

A STUDY ON THE IMPACT OF BOARD COMPOSITION ON FINANCIAL PERFORMANCE OF LISTED BANKS IN INDIA

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Abstract

This study presents the relationship between board composition and financial performance of listed banks in India by using Panel Corrected Standard Error (PCSE) Model. The study examines 37 listed banks for the period of 11 years from 2008 to 2018. The study used Tobin's Q as proxy for the financial performance and Board Size, Number of Executive Directors, Number of Women Directors on the Board, Number of Other Directors, Number of Board Committees, Number of Board Meetings were taken as proxies for board governance. Board Size showed a significant negative impact on Tobin's Q, which means small boards are more preferred. The study found that both Gender Diversity and Board Committees are positive and significantly related to bank performance.

Keywords: Corporate Governance, Financial Performance, Board Composition, Gender Diversity, Executive Directors

Introduction

Sustainability of any organization depends mainly on its good corporate governance culture. Good corporate governance is essential for companies to access domestic as well as global capital at competitive rates. Corporate governance has received the special attention of various stakeholders after the revelation of a number of corporate scandals such as financial scams of Enron, WorldCom and Satyam in India. These incidents emphasized the need of improved corporate governance and led the way

towards more legislation in India and all over the world. Corporate governance deals with the ethical responsibilities of a company's management, its board towards different segments of societies. Corporate governance affects the investment decisions of the company. That means in order to take a good decision, corporate governance is necessary and in turn, helps firms to prosper in the domestic as well as in the global market. It is concerned with the proper implementation of policies and procedures by a company to satisfy its related parties including shareholders, employees, customers, suppliers, regulatory authorities and the community at large.

In today's world, companies are evaluated based on sales and profit. Most of the companies particularly banks are at profit now, later after three or four months will suffer a loss. What is the main reason for this phenomenon? Through accounting, companies should calculate the exact profit or loss and can perform other numerical analysis also. With this calculation, we can't find the exact reason. Based on the previous research, the main root cause of this phenomenon is corporate misgovernance e.g.; Enron, Satyam etc. Governance is the mind of every company. That means good governance makes ethical companies. Boards of directors' structure, their decisions, their partnership among other companies etc. are the board factors affecting governance of a company.

From the above discussions, it is very clear that board of director's inefficiency cause serious threats to the business. Banks are the central point of the developed economies. Well-developed banking system mainly depends on the superior decision taken by the board of the banks. Good governance definitely resulted on efficient banking system in the economy. Adeyemi (2010) found that "the boards of directors of a good number of sampled banks were ineffective and that the internal controls were equally weak as a result of the overriding influence of the chairman/chief executive officers"(p. 34). Weisbach (1988) suggest a positive relationship between board composition and firm performance. Therefore good board governance is important and the present study conducted to know the impact of board governance on the performance of listed banks in India.

Review of Literature

Board Size

Researchers are concentrated their efforts to study the impact of number of directors on the board on the financial performance. Korir and Cheruiyot (2014) found board size is positively related to firms' performance. Mudashiru et al., (2012); Muchemwa

etal.,(2016); Tanna et al.;Adams and Mehran (2008); Sheikh and Karim (2015); Haniffa and Hudaib (2006) supports the same.Ness et al., (2010) found that board size positively related to revenue growth.A study conducted by Bashir et al.,(2018) does not found any relationship between board size and firms' performance. Supporters of this view are Ayorinde et al.,(2012); There are some other findings that board size had negative effect on financial performance. Supporters of this view are Fanta et al., (2013); Gómez et al.,(2017); Pearce and Zahra (1992)Lipton and Lorsch, (1992); Coleman and Biekpe(2008); Arosa et al., (2013); Staikouras (2007); Ranti (2011); Bebeji et al.,(2015). Ammari et al.,(2016) found that large board size has a negative effect on market performance

Number of Board Meetings

Ntim and Osei found positive association between the frequencies of corporate board meetings and corporate performance, implying that boards that meet more frequently tend to generate higher financial performance". Al-Daoud et al., (2016); Gómez et al., (2017) support the same. Paul (2017) found thatthe attendance in board meetings is significantly positively correlated with the performance measure. Qadorah and Fadzil (2018) does not find any relation between number of board meetings and financial performance. Aryani et al., (2017) support the same. Hanh et al., (2018) found that there exists a negative association of number of board meeting and the financial performance of firms.

Number of Board Committees

Board committees play an important role in the functioning of the company. Musyoki (2008) argues that "properly constituted board committees with the right mix of non-executive directors tend to contribute more to performance than hoards with a predominance of inside directors." The study is an attempt to understand whether the number of board committees on the financial performance of listed banks in India

Number of Executive Directors on the Board

Executive directors are the real active members of the board, and they make decisions for the welfare of the company and its stakeholders. But recently, the role of executive directors is questioned because of the number of corporate scams that happened all over the world. Therefore the optimum combination of executive and non-executive directors makes ethical boards. The present study used the number of executive directors as one of the independent variables to study the impact of corporate governance on the financial performance of listed banks in India.

Gender Diversity

Gender diversity means the number of women directors on the board. Many studies are carried out with gender diversity as one of the independent variables of corporate governance to study the impact of corporate governance on the financial performance of firms. Adding more women directors on the board makes any changes in the economic performance is a question that arises on the minds of business analysts'. The main reason for this argument is women generally considered as a caring member of the family, and that's why when a woman is there on the board, stakeholders may have a general belief that care will be there in a company in all respect. Yemane, Raju & Raju (2015) does not find any relationship between gender diversity and financial performance. It supported by Fekadu (2015); Vishwakarma & Kumar (2015); Khan (2010); Jhunjhunwala and Mishra (2012).

Number of Other Directors

Boards characterized by the presence of other directors and their involvement in decision-making is crucial. Other directors are not executive and non-executive directors.

Statement of the Problem

One of the important reason for the decline in shareholders' wealth and company collapse is the inefficiency of the board of directors while taking serious decisions. Board of directors is largely criticised in the spotlight for the fraud cases that had resulted in the failure of major corporations such as Enron, WorldCom Global Crossing and Satyam computers in India. The main reasons for the failure of corporations are the lack of vigilance by the board of directors, the inappropriate board composition etc. Banks are the central point of an economy and the good governance of banks is inevitable for the successful development of the economy. Various corporate governance reforms have specifically emphasized on appropriate changes to be made to the board of directors in terms of its composition, structure and ownership configuration and in India. Securities and Exchange Board of India (SEBI) introduced clause 49 of listing agreement Therefore, the present study is a humble attempt to understand the impact of board governance on financial performance of listed banks in India.

The study attempts to address the research question "does board governance impact the performance of listed banks in India.?"

Research Objective

The present study is conducted with the following specific objective:

- To study the impact of Board Governance on the performance of listed banks in India.

Hypotheses

The study attempts to test the following hypotheses:

H01:- Board size has no significant impact on the performance of listed banks in India.

H02:- Number of board meeting has no significant impact on the performance of listed banks in India.

H03:- Number of board committees has no significant impact on the performance of listed banks in India.

H04: Number of executive directors has no significant impact on the financial performance of listed banks in India.

H05: Gender diversity has no significant impact on the financial performance of listed banks in India.

H06: Number of other directors has no significant impact on the financial performance of listed banks in India.

Methodology

Based on the Reserve Bank of India 2012-2013 official list, initially 40 banks were randomly selected. Three selected banks removed due to the failure of the fulfilment criteria of sample consideration and finally 37 banks were included for detailed study and analysis. A total of 21 listed public sector banks and 16 listed private sector banks are covered for a 11 year period from 2008 to 2018. It means a total of 407 (that is 37 banks x 11 years periods) observations are included. For the purpose of the study, data have been collected through secondary sources. Tobin's Q was taken as dependent variable and board size, number of board meetings, number of executive directors, number of women directors, number of other directors and number of board committees were taken as independent variables. The sampling technique adopted for the purpose is simple random sampling for selecting sample units. Balanced panel data methodology is used for the study. Descriptive statistics, Multicollinearity test, Unit root test, Hausman test, Pesaran's test of cross sectional independence, Wooldridge test for auto-correlation in panel data, Panel Group-wise Heteroscedasticity Tests, Prais-Winsten regression, correlated panels corrected standard errors (PCSEs) were employed for the study for data analysis. The empirical model used in this balanced panel study is described as follows:

$$\text{LogTobin'sQ} = \alpha + \beta_1 (\text{BSize}) + \beta_2 (\text{BExe}) + \beta_3 (\text{Wom}) + \beta_4 (\text{BComm}) + \beta_5 (\text{BMeet}) + \beta_6 (\text{Oth}) + \beta_7 (\text{FAge}) + \beta_8 (\text{FSize}) + \beta_9 (\text{LogDivPout}) + \beta_{10} (\text{CIR}) + \beta_{11} (\text{Lev}) + \text{Eit}$$

Where;

BSize = Board Size; BExe = Number of executive directors on the board; Wom = Number of women directors on the board; BComm = Number of board committees; BMeet = Number of board meetings; Oth = Number of other directors on the board; LogTobin'sQ = Natural Log of Tobin's Q; FAge = Firm's age; FSize = Firm's Size; LogDivPout = Natural Log of dividend payout ratio; CIR = Cost to income ratio; Lev = Leverage; Eit = Error term

Multicollinearity Test for the Model

In regression analysis, there are a number of assumptions needed to be fulfilled. One of the important assumption in panel data regression is two or more independent variables the model are not highly correlated. According to Daoud, "multicollinearity, or near-linear dependence, is a statistical phenomenon in which two or more predictors variables in a multiple regression model are highly correlated" (p.1). If any two independent variables in a model is highly correlated that is more than 70%, it is the case of multicollinearity and if any regression result without handling this issue is spurious. Therefore, handling multicollinearity is important and the following table shows the collinearity diagnostic test for the model:

Multicollinearity Test

e (V)	DBSize	DBExe	DWom	DOth	DBMeet	DBComm	DLog DivPout	DFAge	DFSize	DCIR	DLev	_cons
DBSize	1.0000											

DBExe	-0.2308	1.0000										
DWom	-0.1099	-0.1048	1.0000									
DOth	-0.1729	0.1609	-0.0049	1.0000								
DBMeet	-0.0062	-0.1134	0.0176	-0.0402	1.0000							
DBComm	-0.0480	-0.0696	0.0152	-0.0613	0.0999	1.0000						
DLogDivPout	0.0054	-0.0082	0.0091	0.0660	0.0066	0.0344	1.0000					
DFAge	0.0759	0.0484	-0.0271	-0.0305	-0.0358	-0.0375	-0.0081	1.0000				
DFSize	-0.0084	-0.0707	-0.0176	0.0544	-0.0667	0.0096	0.0478	-0.0885	1.0000			
DCIR	-0.0473	0.0344	-0.1343	-0.0030	-0.0700	0.1357	0.0693	-0.0249	-0.0197	1.0000		
DLev	0.0305	0.0000	-0.0533	0.0041	0.0140	0.0172	-0.0112	0.0131	-0.3022	0.0993	1.0000	
_cons	-0.0575	-0.0482	-0.0015	0.0241	0.0344	-0.0556	0.0087	-0.9264	-0.1340	0.0227	0.0998	1.0000

The above table gives a clear idea about model collinearity. Total 11 variables considered for multicollinearity testing. A total of 6 Independent variables such as Board Size (BSize), Number of Executive Directors (BExe), Number of Women Directors on the Board (Wom), Number of Other Directors (Oth), Number of Board Committees (BComm) and Number of Board Meetings (Bmeet); and 5 control variables such as Natural Log Dividend Pay-out Ratio (LogDivPout), Firm Age (FAge), Firm Size (FSize), Cost to Income Ratio (CIR) and Leverage Ratio (Lev) were considered. Based on the correlation matrix, a high correlation that is 23.08 % depicted is between Board Size (BSize) and Log Firm Size (LogFSize) which is below the 70% allowed limit. Therefore, it is concluded that Model satisfies the condition of multicollinearity.

Unit Root Test Summary for the Model

A unit root also known as non-stationary or random walk with drift is a stochastic trend in a time series and suppose if a time series has a unit root, it depicts a systematic pattern that is unpredictable. In order to continue panel regression, one of the pre-condition is that variables are stationary in nature. General condition is that panel unit root test applied mostly for long panel and there is no need (optional) to check unit root in short panel. However, we here also conducted panel unit root test to know the time series pattern of our model. In this model Fisher-type unit-root test based on augmented Dickey-Fuller tests applied due to unbalanced panel. The following is a summary of panel unit root test for each of the variables in the model:

Unit Root Test Summary

Variable	Inverse chi-squared(68) P		Inverse normal Z		Inverse logit t(159) L*		Modified inv. chi-squared Pm		Stationary/Non-stationary
LogTobin's Q	756.03	0.0000	-21.92	0.0000	-34.8	0.0000	57.0	0.0000	Stationary
BSize	429.7	0.0000	-15.06	0.0000	-19.5	0.0000	29.80	0.0000	Stationary
BExe	385.93	0.0000	-14.17	0.0000	-19.9	0.0000	26.161	0.0000	Stationary
Wom	388.92	0.0000	-12.29	0.0000	-17.6	0.0000	26.41	0.0000	Stationary
Oth	272.79	0.0000	-11.91	0.0000	-14.6	0.0000	16.73	0.0000	Stationary
BMeet	451.24	0.0000	-15.84	0.0000	-20.5	0.0000	31.6	0.0000	Stationary
BComm	419.17	0.0000	-13.8	0.0000	-18.7	0.0000	28.93	0.0000	Stationary
LogDivPout	226.55	0.0000	-7.99	0.0000	-9.93	0.0000	13.97	0.0000	Stationary
FAge	150	0.0000	-3.21	0.0007	-4.85	0.0000	6.5	0.0000	Stationary
FSize	133.0	0.0000	-1.71	0.0428	-2.67	0.0042	5.09	0.0000	Stationary
CIR	169.84	0.0000	-4.68	0.0000	-5.46	0.0000	8.15	0.0000	Stationary
Lev	464.20	0.0000	-12.23	0.0000	-20.2	0.0000	32.68	0.0000	Stationary

The above table gives a clear idea about the unit root test for the model. Total 11 variables are considered for multicollinearity testing. A total of 6 independent variables such as Board Size (BSize), Number of Executive Directors (BExe), Number of Women Directors on the Board (Wom), Number of Other Directors (Oth), Number of Board Committees (BComm) and Number of Board Meetings (Bmeet); and 5 control variables such as Natural Log Dividend Pay-out Ratio (LogDivPout), Firm Age (FAge), Firm Size (FSize), Cost to Income Ratio (CIR) and Leverage Ratio (Lev) were considered. Natural Log of Tobin's Q (LogTobin'sQ) is considered as dependent variable. Based on the summary table of unit root test, it is clear that all variables in the model are stationary. Therefore, it is good to perform regression analysis.

ENODEGENEITY TEST SUMMARY FOR THE MODEL

The following table shows endogeneity test of the variable:

Endogeneity Test Summary for the Model

Variable	Endogeneity Problem Yes/No	Instruments Strong/Weak	Good Indicator Instrument Strong/Weak
BSize	No	Strong	Weak
BExe	No	Strong	Weak
Wom	No	Strong	Weak
Oth	No	Strong	Weak
BMeet	No	Strong	Weak
BComm	No	Strong	Weak
LogDivPout	No	Strong	Weak
FAge	No	Strong	Weak
FSize	No	Strong	Weak
CIR	No	Strong	Weak
Lev	No	Strong	Weak

The above table shows the endogeneity summary based on two stage least square regression of different variables in the Model. Based on the above table it is concluded that there is no endogeneity problem in the Model. Further, the instruments are strong enough to test endogeneity of Model.

TEST SUMMARY OF REVERSE CAUSALITY FOR THE MODEL

Reverse causality test is necessary in panel data analysis to see if there is any cause made by independent variable to the dependent variable. For this, Granger Causality Test is used. The following table gives the summary of Granger Causality Wald Tests for the Model:

Granger Causality Wald Tests for the Model

Equation	Excluded	F	df	df_r	Prob > F
LogTobinsQ	BSize	1.7487	1	201	0.1875
LogTobinsQ	BExe	.64713	1	201	0.4221
LogTobinsQ	Wom	.32383	1	201	0.5699
LogTobinsQ	Oth	.96912	1	201	0.3261
LogTobinsQ	Bmeet	.52933	1	201	0.4677
LogTobinsQ	BComm	.57279	1	201	0.4500
LogTobinsQ	LogDivPout	.07605	1	201	0.7830
LogTobinsQ	FAge	.99503	1	201	0.3197
LogTobinsQ	FSize	.36426	1	201	0.5468
LogTobinsQ	CIR	.15109	1	201	0.6979
LogTobinsQ	Lev	1.3227	1	201	0.2515
LogTobinsQ	ALL	.61242	11	201	0.8171

Granger causality Wald tests gives a satisfactory result and it can be concluded that the variables are free from reverse causality problem and can run OLS regression with this variables.

DESCRIPTIVE STATISTICS FOR PANEL MODEL ESTIMATION

The following table shows descriptive statistics of panel model estimation:

Panel Descriptive Statistics for Model

Variable	Mean	Std. Dev.	Min.	Max.	Observations
LogTobinsQ					
Overall	.0071536	.7384404	-5.369712	6.646829	N = 342
Between		.1529487	-.6452893	.2700981	n = 37
Within		.7295565	-5.453631	6.56291	T-bar = 9.24324

BSize					
Overall	-.0292398	1.610693	-6	6	N = 342
Between		0.4129269	-.4444444	2	n = 37
Within		1.589489	-5.62924	5.37076	T-bar = 9.24324
BExe					
Overall	-.0409357	.7608972	-4	1	N = 342
Between		.1954492	-.2	.1	n = 37
Within		.7502688	-1.140936	1.059064	T-bar = 9.24324
Wom					
Overall	.0643275	.6188268	-2	2	N = 342
Between		.1272433	-.2	.3	n = 37
Within		.6059911	-2.135673	1.964327	T-bar = 9.24324
Oth					
Overall	-.0350877	1.101291	-6	5	N = 342
Between		.3418565	-2	.3	n = 37
Within		1.09109	-6.035088	4.964912	T-bar = 9.24324
Bmeet					
Overall	.1081871.	2.667826	-14	12	N = 342
Between		.4977626	-2	.9	n = 37
Within		2.64248	-13.29181	12.70819	T-bar = 9.24324
BComm					
Overall	.505848	2.156276	-12	9	N = 342
Between		.5047781	-.5	1.8	n = 37
Within		2.097245	-11.49415	9.505848	T-bar = 9.24324
LogDivPout					
Overall	-.0319521	.6727406	-2.772589	2.584393	N = 258
Between		.2132626	-.6777383	.4054651	n = 37
Within		.6496016	-2.435581	2.547878	T-bar = 6.97297
FSize					
Overall	20999.38	34239.04	-119291.3	352489.6	N = 342
Between		41763.59	825.3476	242905.8	n = 37
Within		25261.43	-169579.7	302201.2	T-bar = 9.24324
FAge					
Overall	.9356725	.3449884	-1	1	N = 342
Between		.3308419	-1	1	n = 37
Within		.0647253	.2213868	1.221387	T-bar = 9.24324
CIR					
Overall	1.305446	6.830532	-33.46	26.51	N = 336
Between		1.817362	-2.66	6.32625	n = 37
Within		6.59628	-31.70555	25.11145	T-bar = 9.08108
Lev					
Overall	-.0011454	.0110977	-.0743413	.0507923	N = 342
Between		.002924	-.0077336	.0078721	n = 37
Within		.0108005	-.0677531	.0573805	T-bar = 9.24324

The above table shows the descriptive summary of the model. Total 12 variables considered in the Model 3 estimation in which 6 variables are independent variable based

on first difference such as Board Size (BSize), Number of Executive Directors (BExe), Number of Women Directors on the Board (Wom), Number of Other Directors (Oth), Number of Board Committees (BComm) and Number of Board Meetings (Bmeet); 1 variable such as Natural Log of Tobin's Q based on first difference (LogTobin'sQ) as dependent variable; and 5 control variables based on first difference such as Natural Log of Dividend Pay-out Ratio (LogDivPout), Firm Age (FAge), Firm Size (FSize), Cost to Income Ratio (CIR) and Leverage Ratio (Lev) used for descriptive analysis. The Overall statistics are same as the regular descriptive statistics that is, it gives the mean score, standard deviation, minimum, maximum and observations as a whole. Between measures, the average of individual means and standard deviation is also calculated. The "within" standard deviation provides details about how much a variable varies within units, while ignoring all variation between units. In this table "N" means number of observations without missing values, "n" means number of banks, "T-bar" means average number of time points.

The standard deviation "0" means the mean score do not vary across different banks. In this case, none of the standard deviation value shows "0" meaning that the mean score vary across different bank in case of overall, between and within variations. One of the main advantage of using panel data is that it considers heterogeneity that is each person or company etc. is different. Therefore, the overall descriptive does not give fruitful interpretation of the model. The above descriptive table gives statistics for both between and within variation results. The between statistic considers the banks are systematically different from one other [variation across individual (time-invariant)]. The within statistic considers variation over time or given individual (time-variant). In other words a variable is panel-invariant if it's between standard deviation is zero and it is time-invariant if within standard deviation is zero. Based on the above table, it is concluded that none of the standard deviation value is "0" meaning that all variables are panel variant and time variant. From the above table, based on the point of view of Porter (2017), it is clearly evident that all variables may be more volatile over time within a bank because between and within standard deviation are almost equal for this variables.

PRAIS-WINSTEN REGRESSION, INDEPENDENT PANELS CORRECTED STANDARD ERRORS FOR THE MODEL

The following table shows the results of Prais-Winsten Regression, Independent Panels Corrected Standard Errors for the Model:

Prais-Winsten Regression, Independent Panels Corrected Standard Errors for

Linear Regression, Correlated Panels Corrected Standard Errors (PCSEs)						
Group variable: ID		Number of obs =		252		
Time variable: YEAR		Number of groups =		37		
Panels: correlated (unbalanced)		Obs per group: min =		1		
Autocorrelation: no autocorrelation		avg		= 6.810811		
Sigma computed by pairwise selection		max		= 10		
Estimated covariances =		703		R-squared =		0.1192
Estimated autocorrelations =		0		Wald chi2(11) =		37.83
Estimated coefficients =		12		Prob > chi2 =		0.0001
ROE	Coef.	Panel-corrected Std. Err.	z	P> z	(95% Conf. Interval)	
BSize	-.143615	.0420326	-3.42	0.001	-.2259971	-.0612324
BExe	.95043	.0579796	1.64	0.101	-.0185951	.2086807
Wom	.13708	.0587051	2.34	0.020	.0220209	.2521406
Oth	.0186293	.0285484	0.21	0.832	-.0498976	.06201
Bmeet	.0186293	.0153977	1.21	0.226	-.0115497	.0488082
BComm	.0568963	.0272727	2.09	0.037	.0034428	.1103498
LogDivPout	.0421176	.0990656	0.43	0.671	-.1520474	.2362825
FAge	.0851606	.0990573	0.86	0.390	-.1089882	.2793094
FSize	-1.36006	1.31006	-1.04	0.299	-3.920006	1.200006
CIR	.0097987	.0149317	0.66	0.512	-.0194668	.0390642
Lev	12.76551	4.464275	2.86	0.004	4.015695	21.51533
_cons	-.0788254	.1229589	-0.64	0.521	-.3198204	.1621696

the Model

The above table reports the results of impact of board composition being variable of corporate governance on financial performance of listed banks in India based on Panel Corrected Standard Error Model. The panel model showed that independent variables such as Board Size, Gender Diversity and Board Committees impact on the financial performance of listed banks in India. Board Size showed a significant negative impact on Tobin's Q, which means small boards are more preferred. The finding is same in line with previous researches such as Doğan and Yildiz (2013) and Azeez (2015). Gender Diversity

and Board Committees is significantly positively impacted the bank performance represented by Tobin's Q. In other words large women board members make the firm financial performance healthier. A higher number of board committees good for the financial performance represented by Tobin's Q. This finding is same as the previous researches such as Vishwakarma & Kumar (2015) and Iqbal & Kakakhel . The P-values at 5% level of significance reported that all independent variables in the model except Board Size, Gender Diversity and Board Committees such as Board Independence, Number of Executive Directors, Outside Directors Presence and Board Activity does not showed any significant impact on the performance of listed banks in India based on Tobin's Q.

Table 64 - Hypothesis Test Result (Summary) of the Model

Variable for Board Composition	Null Hypothesis Accepted/Rejected	Supported by Previous Research
Board Size	Rejected	Doğan and Yildiz (2013) and Azeez (2015).
Number of Executive Directors on the Board	Accepted	
Gender Diversity (Number of Women Directors on the Board)	Rejected	
Number of Other Directors	Accepted	
Board Activity (Number of Board Meetings)	Accepted	Narwal & Jindal (2015); Fekadu (2015); Vishwakarma & Kumar (2015)
Number of Board Committees	Rejected	Vishwakarma & Kumar (2015) and Iqbal & Kakakhel

The above table gives the summary of hypothesis test performed and showed that accept null hypothesis of all independent variables except Board Size, Gender Diversity and Board Committees. The Wald test shows a chi-square value of 37.83 which is significant

(0.0001) at 5% level of significance and concluded that reject the null hypothesis of overall Model 3, that there is no significant impact of board composition on financial performance of listed banks in India. In sum, it is concluded that there is significant impact of board composition on financial performance as denoted by Tobin's Q of listed banks in India.

Conclusion

The study was conducted primarily to assess impact of board governance on the financial performance of banks. The study employed Panel Data Models to examine the impact. Board Size showed a significant negative impact on Tobin's Q, which means small boards are more preferred. The study found that both Gender Diversity and Board Committees positively influence bank performance. But all other variables showed no significant impact on the performance of listed banks listed in India. With this results, it can be concluded that board governance will definitely affect the bank performance. Due to the time constraints, this study used limited variables and the future researchers have the option to select more governance variables for their research.

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