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What Competencies Should Directors Possess in Banking Sector? Bangladesh Perspective

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Abstract

The direct linkage of banks with the economic system of a country and the nature of the banking business makes their corporate governance more complex. Competencies of the board of directors, such as knowledge, skills, and charismatic characteristics, help them handle their responsibilities and increase their ability to manage the complexity and changing situations. Also, the directors must gain the skills and knowledge to keep up with the rapidly changing world to increase their competitive advantage. The complexity of the banking business requires specific mechanisms to deal with, increases the asymmetry of information, and diminishes stakeholders' capacity to monitor managers' decisions. In Bangladesh, the banking industry requires competent and professionally skilled directors in board composition for the effective board process. Therefore, the paper aims to examine the board competencies in the Bangladeshi banking sector that directors should possess to contribute to the board process for effective governance. In rigorous literature, governance guidelines, and best practices review, the paper finds the required core board skills, knowledge, experiences, education, and training regarding enterprise leadership, governance, industry, and strategies. The study findings have several managerial implications. The study is helpful to policymakers in developing regulatory requirements for board composition and competencies in the context of a specific industry. Moreover, all stakeholders of listed companies, particularly shareholders, regulators, and existing and prospective board members, could use this study for the diversity in directors' competencies to align strategic goals.

Keywords: *Board competencies, board effectiveness, board governance, banking sector, organizational goals.*

1. Introduction

An effective board is attached to the organization, conscious of fruitful performance, and active in the organization's success (Brown, 2005; Jackson & Holand, 1998). The continuous progress of the board members is essential for any organization because, without the effective development of the board members, the organization cannot survive with the increasing competition for resources, potential external regulation, enormous organizational complexity, and technological changes (Brown, 2007). Therefore, the Board governance is always nurturing and supporting the board members for their best outcomes which will help to ensure the organization's ultimate goal. That is why the board governance tries to select and recruit future board members who can ensure the organization's effectiveness (Brown, 2007). Competencies of the board of directors, such as knowledge, skills, and charismatic characteristics, help handle their responsibilities very quickly and increase the ability to manage the complexity and changing situations (Lee & Phan, 2000). However, sometimes the effective board needs to gain emerging technological skills to cope with the new technology. For example, Eastern Kodak, a technology-based company, could not maintain technological change throughout its organization (Valentine & Stewart, 2013a). This indicates that the board of directors has to gain the skills and knowledge to keep up with the rapidly changing world. Research suggests that if the board of directors enriches its capabilities to increase its competitive advantage, the firm can

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cope with the fast-changing global economy and business environment (Markus, Thomas, & Allpress, 2005).

The direct linkage of banks with the economic system of a country and the nature of the banking business makes their corporate governance more complex. The complexity of the banking business requires specific mechanisms to deal with, increases information asymmetry, and diminishes stakeholders' capacity to monitor managers' decisions. In Bangladesh, the banking industry requires competent and professionally skilled directors in board composition for the effective board process. The primary duty of a board of directors is to oversee all the management functions ensuring good governance (Bank Company Act, 1991). The newly amended section 15 of the Bank Company Act 1991 (Amended up to 2013) outlines the board of directors' responsibilities, such as developing the policies and guidelines, ensuring risk management, controlling internal duties, and monitoring the internal audit to attain the organizational goal. The regulations for board governance provided in the Bank Company Act also suggest that, in Bangladesh's perspective, an independent director has a broader scope to ensure good corporate governance. In August 2012, the Bangladesh Securities Exchange Commission issued a notification providing qualifications for appointing independent directors.

However, in Bangladesh, the banking sector does not practice the competency matrix or continuous competency development programs like developed economies. Therefore, it is essential to examine whether the financial and money market authorities' guidelines regarding banking governance are adequate to improve the board competencies and what specific directors' competencies are required for effective banking governance. Also, it is critical to identify the importance of board competency disclosures and limitations in adopting or implementing the board competency matrix in the banking sector in Bangladesh.

Considering the above circumstances, the paper examines the board competencies in the Bangladeshi banking sector that directors should possess to contribute to the board process for effective governance. The paper attempts to answer the following research questions:

RQ1: What board competencies are required to ensure adequate board governance in the banking sector according to the previous literature?

RQ2: What are the best practices for board competency matrix disclosure and compiling a competent banking board?

RQ3: Are Bangladesh's board competency guidelines for financial institutions adequate for effective banking governance?

The remainder of this paper is organized as follows. The second describes the meaning and related literature of board competency. The third section discusses an empirical review of issues relating to directors' competencies in the banking sector. The fourth section is about the competency matrix showing some skill matrix structures. The fifth section describes the best practices of competency matrix disclosure. The sixth section reviews the overview of board competency guidelines relating to the banking industry in Bangladesh. Finally, in the seventh section, the paper ends with the conclusion, implication, and recommendation.

2. What is Board Competency?

Competency is an underlying motive that helps get adequate performance and encourages one to do better work because a person has that specific capability (Werner, 1994; Boyatzis, 2008). Board competency means the collection containing the directors' skills, knowledge, experience, education, and training by which their capabilities can evaluate and help develop the board's effectiveness (Leblanc, 2016). With the help of the directors' continuous development and training, the effectiveness and strength of the board increase. On the other hand, in the absence of continuous training sessions for the directors, the board performance decreases (Leblanc, 2016). Moreover, the proficiency of the directors can develop from the basic level to the highest level; however, it decreases very quickly if the directors cannot cope with the emerging trends (Leblanc, 2016). Board competencies are how conceptual frameworks are developed where knowledge, skill, and intellectual capabilities are required.

Competency is not an experience, but some scholars defined the competency matrix as an experience. Director's competency can be measured by his experience, as many other skills must be needed. To maintain practical competencies, all the proficiencies are necessary for the directors (Leblanc, 2020). In a board competency matrix, "CEO" or "executive" is a competency, but it should be avoided because CEO is a position. On the other hand, leadership is a competency that can be assessed and included in the competency matrix (Leblanc, 2020). CEO or Executive cannot act as a good director; the directors view that concept (Larcker & Tayan, 2011). Even the participation of the executive can hamper the recruitment of a skilled board of directors in an extensive range. General, functional, and educational knowledge are significant to perform best in the workplace. Board development is developing a solid board of directors and continuously taking action to improve the significant board competencies such as leadership, international experiences, financial acumen, governance and compliance, and customer adaptability. Board competencies include recruiting, training, and developing directors, controlling the board performance and tasks, and removing incompetent board members (Lee & Phan, 2000; Metz, 1998; Watson, McCracken, & Hughes, 2004; Weisman & Builders, 2003).

3. The Empirical Review

3.1. Board governance in Banking

Board governance indicates the policies, rules, laws, and customs and how it is directed and controlled. Melvin and Hirt (2005) described corporate governance as corporate decision-making and control, particularly the board's structure and its working procedures that help enrich the bank performance. In the banking industry, board governance is

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more complex than in other industries for the limited competition, intense regulation, and higher informational asymmetries (De Andres & Vallelado, 2008). It is a general belief that good corporate governance enhances a firm performance; both are interrelated, and governance helps the bank for corporate performance (Ajanthan, Balaputhiran, & Nimalathashan, 2013). Board governance in banking mainly depends on board composition and size, which are connected with the director's ability to monitor and give suggestions to the management. Directors monitor management's work and help them get strategic identification and implication of any task. Bank directors must have specific skills and knowledge of the complexities in the banking business that enable them to assess, control, and advise managers efficiently (De Andres & Vallelado, 2008). Drechsler. Wolfgang (2003) discusses that effective corporate governance assists in increased valuation, higher profit, higher sales growth, and lower capital expenditure in the banking sector. Good banking governance balances the interest from the equity holders to borrowers and depositors.

3.2. Duties and Responsibilities of Directors

The directors' overall responsibilities include decision-making, cooperating with top-level management to set up the strategic formula, getting external rightness, and making the external network (Demb & Neubauer, 1992; Huse, 2005; Roberts, McNulty, & Stiles, 2005). The directors ultimately work for business strategy and financial wellness, oversee all employees' decisions and risk management, and make organization and governance structure. The directors should be concerned about their care of duty and loyalty under all laws and standards. Both inside and outside directors create a significant linkage and resources to the board, suggesting that inside directors help create higher inspiration to provide such resources (Hillman & Daziel, 2003). Directors try to make effective business strategies, monitor implementation, and build corporate cultures and values. They regularly oversee the working framework and give guidelines to implement the work policies. The boards must ensure that all parties' transactions are overviewed to minimize the risk. Directors should consider the legitimate interest of the shareholders and other parties and maintain a good relationship with all the supervisors. (Larcker & Tayan, 2011; Leblanc, 2016)

3.3. Competencies in Strategic Leadership

Directors should have specific competencies by which they can appear opportunities and innovate new strategic ideas for better work performance. Strategic leadership focuses on monitoring and directing subordinates and workgroups (Norzailan, Yousuf & Othman, 2015). A director must know the external environment and has informative knowledge about the internal environment. New strategies may create conflicts between stakeholders; therefore, directors should have the political skill to handle this situation. (Norzailan et al., 2015). The strategic leader always faces problems implementing new ideas in the organization, but he can efficiently deal with the management. Also, strategic leadership indicates personal charismatic characteristics to influence and lead everyone to implement the task. A strategic leader has many experiences and uses his experiences to take proper steps in an unwanted situation. The strategic leadership skills of directors help the firm maintain a long-term perspective and give attention to attaining strategic goals.

3.4. Social Responsibilities

Social responsibility is a workable strategy that helps build a competitive strategy more strongly. It improves its reputation when the board focuses on social purposes such as social investment, social work, or social development programs. Generally, the board conducts philanthropic actions through social works such as volunteerism, foundation grants, and sponsorship (Silverstein, McCormack & Lamm, 2018). Boards must ensure the nature of the commitment for social development purposes and also take action to practice sustainability. The board of directors will give the guidelines and monitor the management functions related to social responsibility. Silverstein et al. (2018) explained that the board could make a separate committee to monitor the organization's social activities, developing reputational benefits through a higher level of commitment (Paine, 2014). The board's role is to assist the management or committee by giving more concern about social responsibility or allocating pro-social resources to increase shareholders' value.

3.5. Information Technology Governance

Information technology (IT) governance controls and monitors the IT system's and functions' potentiality to maintain the stockholders' value in the organization. IT governance is a vital portion of the organization and assists in strategic planning to create a competitive advantage (Valentine & Stewart, 2013b). The board has to monitor IT investment, identify opportunities and risks, and take measures to mitigate the risk (Valentine & Stewart, 2013b). At least one director on the board must have IT expertise maturity to stick up with management to query the technology-related questions (e.g., ITGI 2011; Luftman, Ben-Zvi, Dwivedi, & Rigoni, 2012; Nolan & McFarlan, 2005). IT competency is the toughest for the board's performance because it tries to accommodate all necessary competencies, and the quality depends on their actions and board process (Martyn, 2006). When an organization makes decisions with the help of an IT expert, the risk minimizes, but the stakeholders' trust increases (Nolan & McFarlan, 2005).

3.6. Enterprise Risk Management (ERM)

The Basel (2006) explains that risk management exists for managing the risk management activities that senior management assists. Risk management regularly looks after the organization's activities is aware of the risk and opportunities, and tries to get all the information regularly to minimize enterprise risk and increase productivity. Risk management tries to seize the scope for attaining the organizational goal. Korolov (2018) explains that the goal of ERM is to recognize the level of tolerance of the enterprise risks and classify and quantify them. Recently, external stakeholders are showing a high interest in firms' risk management. In most industries, investors and the government have also started to analyze the company's risk management evaluating the rules and regulations. Also, the

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boards assess and disclose a statement on the risk management capability. When an organization can reduce risk by having an efficient risk management committee, the board can easily define the organization's opportunities and threats.

3.7. Board Competency and Board Effectiveness

Board Competency means the group of directors' skills, such as some interpersonal skills, that help increase the company's efficiency (Leblanc, 2020). Board effectiveness increases the people's awareness, enhancing corporate governance effectiveness. (Barton & Wong, 2006). *Board Effectiveness* is a broader concept that impacts the firm's financial and managerial performance and works with external issues (Chait, Chait, Holland, & Taylor, 1993; Thibadeoux & Favila, 1996). Many studies measured board effectiveness and the relationship between the boards' characteristics and the company's financial performance (Yusoff, 2010). The board effectiveness is the outcome of the board's strategic decision-making, good teamwork, monitoring management functions, and excellent relationship with the management (e.g., Ingley & Van der Walt, 2001; Leblanc, 2010; Finkelstein & Mooney, 2003; Sonnenfeld, 2002; Huse, 2005, 2007; Schmidt & Brauer, 2006; Levrau & Van den Berghe, 2007; Payne, Benson, & Finegold, 2009). The board needs directors who can shape everything effectively to get the proper structure, process, and culture. Therefore, board competency is essential for maintaining the board effectiveness of the company. Internal perspectives are the critical elements of the board effectiveness. The five necessary internal aspects affecting the effectiveness include board composition, structure, process, roles, and board membership (Yusoff, 2010). Some scholars argue that small board size is more effective; however, the most crucial issue is how perfectly directors can manage the team (Conger & Lawler, 2009). Moreover, directors are more knowledgeable about management functions and committed to the highest outcomes regarding the organization's financial performance (Tomasic & Bottomley, 1993). In the organization, the directors' competencies are the essential resources. Sveiby (1997) preferred that directors utilize their soft and tactical knowledge in different organizational situations. Directors' competency is developed through the proper education system, training, and gathering experiences (Becker, 2009) that enhance board effectiveness.

Furthermore, board capital is a theme where both human and relational capital is included to help monitor the functions of a firm to make it effective (Hillman & Dalziel, 2003). Nicolson and Kiel (2004) argued that the organization could achieve its goal more effectively if a director has competency in the industry and functional and board-specific knowledge and skills. Also, the greater the competence of the board members, the more significant percentage of becoming the more successful company with the strategies (Stewart, 2010). A Board Self-Assessment Questionnaire (BSAQ) was made for the assessment (Cornforth, 2001). Garratt (1999) preferred five roles for the board: strategic direction and policy-making, external accountability and relations with stakeholders, supervising and supporting management, stewardship of the organization's resources, and board maintenance. The board members' skills and experience are the two essential roles for the board directors and capable of devoting to their role. These inputs are transformed into outputs through the board's structures and processes, making an effective outcome (Cornforth, 2001). Therefore, board competency has a significant impact on board effectiveness.

3.8. Board Competency and Board Performance

The knowledge and skills of directors are critical because these are appropriately utilized in the company's task to achieve the strategic goals (Forbes & Milliken, 1999, p. 495). So, there are three criteria by which the skills and knowledge can be practiced (Forbes & Milliken, 1999). First, board members assist in accomplishing the task through skills and knowledge. Second, they transfer the information among all of them and give everyone a clear idea about duties and responsibilities. Finally, they share their experiences and expertise for better performance. This knowledge is different from professional knowledge.

Moreover, board members should always be qualified and have expertise, knowledge, and charismatic traits (Forbes & Milliken, 1999; Zona & Zattoni, 2007). Board members can enrich the board's performance through their knowledge and competency. Integrated use of board members' competencies in making strategic decisions results in better performance (Minichilli, Zattoni, Nielsen & Huse, 2012). Also, through the collective use of knowledge and skills of the board members, the performance can be enriched while board members are interdependent (Wageman, 1995). Moreover, directors' professionalism in the boarding process can reduce the "process loss" in the system (Minichilli et al., 2012). Therefore, board members have to qualify to work together, help each other, share their ideas and information, and use their ideas to create an innovative and splendid performance (Forbes & Milliken, 1999, p. 496). Through control and advisory competencies of the board, the organization can get a good board performance because they can control the embezzlement of the organization (Shleifer & Vishny, 1997). When influential board members can avoid distraction and mitigate risks through their control and advice, they can get excellent financial results (Forbes & Milliken, 1999). Therefore, it is clear that the board competency of the directors is related inextricably to the board's performance.

4. The Director Competency Matrix

The Governance and the Nominating Committee will implement the competency matrix and measurement scales to review, discuss, and approve the directors' competencies by the board. The committee should maintain this scale to date, reflecting the strategy, oversight responsibilities, and the organization's situation (Leblanc & Lindsay, 2010). Therefore, it is essential to appropriately define all the terms and scales in designing and administrating the competency matrix (Leblanc, 2016). The board should fix a deadline for each director to attain specific competencies so that directors continue their studies based on the competency review. Also, directors can assess their abilities through the scale of a competency matrix. Each director can be skillful in some

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portions. However, most importantly, the board will have a collective coverage of the competencies of all board members to make decisions for the company to achieve its strategic goals (Leblanc, 2016). However, the management can only assess the competencies by the matrix once they focus on all required competencies in the matrix. Therefore, the primary responsibility of the Governance and Nominating Committee is to implement and report the competency matrix to the board acting as an independent consultant (Leblanc, 2020).

4.1. Sample Director Competency Matrix

The following is a sample of a directors' competency matrix. Note that the competencies are listed along the vertical axis, and directors (incumbent and prospective) are enumerated along the horizontal axis.

Table 1: Board Competency Matrix

Code	Area of Competency	Incumbent Directors					Prospective Directors		
		1	2	3	4	5 …	1	2	3
	Core Board Skills, Knowledge, Experiences, Education, Training								
LEA	Enterprise Leadership								
GOV	Governance/ Board								
IDY	Industry/Sector								
STR	Strategic/Value Creation/ Growth								
FIN	Financial								
	Desired Skills, Knowledge, Experiences, Education, Training								
ACC	Accounting/Taxation/Audit								
ADB	Advocacy/Communications/ Reputation								
CAP	Capital Allocation/Markets								
DIV	Diversity (e.g., gender, culture balance)								
GEO	Geography								
GVT	Government/ Public Sector Relations								
HR	HR/Quality/Performance Management, Compensation								
INV	Investor Relations and Mind-Set								
IT	IT/Cyber/Privacy Management								
LEG	Legal/Regulatory								
MKT	Marketing/Sales								
OPE	Operational/ Organizational Activities								
RIS	Risk/Controls /Compliance Management								
SUS	Sustainability /Climate/CSR								

Source: Leblanc (2020)

Table 2: Scale to Assess Director Competencies

Competency Level	**Description**
None or Limited	Possesses no or limited knowledge, understanding, or application of the competency.
Basic	Possesses an adequate understanding of the fundamentals and principles of the competency. Demonstrates limited ability to apply the competency to complex situations. Appears to follow competency discussions by the board and to proceed informatively. Seeks mentorship from other directors who are skilled or expert in the

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	competency.
Skilled	Possesses significant understanding of the competency and related competencies. Applies the competency to complex situations and engages proficiently in competency discussions. Formulates high-quality questions and demonstrates nuanced understanding of the competency. Demonstrates leadership and mentoring of the competency to reporting management and other directors.
Expert	Demonstrates extensive and current understanding of the competency and sub-competencies, and best practices. Is regarded as a competency expert and can constructively challenge other experts, including reporting management and external advisors on the competency. Has invested approximately 10,000 hours to develop expertise within the competency. Applies the competency to complex and difficult situations adeptly. Frequently leads board discussions of the competency, reflecting deep and insightful analysis. Asks highly effective, forward-focused questions concerning the competency. Oversees and guides reporting management on the competency and mentors and develops other directors.

Source: Leblanc (2020)

The directors' assessment should be made according to the director's curriculum. Then, it must submit to the governance and nominating committee, which will support that assessment process. Directors will include narrative support when and how directors gain the competencies. Directors will show their competencies in front of the governance and nominating committee getting new opportunities through professional development training, and the committee will justify and ensure it (Leblanc, 2020).

The investors and other stakeholders will get precise information about each director's competency and how much efficiency they have. Competency gaps are applied through the pooling, interviewing, prioritization, and selection of prospective directors after finishing the administration of the competency matrix through governance and nominating committee (Leblanc, 2020).

5. The Best Practices of Competency Matrix Disclosure

In Canada, it can be observed that there are six banking institutions, such as the Bank of Montreal (BMO), Royal Bank of Canada (RBC), Scotia Bank, CIBC, National Bank of Canada (NBC), and the Toronto Dominion Bank (TD). All the directors of these banks have some board experience and exercise from senior-level involvement in major organizations. They maintain a skill matrix to monitor the skills and experience necessary for the oversight of the banks today and in the future. The best practices of board competency are to disclose the competency matrix of the directors. To serve on the boards, directors have considerable experience in leadership and strategy, such as executive or senior leadership, strategic planning, risk management, accounting and finance, legal or regulatory or governmental affairs, talent management, and executive compensation. In addition, each director has some industry and transformational skills, including financial services, retail or consumer, information technology and security, and social responsibility and sustainability. The total number of directors in six banks disclosed in the proxy circulars in 2022 is 79. The competency matrix shows that 73.42% of directors have expertise in executive or senior leadership, 75.95% in risk management, 69.62% in accounting and finance, 53.16% in strategic planning, 43.04% in legal or regulatory or governmental affairs, and 54.43% in talent management and executive compensation.

Moreover, in the industry and transformation category, 53.16% of the directors are experts in financial services, 27.85% in retail or consumer, 40.51% in information technology and security, 69.62% in social responsibility and sustainability, and 24.05% in other board experiences and corporate culture. In these banks, the directors confirm their skills every February and disclose their competency matrix in proxy circulars so that shareholders can evaluate and vote to reappoint them for the following year. As a result, a definitive list of directors' skills of six Canadian banks has been given in three broad categories that the banks recorded in the competency matrix (Table 3).

Table 3: Summary of Board Competency Matrix Disclosures of Canadian Banks

	Competency/Skills/experience	No. of Directors	Total no. of Directors	Percentage
Leadership and Strategy				
1.	Executive/senior leadership	58	79	73.42%
2.	Strategic Planning	42	79	53.16%

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3.	Risk management	60	79	75.95%
4.	Accounting and Finance	55	79	69.62%
5.	Legal/regulatory/governmental affairs	34	79	43.04%
6.	Talent management and executive compensation	43	79	54.43%
Industry and Transformation				
7.	Financial services	42	79	53.16%
8.	Retail/consumer	22	79	27.85%
9.	Information technology and security	32	79	40.51
10.	Social responsibility and sustainability	55	79	69.62%
Other				
11.	Other board experience/governance and corporate culture	19	79	24.05%

6. Overview of the Board Governance Guidelines in Bangladesh

The central bank of Bangladesh and the Bank Company Act 1991 provide the banking governance guidelines, including the duties and responsibilities of the Board of directors rather than the directors' competencies. Board Governance Guidelines suggest that the Board of Directors has to be professionally skilled to manage their duties and responsibilities. They have to work, supervise and monitor the activities efficiently. Therefore, there are some expected qualities of the board members by which they can ensure good governance (BRPD Circular 11 of Bangladesh Bank, 2013). The Board of directors screens the management's responsibilities, monitors how they accomplish their tasks, and balances the shareholders' interests (Srivastava et al., 2015). The corporate governance guidelines of the Bangladesh Securities and Exchange Commission outline that the number of directors on a board should not be less than five and more than 20. Also, the number of independent non-shareholder directors should be at least one-fifth of the total number of directors on the Board. The chairman and CEO cannot be the same person (Corporate Governance Guidelines of BSEC, 2006). Also, the Board of directors must take responsibility for accomplishing all the tasks relating to the goals of developing the policies for the bank's risk management, internal controls, and internal audit and compliance (Bank Company Act, 1991).

Independent directors are preferable in Bangladeshi banking boards because it is assumed that independent directors can handle all the compliances knowing corporate and financial laws and regulations. The Board of directors have all the information about the company; they will be faithful to the company with due diligence and are always very much concerned about the firm's interest. The Board of directors plans the work and strategies and keeps the work consistent with goals. The directors have the quality to manage the internal audit process free from the management to develop the internal process. The Board should give attention to the development of skills of the bank's staff in different fields of its business activities, and when they recruit the staff, they ensure the staff's quality. Directors have to maintain the confidentiality of information about the company. Also, directors must have the quality to protect and use company assets. Directors will be concerned about encouraging the reporting of any illegal or unethical behavior.

7. Conclusion, Implication, and Recommendation

A board of directors is always composed of several competent persons who must act together. Any of its directors alone takes no decision of the board. Board members must be able to come together for the best interest of the organization beyond their interests. Therefore, the board must have collective capabilities and competencies to address all emerging issues in the organization. The study's objective is to examine the literature on board competencies that directors should possess to contribute to the boarding process and achieve organizational goals. This paper also examines the literature on board competencies in specific corporate governance issues and the board competency disclosure practices in financial institutions. Finally, this paper examines the board competency guidelines for financial institutions available in Bangladesh.

In this study, literature on board governance in the banking industry was reviewed, focusing on the duties and responsibilities of directors and their competencies in strategic leadership, social responsibilities, information technology, and risk management. Also, the study reviewed the literature on how board competency impacts board effectiveness and performance.

The bank directors can monitor all the tasks and efficiently give suggestions to the organization's management. Bank directors assess, control, and advise managers efficiently. Another significant portion is that the directors try to

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implement the work policies. Directors continuously oversee the work performance, share the guidelines for it, and make good external relationships. Political skill is also mandatory, through which they can control new strategies to reduce stakeholder conflicts. Directors must practice corporate social responsibilities and philanthropic activities such as volunteerism, foundation grants, and sponsorship. Also, the directors must have IT-related expertise to handle IT governance.

Moreover, an efficient risk management committee can effectively oversee the organization's risk management functions. Therefore, corporate governance competencies increase the board effectiveness measured through board performance. Board competency can be developed through the continuous education system and training.

The study findings have several policy implications. First, the directors' competencies and board compositions are essential to understanding corporate decision-making. Therefore, the study is helpful to policymakers in developing regulatory requirements for board composition and competencies in the context of a specific industry. Second, all stakeholders of listed companies, particularly shareholders, regulators, and existing and prospective board members, could use this study for the diversity in directors' competencies to align strategic goals. Finally, this study suggests some areas for future research. This study's methods and assessment criteria should be replicated in other industries and non-profit organizations.

This study primarily focuses on some issues, such as government policymaking. Government should make policy guidelines for corporate governance because there are no guidelines in Bangladesh for board competency. If the organization wants to increase the board's effectiveness through its board performance, it should be more concerned about the board's competency. Board leadership should be implemented effectively because the board can help the organization attain the desired outcomes through monitoring and suggestions. The directors' skills, knowledge, and abilities can maintain strategic leadership and assist the organization through strategic decision-making. Directors can overcome any complexity or cope very quickly with new ideas in the organization. Therefore, the board competency of the directors should measure and disclose through which governance and organization will get a clear idea about directors' competencies that help them implement their targets.

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