

AN INVESTIGATION TO THE PERFORMANCE OF THE VOLUNTARY CODE OF CORPORATE GOVERNANCE IN BANGLADESH AND THE SCOPE FOR A MANDATORY ONE

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ABSTRACT

This study seeks to examine the performance of the current code of corporate governance in Bangladesh after eight years of its promulgation in 2006 and also examines the scope for a mandatory model of corporate governance instead of the current one since the existing literature suggests the underperformance of the current code. The study uses a likert scale questionnaire method providing scope for respondents' personal observations. It covers a wide range of stakeholders such as managers, directors, regulators, auditors, legal professionals and small investors so that the true reflection on the performance of the code could be found. The study finds that there is a general consensus among the respondents that the current voluntary code of Bangladesh is not fulfilling the desired expectation regarding investor protection, disclosure and auditor independence. The study also finds that the judiciary of Bangladesh lacks capability to provide protection to the investors in cases of shareholder abuse. The respondents have agreed that a mandatory model of corporate governance would provide better transparency and protection. This paper adds to the existing literature by broadening the scope for further research on the performance of the corporate governance code and related issues in Bangladesh and countries with similar perspective.

KEYWORDS: Corporate Governance Code, Corporate Governance, Voluntary Code, Mandatory Code