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Women Representation on Boards of Directors of Commercial Banks in Bangladesh: Recent Trends and Best Practices

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Abstract

Gender is at the forefront of corporate board diversity. Experts have always seen that women directors significantly influence the board's working style and processes and, consequently, firm performance, especially in financial institutions. Globally, governments emphasized gender diversity to improve corporate governance following the financial crisis in 2008. A growing body of research has explored gender diversity in corporate governance, focusing on single-country and cross-industry analysis, excluding the specific sector. The objective of the study is to examine the most recent status of women's representation on the boards in the Bangladeshi banking sector. Also, this study investigates the best practices and initiatives to promote gender diversity on boards around the globe in order to improve diverse boards in the banking sector. In a survey among the 24 commercial banks from 2009 to 2020, the study found that only nine to twelve percent of female directors were represented on the banking boards. During the last decade, the trends of women's participation on board were not improved significantly in the industry. The study results have important implications for board governance and diversity theories.

Keywords

Gender Diversity, Women on Board, Banking Sector, Board Effectiveness, Board Governance

1. Introduction

In recent years, the financial press, academic research, and regulatory attention have been paid substantially to the diversification in senior leadership, especially on the board of directors that gives shareholders the maximum benefits of a firm's corporate governance. In the corporate world, gender is at the forefront of diversification. The issue of gender diversity on corporate boards has received considerable attention during the last two decades in many countries, including the United States, Canada, United Kingdom, France, New Zealand, Australia, Spain, Jordan, Denmark, Iceland, and Norway (Sealy, Vinnicombe, & Singh, 2008; Elstad & Ladegard, 2012; Deloitte Global Centre for Corporate Governance, 2019). Also, in corporate governance research, gender issues have been a growing interest (Huse, Nielson, & Hagen, 2009; Terjesen, Sealy, & Singh, 2009; Collier, 2008; Brennan & Solomon, 2008; Brennan, 2006; Sealy & Singh, 2006; Farrell & Hersch, 2005). The core functions of a board are to appoint the CEO and other managers, monitor and control management functions, monitor compliance with firm policies and laws, provide the network with the external environment, and provide information and counsel (Larcker & Tayan, 2015). Researchers have found that the women directors on boards have a critical influence on the board's processes and effectiveness and, consequently, on firm performance (e.g., Kesner, 1988; Daily, Certo, & Dalton, 1999; Farrell & Hersch, 2005; Nielsen & Huse, 2010; Oliveira & Félix, 2020). A considerable amount of research, more specifically, documented the benefits of women's representation on corporate boards, including financial and organizational performance (Herring, 2009; Oliveira & Félix, 2020), broader network in diverse markets and client groups (Sinha, Chaudhry, & Mah, 2013), innovation and creativity in problem-solving (Slater et al., 2008) and product and service development (Niebuhr, 2010), and retention of the most highly skilled workforce (Sinha et al., 2013) in the organizations. Governments in many countries emphasized gender diversity to improve corporate governance following the financial crisis in 2008. In Europe and North America, almost all countries have established minimum quotas for female representation on boards in publicly traded companies (Mateos de Cabo et al., 2012; Deloitte Global Centre for Corporate Governance, 2019). Thus, the number of women on corporate boards has significantly increased in different countries and regions, addressing the gender diversity in top management. According to Deloitte Global Centre for Corporate Governance (2019), the percentage of board seats held by women worldwide was 12% in 2014, 15% in 2016, and 16.9% in 2018. Despite this, many regulators, investors, and campaigners feel that focusing on gender diversity is insufficient. They have expanded their advocacy to encompass other forms of diversity (Deloitte Global Centre for Corporate Governance, 2019). A growing body of research has explored gender diversity and corporate governance, although it has focused on single countries and cross-industry analysis, excluding the specific sector. As a result, we know very little about the women's representation and structure of the board in the major industries, i.e., financial services, manufacturing, health care, technology, media, and telecommunications.

This study extends the extent of the financial and single-country-centered discussions to consider the specific industry/sector: the banking sector. Banking corporate governance requires a separate analysis for two specific financial institution-related characteristics (De Andres & Vallelado, 2008). First, banking operations are more complex than non-financial companies (Furfine, 2001). Second, the existence of public safety against the bank's failure generates moral hazards because banks are induced to take on more risks in the expectation of using safety net policies in the event of trouble (Demirgüç-Kunt & Kane, 2002; Kahn & Santos, 2005; Santos, 2001; Sbracia & Zaghini, 2003). For the second feature of banks, corporate governance has become more important to mitigate their potential systematic risks (European Central Bank, 2005).

Despite the wide range of research on women's participation in corporate boards, very little has been written based on data gathered about women on boards in the banking sector in Bangladesh. This study endeavors to fill this gap by focusing on women's careers and roles as perceived by themselves (Terjesen et al., 2009). Therefore, this study intends to find out the answers to the following research questions:

RQ1: What is the current status of women's representation on the board of directors of commercial banks in Bangladesh?

RQ2: How can commercial banks implement the best practices of gender diversity on the boards?

The study focuses on Bangladeshi commercial banks to examine gender differences in the board and the board's role. In contrast to the earlier studies, which have mainly concentrated on women's careers, the present study considers both female and male board members. This paper, therefore, has two significant contributions. Firstly, it provides empirical evidence of women's representation on corporate boards in the Bangladeshi banking sector. Secondly, the present study aims to enhance the theory and knowledge of gender differences and the roles of women in top business positions.

This paper reviewed the previous literature, focusing on the evidence that women on corporate boards influence governance effectiveness, which finally impacts bank performance. Then the recent trends of gender diversity on the boards of commercial banks in Bangladesh were examined. The study found a shocking representation of female directors on the boards of commercial banks in Bangladesh.

The rest of the paper is organized as follows. The second section includes a literature review focusing on the theoretical aspects of women's contribution to the board and the impact of women's representation on board governance at the individual, board, and corporate levels. The third section describes the best practices of women's participation in board governance worldwide. The fourth section asserts the data, sample, and method of data analysis. The fifth section describes the results and discussion. Finally, the sixth section contains the conclusion, implication, and future research direction.

2. Literature Review

Previous literature was reviewed, focusing on the women's representation on the corporate boards and their role. Also, the literature review focused on the impact of gender diversity mainly based on the ratio of women's participation on the corporate boards in financial institutions.

2.1. Theoretical Perspectives

The presence of women on the corporate boards is an essential aspect of boards' diversity (Dutta & Bose, 2006). A considerable amount of research drew upon the theory of gender differences (e.g., Eagly & Johannesen-Schmidt, 2001; Nielsen & Huse, 2010; Terjesen et al., 2009; Shafique, Idress, & Yousaf, 2014) and the theory of group effectiveness (e.g., Cohen & Bailey, 1997; Williams & O'Reilly, 1998; Terjesen et al., 2009) to explain the role and contribution on corporate boards. Most studies examined feminist sentiments that investigated theoretical frameworks about how female participation at the board level affects board effectiveness and, as a result, firm performance (Nielsen & Huse, 2010). Moreover, researchers also investigated how personal and organizational factors contribute to females' exclusion or low participation on corporate boards (Burke & Nelson, 2002; Terjesen et al., 2009).

The Human Capital Theory, developed by Becker in 1964, looks at "the role of an individual's continuous stocks of learning, capabilities, and experience in developing cognitive and productive capacities that lead to positive outcomes to the individual and his or her organization" (Terjesen et al., 2009). According to Tharenou, Latimer, and Conroy (1994), women have traditionally invested less in education level and skill development than men, resulting in lower compensation and slower advancement in the workplace. Directors, irrespective of gender, provide distinctive human capital to corporate boards, according to Kesner (1988), and organizations should have extensive inventories of human resources for directorships. However, Oakley (2000) examined that predominantly male gatekeepers do not provide women with the same organizational benefits as men, such as skills development programs, promotion, or remuneration. A common misconception in the selection procedure is that women do not have enough productivity for corporate boards (Burke, 2000). In their study of the directors of the 100 UK companies, Singh, Terjesen, and Vinnicombe (2008) debunked this myth by showing that women are more likely to possess advanced degrees and competence. Furthermore, the status characteristics theory describes why and how the ability criteria of a low-status group such as women are significantly greater than those of a high category, e.g., men. Following the status characteristics theory, Biernat and Kobrynowicz (1997) concluded that a woman needs to provide more indications than her male colleagues to be recognized as having a strong capability.

Furthermore, the social identity theory is significant to the representation of women because it describes the importance of a specific group if there is a couple more in the group (Nielsen & Huse, 2010; Terjesen et al., 2009). Women's numerical representation on board is in three dimensions—one woman, two women, and three women (Erkut, Kramer, & Konrad, 2008). They explained how a significant portion of women sets up "normalization," where gender is no longer a source of misunderstanding and women leaders are more confident, supported, voice concerned, and productive, based on Asch's (1951) conformity theory and the role of vision. Furthermore, according to Nielsen and Huse (2010), the proportion of female directors directly correlates with the board control mechanism. Therefore, boards with a more significant proportion of female directors yield better results in fulfilling managerial tasks.

However, the number and the increase of the ratio of female directors in an organization also depend on the size of the board (Sealy et al., 2007; Brammer, Millington, & Pavelin, 2007; Hyland & Marcellino, 2002); although some countries have a cap on the number of directors on the board panels. Similarly, few studies showed a link between a company's size, as measured by its revenue or net worth, and the number of women on corporate boards (Burke, 2000; Hyland & Marcellino, 2002; Peterson & Philpot, 2007; Terjesen & Singh, 2008).

2.2. Impact of the Women Representation on the Board

Many scholars have concluded that the number or ratio of women directors on corporate boards directly impacts the firms. This study explored the impacts on three levels: individual, board, and corporate. The paper refers individual level to the individual director, the board level to the process and functions of a board of directors, and the corporate level to the description of experiences in other functions of the firm and corporate strategy and structure.

2.2.1. Individual Level

Women are likely to face tokenism when one woman represents a group (Kanter, 1977). Embodying the sex-role stereotype, the dominant group sees women first as females and later as individuals. This makes it a great challenge for women to contribute to the board meetings equally with other members. Such issues are reduced when the board represents more than one female director (Erkut et al., 2008).

Moreover, women directors are the role models for gender diversity supporters and inspire other women executives in the organization (Singh, 2008). Also, Sealy (2008b) concluded that role models are essential for senior women executives. The differences in the women's demographic background compared to men offer variety in terms of personality, communication style, educational background, career experience, and expertise (Liao, Luo, & Tang, 2015). While women working at lower levels in organizations may hope those female directors will advocate women's issues (Ashford et al., 1998).

Female directors are good at mentoring and networking with other female executives (Catalyst, 1995) and often act as speakers at career events, which junior women find very inspiring, and an opportunity to know the director and how they had overcome their career and work/family challenges that attendees are facing (Bilimoria, 2000; Singh, Vinnicombe, & Kumra, 2006).

2.2.2. Board Level

A Canadian study of the private sector, public sector, and not-for-profit boards (Brown et al., 2002) reveals that boards' performance with three or more women is significantly higher than all-male boards. Boards with women directors, formal limits to authority, and formal director orientation programs are more likely to have higher levels of accountability. In addition, boards with three or more females result in more effective communication among directors and stakeholders (Brown et al., 2002). Women directors contribute to board governance by bringing a different voice to debates and decision-making from past experiences in the workplace, marketplace, community, and public services (Zelechowski & Bilimoria, 2004). Moreover, a gender-diverse board adds more value to firms creating new ideas and bringing different skills and views (Reguera-Alvarado, de Fuentes, & Laffarga, 2017). Finally, women's presence in boardrooms results in more civilized behavior and sensitivity to all perspectives (Bilimoria, 2000; Fondas & Sassalos, 2000). Huse and Solberg (2006) argue that women change the boardroom atmosphere because, in the presence of women directors in meetings, men become more civilized, change their language, and even moderate their masculinity.

Nevertheless, women directors can enhance board independence (Fondas & Sassalos, 2000). The critical characteristics of a woman director are taking the role seriously and preparing conscientiously for meetings (Izraeli, 2000; Huse & Solberg, 2006); they frequently ask questions making decisions.

2.2.3. Corporate Level

Many research found mixed results on the impact of female directors on corporate financial performance, although recent studies show a positive relationship between gender diversity and firm performance (Julizaerma & Sori, 2012; Lee-Kuen, Sok-Gee, & Zainudin, 2017). The presence of women directors has a substantial impact on higher market capitalization that has been proved in Fortune 500 (Catalyst, 2004) and FTSE 100 firms (Singh, Vinnicombe, & Johnson, 2001; Singh & Vinnicombe, 2003). Also, a larger ratio of women directors enhances larger workforces and larger boards (Burke, 2000; Singh et al., 2001). Moreover, the presence of multiple female directors is associated with higher revenues (Catalyst, 1997). Burke (2000) also finds a similar correlation in top Canadian companies.

A few studies show the immediate impact of female directors' appointments. A study by Ding and Charoenwong (2004) reveals a positive increase in share price over the two days following the appointments of female directors and a female CEO in Singapore firms. The study by Reguera-Alvarado, de Fuentes, & Laffarga (2017) suggested that a higher percentage of women directors in the corporate board room increase the firm value. Similarly, Campbell & Mínguez-Vera (2008) assert that Spain's investors do not penalize firms that generate financial growth by enhancing their female board membership.

The presence of female directors in a firm encourages females to a future career in that firm (Sealy, 2008a) and contributes to increasing women retention (Bilimoria, 2000). Moreover, Reguera-Alvarado et al. (2017) argue that when women are in the decision-making position, the social and labor grievances experienced by the women workers gradually decrease.

Therefore, the abovementioned literature review depicts that the association between women representation on corporate boards and board effectiveness and corporate performance is robust. Nevertheless, most studies have examined the impact of women directorships on firm performance and causes of underrepresentation on corporate boards. Moreover, a limited number of researches were done on the contemporary situation of gender diversity on the corporate boards. Therefore, the empirical investigation of the best practices of gender diversity and the present status of the ratio of women seats on the corporate boards in a specific industry in a country is justified. The investigation area of the study is the banking sector in Bangladesh. To the authors' knowledge, no study has investigated the status of women's representation on the banking boards in Bangladesh. Thus, this study fills the gap.

3. Best Practices and Lessons from Around the World

3.1. Best Practices

Governments and corporations worldwide are still arguing about the best ways to boost women's participation on corporate boards in various industries. These efforts, as a result, have been divided into three categories: legislative, regulatory, and voluntary (Leblanc, 2020). The banking industry in Canada has consistently championed female representation in boardrooms, where women have 33.8 percent of board seats in Canada's five largest banks. Furthermore, many female executives are observed in the banking industry; for example, in 2014, women held 50 percent of middle management positions at the six largest Canadian banks and 34.5 percent of senior leadership roles. The industry's continued success in expanding the proportion of women on boards can be attributed to some aspects. The federal Employment Equality Act of 1995, for example, mandates that banks need to record and report diversity data, develop goals, and implement and monitor hiring quotas to achieve those objectives. However, no banking industry regulations address gender diversity on boards, although banks in Canada have independently increased such figures. Since 2010, the Securities and Exchange Commission (SEC) in the United States has asked publicly listed enterprises to reveal whether and how they address diversity when recruiting board members. If an organization has a diversity policy, it must explain its application and evaluation. Furthermore, only if a company commits to diversity is it required to describe. However, if corporations do not consider diversity when selecting board members, there is no need to explain why.

3.2. Lessons Learned

According to a recent four-year evaluation of the rule, while most corporations have stated that diversity is considered when appointing directors, only 50 percent have described diversity in socio-demographic dimensions such as gender and ethnicity. Others have established separate definitions of diversity, with the majority emphasizing past directing knowledge rather than socio-demographic factors. In 2010, the UK recruited Lord Davies, a former trade minister, to discover hurdles to women moving to company board positions and advise on required initiatives. The preliminary report by Lord Davies included ten proposals relating to the issue as a top business concern. He proposed that FTSE 100 businesses aim for a minimum of 25 percent women on boards by 2015, without advocating quotas. The UK implemented most of Lord Davies' recommendations in October 2012 and created a "comply or explain" framework for gender disclosure amending its corporate governance code. Also, the regulation requires to describe the company's board's diversity policy, including gender, in achieving their goals.

4. Methodology

The primary objective of the empirical study is to examine the most recent status of women's representation on the board of directors in the banking sector in Bangladesh. Also, this study investigates the best practices and initiatives to promote gender diversity on corporate boards around the globe. First, the existing literature and theories were reviewed to examine the benefits of gender diversity on corporate boards, focusing on the ratio of women's representation and their roles. Also, the theory of gender differences, group effectiveness, and human capital theory were examined. Nielsen and Huse (2010) and Terjesen et al. (2009) also examined these theories to explain the causes and barriers to women's participation and their role in the corporate boardrooms. This study investigated the role of women directors and the impact of women's representation in the board room on three levels: 1) individual level, 2) board level, and 3) firm level. Terjesen et al. (2009) also used these three levels of analysis to explain the role of women directors in a firm's performance. The literature review is divided into two sections – the theoretical perspective and the impact of women's representation on the board from different levels' points of view. First, previous studies were sourced from different databases, including Google Scholar.

Then, the literature for the study was searched and sorted by the keywords including "women representation on banking boards," "women on board," gender diversity in corporate boards," and "impact of gender diversity in corporate boards." Also, the research papers published between 2000 and 2021 regarding the abovementioned keywords were reviewed. Then to identify the recent trends and best practices, the study analyzed the global trends of gender diversity on the corporate boards and the initiatives taken to promote gender diversity in major economies. This study used the gender diversity data of different countries from the reports of Deloitte Global Centre for Corporate Governance (2019). Deloitte Global Centre for Corporate Governance publishes biennially the report on Women in the Board Room: A Global Perspective. Therefore, based on these reports, the recent data on women directors on corporate boards in the world were collected in three points (2014, 2016, 2018) and explored the gender diversity promotion initiatives worldwide in the last two decades. After examining the role and best practices of gender diversity on board, the study explored whether the same contents are applicable/available in the Bangladeshi banking sector. In order to examine the role of women's representation at the board meetings in the Bangladeshi banking sector, 24 major commercial banks were investigated in the last twelve years, where the total number of bank-year is 288. The targeted population of the study was the directors and CEOs of the stock exchange-listed commercial banks operating in Bangladesh. In Bangladesh, 33 stock exchange-listed commercial banks are operating the banking services. As the information relating to the board characteristics of banks was required for the study, at least one respondent of each bank was adequate to respond to the questionnaire. Therefore, one questionnaire was mailed to one director or CEO in the 33 listed banks. In addition, the authors personally contacted the directors and CEOs before sending the questionnaire. Only 24 respondents answered and returned the questionnaires, and all questionnaires were considered for analysis. The response rate was 73%.

Then the information about board size and male-female ratio (gender diversity) among the board of directors in each bank year of the sample banks were gathered from the responses of directors and CEOs of the banks. Finally, these data were analyzed using the statistical tools: descriptive statistics, trend analysis, and ratio analysis in order to examine the present status of women's representation on bank boards (Table 1).

5. Results and Findings

To illustrate women's representation on the board of directors of commercial banks in Bangladesh, the data in the study were analyzed and constructed into two tables. Table 2 exhibits the board size of sample banks. However, the average size of the board was 14 in 2009, slightly decreased over the years, and dropped to 12 in 2020. Although the maximum size of the board was 23 from 2009 to 2011, the other respective board size from 2012 to 2020 fluctuated. The minimum number of board members in the table was six during the study years.

Table 3 elucidates that the percentage of female directors was 9.18% to 14.20% from 2009 to 2019. The lowest percentage of female board members was found in 2012 at 9.18%, and where percentage started to increase slightly from 2013 to 2020. Therefore, the highest female percentage (14.20%) was explored in 2020. Individually, the highest number of female directors was in Bank Asia. Bank Asia maintained at least four female directors (25%) between 2009 and 2020. Also, the Southeast Bank had at least three female directors between 2009 and 2020. On the other hand, Standard Bank and Islami Bank had no female directors during the study period. In addition, the IFIC Bank and Uttara Bank had

Table 1. Sample banks.

Bank	Year of Establishment	Stock Exchange Listed	Total Assets at the end of December, 2020 (Million BD TK)
AB Bank Ltd.	1982	Yes	388,570
Bank Asia Ltd.	1999	Yes	410,809
BRAC Bank Ltd.	2001	Yes	456,595
City Bank Ltd.	1983	Yes	388,594
Dhaka Bank Ltd.	1995	Yes	296,856
Dutch Bangla Bank Ltd.	1995	Yes	472,355
Eastern Bank Ltd.	1992	Yes	339,508
Exim Bank Ltd.	1999	Yes	484,851
First Security Islami Bank Ltd.	1999	Yes	497,342
ICB Islamic Bank Ltd.	1987	Yes	112,601
IFIC Bank Ltd.	1976	Yes	368,030
Islami Bank Bangladesh Ltd.	1983	Yes	1,417,622
Mercantile Bank Ltd.	1999	Yes	332,463
Mutual Trust Bank Ltd.	1999	Yes	269,269
National Bank Ltd.	1983	Yes	529,313
NCC Bank Ltd.	1985	Yes	259,041
One Bank Ltd.	1999	Yes	303,668
Prime Bank Ltd.	1995	Yes	348,294
Shahjalal Islami Bank Ltd.	2001	Yes	295,968
SIBL Ltd.	1995	Yes	385,210
Southeast Bank Ltd.	1995	Yes	465,293
Standard Bank Ltd.	1999	Yes	219,272
Trust Bank Ltd.	1999	Yes	356,458
Uttara Bank Ltd.	1965	Yes	222,518

Source: LankaBangla.

Table 2. The board size of sample banks.

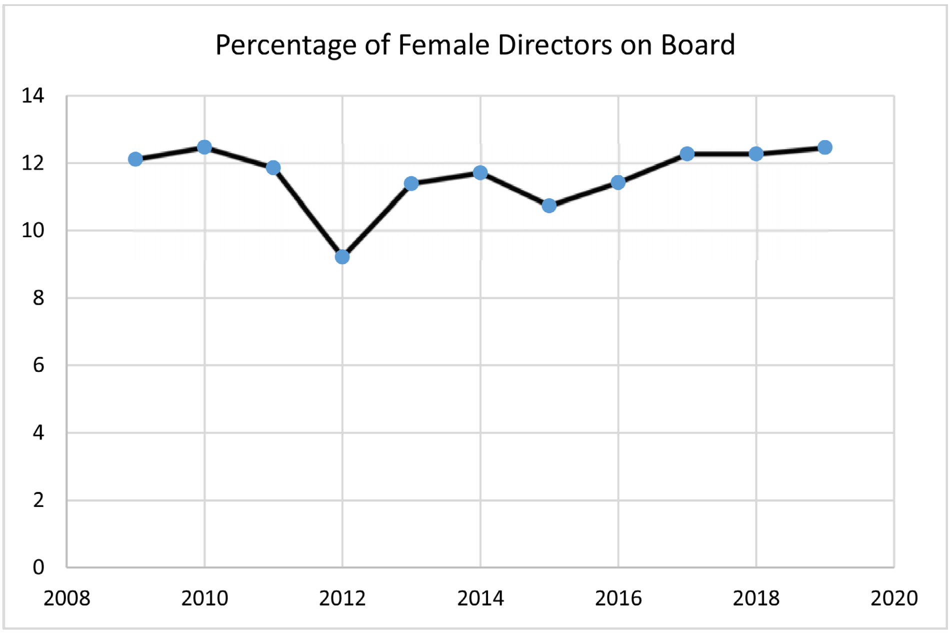
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Average board size	14	15	14	13	13	13	13	13	13	13	13	12
Standard Deviation	4.56	4.51	4.74	4.10	4.83	3.42	3.53	3.79	3.82	3.82	4.48	4.48
Maximum size	23	23	23	22	20	19	18	20	21	21	22	21
Minimum Board Members	6	6	6	6	6	7	7	7	6	6	6	5

Source: Survey.

Table 3. Gender diversity on board.

Year	Total	Male	Male %	Female	Female %
2009	346	306	88.40	40	11.60
2010	352	310	88.10	42	11.90
2011	344	303	88.10	41	11.90
2012	305	277	90.80	28	9.18
2013	307	272	88.60	35	11.40
2014	306	270	88.20	36	11.80
2015	308	275	89.30	33	10.70
2016	314	278	88.50	36	11.50
2017	316	276	87.30	40	12.70
2018	316	276	87.30	40	12.70
2019	310	270	87.10	40	12.90
2020	296	254	85.80	42	14.20

Source: Survey.



Source: Table 3.

Figure 1. Percentage of female directors on board in banking industry in Bangladesh

no female director represented on board until 2016.

Figure 1 is a graphical representation of the percentage of female directors on board, and it was seen that the percentage of female participation on board sharply fell to 9.18% in 2012 from 40% in 2009. However, a fluctuation in the percentage of female board members was noticed from 2012 to 2017, and an improved percentage was found gradually from 2017 to 2020.

6. Discussion

In times of ongoing discussion on the role of women on corporate boards, this article contributes to both theory and practice by examining women's participation and the best practices of gender diversity on corporate boards in the financial industry. The results show that the representation and role of female directors on board are far less than that of male directors. Hence, the gender diversity in Bangladeshi commercial banks is not balanced, which in turn lacks or prohibits the board effectiveness in strategic and operational control.

This paper makes several contributions to the current discussions about the representations and role of female directors on banking boards. First, the paper provides empirical evidence on women's representation status on corporate boards in the Bangladeshi banking sector. Bangladeshi government promotes women's participation in different levels of government bodies and private sectors, where women and men are said to have equal rights. This study compares the status of gender diversity in the banking sector with other sectors and from a cross-country perspective. Secondly, this study enhances the knowledge of gender differences and the roles of women in top positions in financial institutions. Many studies concluded that the ratio of women's participation on the board of directors is positively related to corporate performance. For example, Nielsen and Huse (2010) found that the women ratio positively correlated with the board's strategic control. However, they did not find any positive relationship between female directors and open debate enhancing boards' operational and strategic control. It is argued that the higher ratio of women directors on the board, the higher the board performance.

However, the women representation on the board of directors in the banking industry is comparatively lower than in many countries like Norway, Sweden, Netherlands, Canada, and the USA. In 2009, the average percentage of female directors in the banking industry was 12.11, which decreased to 9.21 in 2012. During the last five years, the ratio of women directors increased slowly. In 2009, the average number of female directors was only 12.46%.

Considering the benefits of female representation on board, the banking sectors in many countries implemented the minimum requirement of female directors. For example, in Canada, the Ontario Government imposed the regulatory provision that a minimum of 40% of the directors must be female. On the other hand, the study did not find any development in women representation on board in the banking industry in Bangladesh. The study reveals that during the last decade, women's participation on the banks' boards was not significantly between 2009 and 2020. Only one bank holds 25% female directors, whereas the other hold less than 15% female directors. Two banks in Bangladesh never appointed any female directors in their banking history. Also, the study found that another two banks did not appoint female directors until 2016. More than 20% of the banks follow tokenism in appointing female directors. During the last decade, these banks have appointed only one female director on their boards.

7. Conclusion, Implication, and Future Research Direction

Human Capital Theory and Social Identity Theory explained that the combination of individual and organizational factors influence women's participation in the board meeting. Most studies explored the theoretical perspectives of women's contribution that positively impacts board effectiveness and firm performance. The study aimed to examine the impact of women representation on the boards on the effectiveness of the corporate governance in the banks and explore the recent status of women representation on the board of directors of commercial banks in Bangladesh. Also, the study attempted to determine how commercial banks can implement the best practices of gender diversity on the boards. Many previous studies investigated and concluded that the higher ratio of the women directors on boards of commercial banks positively impacts corporate governance effectiveness and bank performance. The role of women directors can be on the individual level as an aspirant director, board-level interaction within the team, and corporate level with experiences in other parts of the firm and outside of the board. The study investigated the best practices and outcomes of gender diversity worldwide. Governments and corporate bodies continue to engage in discussions about the best way to increase the ratio of women participation on the board of directors in different sectors. They focused on the gender diversity in the corporate boards in legislative, regulatory, and voluntary efforts. As a result, many countries have already increased the ratio of women representation on boards.

Nevertheless, the study results show that the women representation and role of female directors on the board are far less than the male directors in the Bangladeshi banking sector. Therefore, the gender diversity in the Bangladeshi banking sector is not appropriate to benefit board effectiveness in enhancing strategic and operational control. Furthermore, it is evidenced that the higher ratio of women directors has high explanatory powers for the result boars work (Nielsen & Huse, 2010). Thus, it is not only necessary to appoint women to banking boards but also to create favorable conditions for the board members to realize their potential.

This study has important implications for both banking governance and diversity theories. First, the focus on gender diversity helps advance our understanding of how gender-diverse board composition affects board effectiveness. Second, this work provides a partial explanation for previous inconclusive findings of studies on the impact of gender diversity on-farm performance by advocating the need to include board effectiveness. Finally, the study also has important implications for best practices.

This study is based on the number of women directors appointed only in the banking sector. Therefore, the paper explores neither the competency of the women directors nor their role in the decision-making in the board meetings. Also, the study does not measure the impact of the women's ratio on the board of directors on the bank performance. Therefore, future research can be extended on the effectiveness of women's participation in board performance in the banking sector in Bangladesh.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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