institution's performance all corporate governance factors should be considered. (Bezawada & Adavelli, 2020) investigated the set of board characteristics and analyzed the impact of the board characteristics on asset quality and performance of the banks. It was suggested in the study that the size of the board plays an insignificant role in the performance of the bank while the independence of the board plays a significant role. It was concluded that corporate governance mechanisms came up with better performance and executive directors have a negative contribution to the performance of the banks. (Vyawahare & Nerlekar, 2021) explored the effects of corporate governance practices on the financial performance of selected five prominent banks in India. They expressed that good corporate governance practice leads to banks' long-term success and sustainable financial performance. (Al-Homaidi, Al-Matari, Tabash, Khaled, & Senan , 2021)**,** examined the corporate governance features and their relation with 33 non-financial Indian firms listed on the Bombay Stock Exchange throughout 2011-2014 and applied multiple regression to draw the results. It was found that the independent variable (board diligence, size of audit committee, and size of company) had a significant relation with ROA (dependent variable) but there was no significant association of board size, board composition (independent variables) with ROA. There was a significant association of size of the audit committee, audit committee composition, the diligence of audit committee, and firm size with EPS but there was no significant association of board size, board composition, and board diligence with EPS.

4.Research Objectives

- To ascertain the impact of Board composition on the financial performance of select banks.
- To evaluate the role of CEO Duality on the financial performance of select banks.
- To examine the association between corporate governance and financial performance of select banks.

4.1 Research Methodology

The study is empirical and analytical which evaluates the impact of corporate governance on the financial performance of the select banks namely, SBI, PNB, HDFC & ICICI. The banks from public and private sector have been selected on the basis of their leading market capitalization position over a long span of period during 2011 to 2021 in India. Secondary data has been collected from the annual reports of the selected banks for the period of 11 years from 2011 to 2021. After SEBI clause 49, Companies act, 2013 has come into practice in 2014 and then SEBI LoDR regulations (amended) 2015, hence the study period has been taken from 2010-11, so as to consider variations in compliance to various CG laws in India. For this research composition of Board and CEO Duality has been taken as an independent variable and ROA, ROE, ROCE, & MPBV as dependent variables. The natural log of total assets has been taken as control variables. For analyzing the performance of the selected banks' Panel Data Regression has been applied along with the descriptive statistics by using Eviews. Total 40 observations of all 4 select banks were taken into account for the study. In the present study, four observations have been deficient due to consideration of first differentiation for each bank.

4.2 Explanation of Variables

- **Dependent Variables**

1. **Return on Assets (ROA) –** Return on Assets is the profitability ratio that determines the efficiency of a firm's asset to earn a profit. This is denoted as a percentage of net income in terms of total assets employed in the business.

   ROA = Net Income/ Total Assets

2. **Return on Equity (ROE) –**This ratio measures the return of shareholders on their shareholdings. It represents the earning capacity of the business from the money invested by its shareholders.

   ROE = Net Income / Shareholders' Equity

3. **Return on Capital Employed (ROCE) –** It is calculated to measure the ability of a firm to generate income on the amount of capital investment made by the firm.

   ROCE = Earning before Interest & Tax (EBIT) / Capital Employed

4. **Market Price to Book Value (MPBV) –** This ratio helps to facilitate a comparison between the market value of a company to its book value. Market Price of any bank refers to Market value of outstanding shares relative to its current market price

   MPBV = Market Price per Share / Book Value Per Share

- **Independent Variables**

1. **Board Composition-** BOD of a company represents the highest level of management and they have supreme authority and are responsible for the acts of the company. It includes total no. of independent directors, frequency of company meetings, code of conduct of Board of Directors and management, representation of women director, board meetings etc. It is a key mandatory norm under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended after clause 49 and Companies Act, 2013. Board composition variable is consisting of various sub-variables some of which are below-mentioned.

   - Board of director shall have at least one women director
   - Board shall comprise of adequate non-executive directors
   - Remuneration/compensation committee composed of fully independent directors
   - Adequate proportion of Independent director
   - Attendance -75% and above
   - Board meetings - 4 and above
   - Attendance of each Director is indicated in the last Annual General Meeting
   - Gap between two board meetings does not exceed 4 months
   - Board Size >5
   - At least one director shall have financial or management expertise
   - A person can be director in maximum 20 companies, out of which maximum 10 in public company

2. **CEO Duality-** when in a company a single person is appointed as CEO & chairman of the board then it is known as CEO Duality.

- **Control Variables-** Natural log of Total Assets of selected banks. Control variables are included in regression analyses to estimate the causal effect of a treatment on an outcome. To study the impact of independent variable on dependent variables in multiple regression total assets of the selected banks have been taken as control variable as a measure of firm size (Dang, Li, & Yang, 2018), (Basuony, Mohamed, & Al-Baidhani, 2014), (Benvenuto, Avram, Avram, & Viola , 2021). The log transformation can be used to make highly skewed distributions less skewed. Thus, total asset has been transformed into log of total assets.

4.3 Hypothesis of The Study

The present study will predict the causal effect relationship between board composition & CEO duality and financial performance of selected banks. The study will derive result empirically to test the below-mentioned hypotheses so as to fulfil the objective of the study.

H_01	**H_01_a**	There is no significant impact of Board Composition on Return on Assets.
	H_01_b	There is no significant impact of CEO Duality on Return on Assets.
H_02	**H_02_a**	The change in Board Composition doesn't affect Return on Capital Employed.
	H_02_b	The change in CEO Duality doesn't affect changes in Return on Capital Employed.
H_03	**H_03_a**	The Board Composition does not have any significant impact on Return on Equity.
	H_03_b	The CEO Duality does not have any significant impact on Return on Equity.
H_04	**H_04_a**	The Board Composition does not influence Market Price to Book Value.
	H_04_b	The CEO Duality does not influence Market Price to Book Value.

Following panel regression research models have been constructed to study the causal relationship between dependent and independent variables.

- **$(ROA)_{it}$** $= \alpha + \mu_i + \lambda_t + \beta_1 DBC_{it} + \beta_2 DCD_{it} + \beta_3 DLOGTA_{it} + \varepsilon\, it$
- **$(ROCE)_{it}$** $= \alpha + \mu_i + \lambda_t + \beta_1 DBC_{it} + \beta_2 DCD_{it} + \beta_3 DLOGTA_{it} + \varepsilon\, it$
- **(ROE)it** $= \alpha + \mu_i + \lambda_t + \beta_1 DBC_{it} + \beta_2 DCD_{it} + \beta_3 DLOGTA_{it} + \varepsilon\, it$
- **(MPBV)it** $= \alpha + \mu_i + \lambda_t + \beta_1 DBC_{it} + \beta_2 DCD_{it} + \beta_3 DLOGTA_{it} + \varepsilon\, it$

5.Analysis & Interpretation

This section covers the analysis and its interpretation part. At first, the observation has been kept ready by managing outliers, testing stationarity; correlation, and computing descriptive statistics. Then the models have been analyzed through panel regression in Eviews.

a. Stationarity Results of Variables

Table 1 Stationary Result of Variables

	With Constant			**With Constant & Trend**			**Without Constant & Trend**		
Variables	t-Statistic	Prob.		t-Statistic	Prob.		t-Statistic	Pro.	
d(LOGTA)	-6.42	0.00	***	-6.42	0.00	***	-6.49	0.00	***
d(MPBV)	-6.35	0.00	***	-2.16	0.22	no	-2.44	0.02	**
d(ROA)	-6.97	0.00	***	-6.83	0.00	***	-6.98	0.00	***
d(ROCE)	-6.25	0.00	***	-6.17	0.00	***	-6.26	0.00	***
d(ROE)	-5.79	0.00	***	-5.69	0.00	***	-4.62	0.00	***
d(TA)	-6.23	0.00	***	-6.19	0.00	***	-6.31	0.00	***
d(BC)	-5.9	0.00	***	-5.82	0.00	***	-5.98	0.00	***
d(CD)	-8.23	0.00	***	-8.08	0.00	***	-8.35	0.00	***
(**) Significant at the 5%; (***) Significant at the 1% and (no) Not Significant									

Note: *Return on Assets (DROA); Return on Capital Employed (DROCE); Return on Equity (DROE); Market Price to Book Value (DMPBV); Board Composition (DBC); CEO Duality (DCD); Total Assets (DTA); Natural Log of Total Assets (DLOGTA).*

Table 1 shows the stationarity results of the variables. The stationarity of variables has been tested by unit root test at the first level of difference to bring uniformity in the number of observations. Table 1 shows that all dependent; independent and control variables, with intercept, are significant and stationary at the first level of difference indicating p-value as zero. For the present study, the results with constant have been considered. Also, all the variable has been transformed with the help of first differencing into DBC; DCD; DTA; DROA; DROCE; DROE; DMPBV & DLOGTA. To control the outlier present in TA (Total Assets) variable, it has been transformed into LOGTA by taking a natural log of it.

b. Descriptive Statistics

Table 2 Descriptive Statistics Result

	DBC	DCD	DROA	DROCE	DROE	DLOGTA	DMPBV
Mean	52.12	15.28	0.84	2.58	9.12	13.623	2.016
Median	49.09	16.67	1.01	2.40	12.64	13.487	1.625
Maximum	60.00	16.67	1.76	3.75	20.22	15.118	4.480
Minimum	38.18	8.33	-1.55	1.37	-31.26	12.533	0.430
Std. Dev.	6.83	3.15	0.80	0.63	11.09	0.654	1.300

Note- *Return on Assets (DROA); Return on Capital Employed (DROCE); Return on Equity (DROE); Market Price to Book Value (DMPBV); Board Composition (DBC); CEO Duality; Natural Log of Total Assets (DLOGTA).*

The above Table 2 represents the results of the descriptive statistics of all independent, dependent, and control variables which include Mean, Median, and Maximum & Minimum value and standard Deviation of 36 observations consisting four Indian Banks for 10 years from 2011 to 2020. The Independent Variable i.e. DBC, DCD showing their mean for the distribution as 52.12, 15.28 against the weight provided to them as 70; 30 respectively. Mean of DROA; DROCE; DROE; DLOGTA & DMPBV are 0.84; 2.58; 9.12; 13.623; 2.016. The standard deviation of the independent variables is 6.83 and 3.15 respectively. Standard Deviation of DROA; DROCE; DROE; DLOGTA & DMPBV are 0.80, 0.63, 11.09, 0.654 and 1.30.

c. Correlation Matrix

Table 3 Correlation Matrix

Correlation	DROA	DROCE	DROE	DMPBV	DBC	DCD	DLOGTA
DROA	1						
DROCE	0.819*	1.000					
DROE	0.938*	0.657*	1.000				
DMPBV	0.708*	0.744*	0.526*	1.000			
DBC	0.451*	0.756*	0.214	0.636*	1.000		
DCD	0.445*	0.410**	0.504*	0.288	0.201	1.000	
DLOGTA	-0.380**	-0.410**	-0.293	-0.329**	-0.250	0.214	1.000
*** Correlation is significant at the 0.01 level (2-tailed).**							
**** Correlation is significant at the 0.05 level (2-tailed).**							

Source: Author's Computation

Here, Table 3 shows the results for the correlation between variables. All variables have been found significant and positively correlated to each other except DCD with DMPBV & DCD and DLOGTA with DROE, DBC & DCD. DLOGTA is significant and negatively correlated with DROA; DROCE & DMPBV at a 5 percent level of significance. DROA is significant and highly positively correlated with DROCE (r-0.819) & DROE (r-0.938) at a 1 percent level of significance. VIF test has been performed to see if each variable (mostly independent variable) has a multicollinearity problem or not usually for the moderate and strong correlated variables. This can lead to a lack of coefficients in the regression model (Neter, Wasserman, & Kutner, 1983). If the VIF value is greater than 10 then multicollinearity problems occur.

Table 4 Variance Inflation Factor Result

Variable	**DBC**	**DCD**	**DROA**	**DROCE**	**DROE**	**DMPBV**	**DLOGTA**
Variance	0.00	0.00	0.00	0.01	0.00	0.00	0.00
VIF	3.09	1.72	1.25	5.95	2.90	2.47	1.52

Source: Author's Computation

From the above Table 4, it can be seen that the VIF coefficient for all variables falls below the value 10. From this, it can be interpreted that there is no multicollinearity existing between the variable, mostly among independent and control variables.

d. Panel Regression Estimation

Table 5 Panel Regression Results Estimation

MODEL	**MODEL 1**		**MODEL 2**		**MODEL 3**		**MODEL 4**	
	FEM-ROA		FEM-ROCE		FEM-ROE		FEM-MPBV	
VARIABLE	Coef.	p-value	Coef.	p-value	Coef.	p-value	Coef.	p-value
DBC	-0.03	0.41	0.01	0.55	-0.34	0.50	-0.01	0.54
DCD	0.09	0.01	0.06	0.00	1.53	0.01	0.01	0.77
DLOGTA	-0.48	0.14	-0.13	0.48	-10.23	0.06	-0.14	0.52
Observations	36		36		36		36	
R^2	0.71		0.85		0.59		0.95	
Adjusted R^2	0.65		0.82		0.56		0.94	

F-statistic	11.83	0.00	26.99	0.00	6.84	0.00	89.43	0.00
HAUSMAN TEST	Chi-Sq. Statistic	p-value	Chi-Sq. Statistic	p-value	Chi-Sq. Statistic	p-value	Chi-Sq. Statistic	p-value
	22.10	0.00	20.58	0.00	11.33	0.01	261.89	0.00
WALD TEST	F Stats	p-value	F Stats	p-value	F Stats	p-value	F Stats	p-value
	7.37	0.00	6.86	0.00	3.78	0.02	87.30	0.00

Source: Author's Computation

Table 5, shows the results for the panel regression of four models. All the variables have been transformed at the first level of differencing, thus the observations are reduced to 36 from 40 (formerly). Hausman test has been conducted for the appropriate panel regression model selection between the fixed effect model and random effect model. In table 5, the Hausman test (Chi-Sq Stat.) for the above all four models have been found significant at level 1 percent as the p-value is 0.00. The fixed-effect model for all the dependent variable models has been found appropriate. Further, the Wald test has been conducted by taking the coefficient of independent and control variables as a dummy. The Wald test result shows the appropriate model between the Fixed Effect and Balanced Pooled Panel Regression Model. As per the Wald test (f-stats), the Fixed Effect model for all four models has been found appropriate, as the p-value is less than five percent and significant at 1 percent level.

The above models fulfil the basic assumptions of residual diagnostics for normality; heteroscedasticity and serial (auto) correlation among the residuals of the models. The stats for residual diagnostic have been stated below in table 6.

Based on Accounting Based Measurements

In Model 1; Model 2 and Model 3, it can be seen that DCD (coef. 0.09 & p-value 0.01); (coef. 0.06 & p-value 0.00); (coef. 1.53 & p-value 0.01) is positive and significant at one percent level of significance whereas, DBC & DLOGTA are negative and not significant except in model 2 where DBC is positive but not significant. The R^2 for Model 1; Model 2; Model 3 are 71%; 85%; 59% and adjusted R^2 are 65%; 82%; 56, which states the percentage of variance in Return on Assets (Model 1); Return on Capital Employed (Model 2) and return on Equity (Model 3) can be

explained by the Board Composition; CEO-Duality and Total Assets together. The F-Stats for Model 1; Model 2 and Model 3 are 11.83; 26.99 & 6.84 with a p-value of 0.00 suggest that the present model is a good fit model with significant R-Square.

Based on Market-Based Measurements

In Model 4, DBC; DCD & DLOGTA are found insignificant whereas, DBC (coef. -0.01 & p-value 0.54) & DLOGTA (coef. -0.14 & p-value 0.52) are negative and DCD (coef. 0.01 & p-value 0.77) is positive. The R^2 and adjusted R^2 are significantly high with 95% and 94%. Adjusted R^2 states that 94% of the variance in Market Price to Book Value can be explained by the Board Composition; CEO-Duality and Total Assets together. The F-Stats for model 4 is 89.43 with a p-value of 0.00 suggest that the present model is a good fit model with a significant R-Square.

Table 6 Residual Diagnostic Results of Selected Models

	MODELS	**MODEL 1**		**MODEL 2**		**MODEL 3**		**MODEL 4**	
		FEM-ROA		FEM-ROCE		FEM-ROE		FEM-MPBV	
Residual Diagnostic	Test	Statistic	p-value	Statistic	p-value	Statistic	p-value	Statistic	p-value
Normality	Jarque-Bera	3.76	0.15	2.04	0.36	3.18	0.20	1.64	0.44
Cross-section dependence	Breusch-Pagan LM	1.22	0.22	5.76	0.45	9.90	0.13	1.99	0.6
Serial correlation	Durbin-Watson stat	1.61		1.69		1.96		1.74	

Source: Author's Computation

Table 6, indicates the results of residual diagnostics. Normality has been found in the residuals of all four models as per the Jarque-Bera test, which shows that residuals are normally distributed as p-value is more than a 5 percent level of significance. To test heteroscedasticity among the residuals, the Breusch-Pagan LM test has been used. B-P LM test for all four models shows that the p-value is more than 5 percent level of significance, which states that there is homogeneity present among the residuals. The presence of serial correlation among the residuals over the period has been verified by the Durbin-Watson stat. Here Durbin-Watson test shows the stats between 1.60 to 2 where Model 3 (DW=1.96) is having no autocorrelation whereas Model 1 (DW=1.61);

Model 2 (DW=1.69) & Model 4 ((DW=1.74) is showing less positive autocorrelation. The basic assumption for the regression models is fulfilled and proving to be a good fit model. All four models are said to be a good predictor of the dependent variables.

6.Summary of Hypothesis Results

Table.7 Summary of Hypothesis Results

Model	Main	Sub	Null Hypothesis	Result
Model 1 ROA	H_01	H_01_a	There is no significant impact of Board Composition on Return on Assets.	*Accepted*
		H_01_b	There is no significant impact of CEO Duality on Retum on Assets.	*Rejected*
Model 2 ROCE	H_02	H_02_a	The change in Board Composition doesn't affect Return on Capital Employed.	*Accepted*
		H_02_b	The change in CEO Duality doesn't affect changes in Return on Capital Employed.	*Rejected*
Model 3 ROE	H_03	H_03_a	The Board Composition does not have any significant impact on Return on Equity.	*Accepted*
		H_03_b	The CEO Duality does not have any significant impact on Return on Equity.	*Rejected*
Model 4 MPBV	H_04	H_04_a	The Board Composition does not influence Market Price to Book Value.	*Accepted*
		H_04_b	The CEO Duality does not influence Market Price to Book Value.	*Accepted*

Source: Author's Computation

7.CONCLUSION

Banks are one of the major structures for establishing and functioning financial matters. Commercial banks are playing a vital role in managing funds from depositors to borrowers. In the last three decades, the world has witnessed many financial frauds and scams which has shaken the trust and faith of common people. This study gives a mixed result about two corporate governance parameters such as Board composition and CEO duality. As many past works of the literature

suggest, there is no evidence found in the present study regarding the impact of Board composition on accounting-based and market-based measurements i.e. ROA, ROCE, ROE and MPBV, also. Lack of CEO duality has shown a significant impact on ROA, ROCE, and ROE whereas it has an insignificant impact on market-based measurement i.e. MPBV. The study depicts that the composition of the board doesn't affect the financial performance parameter of the selected bank (Bezawada & Adavelli, 2020). Further, the study shows that lack of CEO duality affects accounting based financial performance measurement significantly. According to Agency theory CEO Duality is considered as bad because it gives all the control to the CEO. If a person holds two key managerial positions then he can easily influence the decision (Peng, Zhang, & Li, 2007). The study considered lack of CEO duality where CEO and chairman of the board are two different persons and hence abuse of power for personal interest was not possible. It was found in four selected banks for the given period of time that both key positions were held by different persons which significantly affect the financial performance of the selected bank. The study mostly focuses on basic criteria of board composition which are being frequently complied by selected public and private sectors banks constantly over the given period. The banking sector are being closely watched and regulated by RBI and other regulation bodies, due to which the board always maintains the compliance of CG laws appropriately.

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