GENDER DIVERSITY AND FIRM PERFORMANCE: EVIDENCE FROM NIGERIA

By

Maryam Ayuba Musa

Supervisor

Dr. Ernest Ezeani

SALFORD BUSINESS SCHOOL

UNIVERSITY OF SALFORD, MANCHESTER, UK

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Declaration

I hereby declare that this thesis titled ***"Gender and firm performance: evidence from Nigeria"*** has been prepared by myself at the University of Salford under the guidance of Dr Ernest Ezeani of Salford business school at the University of Salford, in fulfilment of the regulation of the University of Salford, for the award of PhD in Finance.

This thesis has not been submitted in part or full to any other university or towards any other degree.

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Abstract

The study examines the effect of gender diversity on firm performance. Gender diversity is considered an important corporate governance mechanism, especially in developing countries like Nigeria because of weak external governance laws, strong cultural and religious factors entrenching the glass ceiling phenomenon, and the absence of extant legislation on quotas for female representation. This thesis filled the important research gap by examining the relationship between gender diversity on firm performance. Unlike previous studies on the business case for gender diversity which predominantly use the absolute number of female board members in corporate boards, this work takes a different approach by examining the governance channels and female board members' attributes that promote firm performance. The study's theoretical framework draws extensively from agency theory, resource dependency theory, stewardship theory, and stakeholder theory in formulating the five hypotheses of the study. The first hypothesis adopted the traditional framework of absolute number of female board members. The second and third hypotheses considered the governance channels -female attendance to board meetings and female representation on board committees , while the fourth and fifth hypotheses considered female board members attributes - educational qualification and nationalities of female board members. Return on asset and Tobin's Q are the proxies of firm performance. The five hypotheses were tested using a longitudinal sample of 118 firms over eighteen years from 2002 to 2019. This research's sample is all quoted firms on the Nigerian Stock Exchange. Firms in the financial sector were excluded from the sample. The five hypotheses were analysed using the static panel and dynamic Generalised Method of Moments (GMM). The study's findings revealed that gender, female educational qualifications, female representation on board committees, and female attendance to board meetings are positive and significant predictors of firm performance. The results also provide inconclusive evidence on the effect of gender nationality (foreign female board members) on firm performance. The findings of the study make significant contributions in the following ways: (1) The approach of focusing on Nigeria offers a new insight into the performance of female board members in a jurisdiction without explicit legislation on quota for female representation in corporate boards. The use of non-financial industries also provides an insight on the performance of female board members in sectors that are not heavily regulated; (2) improve the advocacy of narrowing the gender gap in the corporate boardroom by identifying gender

attributes explicit legislation on gender quota would consider as well as providing clarity on the governance channels through which female board member promotes firm performance (3) contributes to governance literature by revealing that the appointment of educated women and foreign female board members are crucial for attracting women that possess unique skills, leadership qualities, social intelligence, technical intelligence, mastering of the corporate environment, managerial resilience, and emotional intelligence ; (4) the relevance of institutional peculiarities in the superiority of market-based versus accounting-based measures of firm performance debate. The accounting-based measure performed better due to the level of market development in Nigeria. Generally, the finding of this research contributes to the gender diversity and firm performance debate by shifting the analytical focus to the corporate governance channels and gender attributes that drive performance. This unique approach is expected to stimulate further research that adopts the contingency approach of identifying the transmission channels of gender diversity and firm performance debate.

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CHAPTER ONE - INTRODUCTION

1.1 Background and statement of the problem

Gender diversity, women's attributes, gender governance channels, and their impact on the performance of firms have been a topic of discussion globally, and the debate is still ongoing among academics and practitioners. Previous studies have highlighted the unique qualities of female directors that differentiate them from their male colleagues. Female board members are shown to be more ethical (Damak 2018; Terjesen 2016), and demand more accountability and fairness which improves firm performance (Nadeem *et al*, 2017; Pandey & Hassan, 2020, and Nel *et al*., 2020). Extant literature shows that women are risk-averse (Beckmann & Menkhoff, 2008) and less overconfident than men. In addition, these qualities of female directors contribute to their monitoring role (Mather *et al*., 2021; Calder-Wang & Gomper, 2021; Konadu *et al*., 2022). According to Mather *et al*. (2021), gender diversity, board oversight role, and quality of deliberations are positively correlated. Similarly, Calder-Wang *et al*. (2021) and Konadu *et al*. (2022) find that female directors promote openness and information flow.

The main question that needs addressing is whether gender diversity and the personal attributes of board members significantly impact the performance of firms in Nigeria. This line of research is relevant for the following reasons. Previous research efforts on the relationship between gender diversity and the performance of firms largely focused on developed countries (Schopohl *et al*., 2020; Campbell & Minguez-Vera, 2007; Zaid *et al*., 2019; Adams & Baker, 2020; Ezeani *et al*., 2022a; and Ezeani *et al*., 2022b). However, due to institutional differences, their empirical findings may not be applicable to firms in Nigeria for the following reasons.

First is the presence of regulations in some developed countries that promote gender diversity on corporate boards, compared to Africa, where such regulation does not exist. In 2003, Norway enacted legislation that prescribed a 40% quota for female representation on corporate boards (Okoyeuzu *et al*., 2021). Spain followed suit in 2007 by legislating a 40% gender quota on corporate boards, which took effect in 2015 (Farag & Mallin, 2017). France adopted the gradualist approach by enacting a legislation that prescribed 20% female representation on corporate boards in three years and 40% in six years (Adams & Funk, 2011). In 2012, the European Union Commission also ratified the protocol to increase the representation of female non-executive

directors to 40% by 2020 for all public firms within the union, except small and medium firms (Okoyeuzu *et al*., 2021). In the United States, California enacted a bill in 2018 which prescribed a threshold of at least one female director in 2019 and two female directors in 2021 for a board size of five for firms with headquarters in California (Datta *et al*. 2020). On June 9th, 2022, the European Council and Parliament agreed to draft a legislation that requires all firms quoted on the European stock exchanges to ensure that female board members constitute at least 40% of non-executive directors or 33% of all directors. Such legislation that improves women's participation on corporate boards is non-existent in the majority of developing nations, including Nigeria.

Second is the ever-increasing disparity in external governance laws between developed and developing economies. The Nigerian legal system, poor ethical climate, and poor business culture allow for the appointment of unqualified women to corporate boards (Ponnu, 2008). Managers and business owners may deliberately appoint women who perceive their positions/appointments as a favour, ceremonial, or mere fulfilment of regulatory requirements. The link between women participation and performance must be empirically validated. The findings of studies from developed economies may be misleading. This study aims to explore the effects of gender diversity on firm performance in Nigeria by utilising a dataset from all publicly listed non-financial companies in the country.

There is also an emerging argument that focusing on the number of female board members in African research studies might be analytically vacuous (Okoyeuzu *et al*., 2021; Ujunwa, 2012; Campbell & Minguez-Vera, 2007). This line of research advocates for studies focusing on the female board members' corporate channels and personal attributes in the gender and firm performance debate (Schopohl *et al*., 2020; Zaid *et al*., 2019; Adams & Baker, 2020). Studies that explore this line of argument do not include Africa. This study also contributes to empirical literature from the developing economies' perspective by using Nigerian data to examine the relationship between female board members' personal attributes, governance channels and firm performance. The personal attributes are their nationality, gender (Ujunwa, 2012; Oxelheim and Randoy, 2001), and educational background (Ingley & Van der Walt, 2001). The corporate governance channels of interest are; through the membership of female board members on board committees (Carcello *et al*. 2002) and board meetings attendance by the female board members (Vafeas, 1999; Chou *et al*., 2013). Nigeria presents a good case for examining the effectiveness

of female attributes and governance channels in the gender and firm performance debate, given the poor ethical climate that could incentivize the appointment of the wrong persons to the board merely to satisfy regulatory requirements.

Empirical findings on gender diversity and firm performance nexus are inconclusive. Some scholars found a positive connection between firm performance and gender diversity (Adams & Funk, 2011; Ujunwa, 2012; Okoyeuzu *et al*., 2021). These studies argue that women in top management tend to increase firms' performance and significantly improve company performance. Other scholars found a negative correlation between firm performance and gender diversity (Richard, 2000; Kochan *et al*., 2003; Farrell & Hersch, 2005; and Ellis & Keys, 2003). According to their research, a corporate board's lack of gender diversity has a negative effect on the companies. Other research indicates no distinctions or conclusive evidence of a relationship between organisational performance and gender diversity (Cox & Blake, 1991; Shrader *et al*., 1997; Dobbin & Jung, 2011; Farrell *et al*., 2004).

Despite the ongoing debates on gender diversity, the presence of women on corporate boards in Nigerian firms is extremely low. Women remain underrepresented in various board directors' roles and every other field of endeavour. The latest OECD report shows a huge gap in female representation in senior corporate roles. This gap may widen in developing countries due to religious and cultural bias. For women's quotas to be advocated or enacted in developing economies like Nigeria, empirical evidence should be used to determine how gender diversity affects firm performance, identify female attributes that foster growth, and identify effective governance channels through which female board members can change norms. The impact of gender diversity on the performance of Nigerian firms remains a topic that merits empirical investigation. More importantly, the absence of legislation on gender quotas in Africa makes it imperative to use empirical findings as a source of advocacy for such legislation where the findings support such.

1.2 Research Aim and Objectives

This research examines the relationship between gender diversity and firm performance in Nigeria. The specific objectives of this study are to:

1. Examine the effect of gender diversity on the performance of publicly listed non-financial firms in Nigeria.

2. Document the effect of the personal attributes (educational qualification and gender nationality) of female board members on firm performance.

3. Investigate the effectiveness of female attendance to board meetings and committee representations on firm performance.

1.3 Significance and motivation of the study

This study is significant to literature and policy formulation in the following ways. First, it serves as a basis for advocacy in bridging the gender-based gap in the composition of corporate boards in developing economies. For instance, developed countries are narrowing the gender gap in the corporate environment through extant legislation like gender quotas on board composition. The absence of extant legislation on this subject matter in Africa and Nigeria could be attributed to the dearth of empirical studies. Empirical studies that clarify understanding of the effect of gender diversity on firm performance are the springboard for such advocacy.

Most corporate governance studies on the personal attributes of board members do not disaggregate between female and male board members (Al-Mamun & Seamer, 2021; Sikarwar, 2022). This approach contradicts the basic assumption of studies on gender diversity and firm performance, which are anchored on the premise that female board members bring different perspectives and unique personal attributes that promote norm changes to the boardroom (Bathula & Rao, 1995; Booth *et al*., 2002; Peasnell *et al*., 2003; & Ujunwa 2012). This study is significant because of the innovation of focusing on those female personal attributes to promote firm performance. The theoretical foundation of the female attributes has been laid to rest, while the empirical validation or the practical reality has received little or no attention. This study focuses on two important personal attributes – educational qualification and gender nationality.

The governance channel is another aspect of the gender and performance debate that has received less attention in extant literature. There is a consensus in extant literature that the governance channels for effecting norm changes and promoting firm performance are attendance to board meetings and board committee representations. However, studies that clarify the understanding of this empirical standpoint are lacking. Few studies on governance channels focus on women's

membership of the audit committees of the boards (Alhababsah & Yekini, 2021; Baranchuk & Dybvig, 2009; and Kouaib & Almulhim, 2011) and in developed economies. Another significant contribution of this study is exploring the effectiveness of the governance channels by focusing on female attendance to board meetings and committee representations in the African context using Nigerian data.

1.4 Research Contribution

Several contributions emerged from this study. There are few studies on the effect of gender diversity on firm performance in developing economies. Relying on studies from developed economies for policy formulation in developing economies may be misleading due to differences in corporate governance, culture, and environment. First, the study contributes to the extant literature by clarifying our understanding of the effect of gender diversity on firm performance from the developing economy perspective. This approach of focusing on Nigeria offers a new insight into the performance of female board members in a jurisdiction without explicit legislation on quotas for female representation on corporate boards. The use of non-financial industries also provides insight into the performance of female board members in sectors that are not heavily regulated. Using Nigeria represents a good case study for Africa, given the size of the economy and the number of non-financial firms operating in the country.

Second, the study contributes to the advocacy for narrowing the gender gap in the workplace in developing economies. OECD (2023) report shows a huge gap in female representation in senior corporate roles as the gender wage gap averaged 11.9% across the OECD. In developed economies, there are deliberate policies which aim at narrowing the gender gap both in the workplace and at the corporate board level. Specifically, most developed economies have enacted legislation that stipulated gender quotas on corporate board composition. This gap may widen in developing economies like Nigeria due to religious and cultural bias. Enacting legislation on gender quota in the corporate boards of developing economies without first determining (1) how gender diversity affects firm performance, (2) female attributes that foster firm growth, and (3) the effective governance channels through which female board members can change corporate norms, may not translate to better firm performance. Merely legislating gender quotas in countries with poor ethical climates and business cultures would allow for the appointment of unqualified women

to corporate boards. Managers and business owners may deliberately appoint women who perceive their positions/appointments as a favour, ceremonial, or mere fulfilment of regulatory requirements. This study contributes to the advocacy of narrowing the gender gap in the corporate boardroom by examining the gender attributes that any legislation on gender quota would consider and providing clarity on the channels through which female board member promotes firm performance. The study's finding reveals that educational qualification is an important attribute in promoting gender representation on corporate boards.

Thirdly, the study also contributes to corporate governance literature. To the best of the researcher's knowledge, this is the first study to examine the gender diversity debate through the lens of female attributes. This approach is extremely important because it offers an insight into the attributes female board members are expected to possess to be appointed on corporate boards. For instance, it is argued in extant literature that women possess unique skills, leadership qualities, social intelligence, technical intelligence, mastering of the corporate environment, managerial resilience, and emotional intelligence relative to men. Understanding the personal attributes that incubate these qualities is extremely important. Two important personal attributes which were examined are educational qualifications and foreign nationality. The findings showed that appointing well-educated women is important in promoting firm performance. The result also revealed that, for a female board member to improve governance and promote firm performance, they need symbolic majority power. It is not just sufficient to appoint foreign female board members onto boards, but to place them in positions where they command symbolic power for norm changes.

Fourthly, this is the first study that examined the governance channels of the gender-performance debate. It is proposed that understanding the channels through which female board members promote firm performance is crucial in enhancing the board function of women. Attendance to board meetings and female representation on board committees is examined. The result indicates that female attendance to board meetings is crucial to promoting firm performance. In contrast, a mere representation of females on board committees would not translate to firm performance.

Finally, the study contributes to the debate on the appropriate performance measure. This research examined the effectiveness of both the accounting and market based measures of performance in developing economies. The accounting-based measure used was return on asset, while the market-

based measure of firm performance used was Tobin's Q. The results of this study indicated that the accounting-based measure of firm performance is more effective when judging from the results of the hypotheses.

The findings of this study are extremely useful to scholars and practitioners, given the new insights from the study's findings. The study findings emphasise the importance of considering not just the absolute number of female board members on corporate boards but also the personal attributes that would be considered in the appointment of female board members and the governance mechanism. For policy, the findings suggest that educational qualification is important in the appointment of competent and qualified female board members. To effectively discharge their job functions, female board members must attend regular board meetings and appointments on critical board committees such as the audit, credit and finance, and benefit and remuneration committees.

1.5 Overview of methodology

This study uses Nigeria as a case study to evaluate how gender diversity, the characteristics of female board members, and governance channels affect business performance. The study sample includes all non-financial publicly listed companies in Nigeria between 2002 and 2019. The annual reports and statements of accounts of Nigerian quoted companies are the source of the relevant variables. Profit before interest and taxes, total assets, the date of incorporation, the educational level of the female board members, the total number of board members, the total number of female board members, the total number of board meetings in a calendar year, the total number of board meetings attended by female board members, the number of board committees, the number of board committees with female board members, and the number of board meetings are the variables of interest. Return on Asset Employed and Tobin's Q are proxies for firm performance. Gender diversity, gender nationality, educational attainment, board meetings, and board committee representations are the independent factors.

Since the dataset takes the form of time series (2002 – 2019) and a cross-section of firms (quoted firms in Nigeria), the panel data analysis is most appropriate. The panel data analysis allows the researcher to control for individual heterogeneity or firm-specific effects that may bias the results and draw from a richer and more informative dataset by pooling individual firms over time. It also allows for a greater degree of freedom, greater variability, and less collinearity among variables.

Panel dataset is more appropriate for examining complex issues of dynamic behaviour in firm-level data, providing foundations for aggregate data analysis, and the analysis of nonstationary time series by invoking the central limit theorem across sectional units to show that the limiting distributions of many estimators are asymptotically normal. Specifically, the technique for analysis is the static models – Pooled Ordinary Least Square (POLS), Fixed Effect (FE), Least Square Dummy Variable (LSDV) - and dynamic models – difference and system Generalised Method of Moments (GMM). The choice of GMM is because the number of selected firms (N) is greater than the period (T). The static model serves as the baseline results, while the dynamic models is used to test the robustness of the results. System-GMM has been shown to be more advantageous than static and difference GMMs due to its inherent ability to overcome the shortcomings of generalised least squares estimation. This method is biased and inconsistent since it uses quasi-demeaning of the data, which causes the dependent variable to be correlated with the quasi-demeaned residuals. Additionally, the variables' dynamic behaviour is examined (Arellano & Bond, 1991; Blundell & Bond, 1998), as well as their endogeneity (Ezeoha, 2013; Buch & Kuckulenz, 2009; and Adams, 2009). Anslam, Haron & Tahir (2019) argue that GMM controls for endogeneity in the estimation process. 2018).

1.7 **Main Findings**

The main findings of the study are that (1) gender diversity is positively and significantly associated with firm performance, (2) the educational qualification of female board members is a positive and statistically significant driver of firm performance, (3) the presence of foreign female board members (board gender nationality) has a positive but insignificant effect on firm performance for both the market-based and accounting-based measures of performance; (4) female attendance to board meetings positively and significantly promotes firm performance using both return on asset employed and Tobin's Q; and female representation on board committees has a negative and significant effect on firm performance using return on asset, but a statistically insignificant effect using Tobin's Q.

1.8 **Structure of the thesis**

The structure of the thesis presents a summary of each chapter of the thesis. The thesis is divided into nine chapters, and the summary of the chapters is presented as follows:

Chapter 2 (INSTITUTIONAL BACKGROUND): The influence of existing literature on the evolution of corporate governance laws in Nigeria is reviewed in this chapter, emphasising gender diversity in the Nigerian corporate environment. The chapter also discusses the various divisions of corporate governance laws as they apply to banks and non-bank financial institutions in Nigeria, with the sole goal of determining whether or not gender quotas exist in Nigeria. The chapter also examines Nigeria's evolving corporate governance code, as well as studies on gender diversity and firm performance, the factors that impede improved gender diversity in the Nigerian corporate environment.

Chapter 3 (LITERATURE REVIEW): The third chapter examines existing corporate governance theories that explain the relationship between gender diversity and firm performance. The agency theory, resource dependency theory, upper echelon theory, stewardship theory, and stakeholders' theory are the main theories of interest. A summary of the theoretical and empirical literature on gender diversity and firm performance is also provided. The chapter demonstrated that corporate governance theory dates back to Adam Smith's landmark book "The Wealth of Nations" in 1776. In that book, Adam Smith argued that because managers are not direct owners of the firm, they will not exercise the same level of care or make the same decisions as the owners. As a result, various theories have emerged, including the agency, resource dependency, upper echelon, stewardship, and stakeholders' theories, among others. The importance of corporate boards and the dynamism in the global corporate environment are attributed to the emergence of these theories. The chapter also reviews studies that explored the individual characteristics that enable the board to discharge its governance functions effectively. The review also focused on gender diversity and the personal attributes of female board members.

Chapter 4 (RESEARCH METHODOLOGY): The chapter provides an extensive justification for adopting the quantitative research method over the qualitative method. The chapter links the theories to the econometric model, the *a priori* expectation, and the functional relationships between the dependent, independent, and control variables. The variables under study were defined succinctly, as well as the justification for choosing the econometric models' time frame, sample size, and estimation procedure in line with the research objectives. The chapter also evaluates the pertinent theoretical perspective on research philosophies, which includes a classification of varied approaches that derive from epistemological and ontological positions to provide comprehensive

coverage of the research methods and designs. Thus, the arguments of various philosophical and scientific approaches supporting the methodological techniques used in this study are examined in this chapter.

Chapter 5 (DATA PRESENTATION AND ANALYSIS OF OBJECTIVE 1): Chapter 5 presents and analyses the results of Objective 1. The chapter specifically presents and discusses the descriptive statistics, correlation results, and hypothesis formulated in line with the study's objectives. While testing Hypothesis 1, the static panel model comprising the Pooled regression (Pooled OLS), Fixed Effect (FE), Least Square Dummy Variables (LSDV), and Dynamic model comprising Difference-GMM (DGMM) and System-GMM (SGMM) were also discussed in this chapter. This section further demonstrates the achievement of Objective 1 by explaining the findings, the possible explanations for the findings, and the literature that supports the findings.

Chapter 6 (DATA PRESENTATION AND ANALYSIS OF OBJECTIVE 2): In this chapter the results of Objective 2 of the study were presented and analysed. This chapter focused on the analysis of the descriptive statistics, correlation results, and a test of Hypotheses 2 and 3 formulated in line with the objectives of the study.

Chapter 7 (DATA PRESENTATION AND ANALYSIS OF OBJECTIVE 3). Chapter 7 was used to evaluate Objective 3. In this section, Hypotheses 3 and 4 are formulated in line with Objective 3, tested, and the results extensively discussed.

Chapter 8 (SUMMARY, CONCLUSION AND RECOMMENDATIONS). This chapter provides a summary of the research findings, the conclusion of the study and key recommendations. Suggestions or directions on areas of future studies are also offered.

CHAPTER TWO - INSTITUTIONAL BACKGROUND

2.1 Introduction

This section reviews the influence of extant literature on the evolution of corporate governance laws in Nigeria, targeted at promoting gender diversity in the Nigerian corporate environment. They also highlight the various divisions of corporate governance laws as they relate to Banks and non-Bank Financial Institutions in Nigeria to ascertain their gender inclusiveness. This section also reviews the evolutionary code of corporate governance in Nigeria, some studies on gender diversity and firm performance, and the factors that hinder improved gender diversity in the Nigerian corporate environment.

2.2 Evolution of Corporate Governance laws

Corporate governance laws in Nigeria have evolved from the pre-colonial era till the present date. Colonization had the greatest influence on the evolution of corporate governance laws in Nigeria because the foreign firms that operated in Nigeria relied on the corporate governance laws of their home country due to the absence of corporate governance laws in Nigeria. Given that the early firms that operated in Nigeria were British firms, the principles guiding their operations derived from their home country's corporate governance law (English law); all colonial statutes enacted between 1876 and 1922 were applicable in Nigeria (Ujunwa, 2011 & Marshall, 2015). The applicable laws were the statutes of general application in England on the first day of January 1900 subject to any later relevant statute, doctrines of equity, and common law (Ujunwa, 2011). By implication, concepts of common laws became part of the corporate governance law in Nigeria. A good example is the concept of “separate and independent legal personality of companies”.

The growth in trade, the influx of foreign companies and the peculiarities of the Nigerian corporate environment created the need for a homegrown and domestic corporate governance law in Nigeria. The first domestic corporate governance law was the Companies Ordinance of 1912. The 1912 Ordinance was severely criticised as mere domestication of the Companies (Consolidation) Act 1908 of England in Nigeria. The criticisms that followed the enactment of the Company Ordinance of 1912 led to the amendment of the Ordinance in 1922, 1941 and 1954. Despite these amendments, the Ordinance was heavily criticised as a mere foreign imposition of British laws without any local content.

After the 1960 independence, the Nigerian government moved swiftly to address the criticism of the Company Ordinance of 1912 by enacting the Company Act of 1968. The Company Act of 1968 repealed the Company Ordinance of 1912 and became the operational Act for the regulation and administration of firms in Nigeria. One notable provision of the Act is that all firms operating in Nigeria shall be incorporated in Nigeria. Despite some noble provisions of the Act that capture the peculiarities of Nigeria, the Company Act of 1968 was criticised for protecting British firms in Nigeria and drawing so much inspiration from the British Company Act of 1948. The agitation was largely influenced by the fact that foreign firms dominated the Nigerian corporate environment at the time, and Nigerians were looking forward to legislation that would reduce the foreign dominance of firms in Nigeria. They interpreted the failure of the Act to transfer some foreign businesses to Nigerians as a deliberate act of the government to protect foreign business interests. For instance, it has been argued that the Company and Allied Matters Act of 2020, which represents the latest legislation on Nigerian company law, still has traces of colonial heritage (Nwapi *et al*., 2021).

The Nigerian government bowed to the above pressure by anchoring the core policies of the Second National Development Plan on promoting indigenous participation in industrial activities. In 1972, the military government of General Yakubu Gowon promulgated the Nigerian Enterprise Promotion Decree of 1972 with subsequent amendments in 1977. The Nigerian Enterprise Promotion Decree of 1972 broadly categorised Nigerian firms into two schedules. Schedule 1 contains a list of enterprises exclusively reserved for only Nigerians. Schedule 2 allows for foreign participation with a minimum of 40% equity holding by Nigerians. During the implementation phase, the dual classification became difficult to implement due to the absence of manpower and the huge capital outlay involved. To address this implementation challenge, the Decree was amended in 1977. The 1977 amendment further classified industrial activities into three schedules to allow foreigners the right to solely own some classes of businesses (Ezeoha, 2007). The Enterprise Promotion Decree effectively transformed the Nigerian corporate environment by paving the pathway for Nigerians to serve as executive board members of companies, as well as government ownership of businesses. Specifically, the government took over the ownership of the three biggest banks in Nigeria at the time – United Bank for Africa, Union Bank and First Bank (Ejiofor, 1981). The participation of the state in economic activities, localisation of business

ownership and control, and the conversion of some foreign-owned companies as monopolies corrupted corporate governance practice in Nigeria (Ezeoha, 2007).

The Structural Adjustment Programme (SAP) of 1986 was designed to rationalise or downsize the public sector and allow the government to concentrate on regulation, promote the balance of payment viability, reduce dependence on crude oil and consumer imported goods, and promote a market-based economy (Uche, 2002). The Privatization and Commercialization Act of 1988 was promulgated to rationalise the public sector by privatising and/or commercialising public enterprises. The privatisation and commercialisation policy could not improve or address the poor corporate governance practices in Nigeria at the time.

More importantly, the Company Act of 1968 was grossly inadequate in handling some post-SAP challenges. The Company and Allied Matters Act of 1990 repealed the Company Act of 1968. The 1990 Decree replaced the companies' registry with the Corporate Affairs Commission, created the Securities and Exchange Commission, and codified some corporate governance provisions that appeared as articles in the Company Act of 1968. The notable landmarks of the Decree include the introduction of provisions on insider trading, audit committees, financial statements, minority protection, directors and secretaries, debentures, payment of shares in kind, share capital, pre-incorporation contracts, and doctrine of constructive notice. The Company and Allied Matters Act of 1990 has been effectively repealed by the Company and Allied Matters Act of 2020. Despite this evolution, the Company and Allied Matters provisions are silent on the quota for gender representation on corporate boards in Nigeria.

2.3 Code of Corporate Governance in Nigeria

A code of conduct defines the laid down rules and regulations that guide the existence and operation of an organisation. The quality of laid down rules and regulations a firm sets determines its overall performance. The term corporate governance is fluid in nature and connotes the laws guiding the operation of a corporate entity. These laws are made in reference to companies that are fully incorporated (they are quoted and can sell shares to members of the public). Corporate governance are statutes of general application that determine the modus operandi of a corporate body regarding share ownership, the appointment of the board of directors, dividend sharing, mode and manner of staff behaviour and defined statutory meetings. Dozie (2003) identified the objectives of corporate governance laws as promoting integrity, accountability, transparency, and

the protection of stakeholders' rights. He subsequently defined corporate governance laws as a set of systems, cultures, processes, and structures that regulate how an organisation is governed.

The Code of Corporate Governance for Banks in Nigeria Following Consolidation was published by the Central Bank of Nigeria (CBN) in 2006. From 2006 to 2009, the Code governed the corporate governance framework of Nigerian institutions. 2010 and 2014 saw revisions to the Code. The 2014 Code's key sections include: minimum requirements for Deposit Money Banks and Discount Houses; the board is in charge of ensuring compliance with the Code; external auditors are required to report on compliance levels annually; the number of board members must be between 5 and 20; non-executive directors must outnumber executive directors; at least one non-executive director on the board must be designated as an independent director; and the board chairman must be distinct from the MD/CEO. No more than two members of the same extended family may hold the positions of chairman and MD/CEO or executive director of a bank and chairman or ME/CEO of a bank's subsidiary at the same time if the bank is a subsidiary of a holding company. Non-executive directors are limited to three terms of four years each, and the MD/CEO are limited to a tenure of 10 years (which may be divided into two terms). Additionally, it is not permitted for directors (executive and non-executive) to serve on the board of more than one bank or holding company in the group at the same time. According to Okoyeuzu *et al*. (2021), despite global advocacy for more female representation on corporate boards, it is imperative to understand the reason for excluding gender diversity in the revised code. In order to argue whether gender diversity should be included in the revised code, it is important to examine the impact of gender diversity on bank performance. Using results from Anglo-Saxon economies or emerging markets as a basis for analysis may be misleading.

Corporate governance in Nigeria reflects the interplay of economic and social goals. Thus, the performance of an individual on corporate boards is largely dependent on their social norms and values. Udeh *et al*. (2017) also identified corporate governance's objectives as creating a balance between social, communal, individual, and economic goals. They further argued that creating such a delicate balance involves providing guidance on processes that would ensure investors' involvement, disclosure requirements, and board accountability. This view is consistent with the OECD definition of corporate governance. Therefore, corporate governance aims to balance the interests of management, shareholders, stakeholders, workers and socio-cultural norms and values

by promoting fairness, transparency, equity, accountability, and justice, which are all contained in the Nigerian code of corporate governance 2003 as reviewed in 2018.

The Nigerian code of corporate governance for quoted companies in Nigeria is divided into seven parts: part A (Board of directors and officers of the board); B (Assurance and risk management); C (Shareholders and relationship); D (Business conduct and ethics); E (Sustainability); F (Transparency); G (Definitions). The Nigerian Code of Corporate Governance 2018, which amended the Code of Corporate Governance of 2003, has been approved by the Nigerian Financial Reporting Council and recommended to the Minister of Finance for approval. This is consistent with the Financial Reporting Council Act that confers on the Council the "powers to ensure good corporate governance practices in the public and private sectors of the Nigerian economy and to issue the code of corporate governance and guidelines" (Section 51c). The aims and objective of the code are to enhance corporate accountability and avoid conflict of interest.

In line with the public interest theory of regulation, the revised Code of Corporate Governance of 2018 was government-led and applicable to corporate entities operating in Nigeria. The regulators of the respective industries also developed the Code of Corporate governance for the respective industries. In the telecommunication industry for instance, the Nigerian Communication Commission (NCC) issued a code of corporate governance for operators in the industry. Similarly, the Central Bank of Nigeria (CBN) also issued different codes of corporate governance for the different segments of the Banks and Non-Bank Financial Institutions. Some of the corporate governance codes include the Code of Corporate Governance for Consolidated Banks in Nigeria 2006, Code of Corporate Governance for Microfinance Banks in Nigeria, Code of Corporate Governance for Banks and Discount Houses, Code of Corporate Governance for Finance Companies in Nigeria, Code of Corporate Governance for Primary Mortgage Banks, Code of Corporate Governance for Mortgage Refinance Companies, and Code of Corporate Governance for Finance Companies. Other corporate governance codes in Nigeria include Licensed Pension Fund Operators 2008, issued by the National Pension Commission, and the insurance industry code issued by the National Insurance Commission in 2009. These codes focus largely on the composition of the board, in terms of the total number of executive and non-executive directors. These codes also support the agency theory by advocating the dominance of non-executive directors on the corporate board.

The Nigerian Code of Corporate Governance 2018, which is designed to institutionalise the best corporate governance best practices in Nigeria and represents the latest legislation on governance issues, is also silent on promoting gender diversity on the corporate board. The Code, which seeks to enhance public awareness of important organisational values and ethical conduct and promote the sanctity of the business environment, failed to address inclusiveness, at least, from a gender perspective in Nigeria. Despite the foregoing, the code has not been able to meet its goal due to the sharp and corrupt practice that is critically affecting corporate institutions. For example, in part B paragraph (2.10) of the Nigerian code of conduct pertaining to shareholder's composition, I quote "A person (or group of persons) who is not a serving Director of the Company should not exercise any influence or dominance over the Board and/or Management. Such a person or group of persons would be deemed a shadow director as defined by extant laws". There are cases of serving directors of companies acting beyond their powers, exercising an influence on the board for personal gains. Therefore, there is a need for continuous review of the code of corporate governance laws in Nigeria and subsequent implementation of the ICPC and other Anti-graft agency laws that will tackle corruption and bring sanity into the corporate space.

2.4 Corporate Governance and the Financial sector

Banks and other financial institutions are not exempted from the code of corporate governance laws in Nigeria because they are corporate bodies regulated by the government through the Central Bank of Nigeria. The Nigerian financial system, between 1990 and 2014, has witnessed several financial crises. The Nigerian banking sector, in 2009, was adversely affected by the global financial crisis of 2007/2008. Sanusi (2009), however, argued that the exposure of the Nigerian financial system was not because of its linkage with the global financial system, but largely due to corporate governance failure. The revelation also led to the strengthening of the code of corporate governance for banks and the removal of some of the banks' CEOs. Committees and Sub-Committees on Corporate Governance were set up to make recommendations and propose a draft code for adoption by financial institutions. Notable among them is the post consolidation policy by the Central Bank of Nigeria on corporate governance. Marshall (2015) opined that the banking examination conducted by the joint panel of CBN/NDIC exposed a series of corporate malpractices which the corporate governance mechanisms failed to correct. In line with the development discussed above, the CBN Governor, on 14th August 2009, announced the sacking of the CEOs of five commercial banks and their boards of directors and, further, sacked three others and their

boards of directors on 2nd October, 2009 and replaced them with CBN-appointed CEOs and directors. For the financial industry, given the role it performs in the mobilisation of funds from the surplus sectors to the deficit sector of the economy, to increase and maintain shareholder's wealth, the need to maintain public confidence was at the fore. The emergence of mega banks in the post-consolidation era is bound to maintain good public relations and challenge the skills and competencies of Boards and Managements in enhancing shareholder values and balancing this against other stakeholder interests in a competitive environment. A well-defined code of corporate governance conduct should assist companies to overcome such difficulties (CBN Code of Corporate Governance for Banks in Post Consolidation, 2006).

In addressing the issue of corporate governance in the financial sector, the Bankers' Committee in its usual manner set up Committees and Sub-Committees on Corporate Governance to make recommendations and propose a draft code for adoption by financial institutions. Yet, none of these codes have addressed the percentage of female representation on boards of directors (executive or non-executive) in the company boardroom. There is a need for review of the code of corporate governance in Nigeria to include a greater participation of women in company boards, since research has proven undoubtedly that women have a strong correlation with the performance of firms.

2.5 Factors hindering female representation on Corporate Boards in Nigeria

Female representation can be achieved on corporate boards if the historical, religious and socio-cultural factors are removed outright. Religious and socio-cultural factors are two of the major barriers hampering female representation on corporate boards, especially in Nigeria, where it is believed that the place of the female child is in the kitchen. Ujunwa (2012) asserts that boards are traditionally composed of only male members and the presence of females on the board leads to gender diversity. In Africa, women are perceived to be generally home keepers. These gender stereotypes have taken the place of women in the professional scene. Baig & Jabeen (2011) assert that this socio-cultural norm prescribes different roles and responsibilities for women. There is a profession which, culturally, women are obliged to engage in, likewise men. A feminine gender person who engages in a masculine based profession may be seen as derogatory and this tends to limit their career progression. For example, Luke (2002) & IIo (2010) opined that it is mostly females that adopt the profession of teaching and health. But their representation in the

management of these professions is low due to the social norms and values widely accepted; thus, having a negative impact on women's representation on corporate boards. Socio-cultural barriers prevent women from taking part in managerial positions. These socio-cultural factors affect the career progression of females.

The place of religion is another factor that hinders female representation in the boardroom and cannot be overemphasized. Africans are perceived to be very religious and would in all aspects revoke rules and laws which are not part of their various holy books; the majority of the constitutions are derived from the religious books. An example is the sharia law operated in the northern part of Nigeria. Baig & Jabeen (2011) opined that religious interpretation is creating insecurity for women's rights.

Legislation, laws, policies and organisational rules are factors that hinder female representation on corporate boards. Since a person cannot be understood separately from his/her socio-cultural climate (Fagenson, 1993), it means all legislations are carved from their socio-cultural phenomena. Multinationals allow men majorly to rise to the management position because of the extra activities attached to being feminine. Oplatka, (2006), suggests that the work/family conflict continues to be the main element limiting females when they move toward the positions of authority. Due to family commitments, females put their professional careers on hold (Foster, 2001). Thus, policies and legislation are fashioned in such a way that women are discriminated against the managerial position and sometimes excluded from board activities. For the chain to break, women must suppress other factors which Ronald & Susan (2006) identified as obstacles preventing females from getting to higher positions: they include a self-imposed glass ceiling, organisational policies, gender-biased promotion policies, long working hours, unsupportive working environment and lack of family support. These are hurdles preventing women from participating in managerial networks.

Educational and merit requirements, as opined by the status quo ante of an organisation before one is selected as a member of the board, is a limiting factor that hinders women's participation on corporate boards. Oplatka (2006) pointed out that specific hurdles to women's career progression in educational systems in the developing nations are strong household responsibilities, unique career experiences, low quality of government education and adoption of an androgynous leadership style. In patriarchy, males irrespective of their status, age, and achievement are

considered to be superior to females, notwithstanding if the females are well placed. Patriarchy is dominated by privilege and dominance of males wherein females play the subordinate roles in public and private affairs (Rose M *et al*., 2011). These patriarchal practices place men ahead of women as precedence tends to favour a male child in terms of education and career progression over a female one. Beninger (2010) pointed out that female academics face a series of worldwide challenges in both their job and personal life despite fundamentally varied government strategies and cultural behaviour toward work. It is believed that the time females spend outside domestic chores is perceived by society as largely inconsequential. The lack of balance in professional and personal life has a negative impacts on firms, overall economy, females and their families (Jacobs & Thanacoody, 2006).

2.6 Summary

The institutional background of the Nigerian corporate governance environment is designed to review the evolution of corporate governance laws and the effect of such evolution on gender diversity. The review reveals that the evolution of Nigerian corporate governance laws was influenced by colonialism, post-colonialism, structural adjustment programmes and episodes of financial and economic crises. The review of the evolution of corporate governance laws in Nigeria also reveals that the government has not made any deliberate effort to promote female representation in the Nigerian corporate environment. One factor that would have explicitly improved female participation on corporate boards was the emergence of a code of corporate governance, due to international experiences. However, the code of corporate governance was silent on female representation on corporate boards and focused more on ensuring that non-executive directors dominate board composition. Moreso, the industry-wide code of corporate governance was voluntary and relied on the transparency of the market for enforcement. The enactment of the code of corporate governance at the industry level by the respective regulators was also silent on female representation. One major revelation from this review is that, despite the increasing historical, religious, cultural and socio- cultural factors that hinder effective representation of females on boards, there has been an absence of explicit or implicit action to address gender diversity in the Nigerian corporate environment.

CHAPTER THREE: LITERATURE REVIEW

3.1 Introduction

In this chapter, the current theories of corporate governance that relate gender diversity to firm performance will be examined. The agency theory, resource dependency theory, upper echelon theory, stewardship theory, and stakeholders' theory are the key theories of interest. Together with a summary of the reviews, this work also examines the theoretical and empirical literature on gender diversity and firm performance.

Corporate governance theories date back to Adam Smith's landmark "The Wealth of Nations" (1776). Adam Smith argued in this book that since managers are not the firm's actual owners, they do not exercise the same amount of caution or make the same decisions. Several theories, like the agency theory, resource dependency theory, upper echelon theory, stewardship theory, and stakeholders' theory, among others, have been developed as a result of this. Due to the significance of corporate boards and the dynamism of the global business environment, various theories have emerged.

Studies have extensively explored the individual characteristics that enable the board to discharge its governance functions effectively. This review departs slightly by focusing on gender diversity and the personal attributes of female board members. The theories of interest in this section are the agency theory, resource dependency theory, upper echelon theory, stewardship theory and stakeholders' theory.

3.2.1 Agency Theory

Agency theory is anchored on resolving the principal-agency conflict between the corporate owners (principal) and managers (agents) that have arisen from the modern corporation arrangement (Jensen & Meckling, 1976; Berle & Means, 1932). The agency theory's central tenet is that because managers do not own the company, they have the incentive to act selfishly or seek their own interests at the expense of shareholders (Okoyeuzu *et al.*, 2021; Eisenhardt, 1989). Specifically, managers may be interested in higher wages, higher bonuses, luxurious official cars and offices, and other benefits since the shareholders bear the ultimate brunt. This agency cost is increased by the fact that the managers have more knowledge and experience about the company than the shareholders do, and it would be prohibitively expensive for individual shareholders to

oversee the management (Fama & Jensen, 1983; Fama, 1980). According to Edmans & Holderness (2017), no one person is eager to cover the entire agency expense and split the rewards equally.

As Eisenhardt (1989) describes it, agency problems occur when "(a) the principal's desires or goals conflict with those of the agent and (b) the principal has difficulty verifying what the agent does" (p.58). The board's primary responsibility is to effectively supervise the agents and promote superior firm performance. A corporate board is, therefore, created to resolve the agency conflict by defining the roles and rights of an agent and that of a principal (Jensen & Meckling, 1976). These appropriately defined roles and rights are classified by Fama & Jensen (1983) as “internal rules of the game which specify the rights of each agent in the organization, performance criteria on which agents are evaluated and the payoff functions they face” (p.302). The agents also have the option to use a certain amount of the fund as they see fit in the event of unanticipated situations (Shleifer & Vishny, 1997). The residual rights could increase managerial discretion and agency costs. Moreso, excessive monitoring of agents by the principal could also increase monitoring costs and, ultimately, firm value. Agency theory, therefore, proposes external and internal governance mechanisms for aligning the preservation of shareholders' interests as well as the interests of the principal and the agent (Roberts *et al*., 2005). The two governance mechanisms of agency theory are the alignment of compensation plans that take into account the principal's and agent's interests, and establishment of board of directors (Fama, 1980).

Studies have examined how the board members' characteristics affect their ability to oversee the agents and whether the agents' gender has any bearing on the theory of agency (Okoyeuzu *et al*., 2021; Ujunwa, 2012; Ezeani et al.,2022; Ezeani et al., 2023). According to this research's agency theory-based perspective, gender diversity encourages independent non-executive directors, effective board oversight, and creativity (Hampel, 1998; Kellaway, 2011; Light, 2011). Gender diversity and firm performance should be positively correlated, according to the agency hypothesis, which implies that firms with higher gender diversity will perform better. Women naturally ask extraordinary and progressive questions. Women are considered extremely thorough and meticulous, just as they are in the nurturing of their children. Extreme carefulness is an important attribute women bring to corporate governance. Female board members interrogate the existing norm, promote norm changes, critically review every strategic decision and, ultimately, promote firm performance.

Figure 3.1 illustrates how the principal-agent connection is predicted by agency theory. In a value maximisation situation, the principal's objective is to maximise value. This is adversely affected by the agent's self-serving behaviour (Edmans & Holderness, 2017). One strategy, according to agency theorists, for containing this self-serving behaviour of the agent, is through strict monitoring, which improves firm performance (Fama, 1980).

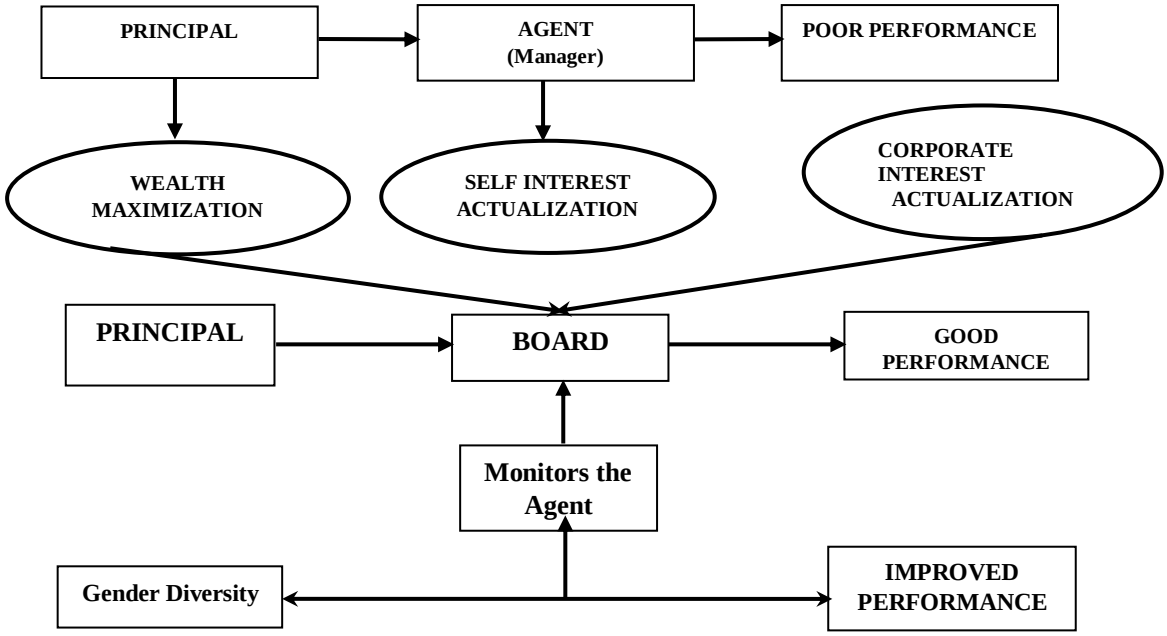

Figure 3.1: Agency Theory Perspective of Principal – Agent Relationship

Source: Bathula (2008).

3.2.2 Resource Dependency Theory

According to Clarke (1998), the resource dependency theory has its origins in sociology and organisational theory (Pfeffer, 1972). Based on the works of Barney (1991) and Pfeffer (1978), the resource dependency theory is closely related to the sociology theory (theory of social networks), lifestyle theory, and network governance. Pfeffer & Salancik (1978) first proposed the theory to explain how an organisation's resources and relationships of reliance with outside institutions affect its strategy, structure, and ability to survive. The theory's main points are (i) corporations working together with other strong external groups to improve the flow or exchange of resources (Dunning, 2005; Chen & Roberts, 2010). (ii) Organisational unequal resource sharing

moulds the interdependency and power differences (Pfeffer & Salancik, 1978; Hillman, Withers & Collins, 2009). (iii) The company manager's initiatives to create and control the flow of resources between organisations (Pfeffer, 1972, 1978; Finkelstein, 1997; Finkelstein, Hambrick & Cannella, 2009).

The ability of an organisation to identify, obtain, and keep scarce resources is crucial for its survival in a clear and concise manner (Pfeffer & Salancik, 1978). According to Barney (1991), Hillman, Withers, & Collins (2009), Pfeffer, Salancik, & Books (2003), the less access strength an organisation has, the less probable and bleak the prospect of its survival is under conditions of resource scarcity. According to Hillman, Withers, & Collins (2009) and L'Huillier (2014), the main premise of the resource dependence theory is that its logic is connected to how corporations are organised in relation to other organisations with similar structures and how they are positioned within the society. This is consistent with the initial beliefs of the theory's proponents, who believed that "the organizations rely on one another for access to priceless resources and, as a result, pursue the creation of networks to normalize their interdependence" (Hung, 1998). An interlocking directorship is one of the connections in this complex web of corporate networks (Daily, Dalton, & Rajagopalan, 2003; L'Huillier, 2014). Hung (1998), and L'Huillier (2014) all make the case that the board of directors is seen as a networking tool between the company and its external world. These opinions concur with Mace's (1971) findings, which contend that the idea of connected directorships emerged from a critical viewpoint as a result of the capitalist class developing "relationships with one another" to "effectively liaise and synchronize their influence to reserve class interest".

Contrary to agency theory, which sees the board's duty as oversight, resource dependency theory sees the board as providing the company with strategic resources (Hillman *et al*., 2000; Johnson *et al*., 1996). The theory perceives the board members as a bundle of resources that the firm possesses, and each member of the board is expected to contribute their expertise and knowledge in making strategic decisions (Pfeffer & Salancik, 1978). The resources are broadly classified into the network of the board members' reputation, experience, capabilities, network, and influence. Ujunwa (2012) argues that these strategic resources are crucial to the growth of a firm. Board members with a wealth of experience assist in improving firm attributes, managerial efficiency and effectiveness, organisational process, and reputation (Daft, 2006). Under this system, the board

serves as a vital conduit between the company and vital outside resources that are fundamental to a firm's survival. Thus, in composing the board, the underlying objective is creating a value-adding board, and not necessarily effectiveness in monitoring.

The resource dependency theory, unlike the stewardship theory, favours outsider dominated boards. The resource dependency theory's central tenet is that organisations thrive by appropriating the necessary resources to exert control over their environment. Resource dependency theory considers the linkage to the external environment extremely important in promoting superior performance, and the board is considered as that link (Johnson *et al*., 1996). According to Johnson *et al*. (1996), one strategy for helping a firm gain access to critical external resources is through the appointment of outsiders onto the board (p.410). Through this strategy, the firm attracts important resources to the firm in the form of access to key constituents (diverse social groups, public decision makers, buyers, and suppliers), skills, legitimacy, and information (Hillman *et al*., 2000). Outside directors also bring networks and links, and tools and/or experience for managing environment contingency (Pfeffer & Salancik, 1978).

From the resource dependency theory perspective, gender diversity helps to attract strategic resources to the firm, especially through the appointment of more women as outside directors (Pearce & Zahra, 1992). Female board members infuse critical reasoning, positive energy, dynamism in boardroom politics, question the status quo, attend board meetings regularly, display high levels of unbiased monitoring of agents, and take tougher decisions that promote firm performance (Adams & Funk, 2012; Aslam *et al*., 2019). The background of female board members is extremely important for managing the regulatory environment and organisational capital needs and promotes the sharing of resources between the organisation and the external environment. In the opinion of Pearce & Zahra (1992), in an environment with so much uncertainty, appointing female board members as outside directors is extremely important to the survival of the firm. From a social context, Carpenter & Westphal (2001) argue such appointments promote social ties which are crucial to firm survival. Social ties help the firms gain access to financial resources, resolve insolvency problems by appointing bank officers to promote access to finance, and appoint politically connected persons to protect the firm against environmental uncertainty.

Scholars have also argued that is not just about appointing any woman, rather it is about targeting individuals with certain strategic qualities such as higher educational qualifications, foreigners with corporate governance experience from developed economies, persons with strong political connections and reputation for good work ethics, in terms of attending regular board meetings (Clarkson, 1994). Female board members with the right mix of the above qualities and value-enhancing personal attributes promote superior performance (Marinova *et al.*, 2010). Women on Boards (2009) reveals that a recent study by the London Business School finds that firms with board gender diversity tend to perform optimally, especially in driving innovation, experimenting with new ideas, knowledge sharing and completing tasks. Luckerath-Rovers (2010) further states that diversity on boards enhances other spheres of corporate governance such as the relationship with stakeholders and board independence to ensure fair and transparent decision-making.

Figure 3.2 indicates that, according to resource dependency theory, what is important and promotes performance in a heterogenous board is the expertise and social capital of the board members, irrespective of their gender, race, religion, and age diversity. By matching the diversity of a firm's directors to the diversity of its possible clients and employees, Smith *et al*. (2006) stated that "more diversity promotes a better grasp of the marketplace, hence boosting its ability to penetrate markets." The appointment of females to corporate boards, according to proponents of gender diversity, would put businesses in a better position to take advantage of the population growth of educated and competent women (Catalyst, 2004).

Shared meanings, such as shared values and goals, evolve through a continual and self-reinforcing process of engagement in sense-making processes as the parties establish a shared understanding. This has been the impact of social capital on performance (Weick, 1995).

The three dimensions of social capital that Nahapiet & Ghoshal (1998) proposed are structural, cognitive, and relational. They claimed that the social capital coming from the structural configuration, diversity, centrality, and boundary-spanning responsibilities of network participants is related to the structural dimension. The level to which trust, responsibility and reciprocity exist between the parties is what is meant by the relational component, which also refers to personal connections that grow over time through encounters. Members of a network share a common understanding and approach to achieving network goals. When goals and values are shared by network members, this continued interaction promotes diligence/good work and socially

constructs a shared understanding (Weick, 1995). Effective information sharing is believed to be essential for team bonding. There are four critical dimensions of effective interorganisational communication: frequency, formality, openness to sharing, and timeliness. (Heide & Miner, 1992).

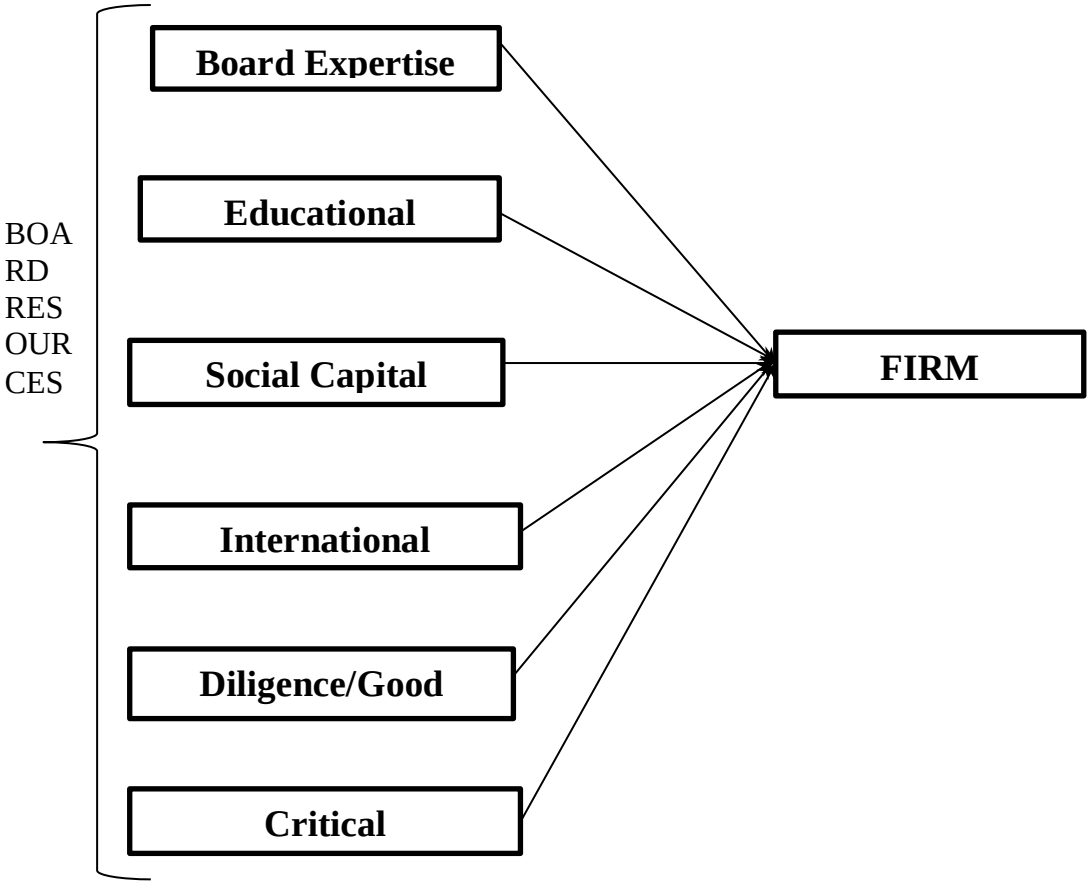

Figure 3.2: Strategic Resource of Board Member -Resource Dependency Theory

Source: Researcher's Compilation

3.2.2.1 Resource Dependence Theory and Corporate Governance

With regards to Corporate Governance, the theory emphasizes the backgrounds of key players and acknowledges that those engaged in Corporate Governance processes are frequently connected through networks (Hung, 1998; Hillman, Withers & Collins, 2009). This is consistent with what Hillman, Cannella, and Paetzold (2000) believe. They contend that the resources dependence theory highlights the part directors play in giving the company valuable resources by connecting it to the outside environment. As a result, the theory sees the board of directors as the key to

connecting a business with the resources it requires to succeed (Tricker, 2015; Mallin, 2016). The directors serve in this way as unofficial boundary-spanning nodes of networks that can link the company to its strategic surroundings. Indeed, Johnson, Onwuegbuzie, and Turner (2007) supported the notion that the board members are chosen in accordance with the resources dependence theory in order to obtain access to the resources necessary for organizational success.

Prior research examining company boards using the resource dependence theory has a particular on the size and freedom of organizational boards as a crucial measure of the corporate board's ability to provide companies with essential and limited resources (Hillman, Withers & 2009 Collins). To give just a few examples, Pfeffer (1972), Pfeffer and Salancik (1978), Hillman, Cannella and Paetzold (2000) discover a connection between board area and a company's environmental requirements, and those that rely more on one another need a significant percentage of outsider directors. Similarly, Pfeffer (1972; 1973) asserts that corporation board size and makeup are not accidental or independent factors, nevertheless are, relatively, rational structural responses to the conditions of the external environment." According to the resource dependence theory, which focuses on rational board structures, a company's ability to access its vital resources depends on the number of outside directors who are diverse in terms of their backgrounds, abilities, gender, and race (Pfeffer & Salancik, 1978; Hillman, Withers & Collins, 2009). As a result, Bernardi, Bean, & Weippert (2005) argue that companies need "the school tie brigade" and "the old-boy network" to succeed. With larger boards and Corporate Governance disclosure, the percentage of board independence and diversity (background, capability, and gender) is more likely to grow in the same circuit (Pfeffer, Salancik & Books, 2003). Therefore, under the aegis of the resources dependence theory, the corporations with larger boards, a higher percentage of independent non-executive directors who are well-diversified, and improved board information processing are more likely to improve corporate outcomes (Pfeffer, Salancik & Books, 2003; Bernardi, Bean & Weippert, 2005; Mallin, 2016; and Hung, 1998; Hillman, Withers & Collins, 2009).

According to the resource dependence theory, the Leader of a company is a crucial resource (Pfeffer & Salancik, 1978; Jackling & Johl, 2009). Consequently, as a powerful part of the management team and corporate boards, you can draw clients and found a connection between your company and the crucial external environment. Indeed, according to Boyd (2019), the CEO

acts as a significant capital for the company and is a strong board member. According to Saidu (2019), in the same circuit, the CEO can connect the business to and access the crucial resources it needs to achieve its objectives when they are members of other boards. The company ownership structure is also seen by the resource dependence theory as an additional resource for the corporate outcome (Salancik & Pfeffer, 1980). Bebchuk and Cohen (2005) claim that institutional investors and block-holders typically have unfettered access to providers of scarce resources based on their interpretation of the resource's dependence theory. More significantly, Bebchuk, Cohen, and Ferrell (2009) assert that institutional and foreign investors relate to the improved network, which is a crucial resource for corporations not only for the improved outcome but also to enable the corporation's expansion outside of national borders. Therefore, expanding beyond domestic boundaries might enhance CG disclosure (Saidu, 2019).

3.2.2.2 Criticisms of Resources Dependence Theory

While there is no doubt that a company's success is correlated with its ability to access essential resources, this is not the only element that affects a company's performance (Abdullah & Valentine, 2009). Due to its singular perspective and disregard for other crucial elements previously recognised in agency, stewardship, and stakeholder theories, the resource dependence theory has several major flaws (Altholz, 2010). For instance, the theory ignores how a varied board structure would oversee and manage board performance, especially with regard to improving Corporate Governance disclosure. The theory also disregards the possibility that internal corporate management and an external director may have different perspectives on a company's strategy and resource distribution, leading to ineffective decision-making (Altholz, 2010). The theory is effective at identifying whether a specific company is strongly correlated with its external environment or not, but it ignores the establishment of internal resources and efficiency of boards as an important duty of directors to reduce uncertainties within an organisation (Schreyögg, 1997).

3.2.3 Upper Echelon Theory

The Upper Echelons (UE) theory is a crucial idea that helps to understand how corporate organisations and performance of firms are related. This theory's analytical focus is on the optimal board qualities that impact excellent performance. According to Ireland *et al*. (1987), an ideal board should be composed of persons with heterogeneity of background, board expertise, social capital, board gender diversity, and board race diversity. The Upper Echelon theory goes a step

further to highlight the strategic qualities of board characteristics that must fit into the firm's background to stimulate firm financial performance and reputation. According to the theory, diversity in terms of gender, experience, national worth, ethics, and expertise presents huge prospects in redefining a firm's potentiality in maximising firm financial performance (Ireland *et al*. 1987; Pfeffer, 1983). This is because board directors from diverse backgrounds along these lines come into leadership positions with different life experiences and their collaborations can impact positively on firm financial performance through their innovative, systematised, and strategic decision making. Gender diversity is also in conformity with the position of Golden & Zajac (2001) that gender diversity is extremely crucial in moderating the risk-taking orientation of a firm. In their view, women are generally risk-averse, while men are generally risk-seeking. Golden & Zajac (2001) went on to find a positive relationship between gender diversity and company performance by demonstrating how creativity, expertise, and confidence-building work together to spark strategic change and boost firm performance.

The Upper Echelons theory in rationalising firm performance and corporate governance unequivocally stressed the characteritics of members such as: board expertise, board social capital, board gender diversity and board race diversity as the qualities required to positively influence firm performance. Kor & Sundaramurthy (2009) went further to show how these collections of fortunes relate to each other to shape a person's life history, producing reliable and resourceful individuals that metamorphose into a board of directors that make important and strategic decisions which impact on firm performance through the institutionalisation of corporate governance. Based on the aforementioned principles advocated by the exponents of Upper Echelon theory, Siciliano (1996) and Singh, Vinnicombe & Johnson (2001) indicate that gender diversity, as much as racial diversity in the board of directors has a formidable and impressive effect on a firm's financial and social performance, even as Adams & Ferreira (2009) and Pearce & Zahra (1991) see female directors to be tougher in monitoring as CEOs, executive and non-executive directors, because they can ask a lot of unconventional questions and because they are from different ethnic background with diverse work experiences capable of uncovering mistakes and errors, with a propensity to hamper the actualisation of a firm's set goals . However, Educational background featuring or functioning in different vocations, shapes and equips an individual's expertise while experiencing a different work environment. This also facilitates and accelerates communication

and collaboration with other people, and this pathway affords ample opportunity for formation of connections, thereby growing the person's social capital.

In the academic literature, a sizable number of studies examine the economic claim that businesses with a higher proportion of women in their upper echelons perform better, with varying degrees of success. For US listed firms, some studies (Carter, Simkins & Simpson, 2003; Erhardt, Werbel & Shrader, 2003) show a positive correlation between gender diversity and firm performance, while others (Farrell & Hersch, 2005) show a negative correlation. The statistics for Europe are also inconclusive, according to Bhren & Strn (2007), Campbell & Minguez-Vera (2010), Kotiranta, Kovalainen & Rouvinen (2007), Rose (2007), Ryan & Haslan (2005), and other sources. Using meta-analyses, Pletzer, Nikolova, Kedzior & Voelpel (2015) and Post & Byron (2015) both come to the opinion that having female directors has no impact on a company's success. Other studies have looked at how board diversity affects a company's governance structure, strategy, and behaviour, including how it impacts CEO performance-turnover sensitivity and board monitoring (Adams & Ferreira, 2009), how top executives are paid (Shin, 2012), how earnings are managed (Arun, Almahrog & Aribi, 2015), and how it impacts the quality of the accounting (Garca Lara, Garca Osma, Mora & Scapin, 2017). relating to the potential for legal action (Bao, Finshmidt, Nair & Vracheva, 2014); regarding business ethics (Baselga-Pascual, Trujillo-Ponce, Vahamaa & Vahamaa, 2018); success of CSR (Byron & Post, 2016); on business finance and investment decisions (Huang & Kisgen, 2013; Levi, Li & Zhang, 2014); on risk-taking (Faccio, Marchica & Mura, 2016); on business practices and gender diversity efforts, or on the appointment of female top executives (Cook & Glass, 2015;Glass & Cook, 2018). According to Campopiano, De Massi, Rinaldi & Sciascia (2017), the family business literature has given more attention to the analysis of the impact of female directors on family performance. However, as far as the author is aware, no research has been done on the specific impact of female family-affiliated employees on firm performance while accounting for potential differences in their human capital characteristics. In fact, the analysis of how women's education, prior experience, and background influence their involvement in family firms is suggested as future research in the Campopiano *et al*. (2017) literature review about women's participation in family firms.

3.2.4 Stewardship theory

While agency theory perceives agents as self-centered and self-serving, the stewardship theory contends that agents are reliable stewards who take intrinsic pleasure in the success of the firm. (Davis *et al*., 1997; Donaldson & Davis, 1994; Donaldson & Davis, 1991; Donaldson 1990). The stewardship theory perceives monitoring as redundant and the cost of monitoring as a mere waste of organisational resources. It argues that monitoring is redundant and increases operational costs, whereas agents are good stewards of resources entrusted to them (Davis *et al*., 1997).The agency theorists identify the motivation of managers as being intrinsic satisfaction and not financial (Davis *et al*., 1997; Donaldson & Davis, 1994). Managers derive their satisfaction from recording superior performance, surmounting an inherently challenging corporate environment, gaining recognition from bosses and peers, and effectively discharging authority and responsibility (Donaldson & Davis, 1994; Donaldson & Davis, 1991; Donaldson 1990). As stewards, managers would naturally maximise shareholders' wealth since they derive greater utility from achieving organisational goals, in contrast to the self-serving behaviour of agency theory. According to Davis *et al*. (1997), the fulfillment of organisational objectives directly meets the agents' financial requirements. The stewardship theory considers the cost of monitoring as a waste of resources. Excessive monitoring could discourage managers from making costly or risky firm-specific investments, cause managerial entrenchment, which would adversely affect the profitable opportunities of firms (Edams, 2009).

Agency theory favours an insider-dominated board over an outsider-dominated board because the insiders have commitment, technical expertise, access to relevant information, and deep knowledge of the firm (Davis, *et al*., 1997). The effectiveness of the board, whether insider dominated, or outsider dominated in line with the stewardship theory, also depends on the characteristics of the board. A board constituted of fraudulent persons may abandon the organisational objective for personal objectives that impact negatively on the firm (Farinha, 2003). From the stewardship theory perspective, gender diversity will amount to having more women on the board, and women are less likely to sacrifice the general welfare of all shareholders by misusing their preferential power for private benefit (Okoyeuzu *et al*., 2021).

In (Anglo-Saxon) market-based economies, the majority of studies (Barnea *et al*. 1981; Hackbarth 2008; Harris & Raviv 1991; Harvey *et al*. 2004; Leland & Toft 1996; Mauer & Sarkar 2005) used

an agency method. Due to this biased methodology, the shareholder-oriented CG model has become widely used as a benchmark for comparing evaluations of firms' capital structure choices (Kieschnick & Moussawi 2018; Morellec *et al*. 2012). The implication is that it is still unknown how board monitoring affects a company's capital structure in non-English speaking countries (Ezeani *et al*., 2020). In contrast to the shareholder-oriented CG model, which assumes that businesses and their lenders have an arms-length connection, banks actively participate in financing businesses and managing agency conflict. Businesses operating in a stakeholder-oriented governance environment are required to include their employees in the management process in addition to lenders (Fauver & Fuerst 2006; Feils *et al*., 2018; Jackson & Moerke 2005). This will help the business build a stable coalition with all of the stakeholders. Although these nations share a corporate governance paradigm, there are some notable differences in their Corporate Governance strategies. Firms in Germany are required to use a two-tier board system, in contrast to Japanese companies, which function under a unitary board system. French businesses, however, are free to select either a unitary model or a two-tier structure (Ezeani *et al*., 2020).

When women are given autonomy as directors, they are more likely to merge individual ego with organisational performance because of the need to perform and prove to the world that their appointment is based on merit. According to Okoyeuzu *et al*., (2021) it is believed that male board members are more likely to mistake their appointment as an opportunity to expropriate rent in developing economies where external governance laws are weak and the business environment is unethical. However, women board members are likely to have better work ethics and respect for authority.

3.2.5 Stakeholder Theory

Stakeholder theory argues that diversity of corporate boards promotes the representation of all stakeholders within the company. Stakeholder theory is a variant of the agency theory since it focuses on maximising shareholders' value but extends the definition of shareholders to accommodate environmental and social groups, and ethical considerations (Adams & Ferreira, 2009). The theory essentially argued that maintaining gender balance in an organisation, especially within the board of directors, promotes acceptability by all stakeholders, and improves firm performance (Adler, 2001). The theory expanded the narrow definition of shareholders, by

including a broader social purpose. Any person or group of people who can be impacted directly or indirectly (third party consequence) by the accomplishment of organisational objectives is referred to as a stakeholder (Andeoni & Vesterlund, 2001). The changing of a firm and the need to hold a firm accountable for the effects of its operations or activities on society influenced the stakeholders' theory. The theory perceives the firm as entwined with society, and not existing to achieve only the objectives of the shareholders, rather a broader spectrum of societal needs (Freeman, 1984).

Scholars have extensively debated the appropriate definition of stakeholders. The definitions are broadly classified into narrow and broad views. Clarkson (1994) used risk as the basis for offering a narrow definition to a stakeholder. In his view, "voluntary stakeholders incur some level of risk since they contributed human or financial capital, or something valuable, to the company. Unwilling stakeholders are put in danger because of a firm's operations. Nevertheless, there is no stake if there is no element of danger." Thus, those directly affected by the activities of the firm are the stakeholders. Freeman (1984) expanded the definition of stakeholders to include "any group or person who can affect or is affected by the achievement of the organization's objectives." Everyone who is directly or indirectly impacted by a company's operations is considered by Freeman's concept of stakeholders, including both huge organisations and individuals. Stakeholders include many persons affected directly by the operations of the firm who could not speak for themselves, non-human species, future generations, natural environment, civil society, local communities, business partners, customers, employees, managers, investors, and shareholders (Wheeler & Sillanpaa,1997).

The major drawback of Freeman's definition is the problem of legitimacy. For instance, who has legitimate interest in a firm or who is a legitimate stakeholder of a firm? It was Donaldson & Preston (1995) who defined legitimate stakeholders as those who had "legitimate interests" in procedural and substantive aspects of a corporation's activities (p.85). To be classified as a stakeholder, the person or group must possess one or more of the following attributes: (1) the urgency of their claim on the firm (2) the legitimacy of the connection to the firm; and (3) power to influence the firm (Mitchell *et al*., (1997). The narrow definition of stakeholder has been justified on the basis that it allows managers to concentrate on those with legitimacy or directly affected by the operations of the firm.

Board gender diversity, from the stakeholder theory perspective, is anchored on the imperativeness constituting a board with people of diverse background (race) and gender, since their decisions and operations could have third party consequences on multiple stakeholders. Specifically, corporate boards are expected to create a community that encourages all to strive and inspire all stakeholders through relationship building (Freeman *et al*. 2004). Having females as members of the board enhances the value maximisation objective of the firm through confidence building and stakeholders' acceptability (Sundaram & Inkpen, 2004). This is consistent with Freeman *et al*.'s (2004) argument that "business is about putting together a deal such that suppliers, customers, employees, communities, managers, and shareholders all benefit constantly over time,". Thus, promoting healthy corporate behaviour through gender diversity would typically have a beneficial impact on the value of the firm.

3.2.6 Synthesis of the Theories

To show that effective Corporate Governance is informed by some theoretical perspectives, research that is founded on the majority of these economic theories is typical of a trial (Chizema *et al*., 2015). For instance, according to L'Huillier (2014), the agency theory encourages voluntary governance disclosure and imposes control measures to lessen the agency issue. The stewardship theory, in comparison, places more confidence in the top executives to act in the company's best interests, even in the absence of monetary incentives and oversight mechanisms (Clarke, 2004). In contrast, since they limited their scope to owners and managers, and skipped notable parties that are directly or indirectly affected by the activities of firm, the stakeholders' theory challenges the inclusiveness of agency, shareholders' theory, and stewardship theory. According to L'Huillier (2014), the agency theory cannot adequately describe the meaning of Corporate Governance in this situation. This is because its policing framework and narrow emphasis on the relationship between the corporate board and the shareholders only gives a partial picture of the pertinent dynamics affecting Corporate Governance (Goergen *et al*., 2010). On one point that centres on the connection between shareholders, managers, and other stakeholders, both stakeholders' and stewardship theories concur. Agency theory, on the other hand, strictly concentrates on shareholders and managers.

The stewardship theory, which considers parties disregarded by the agency theory, surprisingly suggests an enlightened shareholders' theory. However, its major flaw stems from ignoring the

inherent behavioural nature of people and assuming that the agent will act in the best interests of the owners (Donaldson & Davis, 1991). As a result, the stewardship theory may not be appropriate in analysing the impact of board characteristics and ownership structure on CG disclosure, especially considering the goal of this study and in accordance with the arguments made by supporters of the managerial hegemony theory. Even so, most studies on CG employ the perspective to investigate the phenomenon (Alchian & Demsetz, 1972; Jensen & Meckling, 1976; Tosi, Katz & Gomez-Mejia, 1997; L'Huillier, 2014).

Thus, it is not surprising that even studies applying alternative theoretical perspectives acknowledge that agency theory dominates governance literature (Hill & Jones, 1992; Nodoushani, 1996; Davis, Schoorman & Donaldson, 1997; Merino, Mayper & Tolleson, 2010; L'Huillier, 2014). Abid, Rafiq, & Ahmad (2014) and L'Huillier (2014) state that one of the primary causes is the philosophical origins of agency theory. It is also clear from the theory that the dimensions it focuses on are the conflicting interests of the most influential CG players: executives and investors (Clarke, 2004).

Stakeholder theory argues that diversity of corporate boards promotes the representation of all stakeholders within the company. Stakeholder theory is a variant of the agency theory since it focuses on maximising shareholders' value but extends the definition of shareholders to accommodate environmental factors, social groups, and ethical considerations (Adams & Ferreira, 2009). The theory essentially argued that maintaining gender balance in an organisation, especially on the board of directors, promotes acceptability by all stakeholders, and improves firm performance (Adler, 2001). The theory expanded the narrow definition of shareholders, by including a broader social purpose. Stakeholders are defined as any person or group of persons that can be affected directly or indirectly (third party consequence) by the achievement of organisational objectives (Andeoni & Vesterlund, 2001). The changing of a firm and the need to hold a firm accountable for the effects of its operations or activities on the society influenced the stakeholders' theory. They perceive the firm as entwined with society, and do not exist to achieve only the objectives of the shareholders, rather a broader spectrum of societal needs (Freeman, 1984).

Scholars have extensively debated the appropriate definition of stakeholders. The definitions are broadly classified into narrow and broad views. Clarkson (1994) provided a limited risk-based

matrix of all stakeholders "Voluntary stakeholders bear some sort of risk as a result of having invested some form of capital, human or financial, or something of value in a corporation," according to his theory. Unwilling stakeholders are put in danger as a result of a firm's operations. Nevertheless, there is no stake if there is no element of danger. So, stakeholders are individuals who are directly impacted by the firm's operations. The term "stakeholder" was defined more broadly by Freeman (1984) as "any group or individual who can affect or is affected by the achievement of the organization's objectives." All types of stakeholders, whether small or large, who are directly and indirectly impacted by the firm's operations, are considered by Freeman's definition. Stakeholders are a diverse group of people who are directly impacted by a company's operations but are unable to speak up for themselves. They also include non-human species, future generations, the environment, civil society, local communities, business partners, customers, employees, managers, investors, and shareholders (Wheeler & Sillanpaa,1997).

The major drawback of Freeman's definition is the problem of legitimacy. For instance, who has legitimate interest in a firm or who is a legitimate stakeholder of a firm? "Persons or groups with legitimate interests in substantive and/or procedural aspects of company activity,", according to Donaldson & Preston (1995), are considered legitimate stakeholders (p.85). For a person or group to be considered a stakeholder, they must have one or more of the following characteristics: (1) an urgent claim on the company; (2) a relationship that is legitimate with the company; and (3) the ability to influence the company (Mitchell *et al*., 1997).The narrow definition of stakeholder has been justified on the basis that it allows managers to concentrate on those with legitimacy or who are directly affected by the operations of the firm.

Board gender diversity from the stakeholder theory perspective is anchored on the imperativeness of having a board constituted of a diverse group as regards gender and race, since their decisions and operations could have third party consequences on multiple stakeholders. Specifically, corporate boards are expected to create a community that encourages all to strive and inspire all stakeholders through relationship building (Freeman *et al*. 2004). Having females as members of the board enhances the value maximisation objective of the firm through confidence building and stakeholders' acceptability (Sundaram & Inkpen, 2004). This is in line with the contention made by Freeman *et al*. (2004) that "business is about structuring a deal so that suppliers, customers, employees, communities, managers, and shareholders all win continuously over time," and that

encouraging positive corporate behaviour through gender diversity would generally have a positive impact on the value of the company.

3.3 Theoretical Review

This section examines the theoretical concerns around gender diversity and firm performance. In addition, this section provides the contextual meaning of the concepts.

3.3.1 Gender Diversity

Gender Diversity was described by Badal (2014) as a condition of having a justifiable ratio of men and women in all opportunities, and people belonging to non-binary genders by extension. This could mean giving people of different genders equal and suitable opportunities in all spheres of society and inside the halls of the corporate world. The gap in talents and capacities, as well as the potential of male and female employees as equal resources, have been perceived as concepts that are embodied by gender diversity on corporate boards (Manu, 2016). Board gender diversity, according to Herrings (2009), entails the ratio of men to women on the corporate boards**.** According to Fernández-Torres, Palomo-Zurdo, and Gutiérrez-Fernández (2019), gender diversity can be measured as the proportions of males and females on corporate boards. Adams (2016) argued that the issue of gender diversity is subject to different interpretations which appear to be sometimes biased, therefore proving controversial. There has been a lot of elicited interest from policymakers. These interests have revealed that firms that have a gender diverse board of directors are more effective, they further revealed that women are mostly under-represented on these boards. These provide explanations of the likelihood of implementing actions that promote gender diversity in corporate management.

3.3.2 Firm Performance

According to the expectations of the stakeholders, firm performance can be described and quantified in terms of profitability, growth, market value, total return for shareholders, economic value added, and customer satisfaction (Carroll, 2004).

Investors, decision-makers, creditors, and other stakeholders have traditionally used financial analysis to gauge a company's performance (Delen, Kuzey, & Uyar, 2013). This is because many experts believe that a company's performance and its financial performance are quite similar. However, stakeholders care about more than just financial achievement (Harrison & Wicks, 2013), they are seeking more. According to Freeman (1984), “the entire value created by the firm via its

activities, which is the sum of the utility created for each of a firm's legitimate stakeholders" is how a firm should be classified as performing.

As part of organisations' effectiveness, firm performance mainly focuses on the ability of companies to utilise their resources efficiently to improve the capabilities of the firm and help them in achieving their overall objectives (Taouab & Issor, 2019). Organisational effectiveness, according to Cameron (1986), includes all aspects related to the day-to-day functions of an organisation (Selvam, Gayathri, Vasanth, Lingaraja, & Marxiaoli, 2016). According to Kenton (2019), the performance of a firm is a subjective measure of how efficiently firms can utilise assets to generate revenue. Firm performance is also a measure used to identify the financial health of firms over a period. Analysts and investors use a firm's performance as a means of comparison with similar firms across the same industry or sectors.

By combining organisational, environmental and human elements that contribute to the emergence of the organisational climate, Hansen & Wernerfelt have, since 1989, discovered the determinants of business performance. Individual behaviour inside an organisation will influence how well it performs. Rothaermel (2017) found a model of company performance that incorporates the balanced scorecard and triple bottom line frameworks in addition to the three basic performance characteristics of accounting profitability, shareholder value, and economic value.

3.3.3 Gender Diversity and Firm Performance

Previous research has shown that women's unique perspectives and creative ideas can improve the decision-making process and improve firms' performance (Terjesen *et al.*, 2009; Ezeani et al.,2023). Women on the board also boost perceptions of the board's legitimacy and dependability, boosting stockholder trust in the business (Perrault, 2015). According to Zalata *et al.* (2019), female directors who have supervision responsibilities reduce management opportunism, as indicated by the discretionary accrual. Additionally, Dadanlar & Abebe (2020) hypothesised that the likelihood of discrimination lawsuits in businesses with female CEOs is low.

The majority of literature has thoroughly covered the many ways in which gender diversity affects organisations' success. Yet what stands out in the literature seems to be the lack of agreement across earlier studies on the connection between gender diversity and company success. Joshi (2017), Siegel & Kodama (2011), Nakagawa (2015), and Worthley *et al.* (2009) showed that

promoting gender diversity enhances company outcomes, whereas Herring (2009) made the opposite assertion. According to Herring (2009), diversity at the top of a corporation may lead to increased conflict, decreased group cohesion, increased board member absenteeism and turnover, lower quality and performance, and a decline in the value of the company overall. Although governments in Africa, in recent times, have attempted to institute policies and practices that could close gender diversity gaps in the workplaces, much success is yet to be achieved in the composition of corporate boards.

According to Garca-Sánchez *et al*. (2019), boards with more female directors reduce the danger of policies including impression management in sustainability reporting. Additionally, Luo *et al*. (2017) highlighted the correlation between higher board female representation and lower levels of genuine activity manipulation. However, the presence of women in the boardroom may lessen CEO effectiveness because a more diverse board has communication issues, increasing organisational and operational risks for the business and lowering firm performance (Westphal & Milton 2000).

3.4 Conceptual Framework

The agency theories and the idea of resource dependency are frequently used in the evaluated research. As the framework for examining the relationship between gender diversity and company performance, this study heavily draws on the agency and resource dependence theories. The agency theory seeks to address the agency issue brought about by the separation of business owners and management. That is, the promoters (Principal) are distinct from those who manage the business (Agents). Due to this division, there is an information asymmetry between the manager and the agent and they make less-than-ideal decisions (Farag & Mallin, 2017). The agency theory and the predictions of the theorists in terms of the role of monitoring are schematically illustrated in Figure 3.3.

The agent is probably egotistical and confident in his ability to enhance his utility. However, agency theory is defined as a contractual arrangement in which both parties want to maximise their benefit. If everyone performs logically, reaching consensus on decisions in the system becomes challenging. The agent must make judgments based on preferences, thus he will not always act logically. Sometimes these preferences can act as barriers to their ability to make sensible decisions. Due to constrained rationality, the agent will not always operate in the principal's best interests. The agency costs are the expenses incurred to monitor, control, and attempt to prevent

the exploitation of the managers. As a result, the difficulties caused by the agent-principal connection have a detrimental impact on the organisation's performance and raises concerns about governance (Nidumolu & Deshpande, 2017).

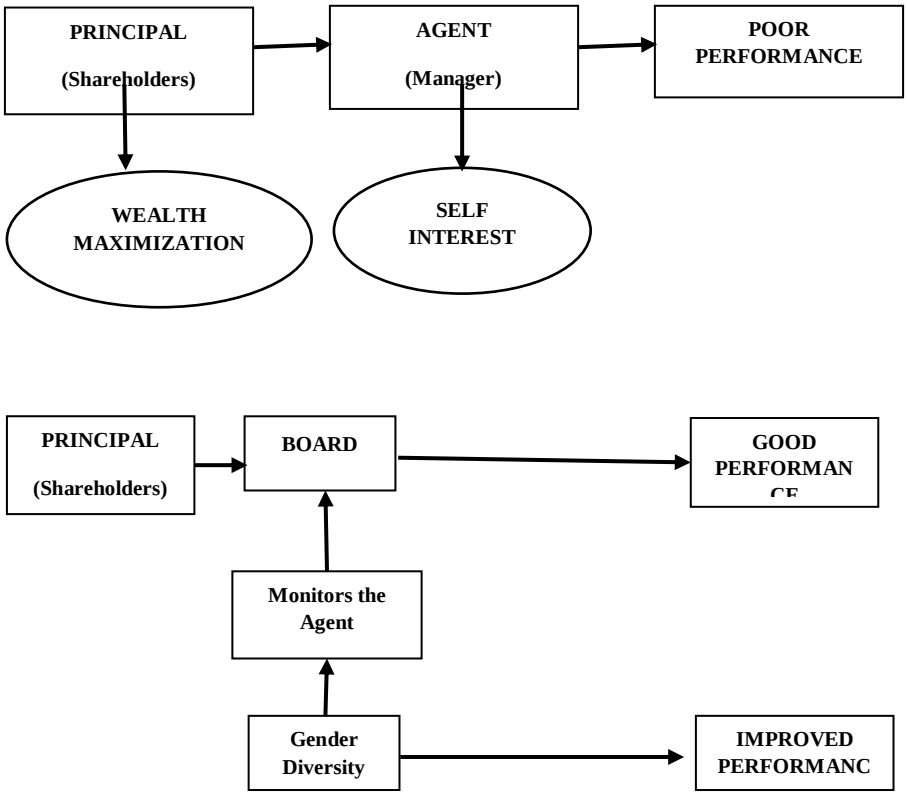

Figure 3.3: Agency Theory and Firm Performance

Source: Researcher's Compilation

The relationship between the principal and agent, according to agency theory, is depicted in Figure 3.3. The head's (shareholders') goal is to increase value, but the agent's goal is personal gain. The absence of an agent monitoring board leads to poor performance and lowers firm value. To resolve this conflict, agency theorists advocate the board's monitoring role in resolving the head-agent dispute. According to agency theory, having more women on corporate boards promotes excellent performance and adds value xto the quality of monitoring . An important part of organisational resources are the boardroom executives. Their wealth of experiences, rich background, professional and career network enhances companies' growth and brand reputation. Promoting gender diversity is a strategy for expanding the pool of resources, since women improve board capital, due to their ability to enrich room politics and undertake more vigilant monitoring (Aslam

et al., 2019; Adams & Funk, 2011). The size of the board has a significant impact on how well Corporate Governance systems work. Both tiny and large boards have advantages and drawbacks. A true consensus can be reached quickly because the smaller boards are easier to organise and the directors are likely to know one another well (Yermack, 1996; Abdou *et al*., 2021). Smaller boards may be less likely to have independent members and are more likely to be dominated by management personnel, which makes them less effective at identifying earnings management (Alareeni, 2018; Ezeani *et al*., 2021, 2022). Due to the fact that they are led by a significant number of knowledgeable and experienced members, previous studies have shown that larger boards successfully decrease earnings mismanagement (Peasnell *et al*., 2005; Assenga *et al*., 2018). In comparison, larger boards may experience bureaucracy and conflicts of interest (Elghuweel *et al*., 2017).

Most studies on board size have focused on how it can moderate extreme and unfavourable choices (Cheng, 2008; Kogan & Wallach, 1966). However, the size of the board varies on what it is used for (Ezeani, 2021). According to agency theory, smaller boards are thought to be more efficient when they are required for monitoring duties (Pillai & Al-Malkawi, 2018). The resource dependence theoretical viewpoint, on the other hand, contends that larger boards are advantageous when a firm needs high-calibre counsel (Coles *et al*., 2008). According to Cheng (2008), companies with a larger board are likely to make fewer extreme decisions because of more compromises being made during the decision-making process. A bigger board, according to Ezeani *et al*. (2021), would produce better decisions. Another board trait that affects a company's capital structure is its independence. The ability of the board to make decisions independently of administrators determines the board's independence in an agency setting. The Sarbanes-Oxley Act of 2002 and the Cadbury report in the UK both emphasised the value of board independence and its function in minimising agency conflict. Weisbach (1988) discovered that the Corporate Governance model of outsider dominance on the board is superior at protecting the interests of the shareholders. According to Fama & Jensen (1983), company insiders frequently undermine the integrity of the board (Coles et al. 2008). According to Yekini *et al*. (2015), the percentage of outside members is a sign of a board's independence.

From the perspective of agency and resource-dependent theories, female directors are influencing general change, and improving management that leads to better outcomes, due to higher community expectations and higher benefits they receive from that change (Srinidhi *et al*., 2020).

Women directors are the resources of organisations because they have very high skills in relation to men, since they have successfully violated the effect of the glass ceiling (Gul *et al.*, 2011).

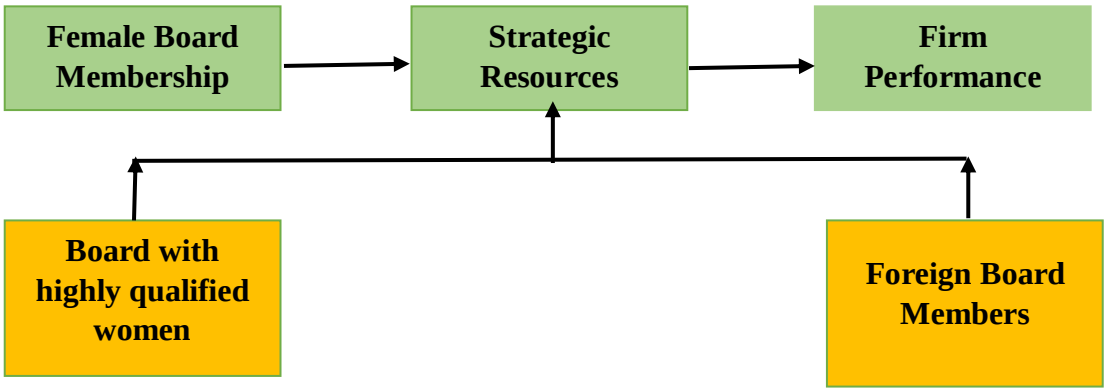

Figure 3.4:

Gender attributes and Resource Dependency Theory

Source: Researcher's Compilation

Figure 3.4 shows that women board members serve as company resources. Similarly, the inclusion of highly educated board members enhances robust performance because they have the advanced technical knowledge, social skills and leadership skills required for general change. The focal and key market mechanism necessary for a corporation to survive in the ever-changing business environment are the practices and processes as set forth by the board. This is even if they do not have symbolic power (Srinidhi *et al*., 2020). Adams & Baker (2020) looked into how foreign board members affected profit and resolution in the United Kingdom (UK) and discovered that they had varying influence on how hard work succeeds. European directors are linked to better solvency while North American directors are linked to financial success. Zaid *et al*. (2020) utilised a two-step process GMM to study gender and ethnic diversity's effects on corporate status in Palestine from 2013 to 2018 and discovered that these factors had a beneficial impact on corporate stability. Adams & Baker (2020) emphasise the beneficial relationship between gender nationalism and the strong performance of international experience, a better corporate governance culture, and access to foreign exchange markets.

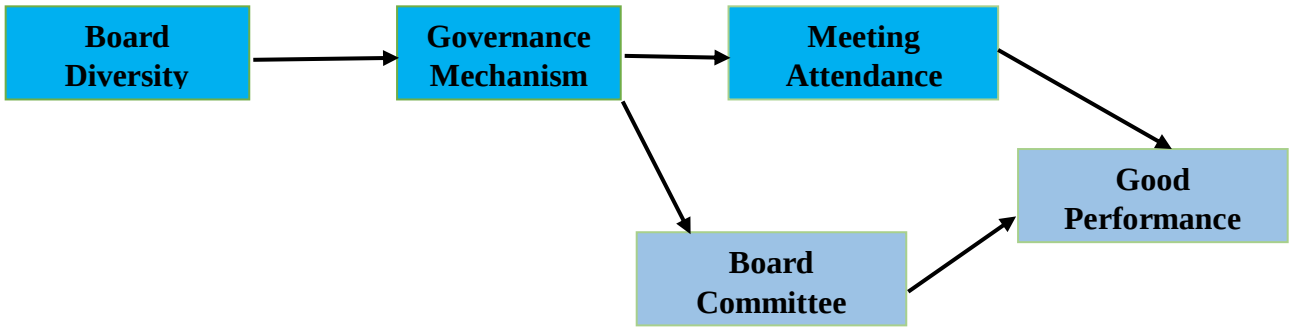

Figure 3.5: Gender Diversity and Governance Mechanism

Source: Researcher's Compilation

An example of agency theory combining with resource dependency theory can be seen in Figure 3.5. In assessing gender performance relationships, attendance to board meetings and representation on board committees are crucial factors. Despite this, it is unclear whether board meetings and working relationships have powerful effects. Women board members can improve the quality of management monitoring and strategic planning by frequently attending board meetings, which act as a hub for management monitoring and planning (Eluyela *et al*., 2018; and Vafeas, 1999). Attending meetings increases the board members' lodging allowance, financial liability for travel expenditures, and administrative time waste (Chou *et al*., 2013). There is agreement among experts that meeting attendance alone does not enhance performance, but rather the quality of the meetings. However, it is suggested that the analysis of the meeting minutes may offer insight into the calibre of the meetings due to the challenges involved with the quality of meeting ratings. When there is no established norm, studies use meeting attendance as an indicator (I Chou *et al*., 2013; Vafeas, 1999).

According to the theory of resource dependency, a board member's knowledge, skill, and experience improve a company's success. When making important and strategic corporate choices that boost performance, non-executive board members bring their expertise and wealth of knowledge to the table. Resource dependency and agency theorists are also promoting gender diversity due to the ability of female board members to inject dynamism into boardroom politics, provide tougher and more unbiased monitoring of agents than men, particularly in the areas of board committees, attend meetings, and challenge the status quo (Adams & Funk 2012; Aslam *et al*., 2019; Okoyeuzu *et al*., 2021)

Similar to this, adding women to board committees is a successful way to change norms through gender diversity. When Bilimoria & Piderit (1994) looked at how female board members affected board committees, they discovered a link between female presence on board committees and firm performance. According to a study by Li & Li (2020) on publicly traded Chinese companies, women who chair the audit committee are more effective than men at reducing financial irregularities through improved internal control and financial report quality. It may not be enough for companies to bring norm changes simply by putting women on the board. Appointment to board committees is one avenue for governance.

3.5 Empirical Evidence

The board of directors plays an essential role in corporate governance by monitoring and advising top management. It is well documented in corporate governance literature that a number of factors contribute to board independence, including non-executive director ratio and female representation. Female representation on corporate boards has been controversial in some countries but is now being rethought in others.

The goal is to keep corporate boards functioning as a strategic resource while lowering agency expenses. The idea behind agency cost is that managers and owners have different levels of information about the company's operations, and that managers have better knowledge that is extremely expensive to acquire. The prohibitive expense prevents shareholders from evaluating management on an individual basis. Therefore, proponents of agency theory call for a council that effectively oversees managers on behalf of shareholders (Farag & Mallin, 2017). The capacity of the board members to question management and pose novel questions is just one of many factors that affect the board's effectiveness. The majority of corporate boards should consist of non-executive members, according to academics and practitioners (Rashid, 2018), and women must be represented on corporate boards by law (Srinidhi *et al*., 2020).

According to the resource dependency theory, companies benefit from having powerful non-executive directors because they are diligent in overseeing and counseling top management when making difficult business decisions (Datta *et al*., 2020). Companies need powerful non-executive directors with experience who can provide unmistakable leadership in balancing top management's self-interest and value creation. According to Srinidhi *et al*. (2020), the increased public expectation and the greater benefits that result from such changes lead female directors to influence

norm changes and governance improvement that produce better outcomes. Due to their higher average skill levels than males, and their success in overcoming the "glass ceiling" effect, female directors are viewed as strategic resources by the company (Gul *et al*., 2011). Additionally, female board members have the technical intelligence, social intelligence, and leadership qualities necessary to alter norms (Ellickson, 2001). The two market-for-norms frameworks for female board members' effectiveness, even when they do not hold the majority of the symbolic power, were recognised by Srinidhi *et al*. (2020) as board norms (board processes) and improved governance (board outputs).

The empirical literature offers contradictory proof regarding the impact of the two governance structures on firm performance, despite the overwhelming preference for gender diversity and non-executive directors dominating boards. There is evidence that non-executive-dominated boards, as part of governance changes, increase investment efficiency and financial transparency (Hu *et al*., 2020). According to Hu *et al*. (2020), board reforms have significantly decreased the danger of stock price crashes. They show that board reforms, such as raising the number of non-executive directors, mitigate agency issues and enhance board oversight function using a sample of businesses from 41 economies between 1990 and 2012. According to Baulkaran & Bhattarai (2020), there is a link between firm risk and board efficacy as indicated by the proportion of executive directors to total board members, independent directors to total board members, board decision-making process, and board structure. They credit their success to the crucial role that successful boards play in lowering agency costs by separating ownership from control and lowering the firms' overall cost of capital. Using data from UK banks covering the years 2003 to 2012, Harkin *et al*. (2020) find that the oversight role performed by non-executive directors reduces the likelihood of bank failure and that an empowered independent chair reduces firm risk and boosts returns. Datta *et al*. (2020) investigate the impact of board characteristics on the performance of cross-border mergers and acquisitions using a sample of 250 major transactions in the manufacturing sector carried out by US companies in 33 countries between 1991 and 2006. According to their research, big boards, non-executive-dominated boards, and the presence of CEOs who are more dominant all favour better post-merger shareholder value creation. Through efficient oversight, transparency, advancements in governance, the oversight role, investment

efficiency, and financial transparency, they create a favourable relationship between board independence and company performance.

However, Morikawa (2020) found no evidence that a sharp rise in the number of outside directors encourages active investment or has any appreciable impact on firm productivity and profitability. The study used a panel of Japanese listed and unlisted firms to examine the impact of outside directors on investment behaviour and performance of firms. By examining the impact of board independence on corporate sustainability performance, Naciti (2019) significantly departed from the conventional practice of financial performance and board independence nexus and discovered that board independence lowers sustainability performance for a sample of 362 firms in 46 countries. The system-generalised method of moment (GMM) two-step estimator was employed by the scholars.

Although only a few studies (Kieschnick & Moussawi 2018; Liao *et al*., 2015; Morellec *et al*., 2012) have demonstrated the effect of corporate governance on the speed of adjustment, these studies used data from market-based (shareholder-oriented) countries, particularly the US and UK. Their findings are probably not going to have much of an impact on businesses in bank-based countries with different agency logic because of the peculiarities of their corporate governance environment and financial orientation. In contrast to bank-based economies, the consensus in Anglo-Saxon literature (market-based economies) is that companies should consider stockholders' interests when deciding on their capital structure (Ezeani *et al*., 2020).

Evidence regarding gender diversity points to a favourable correlation between gender diversity and improved firm performance. Studies have linked the positive correlation to female board members' superior professional and academic credentials (Field *et al*., 2018), risk characteristics and divergent core beliefs (Adams & Funk, 2012), and expertise and special skills (Kim & Starks, 2016). Srinidhi *et al*. (2020) examine how female directors improved board governance using a sample of US-listed companies from 2004 to 2015 and find board norms and better governance are useful mechanisms. The impact of the audit committee's female head on financial irregularities of Chinese listed companies is the subject of Li & Li's (2020) investigation. Two motivating factors cited by the authors are the impact of tenure and the organisational decision-making environment. By improving the quality of financial reports and internal controls, they also discover that female chairpersons are better able to reduce financial irregularities than males. Research studies also

looked at the costs associated with forced board reorganisations brought on by the requirement that there must be a certain percentage of women on corporate boards. In accordance with California Senate Bill No. 826 (SB 826), that required a gender diversity quota in the USA, Greene *et al*. (2020) investigated the direct cost of market reactions to board adjustments. When the difference between the required and pre-SB 826 number of female directors is greater and the yearly direct cost of compliance through board growth is 0.76% of market value, they find more negative returns. Similar studies have found a negative impact of gender diversity on firm performance in Norway, the first country to implement a law requiring gender quotas, according to Matsa & Miller (2013) and Ahern & Dittmar (2012). A mandatory minimum percentage of female representation in Norway, according to Bohren & Staubo (2014), would be extremely expensive because half of the firms would switch to organisational structures that were not subject to the legislation. They contend that requiring gender equality may result in inefficient businesses or businesses with inefficient organisational structures.

According to the study, academics tend to differ on the effect of these governance structures on firm performance, despite lawmakers passing laws mandating more non-executive directors and female representation on corporate boards. Most of the material that has been reviewed is from developed and emerging economies. There are few studies that shed light on the current knowledge from the viewpoint of developing countries. Because of differences in economic structures, external governance laws, the influence of the market on good corporate governance structures, and cultural issues, conducting such a study from a developing country's viewpoint is crucial. For instance, the corporate environment in Nigeria is dominated by men because of cultural bias against women (Ujunwa, 2012). Female board members occasionally view their position as ceremonial and rely on their male peers for guidance and leadership (Onakoya *et al*., 2018; Ujunwa, 2012). The independent director may view their appointment as a chance to expropriate rent due to the weak ethical climate and near absence of rule of law in developing countries (Wang *et al*., 2020;. Abdul-Baki *et al*., 2019). They may conflict with the managers to advance self-serving interests rather than enhancing the board's oversight and monitoring responsibilities. The efficacy of the board formed in such a setting in fostering firm performance makes a significant literary contribution. Both accounting- and market-based performance measures were used in the studies that were evaluated. How applicable are these measures in nations where the market is underdeveloped (Olayeni *et al*., 2020) or lacking in organisation (Areneke & Kimani, 2019) so

that corporate managers can be pressured? By attempting to close these significant gaps in the literature, this research contributes to both the theory and practice of corporate governance. The study's results, in particular, will add to the body of knowledge on corporate governance related to the impact of board independence and gender diversity on firm performance from the viewpoints of developing nations.

Women's unequal access to opportunities in societies and organisations around the world is now generally acknowledged. Women frequently focus on low-paying employment, contending with labour pressures, low wages, and subpar management. Women are required to adhere to rigid gender roles and continue to be "minorities in society" in many nations (O'Brien, 2001).

Women will continue to face radical beliefs if there are no defined legislative or legal rights for women in different contexts. For instance, countries such as Indonesia and Pakistan have special laws that promote the responsibilities of women within the confines of the house (Ali, S., 2000; Bennington, 2001; Ali, F., ch. 3, this volume). Despite making up about half of every society's population, women's participation is less likely to be recognised, they are paid less, and they frequently encounter sexual harassment or violence at work (O'Brien, 2001). According to Chafetz (1990), the likelihood that women will engage with men will depend on their increasing access to resources. He pointed out that senior men have a lot of access to resources, despite being off-limits to women, and that they are in charge of it. He added that it is important to "understand the enormous forces that frequently and everywhere operate to encourage the restoration of the status quo." The condition of women has been explained from a variety of angles. Feminist emancipation is one concept that seeks to highlight gender disparities in the workplace and other social contexts.

Empowerment, also referred to as emancipation or facilitation, is "a collaborative process in which less powerful people experience individual and societal change, enabling them to increase authority in organizations and establishments that affect their lives, and the communities in which they live," according to O'Brien and Whitmore (1989: 309). Women's gender position is often less favoured than men's in many societies. Women frequently have lower social, legal, and economic standing and less access to paid work, higher education, and coaching opportunities (Chafetz, 1990; Morley, 1995).

According to earlier studies, societal and economic injustices are the main reasons behind power imbalance resulting from a loss of electoral strength (Morley, 1995: 35; Henkel & Stirrat, 2002;

Miraftab, 2004) According to Cochrane (1989), empowerment in the context of poverty must call for a specific political concept in the sense that the transformation of services into rights is a social and political process (1989: 178). According to this point of view, women's participation in political decision-making can pave the way for social and labour laws that support gender equality, which may then lead to workplace equality. Western representations of gender equality in the workplace usually reflect an equitable employment equity (EEO) paradigm. The EEO is described as a government endeavour to ensure that people have equal employment opportunities regardless of their gender, race, colour, religion, or national origin (De Cieri & Kramar, 2005). The major objective of EEO policies and practices has been characterised as establishing environments in which women and men are treated equally and are not disadvantaged because of their gender (McDougall, 1996). Since it was created in the USA, EEO is well-liked in the West (e.g., Teicher & Spearitt, 1996; Liff, 1997). As a result, there is little theoretical analysis and application of EEO in multinational corporations (MMCs). Indeed, there are many national variations in the interpretation and execution of the EEO, as Zbilgin (2002) notes, and the types of discrimination that are considered prohibited vary from country to country.

3.5.1 Approach to Board Gender Diversity

In corporate governance literature, the traits of the management team and the management board have always been discussed. Without a question, the existence of women, ethnic groups, and diverse social groups with a range of ages are crucial factors in the research on how diversity in companies affects employee collaboration and business outcomes (Moscu, 2013). With regard to the size of the board, as well as the gender, age, nationality, experience, and organisational affiliation of board members or the management team, diversity of the management board can be defined and evaluated (Campbell & Minguez-Vera, 2008). According to Milliken & Martins, (1996), Petersen, (2000), and Timmerman, (2000), diversity is frequently described by two general directions: on the one hand, it refers to a demographic diversity, which is observable and is represented by factors such as gender and age, and on the other hand, it refers to a cognitive diversity, which is unnoticeable and is exemplified by factors such as education and values.

According to earlier research, the inclusion of female directors on the board increases their effectiveness and efficiency (Zalata *et al*., 2019, 2022). Women are expected to avoid unethical

activities such as earnings management because it is believed that they are more ethically conscientious than males (Komal *et al*., 2021; Nekhili *et al*., 2022). Previous research has shown that having female members on the board improves the firm's governance process by bringing new views, abilities and skills to the table. They also introduce newer dynamics to board discussions that may retrain managers to engage in financial mismanagement (Geiger & Marlin, 2016; Nguyen *et al*., 2020). The Financial Times Stock Exchange (FTSE) 350 companies have more female board directors than at any previous level, according to the Davies Report (2015).

Gender variety is the diversity that is most frequently discussed in literature. According to Agrawal & Knoeber (2001), women in management board leadership roles can contribute advantages and resources just by being present in the organisation. The presence of women in management roles, as shown by Nielsen & Huse (2010), has a positive impact on corporate control and, consequently, financial performance. The lack of conflicts in these companies is what explains why having female directors has a positive impact on the management board's ability to handle conflicts. This finding is in line with the hypothesis put forth by Helgesen (1990), according to which women are more motivated by collaboration and cooperation than men, who place a greater stress on hierarchy. For the best possible resolution of agent conflicts, women sense a strong need to come to a consensus. There is also an argument that gender diversity positively influences the work within a company and, thus, performance and dividend policy, which appears detached from social psychology theory. This holds that women are more knowledgeable about shareholders, their behaviour, their needs, and opportunities to meet those needs (Brennan & McCafferty, 1997).

A multifaceted way of describing the connection between gender disparities at work and business performance, both quantitatively and qualitatively, is most suitable (Roberts *et al*., 2005). It is important to emphasise the board's involvement in minimising agency issues and their related corollaries (Henkel & Stirrat, 2002; Miraftab, 2004). Experientially, gender diversity increases board vigilance as the variety and dissimilar natures and backgrounds increase “a variety of lens-looking features”, leading to “questionable” boards and “challenging the status quo” (O’Brien, 2001). It is also generally agreed that, between the two sexes, females are more likely to be more solemn in the discharge of their responsibilities (Singh & Vinnicombe, 2004). As women do not belong to the "older guys' club” ,female directors provide stringent scrutiny, according to Adams & Ferreira's (2009) argument in favour of this viewpoint. The fact that they documented male

directors' behaviour and the significant sensitivity of the CEO's compensation to share value on boards with different gender compositions is crucial. In the same vein, companies in the study conducted by McKinsey stated that gender dissimilarities help enhance relationships with female customers and gain women's understanding of consumer buying behaviour (Singh & Vinnicombe, 2004).

Extending this perspective is a way for a stakeholder driven approach in governance structure. To this end, a board structure should take care of all variables, known and unknown, since it has been found that female directors show increased understanding of environmental and societal trepidations (Yi, 2011). The resource dependence theory developed by Zahra & Pearce (1989) underlines the multiple roles that the boards perform and the interaction between the organisation and the external environment from a wider perspective. This plan considers the corporate board as a provider of services or board funding, which involves connections and private finances.

The ethical and moral stance also gives much needed support to greater board diversity (Cyert & March, 1963). Noteworthily, the approach to this research suggests that similar groups may undermine new uses due to pressure to conform to group thinking (Singh & Vinnicombe, 2004). The units are very cohesive and incorporate broad comprehension and broader outlook. Conversely, it is well known that some studies show that board differences can lead to many conflicts and disputes, reduce communication efficiency and major decision-making impairments (Cyert & March, 1963). The view of management theories is that those who run the business should be recognised, praised, and well remunerated, since they are working to achieve the goals and objectives as set by the principal (owners) and the board. The view also opined that women would work better than their male colleagues in working with high-ranking executives to improve business results and, for this, every board must have a substantial number of women in the room.

3.5.2 Performance Theories and Previous Evidence

The Glass Roof, or Ceiling, theory is very controversial and, as a matter of fact, a serious issue for human resource managers. It becomes apparent as one moves up to a higher corporate level and inequality increases dramatically. It therefore affects the entire course of the career of a worker,

which is critical, especially in the advanced stages of human labour (Maume, 2004). As a type of bias in the workroom, particularly in top hierarchies, the theory may be viewed as some form of barriers for women's empowerment in the workplace (Maume, 2004). This theory of a glass ceiling effect was developed and accepted into the dictionary in the mid-1980's. It was previously variously used by some scholastic periodicals before it took on a wider application and academic usage in management sciences (Maume, 2004).

According to Cotter *et al.*, (2001), these apparent barriers can be portrayed in four principal areas of application. Scenario one argues that the glass ceiling be accompanied by racial, or gender differences not defined by additional factors associated with the employee's work. The second condition ensures a minimum impact at lower levels of corporate governance while there is a much higher impact at executive board level. Scenario three accentuates the significance of the prospects offered at advanced ranks, rather than just on the number of employees who are part of the current high levels of management (Burke, 1997). Finally, the diversity of opportunities and opportunities for development across all workplaces must be unequal. The United States of America, in 1991, formed the Federal Glass Ceiling Committee with the Secretary of Labor appointed as the president of the committee. Installation hurdles that define glass ceilings prevent highly trained personnel from advancing to higher levels of management. Moreover, these barriers point to deep divisions between successful employees and others left behind. In addition, women in senior management positions are considered inferior, earn less than their male counterparts and only represent 15% of America's Fortune 500 Companies (Grout & Sonderegger, 2009).

Analysis, as well as an understanding of glass ceiling philosophy, leads to two distinct strategies. First is that in as much as women are treated and paid exactly as their male counterparts, there will be no difference between them, and women will be more involved in their work and will be able to participate and perform the same tasks. The second method is grounded in the acceptance of real differences between men and women. For these apparent differences, employers will, therefore, treat the men fairly and treat them with dignity and respect. Nearly all owners suppose that men will be more important and will provide greater benefits as women are thought to be more devoted towards families and matrimonial duties (Grout & Sonderegger, 2009). Men are more involved in their work than women because women have more responsibilities in their families,

which will force them to ask for more leave and take longer holidays than men and, thus, disrupt their work (Laufer *et al*., 2003; Ribeiro *et al*., 2012).

One hundred years ago women were not given the freedom to vote, and this ceiling still exists today. In every 10 employed women, 6 perform traditional tasks defined as full-time women's work . Therefore, they were removed from high-paying jobs. As at the beginning of the 1960's, for every one dollar received by men, their female counterparts received 61% less. Even with an increase in female remuneration to 76 cents in 2003, it was still less than men. This 15-cent improvement lasted for forty-three years and was the result of lower men's wages coupled with higher women's wages. In 2005, only 16.4% of company executives of Fortune 500 companies were female, and the number had not grown significantly in the past three years (Gillan, 2006). According to a 1991 study undertaken in the USA, that revealed youth shortages and the presence of women in management, the existence of a ceiling would have a negative impact on the entire community, not just the organisation in question, by creating new resources and putting the nation in a position to compete successfully in international markets. The concept of a ceiling or roof first appeared in the USA in 2011, after women had achieved significant advancements in their fields and had become a crucial and significant portion of the labour economy, holding well-managed managerial positions. Nonetheless, because men still had more career options and opportunities than women, parity was not actually achieved (Grundmann *et al*., 2011).

The Human Capital theory, also referred to as the Employee Perspective theory, or Human Economic Thinking (Becker, 1964), offers a good basis for examining inequality, and it is used here to describe ongoing eviction of women from governance positions. This theory can be connected to the concept of resource dependence which proposes that, in a steadily unstable commercial ecosystem, the ideal is for the executives to be made up of experienced individuals with the requisite skills who can provide the needed strategic direction. The concept of personal finance is about how individual investment in training, capabilities, skill sets, and experience enhances mental and dynamic skills for the value of that human capital and company (Becker, 1964; Westphal & Zajac, 1995). As in finance, individual assets are used to generate individual taxes, usually at a higher and higher rate of payment and promotions (Tharenou *et al*., 1994). Taxes are collected, so that when a person wants to be appointed to the boardroom he usually earns a lot of money for several years (Pfeffer and Salancik, 1978).

As individual directors bring different sets of personal resources to the board (Kesner, 1988), those who elect new board members may be interested in attracting people with specific staff resources to fill existing board skills. The characteristics of the board of directors has received increased technical attention (Johnson *et al*., 1996) but, to date, the study of directors and senior managers has concentrated on performance differences, scholastic differentiations, and age maturity, regardless of whether male or female (Johnson *et al*., 1996) In a progressively globalised business environment, global knowledge gives corporations a unique edge (Carpenter *et al*., 2001). Some research available on corporate governance structure and boardroom diversity is based on a sample that may not be an adequate representation or is only concerned with women-only studies (e.g. Burgess & Tharenou, 2000). A notable exception is Hillman *et al*. (2002), who adopted the concept of resource dependency theory of Hillman *et al*. (2000) in explaining executive responsibilities (internal, business academics, support professionals and social impact) as human resources, thereby increasing the common dualistic outlook of internal and external directorial roles. They explored ways of diversity in the work and education between white and African male and American male and Female directors in the Fortune 500 boardroom. The studies emphasise the full individual capacity of directors (Hambrick & Mason, 1984; Jensen & Zajac, 2004).

As already considered, the most important factor in human economic thinking is ***Education and Experience***: The consistent findings of previous studies indicate that women directors have advanced education (Burgess & Tharenou, 2002). The beginning of independent thinking is when employees invest in self-development, especially executive training and career development programmes. It is noted that small groups can obtain public degrees and educational goals, especially postgraduate degrees, thus balancing the playing field and paying for the results of any independent discrimination and preferential treatment and promotion. Qualifications are respected by the public, and employers can, thus, benefit from the professionalism and integrity of their directors (Hillman *et al*., 2002). An increasing number of women are graduating from high school, and the graduates are now surpassing their male counterparts in the US, UK and elsewhere (HESA, 2003). Given that the new female directors have successfully broken through the glass ceiling, it can be said that they seem to be more likely to represent their female peers in terms of appointment of directors of companies. It is recommended that women should invest in self-development to position themselves for board roles which, when attained, may be more beneficial to firm performance relative to male dominated boards (Becker, 1962).

The literature on corporate governance examines numerous strategies for enhancing the administration of administrative tasks and safeguarding shareholders' interests. For instance, a board with members who are particularly varied in terms of their nationality and background may lower compensation and fraudulent distortion of annual reports (Beasley, 1996). One of the most significant governance concerns currently facing managers, directors, and asset managers is gender diversity. In this regard, Rose (2007) makes the case that businesses, like other institutions, should reflect the variety of society. Women's empowerment and diversity at the board level, however, are desirable in a societal context and practical options in contemporary businesses. Corporate governance regulations must handle these differences and variations from an economic perspective. Hence, the necessity for more gender diversity is still debatable because it encompasses both significant advantages and numerous obstacles. Overall, due to more freedom and system and unit integration, diversity might result in the establishment of monitoring management. Nevertheless, board diversity may also lead to lengthy procedures and less flexibility in decision-making, thus there may be a double-edged consequence. (Garca Osma & Gill - de-Albornoz, 2007; Beasley, 1996; Klein, 2002; Peasnell, Pope, & Young, 2005). The key benefits and disadvantages of gender diversity are outlined in Table 3.2.

Table 3.2: Advantages and disadvantages of Board Diversity

S/No	ADVANTAGES	DISADVANTAGES
1	Increases its capacity to enter new markets by fostering a better awareness of the market (Campbell & Minguez-Vera, 2008a; Carter, Simkins, & Simpson, 2003).	A gender-balanced board may be the outcome of conflict, rigidity, friction, and communication problems. According to Tajfel & Turner (1985) and Williams & O'Reilly (1998), the desired benefits might never be realised.
2	Increases ingenuity and creativity within the company	Due to the differences in male and female leadership styles, this could result in the creation of inconsistencies and slower decision-making (Litz & Folker, 2002; Fenwick & Neal, 2001)
3	Results in more effective problem-solving because a more diverse board offers a larger array of perspectives and, as a result, a higher number of possibilities to consider (Rose, 2007)	In heterogeneous boards, more opinions and critical questions are generated (Erhardt, Werbel & Shrader, 2003; Smith, Smith & Verner, 2006).
4	Where a board is comprised of an equal number of both sexes (male and female), the quality of decision making may be significantly improved (Campbell & Mínguez-Vera, 2008a)	

5	There is a positive signaling effect to the market. The markets usually respond favourably to the addition of female directors to the board. In a way it confers some form of brand crown and/or reputation on the company. It is like a stamping or sealing of its legitimacy and legality. (Carter *et al*., 2007; Rose, 2007).	

According to the agency theory, greater gender diversity will lead to improved independence in the boardroom and enhanced executive employment; as a result, diversity can boost current management and supervision systems. This idea is connected to the fact that there are differences in board composition with regard to gender, experience, and corporate ownership. The discrepancies in senior management can currently be easily addressed using the second and third ideas. While the resource-based perspective focuses on agreements between men and women and diversity as a source of competitive advantage, the resource-dependent concept contends that diversity can be a tool to access resources that are crucial to the company's success and that can increase its capacity for problem-solving. The Agency's approach is regarded as the starting point of every business-related debate, as was previously stated in prior sections. According to the agency, the issues with corporate governance are caused by the separation of firm ownership from operations (ownership vs. control), as well as by extremely isolated and unemployed shareholders who are unable to adequately oversee the actions and behaviour of corporate leaders (Ramly *et al*., 2010). The true commercial reality is that managers are not charity workers, but a problem arises when shareholders demand over and above the fiduciary duties of Principal-Agent. Shareholders' inadvertent demand for increased wealth can also cause managers to divert factory resources and take risks to increase shareholders' wealth. Due to this, it is crucial and useful for a diverse board to oversee the agent's work.

Reducing agency problems has been summarised by Sakinc & Ugurlu (2013) as follows: At firms with a significantly larger proportion of women on the boards, there is initially a lower degree of agency difficulties and their associated costs in weak economies. Secondly, businesses with more women in the boardroom tend to earn more money and be more profitable. Thirdly, companies with a higher proportion of female board members generate sufficient and significant profits when functioning in complex business environments. Last but not least, the selection of female directors is met with confidence by investors.

Similar studies have recognised foreign ownership, lack of drive for women and a lack of women's investment in women as some of the barriers to women's entrance to corporate boards. Perhaps the

biggest obstacle for women to assume parity and to be treated equally in their professional career in Africa, particularly in a culturally rich country such as Nigeria, is the systemic custom in favour of masculine sexuality by abusing women. Women's education is still considered a waste as women are considered "someone else's family". Two methods are often seen in advanced countries and some emerging economies that aim to empower women to perform major duties in governance structures of corporations. This method supposes that laws or statutes are needed to fast-track career advancement and professional development of women at a top executive level, without which any progress previously made in this area may be lost.

3.5.3 Gender Division on Boards of Directors

The theory and views on principal-agent relationships indicate that a well-diversified boardroom ensures board independence, unbiased trajectory, and balanced decision (Ramly *et al*., 2010). As an example, critical thinking, incisiveness, outspokenness, and strategic outlook etc. are bound to be different in a board comprising people from different races, sexes and geographic settings, etc. (Carter *et al*., 2003). To this end, it is a dangerous approach having a homogenous boardroom. Variety in terms of age, sex, race, education, geography, etc. is important. Boardroom diversity will ensure board efficiency and effectiveness, which in turn can lead to better performance, because of different perspectives and a holistic supervisory job role (Carter *et al*., 2003). Consequently, prior research works have shown affirmative outcomes on sex mixture on the boards and other top company roles. For instance, within US organisations, Adler (2001), Carter, Simkins & Simpson (2003), and Adams & Ferreira (2004) discovered that the proportion of female board members had a positive impact on a number of companies that were estimated by Q. -Tobin, coming to the conclusion that the difference can be attributed to improved company results. Carter *et al.'s* (2007) emphasis on the positive connection supports the idea that there is a link between gender diversity and business performance. Its influence on accounting measures, such as marks and returns, was also examined in other research (Erhardt *et al*., 2003; Jurkus *et al*., 2007; Krishnan & Park, 2005), which revealed a progressive effect on diversity as a result of improved performance supervision. In line with the trends, Jurkus *et al*., (2007) have shown that positive relationships are very important where there is less female representation, as has been observed, and this is the case in some business environments and sectors.

By way of comparison, much research conducted in America has suggested diversity and women's empowerment has not been as effective as a system of corporate governance. Instead of aiming for gender parity, organisations should adopt an organisational-wide corporate governance strategy (Richard, 2000; Kochan *et al*., 2003; Ellis & Keys, 2003; Farrell & Hersch, 2005), and efficient accounting techniques (e.g. Shader *et al*., 1997). The governance structure (boardroom) had no impact on corporate performance, according to research from Denmark (Randöy *et al*., 2006; Rose, 2007), Sweden (Du Rietz & Henrekson, 2000; Randöy *et al*., 2006), Norway (Randöy *et al*., 2006), Spain (Jimeno & Redondo, 2007; Campbell & Minguez-Vera, 2008a), and other countries. In Norway, additional detrimental consequences on operational changes were also discussed (Böhren & Ström, 2005), and in Denmark, Rose (2004) discovered that considerable differences can result in a decline in board performance, which might result in a decline in company value.

3.5.4 Diversity and Effectiveness of the Board

The elements that affect board performance have been extensively researched. Two opposing viewpoints on crucial facets of board functionality were emphasised. According to one opinion, the board's structure has an impact on how it governs a company. According to another idea, the effectiveness of the board and the manner in which it meets are crucial factors in the board's structure (Petrovic, 2008). A well-allocated board will be more responsible for its primary responsibilities: supervising and monitoring, preventing management from working for themselves, and assisting decision-makers in making better business management decisions (Martin & Herrero, 2018).

Additional research suggests that gender differences on the board can produce more advantageous organisational outcomes, ranging from economic and social divisions and style decisions between men and women, in addition to the finding that there are fewer women on boards in relation to their presence in society (Burgess & Tharenou, 2002; Simpson *et al*., 2010; Terjesen *et al*., 2015). First, it is said that a diverse board makes better decisions than one with just one male member (Milliken & Martins, 1996). Gender differences are linked to strategic differences because male and female directors typically have systemic differences in their values, risk factors, backgrounds, and perspectives (Adams & Funk, 2012; Perryman *et al*., 2016; Simpson *et al*., 2010). For instance, according to Carter *et al*. (2010), female directors are more likely to possess advanced degrees and to have more college degrees than their male counterparts. Also, women directors might have more

experience in marketing and sales, take fewer risks, and pay more attention to the organisation's social and environmental responsibility (Burgess & Tharenou, 2002; Post & Byron, 2015). In comparison to their male colleagues, female board members engage in social media differently and belong to various social networks (Simpson *et al*., 2010). As a result, companies that have access to this specific knowledge, experience, abilities, and networks of female directors may benefit from the gender-varied board (Hillman *et al*., 2007; Miller & del Carmen Triana, 2009).

Female directors frequently encourage a variety of viewpoints and employ participatory methods to foster group collaboration, according to Post & Byron (2015). Moreover, gender diversity can lessen "rethink," the procedure by which group members approve decisions without properly considering the views or opinions of others (Janis, 1972). A gender sensitive board is more likely to handle a number of board-level concerns and enhance the calibre of board decision-making, even though the "group" problem tends to be worse in the cohesive group (Conyon & Mallin, 1997). Existing research has connected board gender diversity to higher rates of business start-ups due to higher quality decision-making (Miller & del Carmen Triana, 2009), strong resource mobilisation and investment (Triana *et al*., 2013), better market comprehension and participation, effective board strategic management (Nielsen & Huse, 2010), effective board monitoring (Adams & Ferreira, 2009), and high dynamic performance (Campbell & Minguez-Vera, 2008; Carter *et al*., 2003).

By competing opinions and a lack of consensus, board diversity may negatively affect company success. Such boards could make it more likely for teams to collide, which would slow down decision-making and lower its quality (Pelled *et al*., 1999). Inconsistencies in boards can also encourage social divisions within them, which hinder their ability to operate effectively. According to Li & Hambrick (2005), for instance, social disparities can make members of the group unpopular and ultimately obstruct board decision-making procedures. Moreover, changes may produce unexpected tokens and result in hiring decisions that favour inclusiveness above talent (Larcker & Tayan, 2011; Torchia *et al*., 2011). Ahern & Dittmar (2012), for instance, found that having an average of 40% female board representatives resulted in the nomination of younger and less experienced female directors to the board, which had a detrimental effect on productivity and company performance. Theoretically, Baranchuk & Dybvig (2009) examine how agreement might

be reached when each director has a different preference for a certain issue. In light of these trade negotiations with the board, business judgments may be faulty.

It should be emphasised that having a diverse mix of genders on a board has pros and cons. So, it is crucial to look at instances where gender diversity outweighs its possible drawbacks and vice versa. Existing literature has investigated a range of occurrences that may have an impact on how certain gender boards operate. Firstly, national concepts are crucial. In their meta-analysis, Post & Byron (2015) discovered that, in nations with better stock protection, women's board presence was related to financial efficiency. They stated that the strong shareholder protections in these nations allowed the boards to more effectively communicate and utilise the skills and experience of female directors. Additionally, they demonstrate that, in nations with higher levels of gender equality, having a diverse mix of genders at the helm frequently results in stronger market performance. According to them, the outcome has substantial ramifications for women directors in these nations, including high-level testing of women directors in these countries and ensuring that they have the essential human skills to significantly contribute to the boards.

The organisational aspects make up the second category. In their study of US banks, Dwyer *et al*. (2003) discovered that gender diversity could have a good effect on family culture, which prioritises cooperation, honesty, morality, and determination. They proposed that such an organisational culture would support strengthening the contributions of female members and assist in reducing disputes between groups and other drawbacks related to various groupings. Although the sex-sensitive board is linked to the board's robust monitoring, Adams & Ferreira (2009) discovered that it might not translate into a strong performance for better performance. Gender diversity only improves businesses with poor stock prices by increasing the number of those businesses, while harming businesses with powerful shareholders. In a similar vein, Jurkus *et al*. (2011) investigate how co-management promotes gender diversity. They discovered, using a sample of Fortune 500 companies, that top executives were more inclined to cut agency expenses, as assessed by free cash flow, when there was weak external governance in a less competitive product market.

Beyond gender diversity, according to Triana *et al*. (2013), the nature of the job, the business climate, and industry conditions can all have an impact on board performance. Particularly, certain issues unrelated to board diversity alter the components and procedures of board decision-making,

which eventually has an impact on the performance of the entire organisation (Staw *et al*., 1981). Risk-wise, organisations may stop information processing in response to risks (Gladstein & Reilly, 1985; Staw *et al*., 1981). As a result, they frequently see a drop in information exchange, which in turn causes information asymmetry (Gladstein & Reilly, 1985). According to Janis (1982), groups that are threatened from the outside usually consider a limited number of choices before dealing with the onslaught of competing viewpoints. So, it is anticipated that boards will have the ability to deploy authorities and set information constraints to facilitate decision-making when there is a serious operational hazard. Because of the greater pressure of similarity of opinion and antagonism to free expression, the diverse perspectives of women directors are less likely to be seen in a less effective organisation. Informed firms are less likely to benefit from boardroom diversity, as a result. Contrarily, when a business is more efficient, there is less of a need to stifle the opinions of female directors, which can help to better utilise their knowledge, skills, and original ideas and produce better board choices. Strong action may also magnify the costs of gender imbalance in terms of decision-making and internal conflicts. According to Triana *et al*. (2013), for instance, the board is less inclined to approve strategy adjustments if strong performance was below average. In a similar vein, it is anticipated that a decrease in gender diversity on the board will make a corporation more effective and prevent it from raising its performance.

The fact must also be stressed that female directors and talents are less likely to employ their unique ideas in an inefficient organisation, which means that their contribution to hard work is lower in a highly efficient company than in a very efficient company. The calibre of female directors is another issue that has been disregarded in current agreements. Women categorise traits, skills, and abilities differently than men do. On the demand side of these markets, people compete for managerial talents, while the supply side of the market is made up of people who can apply for board posts. The creation of board members who incorporate their knowledge, talents, and societal wealth into their grid interactions is the "product" generated in this market (Haynes & Hillman, 2010). In this market, corporations vary in their capacity to deploy management skills, and board members vary from one another monetarily and socially (Sorensen & Sorenson, 2007). Comparing job descriptions and quality ratings is a crucial method for understanding the labour market (Jovanovic, 1979; Kremer & Maskin, 1996; Stevens, 2003). People with various abilities and attributes will discover various employers who value them under this strategy. High-level board members work for companies that can utilise their skills, whereas novice members frequently work

for less successful companies (Wheeler, 2001). The problem of job comparison and quality testing, therefore, raises the possibility that female directors in higher-performing companies may have more social capital and that their employers may have a greater opportunity to utilise their talents. Because of this, these female directors have a better chance of improving their companies' performance than their colleagues in less effective organisations. It is, therefore, hypothesised that increased female representation in an organisation that is more efficient can result in improved performance compared to an organisation that is less efficient. In other words, the diversity of directors' qualifications and influence will optimise the diverse effects of gender diversity on the board in high performance across the range of the company's operational distribution sectors.

3.6 Empirical Review

These theories (The agency theory, resource dependency theory, upper echelon theory, stewardship theory, and stakeholders' theory) have an impact on the current wave of mandatory efforts or recommendations for gender diversity and non-executive-dominated boards. For instance, the majority of Anglo-Saxon corporate governance rules call for non-executive-dominated boards to encourage independence, an efficient oversight role, and top management oversight. Laws encouraging the representation of women on business boards have also been adopted by various nations. The first effort in this regard was made by Norway, which passed a law in 2003 mandating a minimum of 40% female directors on all Norwegian public company boards by 2008. Similar laws were passed in Spain in 2007, requiring corporations to raise the percentage of women on corporate boards to 40% by 2015. Within three years of passing the legislation, France imposed a 20% gender-based quota on the boards of publicly traded companies. After six years, the quota must increase to 40% (Adams & Funk, 2012). In 2012, the EU Commission authorised promoting gender parity among non-executive directors of public companies (EU Commission, 2012). Additionally, the EU Commission ordered all publicly traded companies in the European Union, excluding small and medium-sized businesses, to raise the percentage of female non-executive directors to at least 40% by January 2020 (Farag & Mallin, 2017). On September 30th, 2018, the California Senate bill was passed into law as the most current piece of legislation (SB 826). By the end of July 2021, all public businesses with headquarters in California were required to have at least one female director and at least two female directors on boards with five members, and at least three female directors for boards with more than five members (Datta *et al.*, 2020).

Many economic analyses have utilised prior research studies that attempted to evaluate the effects of gender disparity and board variance. Strong evidence of gender diversity and functional performance is inconsistent and mainly reliant on US data, even as the diversity literature expands (Finegold *et al*., 2007). A significant number of Fortune 1000 companies, as determined by Tobin's Q, were shown to be positively correlated with the presence of women or a small number of them on corporate boards, according to Carter *et al*. Similar findings are examined by Erhardt *et al*. (2003) in their examination of the influence of racial and gender representation on corporate boards, using a sample of 127 major American businesses. Campbell and Minguez-Vera (2008) also discovered that gender diversity had a favourable impact on Spanish companies' data capacity. Julizaerma & Sori (2012) used standard square reconciliation (OLS) in a randomised study with Asian data to show the beneficial links between having women on boards and working closely with Malaysian businesses.

However, Wang & Clift (2009) found that gender diversity on the boards had no appreciable impact on accounting performance measures such as return on assets (ROA) despite the propensity of women board members in large Australian corporations. Moreover, Carter *et al*. (2010) were unable to show a link between gender diversity and the financial success of S&P 500 index companies. Similarly, Adams & Ferreira (2009) imply that the presence of women on corporate boards may result in an excess of information being given to businesses that already have a lot of power in the region by discovering negative associations between gender diversity and operational effectiveness. Matimuthu & Kolandaisamy (2009) discovered no statistically significant correlation between board gender diversity and ROA and ROE for the years 2000–2006 in a randomised controlled experiment of Malaysian companies. Darmadi (2011), using a sample of companies registered on the Indonesian Stock Exchange, demonstrates that the presence of women in classes has a negative influence on ROA and Tobin's Q, which lessens the rationale for greater gender diversity. She makes the speculative claim that the appointment of a female director to Indonesian boards may have been influenced more by familial ties than by knowledge and experience, which has resulted in a fall in consistent performance. Hektoen (2016) used a special monthly comprehensive model encompassing 2012m1-2014m12 to examine the problem for listed Norwegian and Spanish enterprises and discovered unfavourable implications for cause retardation and severity. According to Abdallah *et al*. (2015), one aspect that makes board analysis challenging

is the fact that many factors can be set in stone. Hektoen (2016) tested the data to see if endogeneity was affecting them and discovered that it was, in fact, present.

Using a multi-line reversal framework, Nakagawa (2015) investigated the gender inequalities and the close operational ties of the Japanese listed businesses. Although this strategy aims to reduce outside influences and selective bias. In her analysis of gender disparity in the promotion of equality in Japan, Yamaguchi (2014) demonstrates that women are less likely to advance to the college level than males with higher education. It is unlikely that efforts to permanently address gender diversity and financial inequality would be made in light of the overwhelming evidence that such efforts have been ineffective, particularly in developing and least developed nations. Moreover, results from Japanese businesses cannot be applied to businesses in Africa. When describing descriptive equations as the effects of dependent variables, Chou *et al*. (2013) examined the existence of board meetings and corporate performance with evidence from 133 registered firms in Taiwan, using simple case modifications, and their indications only suggest whether the corresponding variables have the effect of what is increasingly equal. Also, because only the smallest number of companies are included, there is some sample selection in the research database. According to Adams & Ferreira (2009), female directors have a significant impact on successful results. Their research specifically demonstrates how female directors enhance quality and dynamic performance. They used data mostly from the Investor Responsibility Research Center, which excludes credit bureaus, for their research. The above-mentioned artistic findings offer conflicting evidence regarding the advantages of gender diversity on corporate boards, despite the fact that there is strong support for it. There are disparities in time and the world, as well as negative assessment methodologies, say Campbell and Minguez-Vera (2008), between gender diversity and hard work.

Another intriguing literary tendency is how much of the current literature focuses solely on individual or solid traits, uses models from the same nation, and neglects to consider outcomes in the context of society and institutional structures (Terjesen & Singh, 2008). Given the contradictory findings of other studies, and the issue of Anglo-American rule, this work proposes that national culture can correct the flaws. The relationship between gender diversity and company performance across countries may also be explained by culture, while being a very difficult subject to describe and understand. Culture is described as "a learning, socially accessible culture and

lifestyle of community members, including their way of thinking, repetition, feeling, and action" by Haniffa & Cooke (2002). In this study, cultural thinking is examined, particularly in terms of social standing towards women, as it is believed that this could have a positive bearing on the suitability of gender-based boards; that is, board gender differences may be more beneficial in some cultural or social contexts than others. For instance, in traditional or patriarchal cultures, where women's social status is frequently unrecognised one might anticipate male dominance in management, a significant pay gap between men and women doing the same type of work, and male characteristics linked to successful managers and male bosses (Hofstede, 2001). These presumptions are linked to tokenism and sex-centred views, both of which have an impact on performance.

Gender diversity limits a company's propensity for taking risks. According to Ezeani *et al*. (2020), a female board member is less likely to select any financing option that carries a considerable risk, notably a default risk, because of her risk aversion. This finding confirms their theory (p.478). Similar to this, research has demonstrated that gender diversity enhances board debate, disclosure, and oversight functions. Ezeani *et al*. (2022) used a dataset that covers the years 2009 to 2018 and a sample of 2690 company-level data items to study the effects of board features on the dynamics of the capital structure and the speed of adjustment. They discovered that the capital structure and rate of adjustment are affected by gender diversity. Gender diversity minimises profits manipulation in enterprises, according to Usman *et al. 's* (2022) analysis of the association between board features and earnings management. Using 870 firm-level data items, Usman, Nwachukwu, & Ezeani (2022) investigated the impact of board features on categorisation shifting of German enterprises from 2010 to 2019. The authors present data showing that gender diversity reduces classification shifting.

The lack of agreement among earlier studies on the connection between gender diversity and company performance stands out in the literature, though. While some studies have shown that promoting gender diversity enhances company outcomes, such as Joshi (2017), Siegel & Kodama (2011), Nakagawa (2015), and Worthley *et al*. (2009), other studies, such as Herring (2009), have suggested the opposite. Adams & Funk (2012) assert that both male and female directors exhibit different explorations of working ethics and observable differences in their attitudes toward organisational risks, which implies that the complementary or collaborative efforts in gender

diversity will enhance firm performance beyond a reasonable doubt. This view is consistent with the assertion made by Carter *et al*. (2010) that female directors have more educational degrees and have a more positive attitude toward organisational perils. Post & Byron (2015) hold a similar strong position when they argue that gender diversity is very important to firm performance because female board directors have caution in managing business risks and pay close attention to fulfilling the firm's corporate social responsibilities. These traits will fascinate both the shareholders and other interest groups of the firm, which will automatically increase firm performance.

The empirical literature on the impact of board independence and gender diversity on firm performance is inconclusive, despite the rising calls for non-executive members to predominate corporate boards and gender diversity. With few research on developing economies, the majority of literature focuses on the Anglo-Saxon economies (Khan & Vieito, 2013; Farag & Mallin, 2017). Studies on emerging markets concentrate on Bangladesh (Rashid, 2018), China (Liu *et al*., 2015; Liao *et al*., 2019), Israel (Chen & Gravious, 2016), Turkey (Ciftcia *et al*., 2019), India (Chauhan & Dey, 2017), and Japan (Morikawa, 2020), and only a small number of these studies concentrate on banks (Harkin *et al*., 2020)

Consequent to the ongoing debate on gender diversity and firm performance, Simpson *et al*. (2010) have eminently beamed lighter on the need to incorporate female board members to heighten firm performance. They do this through their social experiences that draw them closer to distinctive social grids, in contrast to their male contemporaries. Meanwhile, Miller & del Carmen Triana, (2009) in also rationalising the need for gender diversity to boost firm performance, maintain that on a gender-mixed board directors will impact positively on performances of the firm through this excellent and remarkable knowledge, information, exposures, skill sets, and connections of female directors. According to Finkelstein *et al*. (2009), the impact of gender diversity on corporate governance has significantly improved firms' financial performance. This is proven by a quick glance at the profit before tax and profit after tax of businesses over the past 20 years. This is done through the collaborative efforts of executive and non-executive directors, who have been shown to protect and advance shareholders' interests. Burgess & Tharenou (2002), have equally averred that female directors, due to their risk judicious and pragmatic nature, possess excellent academic qualifications and inherent wisdom to collaboratively pilot corporate governance affairs with rapt

attention to retaining shareholders' funds and enhancing and promoting firm performance. A gender diverse board also has an enormous chance to reflect and deliberate on divergent views and beliefs of board members, which results in improved and spirited decision-making that projects the growth-interest of the firm (Conyon & Mallin, 1997). For gender diversity in corporate governance, when women are board members, they have a lot of exposure and experiences to ask extraordinary and progressive questions because of their careful nature. They are extremely thorough and meticulous, just as they are in nurturing their children, and in the state of this extreme carefulness and their uncommon interrogations, these remarkable attributes of the female board members would contribute immensely to the effective management of the firm, which would consequently result in the firm's higher performance.

3.6.1 Board Diversity and Firm Financial Performance

Board diversity can enhance the growth of a firm's business through several ways (Robinson & Dechant, 1997).

1. The board's diversity should be aligned with the market's racial and ethnic makeup to better understand the current and potential market.
2. Due to the different attitudes, cognitive capabilities, and religious beliefs associated with different races, ages, and genders, board diversity improves innovation and creativity.
3. Having a diverse board leads to better problem-solving processes.
4. Effective leadership is enhanced by board diversity.
5. As a result of board diversity, global relationships are promoted and strategic advantages are gained.

There are numerous justifications for gender diversity, including how it enhances the value and performance of businesses. Some scholars make the case that businesses ought to increase the number of women on their boards since this has a favourable effect on financial results (Reguera-Alvarado *et al.*, 2017). More economic performance may occur from the emergence of fresh perspectives, abilities, and ideas from the board's broader divisions (Reguera-Alvarado *et al.*, 2017). Similar to this, when other people are not included in the decision-making process, boards with low levels of diversity may not be able to employ varied information and experience (Westphal & Milton, 2008). Gender disparities on boards have a favourable and obvious effect on excellent financial performance, according to research by Gordini & Rancati (2017) and Campbell & Minguez-Vera (2008). In their 2015 study, Post & Byron examined the effects of women on

corporate boards as well as the factors that have altered the connections between women's board representation and financial performance. In a survey of 144 companies, it was discovered that those with more women on the board of directors chose higher accounting returns over improved market performance. Also, they discovered that, when compared to nations with less stakeholder protection, those with greater gender equality and stronger stakeholder protection had a better impact on the connection between the participation of women on boards and market performance (Post & Byron, 2015).

Accounting studies investigating the impact of board structure show that board independence is connected to higher disclosure, less earnings management, and lower audit risks (Bedard & Johnstone, 2004; Dechow, Sloan, & Sweeney, 1996; Gul & Leung, 2004). The standard of their companies' financial reporting is improved by boards with more independent directors because they keep managers under strict watch (Klein, 2002). Another strategy used by independent directors to guarantee the calibre of financial information is to require more intensive auditing from external auditors (Carcello *et al*., 2002). According to earlier studies, women typically display a greater level of independence than their male counterparts. For instance, Adams & Ferreira (2009) contend that since women do not belong to the "old boys club," they must challenge the beliefs of their male coworkers, promote the discussion of delicate subjects, and back up their claims with facts. They must actively participate in board meetings and take an autonomous stance (Adams & Ferreira, 2009). In addition to their monitoring abilities, female directors also tend to have higher ethical standards, be more risk-averse, behave less opportunistically, want to avoid legal trouble, and are very worried about their reputations both personally and professionally (Krishnan & Parsons, 2008; Powell & Ansic, 1997; Srinidhi *et al*., 2014).

According to some studies, it is appealing that there are so many women on boards. For instance, Jianakoplos & Bernasek (1998) discovered that women were more likely to take financial risks, which was claimed to have a favourable impact on financial success. Nielsen & Huse (2010) discovered that, when women directors are involved in board decision-making, they are more likely to act in accordance with their own values, and that these acts have a positive effect on the board members' effective involvement. According to Jurkus *et al*. (2009), gender differences may result in lower agency expenses. The price of creating, overseeing, and binding a series of agreements between agents with competing interests is included in agency expenses (Fama &

Jensen, 1983). One of the main strategies based on the notion that greater diversity might improve performance is agency vision (Reguera-Alvarado *et al.*, 2017). The head-to-agent relationship, which is defined by the agency idea, starts when the head (the owner) employs the agent (the manager) to generate value. When the agent acts as the principal's stand-in, or when there is a difficulty with incomplete and uncomparable information between the two parties, there could be a problem (Jensen & Meckling, 1976).

Also, as shareholders try to lower the risks, agency fees are rising (Jurkus *et al*., 2009). Decision-makers must have separate, pertinent information in order to reduce agency expenses and appropriately differentiate ownership and control in order to solve the agency dilemma (Fama & Jensen, 1983). According to reports, a company's financial performance was negatively impacted by the expense of a higher agency (Core *et al.*, 2006). Also, a particularly diverse board might act as a control mechanism because differing viewpoints can boost the independence of the board (Reguera-Alvarado *et al.*, 2017). For instance, according to Adams & Ferreira (2009), female directors may be more in accord with the idea of an independent director that is highlighted in the vision because they do not belong to the "adult boys' club." It was also shown that female directors put a lot of effort into their administrative responsibilities. Prior research revealed that female directors were more likely than male directors to attend board meetings (Thiruvadi, 2012; Adams & Ferreira, 2009). Given these issues, gender imbalance on the board may contribute to agency cost reduction, which would cause a sharp spike in expenses (Hillman & Dalziel, 2003). Carter *et al*., 2003 investigated the connection between board variances and the 1000-firm firm count. They discovered that when the number of women on board increased, so did the proportion of women on board.

Bear *et al.* (2010) offered evidence in favour of the positive correlation and hypothesised that the presence of women at the top of the boards would help to break down barriers to communication and amplify the voices of a select few. There are studies that suggest that the participation of women on boards has no effect, in contrast to research which shows that their presence has a favourable impact. In listed firms in Denmark, Rose (2007) was unable to show a causal relationship between the representation of women and low performance metrics such as Tobin's Q. One of Rose's ideas is that board members who do not originate from traditional families might be held accountable by other traditional board members, leading them to adopt the personality of

regular board members. This method, often known as quiet reading, was previously discussed by Gordini & Rancati (2017). The advantages of having women on boards are, therefore, unavailable. No statistically significant relationship between board gender differences and financial performance, as assessed using market and accounting procedures, was discovered by Gallego-Alvarez, Garcia-Sanchez, & Rodriguez-Dominguez in 2010. Similar to Carter *et al*. (2010), these researchers were unable to show a link between Tobin's Q and gender disparities in S&P 500 index companies. Isidro & Sobral (2015) found no indication that a person's strength in European enterprises is impacted by the presence of women on the board. For FTSE 100 businesses, Haslam *et al*. (2010) evaluated Tobin's Q performance and accounting practices.

However, when Tobin's Q was used, only male boards were able to remove boards with a high gender diversity. Ahren & Dittmar (2012) looked into how Norwegian businesses functioned following the country's 2003 adoption of the Gender Equality Act. Board members who are elected have fewer difficulties (Ahren & Dittmar, 2012). Firms are performing very poorly in accounting and Tobin's Q in finance. Also, businesses are expanding in terms of credit purchases, which result in higher debt levels. In a similar vein, Bhoren & Stroms (2010) found that, when gender inequalities were small, the firm took greater care of its owner. According to Minguez-Vera & Martin (2011), there is a direct correlation between gender disparities on boards and active performance. They hypothesised that the effect might be brought on by women's increased vulnerability and use of safer tactics (Minguez-Vera & Martin, 2011). According to Adams & Ferreira (2009), diversity has a negative impact on businesses with strong management and a positive impact on businesses with inadequate management. As a result, a board with a very different gender composition has imposed stringent control. Over awareness may result if the company already uses strong control and a robust board. On the other hand, a strong board can assist a company with poor management (Adams & Ferreira, 2009).

There are numerous approaches to connect gender disparity to board issues and agency issues from the perspective of agency theory. Firstly, according to Carter *et al*. (2003), the autonomy of the board is inversely connected with the diversity of the board since different boards do not share the same conventional traditions with internal directors. Thus, more diverse boards will lessen agency issues. Secondly, according to Ahern & Dittmar (2012), the appointment of female directors may lessen the CEO's influence because they may monitor the private sector rather than serve

shareholders (Bebchuk & Fried, 2005). Also, hiring female directors might save agency expenses. According to Hillman *et al*. (2000), who advocate for a resource-based perspective, various boards offer various resources and information that might aid decision-making processes. There are various viewpoints and unconventional responses to some topics within the various boards. According to Hillman *et al*. (2007), board diversity indicates a company's dedication to a select few, which might improve corporate appropriateness. It shows that businesses support equitable employment opportunities for both current and prospective employees.

According to stakeholders, the board's primary duty is to sustain positive connections with stakeholders (customers, regulators, lenders, etc.). It has been the goal of Hillman et al. (2007) supporters to post the real transcript of this statement online. Gender diversity on boards is, therefore, a natural or required outcome in various nations. Rose (2007) contends that because such law differs from democratic institutions, it could not be appropriate for listed companies. The qualities of directors that are helpful to businesses are related to human capital theory. According to Singh *et al*. (2008), female directors in FTSE 100 businesses frequently have MBA degrees and global experience. According to Sealy *et al*. (2007), female directors are frequently identified by academic qualification (Prof., Dr.), a social or political degree (Dame, Baroness), or an aristocratic title (Lady, Honorable). According to Terjesen *et al*. (2009), women and men have comparable educational backgrounds, but women typically lack some of the same commercial experience. Similar to this, Singh & Vinnicombe (2004) contend that women are less appealing than men for a variety of reasons, including a lack of senior-level expertise and networks for women. There are two main interpretations based on these concepts. Firstly, not all of the reasons why there are more women on boards of directors are in line with companies' strategic goals. The choice to employ women directors is subject to significant pressure from the external environment of businesses (such as the proportion of female investigators) (Singh & Vinnicombe 2004). The implications of gender imbalance on the board might firstly have a detrimental impact on the board's efficacy and efficiency. Female directors can enhance board performance and efficiency in many ways, according to Terjesen *et al*. (2009), however this improvement may not directly impact the bottom line due to a number of procedures.

3.6.2 Positive Effects of Gender Diversity on Performance

Throughout the past few decades, numerous eminent researchers have consistently taken both gender discrimination and hard labour into consideration. To find out how gender affects work ethics, numerous studies have been done in industrialised nations. These research findings have a varied nature. Regarding whether gender differences in work ethics have a beneficial or detrimental effect, there is no universal agreement. Farrell & Hersch (2005) discovered that women frequently work for more productive businesses. Also, they noted a little reimbursement that had been announced by the board member who had been added. The findings suggested that businesses responding to internal or external calls for diversity should take priority over the need for female directors in terms of performance (Smith *et al*, 2006). Based on a sample of 2500 Danish enterprises, it was found that quality of hard work varied from one to the next and that female directors who were appointed by the workers had a favourable impact on hard work.

Using Tobin's Q as a measuring tool, Dezso & Ross (2008) investigated the performance of women in senior executive positions. Among the new organisations, there was a nice balance between perseverance and the involvement of women below the CEO level. Their outcomes demonstrated a competitive edge in hiring and nurturing female managerial talent. Similar to this, Campbell & Minguez-Vera (2008) used panel data analysis to study Spanish enterprises and discovered that sex had a favourable impact on the firm's worth and that various causal links were unimportant. They came to the conclusion that investors in Spain do not charge businesses, that more women are joining boards of directors, and that greater gender diversity can help businesses financially since the stock price responds favourably to the appointment of female directors. Adams & Ferreira (2009) discovered that the presence of a female director significantly affected board placement and company performance. Their findings indicated that, because women are more reliable and punctual than males, gender boards invest a lot of work into management and monitoring, but this does not necessarily imply that having more women on the board will improve integration and performance. Hussein & Kiwia's (2009) investigation into the connection between the efforts of a panel of 250 American companies between 2000 and 2006 and the presence of women on their boards of directors found a positive effect of women in board processes.

Nevertheless, the Shannon Index, which gauges the proportion of women in the boardroom, has demonstrated a significant and constructive association between gender and value. As a result, it is discovered that different metrics might produce diverse results. It makes use of financial event

research. Investors frequently have a favourable reaction when female directors are appointed in Singaporean companies, according to research by Kang *et al*. (2010). The study not only examines the idea of gender diversity in the Asian setting, but it also examines whether investors are favouring the various positions held by female executives on corporate boards, a topic that has not garnered much attention in prior studies. In their study, Jurkus *et al*. (2011) examined the gender disparity in Fortune 500 companies' top management and its impact on agency costs. According to the study, companies with a high proportion of female employees had reduced agency expenses, but unfavourable interactions had less of an impact on diversity. According to the findings, businesses that lack effective external management may benefit from boosting management diversity. Ahern & Dittmar (2011) propose that an increase in the proportion of women on corporate board increases the stock price of firms. They support their claim using data from Norwegian companies (2008). They believe that female directors are both just as competent and superior to male directors. When a corporation borrows money from multiple sources, operating costs rise while profit and performance decline as a result of these face-to-face differences in losses and cost effectiveness. As a result, Tobin's Q declines, which is a crucial indicator of strong performance. For the new U.S. systems, Robb & Watson (2011) used longitudinal data for a sample of U.S. businesses. Discovering the potential discrepancy between how the unions for men and women operate vanishes in the proper manner. Utilising test results for ROA, Sharp, untested, and multivariate results showed that there were no variations in how the environments for men and women operated. Dobbin & Jung (2011) studied how gender diversity on boards of directors affected stock performance and came to the conclusion that board-based organisations demonstrate either negative or neutral results depending on the operating metrics they use, such as ROA, Tobin's Q, and combined stock returns. Investors discriminate in these situations and steer clear of female-run businesses and directors, which has led to lower costs. The aforementioned conversations make it very evident that gender disparities have a significant impact on how well a company performs. Nonetheless, it is regrettable that, at a time when gender discrimination is pervasive, the importance of gender diversity on the board of directors has been generally overlooked. The strongest supporting data regarding how having female directors affects active engagement in the developing African economy is quite scant. In the context of Nigerian businesses, this study makes an effort to address this issue.

3.6.3 Gender Diversity in The Boardroom and Firm Performance

The term "gender diversity" refers to a combination of physical distinctions and character traits among board members based on sex-based perception of a diverse board. It is the proportion of female board members to male board members in a corporate board, expressed as an absolute figure (Okoyeuzu *et al*., 2021). The case for gender diversity is founded on a triangular foundation of inclusivity, morality, and the special contribution that women make to enhancing board effectiveness and business performance (Fallan, 1999; Kastlunger *et al*., 2010). Gender representation, therefore, is the complete composition of feminine and masculine characteristics in governance, company boards, organisations, and other parastatals. Gender diversity is a microcosm of board diversity because board diversity broadly encompasses having a representation of different tribes, races, religions, colour, abilities (physically challenged), economic status (poor versus rich), and ownership structure (minority shareholders), on a company's corporate board.

Regulations are increasingly focusing on a specific orientation for Corporate Governance, which typically calls for more external directors with a variety of skills and viewpoints. This is because there are conflicting views on the role that the Corporate Governance mechanisms play in regulating managers' actions. They frequently demand more gender variety as well. The percentage of female executives is increasing as a result of gender reforms. The study's main topic is gender diversity, and the argument in favour of it is based on the idea that having more women on corporate boards will promote good management and healthy competition. This healthy rivalry is a factor that boosts business performance, increases labour productivity, effectively manages limited resources, and increases shareholder wealth (Leech & Leahy, 1991; Joh, 2003; Haniffa & Hudaib, 2006). Gender diversity is measured empirically as the proportion of female board members to the total number of board members (Ujunwa, 2012, Okoyeuzu *et al*., 2021). The decoupling of gender diversity among executive and non-executive directors has only been attempted by a few researchers (Field *et al*., 2018). However, some academics claimed that categorisation based on the proportion of female representation, or executives versus non-executives, offers little insight into the controversy (Schopohl *et al*., 2020; Zaid *et al*., 2019). Board members of companies need to be equally split between men and women, representing all demographics, in order to promote performance and collaborative involvement. This perspective

is consistent with research by Field *et al*. (2018), which demonstrated a link between gender diversity and company success.

Board gender features increase staff diversity and improve business effectiveness. These various compositions serve as tools for increasing an organisation's effectiveness and well-being. Depending on the characteristics of the male and female board members, Higgs & Derek (2003) contend that board gender diversity has the potential to increase firm performance through board effectiveness. In contrast, there will not be any space in a company without gender diversity to offer a larger choice of options when the need arises (Graham 2019). Due to the pervasiveness of prejudice against women in religion, ethnicity, and culture, it is impossible to achieve board gender diversity without effective external governance laws, an ethical environment, the proper upholding of law and order, and existing legislation that promotes gender diversity.

There are two sorts of reasons why there should be more women in boardrooms: ethical and financial. The first contends that it is improper to exclude women from corporate boards based solely on their gender and that businesses should advocate for gender equality in order to create a more equitable society. Also, these controversies show that businesses should see increased female representation not as a method of success but rather as a desirable result (Brammer *et al*., 2007). On the other hand, economic disagreements are based on the notion that businesses jeopardise their financial performance by appointing the wrong people to their boards of directors. Let us now investigate the hypothesis that drives the "business story" of female representation on the board. Due to its board having a wide range of diversity, one could argue that a company has a competitive advantage over companies with less diversity. The arguments for this are made by Robinson & Dechant and heavily emphasise logical discovery (1997). When looking at age, ethnicity, and gender diversity, as well as general job diversity, their problems are also examined as they relate to gender diversity on the board. By comparing the diversity of the company's directors with the diversity of its clients and staff, it is first contended that greater diversity improves market understanding, enhancing the company's ability for market penetration. As a result, it is reasonable to assume that the board's structure will vary systematically in accordance with various consumer and staff organisational structures throughout the sector. For instance, Bramer *et al*. (2007) found that sales, banking, communication, and services had the largest percentage of female directors in their research of UK corporate boards. Due to their separation from end customers and employee

male dominance, manufacturing industries such as resources, engineering, and business services do not have a lot of female directors.

Secondly, it is said that diversity fosters creativity and invention because these qualities are frequently systematically directed to variety, such as gender, and can no longer be allocated to people at random. Thirdly, it is asserted that diversity can enhance problem-solving, since diverse perspectives from very different groups show that different options are being considered. By adopting a broader perspective and better understanding of the complexities of the business environment, the board will be able to make decisions that are better. If diversifying the board of directors improves a company's reputation and has a positive impact on consumer behaviour and the company's success, it may strengthen the firm's competitive edge (Smith *et al*., 2006). Carter *et al*. (2003) analyse the connection between board diversity and corporate value in the context of institutional theory, as defined by Fama & Jensen (1983), and query whether gender diversity enhances the board's capacity to supervise and direct management.

Another very different board argument is that if directors are elected without regard to gender, their qualifications will improve. Farrell & Hersch (2005) discovered that women would select to serve on the boards of better-performing organisations if they were uncommon at the board level. This shows a favourable correlation between the number of women on the board and the business valuation, while it is also possible that the relationship between the two variables is fixed. Moreover, there is the claim that greater gender diversity may contribute to worse company performance. Members of the same groups, according to Earley & Mosakowski (2000), tend to communicate as frequently as feasible to share concepts. Also, it has been suggested by Tajfel & Turner (1986) and William & O'Reilly (1998) that groups with comparable goals cooperate better and experience less emotional problems. However, decision-making will be time-consuming and ineffective if a considerable gender gap exists among the board members and poses numerous important questions (Lau & Murnighan, 1998). Nowell & Tinkler (1994) claim that women are today more united than men, despite Brown-Kruse & Hummels (1993) arguing that the opposite is true. Conflict in boardrooms can also be influenced by men's and women's levels of selflessness: men are more giving than women, according to Andreoni & Vesterlund (2001), when the price of self-sacrifice is cheap. Nevertheless, the contrary is true if this is expensive. According to Jianakoplos & Bernasek (1998), women are perceived as being more at risk than men, and Cox &

Blake (1991) contend that women increase industry costs due to higher profitability and unemployment. These findings lend support to the idea that greater gender diversity is associated with dynamic work. By relying on the opinions of other same-sex directors, many gender-sensitive boards can also encourage strong identification by directors, which increases the likelihood of conflict (Richard *et al*., 2004). This can be problematic, especially if the company operates in a competitive market where quick market reactions are essential (Williams & O'Reilly, 1998). While multi-gender board choices may ultimately be beneficial, if the market requires quick replies, this may not take into consideration the negative effects of the long decision-making process (Hambrick *et al*, 1996).

Although the majority of studies on diversity focus on the relationship between gender diversity and corporate performance, the age of the general manager or the chairman of the board of directors is another aspect of demographic diversity that has attracted the attention of several authors in the past ten years (Waelchli & Zeller, 2012; Rhodes, 2004; Randoy *et al*, 2006). According to Randoy *et al*. (2006), there is a negative correlation between corporate performance and the age of management or members of the board of directors, such as the CEO or chairman. As these individuals age, the performance of the business declines. Waelchli & Zeller came to the same conclusion in 2002. According to Moscu (2103), in order to maintain, support, or even attract a particular group of investors, customers, etc., a company's management team must be diverse in terms of years (age). For instance, the management team should include members who are the desired age of the shareholders if the company wishes to draw in young investors. Different viewpoints and mentalities are examples of diversity. The management board's young team will work harder to achieve better performance by bringing diversity, views, and innovation to the table. In many cases, older members are honorary members, bringing value to the company by their presence due to prestige they have enjoyed in their lives. According to Antia *et al*. (2010), the management team makes every effort to steer clear of hazardous choices. Studies by authors such as Yermack (1996), Bonn *et al.* (2004), and Faleye (2007) have also found a link between success and the chairman/general manager's age to be unfavourable. Theories of social behaviour, psychological and organisational theories of behaviour suggest that, when age diversity is extreme, negative impacts such as internal conflicts and communication issues manifest. The extreme age diversity of the board has a negative impact on the success of the company.

The advantages and disadvantages of having women on boards are only a couple of the many elements that might affect gender diversity. The evidence is solid and contradictory, and it is largely based on American statistics. When accounting-based performance metrics are utilised, as in the study by Shrader *et al*. (1997), it is possible to identify negative associations. After adjusting for size, industry, and corporate governance procedures, Carter *et al*. (2003) discovered a positive correlation between the Fortune 1000's Tobin's Q and gender diversity. According to Erhardt *et al*. (2003), the two accounting philosophies of return and investment are positively correlated with the proportion of women on the boards of major US corporations, and a Catalyst report (2004) discovered that Fortune 500 companies had higher representation of women in their groups. Compared to companies with very young women, senior executives received the highest profit on average and total return on shares. According to Farrell & Hersch (2005), the addition of women to the boards of Fortune 500 companies was a fruitless attempt by the stock market to address the issue of more diversity rather than in reaction to the "business case" for female directors.

When adjusting for company size and industrial sectors in non-American research, Du Rietz & Henrekson (2000) found no association between the proportion of women on working boards in Swedish businesses and profit, employment, or order growth. In research Smith *et al*. (2006)carried out on Danish enterprises, there was no evidence of a substantial correlation between the representation of women on boards and firm success. Rose (2007) discovered no connection between gender representation on Danish boards and Tobin's Q-measured performance. According to Bohren & Strom (2005), there is a link between Tobin's Q and the proportion of women on Norwegian industrial boards. For 500 big enterprises from Denmark, Norway, and Sweden, Randy *et al*. (2006) found no statistically significant effect of gender diversity on firm performance. Two key factors may be responsible for the conflicting results regarding the association between gender diversity and corporate performance. The research is applicable to a variety of countries and historical periods, and the effects of gender discrepancies on the board may differ depending on the time period and the institutional and legal context. Secondly, the inconsistent findings can be a result of the various measurement techniques employed by the various researchers. For instance, several studies lack controls for variables such as solid size and scale, which are known to have an impact on solid performance. Other intangibles that influence the performance of the company could also exist.

Less than 20% of bank boards of directors worldwide are made up of women. Furthermore, Sahay *et al*. (2015) report that, in 2013, only 15 of the 800 banks across 72 nations had female CEOs. Statistics indicate that, in the United States and the United Kingdom, where the majority of the banks are located, women made up 50% of business and social science graduates and 30% of economics graduates. The fact that these shares have increased over the last 10 years, meanwhile, is encouraging. In a similar line, there are not many women on the boards of directors of the institutions responsible for supervising and regulating the banking industry. It is interesting to note that this percentage has nothing to do with the various countries' income levels. For instance, compared to rich or growing economies, low-income countries in 2015 had a higher share of women on boards. Additionally, this percentage has decreased since 2011, with a global average of 20 % in 2015.

The proportion of women on banking oversight committees is unrelated to the standard of oversight. After adjusting for a number of other governance indicators, as well as the degree of financial development and inclusion, Sahay *et al*. (2015) find no correlation between a greater proportion of women and supervisory quality as assessed by three different proxies. In addition, there seems to be a link between the stability of the banking industry and the proportion of women on supervisory boards.

After adjusting for supervisory quality, various governance indicators, the degree of financial access, GDP per capita, GDP growth, and the amount of non-performing loans, there is a positive correlation between the percentage of women on supervisory boards in 2011 and the average z-score for the banking system from 2011 to 2013. In order to further investigate this issue, Sahay *et al*.(2015) examined the relationships between bank-specific z-scores and the proportion of women on bank boards. They discover that having more women on bank boards fosters a variety of thoughts while not appearing to jeopardise stability.

3.7 Gender Diversity and Quota Legislation: Country Review

Women made up 22% of executives at Fortune 1000 companies in 2018, according to the 2020 Women on Boards report. Despite a rise in diversity on boards over the past ten years, this statistic highlights the underrepresentation of women on boards globally. According to studies by Dawson et al. (2016) and Lee et al. (2015), men hold the majority of board directorships globally. This has sparked intense political and academic discussion about how to achieve gender equality on

corporate boards. A number of initiatives seek to boost the proportion of female directors. The influence of both soft and hard laws is significant in these initiatives. In order to increase gender diversity on boards, some nations implement "comply or explain" clauses in corporate governance codes as soft measures (Gómez-Ansón, 2012; Terjesen, Aguilera, & Lorenz, 2015).

There are reasons in favour of and against requiring or encouraging gender diversity on boards. Firstly, compared to voluntary reforms, mandatory reforms (such as those in Norway and France) raised the number of female directors in a shorter amount of time than in the UK and Australia. Secondly, since women tend to oversee managers more closely than males, mandatory reforms strengthen boards' capacity for oversight. Thirdly, by incorporating the perspectives of varied board members, mandatory gender diversity reforms may improve the board's decision-making. On the other hand, communication issues can arise on diverse boards of directors as a result of variety. Fourthly, quota laws that compel companies to appoint women to boards of directors solely on the basis of their gender may make the problem of token female directors worse. As a result, these women may not be as qualified as men (Choudhury, 2015; Smith, 2018). Fifthly, due to the dearth of qualified women, mandatory reforms may encourage the practice of numerous directorships for current women directors. The findings of Seierstad & Opsahl (2018), that Norwegian mandatory board diversity reforms have not increased the proportion of female directors or the number of female board chairs, support this specific argument. Despite a significant increase in the number of women holding multiple directorships—the so-called "golden skirts" of Norway—few women have risen to greater prominence and power as a result of the quota legislation. On the other hand, Dale Olsen *et al*. (2013) claimed that the Norwegian reform was effective solely in terms of representation. Last but not least, it is improbable to think that the desired level of board gender variety can be reached without enacting mandatory reforms, such as those Norway has implemented (Choudhury, 2016).

3.7.1 International Boards Gender Reforms

Mandatory percentages of female directors have been introduced in several nations around the world, especially in Europe, to increase the number of women in management positions and implicit gender diversity in management positions (Vermeeren, 2012). Scholars also asserted that gender diversity improves the effectiveness of the board and even called for the inclusion of more women on the management teams and on the boards of directors. Despite a slight increase in

female council members, Bilimoria (2000) observes that few businesses actively seek out women for executive roles. One of the most significant changes in the makeup of the boards of directors in the United States over the past 20 years, according to Hillman *et al*. (2002), has been the substitution of female members for the male-dominated board of directors. For American businesses, Daily *et al*. (1999) noted that at least one board member is a woman.

In order to address the problem of gender diversity in the top echelons of business, the Belgian government approved a gender quota legislation in 2011 that mandates 33% representation of women on corporate boards. In order to ensure the success of the gender quota reforms, the Belgian government placed penalties on businesses that do not adhere to the law, similar to what Norway and France have done. Following suit, Italy also proposed reforms on June 28, 2011, which went into effect on August 12, 2011, to balance gender representation on corporate boards (Nekhili *et al*., 2020). According to this legislation, the board of directors of publicly traded companies must include a certain percentage of each gender. The elected board will be declared void if the business continues to break the rules (Ferrari et al. 2018; Maida & Weber, 2019). A law requiring big public and limited liability companies to appoint at least 30% women to their boards of directors was implemented in the Netherlands in 2013. (Kruisinga & Senden, 2017). This "soft" quota law was only in effect for three years, had no penalties for violations, and automatically ended on January 1, 2016. The average percentage of women on the boards of the companies in question was 9.6% in 2014, and that number was still only 10.2% in 2016. As a result, the reform was particularly unsuccessful (Kruisinga & Senden, 2017). Men dominated women on German company boards, just as in Dutch corporations. In 2015, there were roughly 6% and 20% more women on the management and supervisory boards of major German businesses, respectively (Holst & Kirsch, 2016). In order to comply with a quota rule, state-owned businesses in Germany must have 30% and 50% of women on their boards of directors by 2016 and 2018, respectively (Piscopo & Muntean, 2018). Portugal enacted gender quota legislation for listed businesses two years later, in 2017, with potential fines for non-compliance. According to the Portuguese gender quota legislation, the percentage of women on the boards of directors of listed companies must be at least 33.3%. Austria also put into effect a rule requiring a certain percentage of women on supervisory boards of publicly traded companies and businesses with more than 1,000 employees in that same

year. According to Austrian quota legislation, the supervisory boards of the companies in question must contain at least 30% women. In the event that the quota law is broken, the affected Austrian companies' board appointments will be deemed invalid (Mateos de Cabo *et al*., 2019).

In some other nations, the board of directors of publicly traded businesses must include at least one woman. The first nation to require public companies to designate at least one woman to their board of directors was Israel in 1999. Finland implemented comparable changes for public limited companies nine years later, in 2008. Then, in 2012 and 2013, the United Arab Emirates and India, respectively, adopted the requirement that there must be at least one woman on corporate boards of publicly traded businesses. Pakistan's implementation of this kind of board female quota reform in May 2017 is the most recent instance.

Since Norway introduced quotas in 2003, other nations have required women to hold a predetermined number of board positions (40% in Norway for listed businesses and SOEs). Belgian, French, German, and Italian lawmakers subsequently enacted quotas with a range of penalties for non-compliance for listed companies. Sanction-free quotas for listed companies have been implemented by Iceland, India, Israel, Malaysia, the Netherlands, and Spain. Regulations governing quotas were passed by Austria, Denmark, Finland, Greece, Ireland, Kenya, Poland, and Slovenia, but only for state-owned businesses (Kirsch, 2017). The underrepresented sex's percentage of non-executive board positions in publicly traded companies is set at 40% in a directive on women on boards that was also suggested by the European Commission in 2012. In 2013, the European Parliament endorsed the plan, but the Directive has not yet been approved (European Parliament, 2018).

According to a seminal analysis of institutions at the national level, having more female board directors is linked to having more female senior managers, paying women equally to men, and having fewer years of female politicians (Terjesen & Singh, 2008). The type and intensity of religious beliefs (Chizema, Kamuriwo, & Shinozawa, 2015), gender-differentiated language structures (Santacreu-Vasut, Shenkar, & Shoham, 2014), family, education, economics, and legal, economic, and cultural systems are all factors that predict women's ascent to boards, according to subsequent research (Cabeza-Garca, Del Brio, & Rueda, 2019; Carrasco et al. 2016).

An expanding body of academic research examines how quota restrictions affect business success. According to Ahern & Dittmar (2012), the quota has a negative effect on business performance in Norway, particularly on stock prices and Tobin's Q ratio while raising leverage.

As discussed in Matsa & Miller's (2013) Norwegian study, firms affected by the quota law increase labour costs and employment levels, and are less likely to reduce their workforce, while Bøhren & Staubo (2015) find that the introduction of a gender quota reduces firm value. There is some evidence that non-female directors' characteristics could explain the negative impact of quotas on firms, but there are a few Norwegian studies that show mixed results after quotas were imposed. There was an increase in board independence reported by Bøhren & Staubo (2015), a reduction in board experience reported by Ahern & Dittmar (2012), and no differences in human capital attributes between female and male appointees after quotas were instituted by Bertrand, Black, Jensen, & Lleras-Muney (2014). When compared to earlier female appointees, freshly appointed women directors in post-quota Italy have higher degrees of educational attainment, professional backgrounds, and board experience (Solimene, Coluccia, & Fontana, 2017). Despite extensive analysis of the Norwegian quota and, to a lesser extent, the effects of other hard quotas, such as the Italian quota (Ferrari, Ferraro, Profeta & Pronzato, 2018), little is known about the effects of soft quotas and codes of good governance that include gender board recommendations. A new paper (Mateos de Cabo, Terjesen, Escot, & Gimeno, 2019) addresses empirically the soft quota effectiveness of women's presence on boards for a sample of Spanish small and medium-sized businesses.

Women's representation on boards is not solely driven by gender codes and quotas enacted by governments. The determinants of female representation on boards have also been examined empirically in some papers. Women's representation on boards is positively correlated with family ownership, according to Campbell & Minguez-Vera (2008), Martn-Ugedo & Minguez-Vera (2014), Nekhili & Gatfaoui (2013), and Ruigrok, Peck, & Tacheva (2007). For instance, Martn-Ugedo & Minguez-Vera (2014) and Nekhili & Gatfaoui (2013) study how firms' characteristics, such as firm ownership, corporate governance improve governance process and promote firm performance. Nevertheless, there is still a dearth of women on the boards of family companies.

3.7.1 Norway

The Norwegian government put into effect a statute requiring gender parity on women's boards in 2003. The Norwegian Public Limited Liability Companies Act stipulates that each gender must be represented on boards by at least 40%. Since that time, Norwegian corporate boards have complied with the directive and have a minimum of 40% female representation. The necessity for an official quota to boost the number of women in senior roles, boards, and general leadership positions has been the topic of intense debate in several countries (EU Commission, 2012).

3.7.2 United Kingdom

In a similar vein, non-mandatory recommendations, a self-regulatory strategy, and suggested targets are the foundations of the board gender diversity policy reforms in the United Kingdom. In 2010, there were 12.5% more women on the FTSE 100 firms' boards of directors than there were in 2004 (9.4%). Additionally, only 2% of FTSE 100 companies had a female board chair, only 21% of FTSE 100 companies had no women on their board of directors, and just over 13% of freshly appointed directors were women. Lord Davies suggested a voluntary and self-regulatory strategy rather than gender quotas based on mandatory reforms in light of the slower rate of growth. The most notable of the ten recommendations made by the Davies report in 2011 was that FTSE 100 boards raise the percentage of women to 25% by 2015 and try to appoint 33.33% of all new board members who are female. In 2013, two years after the Davies report's recommendations were issued, the Cranfield School of Management looked into their impact. The Cranfield assessment revealed that there had been no appreciable advancement toward the Davies report's goal. The review specifically showed that 6% of FTSE 100 companies still have all-male boards and that the percentage of female directors has grown to 17%. Only 38 of the 100 companies in the FTSE index established goals for the level of board gender diversity they desired to reach by 2015, according to a review from 2012. Additionally, about 40 businesses declined to establish goals, and many others refused to share information about their gender diversity policy or the percentage of women working for them at any level of the organisation (Choudhury, 2015). The results of subsequent reviews show that Australia's experience with voluntary board gender diversity reforms was more effective than the United Kingdom's.

3.7.3 Kenya

The Kenyan strategy is similar to the Norwegian one. According to the Kenyan Constitution, no company may have more than two or three members of the same sex on its board of directors. The

Board of State Enterprise's constitution flagrantly violates the constitution, but no one seems to be alarmed about it. Similar to this, the Capital Markets Act of 2015 mandates that firms take gender into account when choosing board members and establishes the Code of Corporate Governance Standards for companies listed in Kenya. The Corporate Governance Code's requirements are optional. Despite the existence of these clauses, no company has been penalised for breaking them. Companies that have implemented gender diversity on their boards have done so on a voluntary basis. Kenya actively supports gender equality, and businesses listed on the Nairobi Stock Exchange provide women with an average wage of 19.8%. It is crucial to note that this is less than one-third of the constitutional minimum and does not measure up to well-functioning markets such as Norway, where female representation is almost at parity.

3.7.3 Mauritius

According to the Mauritius Code of Corporate Governance, the boards of all organisations must include both male and female directors. Additionally, it stipulates that senior management positions in all organisations must be non-discriminatory with regard to age, ethnicity, religion, gender, disability, and sexual orientation. Only 7% of the board of directors at the top 50 (for-profit) businesses in Mauritius in 2015 were women. A total of 150 out of 190 countries had 11.6% of their parliaments made up of women as of 2017. In the World Economic Forum's 2016 Global Gender Gap Report, Mauritius was rated 113 out of 144 nations. Furthermore, no company has been penalised for breaking this clause.

3.7.4 Australia

'Voluntary' reforms are an alternative strategy employed by some nations to enhance the representation of women on company boards. In 2010, Australia became the first nation to implement voluntary changes by including a number of diversity policies in the country's corporate governance guidelines for publicly traded companies. This code mandates that publicly traded companies draft and reveal their diversity policies, as well as their goals for gender diversity and their progress toward achieving those goals (Nekhili *et al.*, 2020).

Companies must also disclose the hiring procedures for their board, the percentage of women in executive and board roles, and the percentage of female employees. Around 8% of Australian company directors were made up of women in 2010, but that number rose to 15.7% in the three

years leading up to May 2013. According to the MSCI's most current progress report on board gender diversity, the figure increased further to 31.5% in large Australian businesses by December 2018, nearly doubling the proportion in 2013. These data demonstrate the success of Australia's female board diversity reforms. The increase in female participation on boards without the use of mandatory or quota legislation is what strikes me as most impressive. Instead, the reform was founded solely on the "comply or explain" principle, which requires businesses to either comply with regulations or provide an explanation in the event that they do not.

3.7.5 France

The gender quota legislation in France came into effect on January 13th, 2011. As a result, the number and percentage of women on boards are rising, though not without raising concerns about how these changes will affect how effectively the board makes decisions. There is agreement that boards (audit committees) with more female members are more likely to be tougher monitors of company leaders, even though empirical findings on the relationship between the gender quota for female directors and firm performance are mixed (Smith, [1986]). The author anticipates that gender quota legislation will give female directors more opportunities to assert their monitoring skills and will favourably affect the boards' decision-making process, given that female directors face many restrictions and frequently serve as tokens because of their minority status (e.g., Erkut *et al.*, 2008). In their analysis of the Norwegian case, Gul *et al*. (2011) discover a positive and significant relationship between stock price informativeness and the rise in the proportion of female directors from 2005 to 2009, in compliance with the quota legislation. It is noteworthy, though, that French gender quota legislation makes no mention of the part that female directors play on the board or the position that they hold.

3.7.6 Rwanda

In Rwanda's gender monitoring report, four crucial industries—integrated management, agriculture, real estate, and the private sector—are all emphasised as places where gender inclusion should be encouraged. The research states that 12.5% of the boards of private corporations are made up of women (GMO 2011). Rwanda, which has 50% female citizens, is the second country in Africa to declare gender equality. With 61% of the Parliament's members being women, the nation has won attention for its representation of women in politics. There is no specific restriction on gender quota under Rwanda's corporate governance rules.

3.7.7 California, United States

In the United States, California passed a rule requiring businesses with head offices in California, companies with California incorporations, or businesses listed on stock exchanges to have at least one female director by the end of 2019 or face a fine. As a result, California became the first state in the union to permit the nomination of women to public business boards. A quarter of the roughly 400 California-based businesses listed in the Russell 3000 rankings lack female directors. 94 Californian corporations did not have any women on their boards as of September 30, 2018, and would have to add at least one (Equilar, 2019).

3.7.8 Nigeria

Other than the regulations published by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC) Code of Corporate Governance, and the 2018 Nigerian Corporate Governance Code, there are no particular legal requirements for gender equality in the Nigerian legal system (CCG). The Nigerian sustainable banking principles were accepted by CBN during the bankers' committee's annual retreat in 2012. The need to enhance women's economic empowerment through gender inclusive workplace environments was particularly stressed in Principle 4: Women's Economic Empowerment. While the CCG urges the board to develop diversity targets and keep them in mind when filling board posts, the SEC Code advises publicly traded businesses to consider gender when board members are elected. However, there are no gender requirements in the SEC or CCG codes. Nigeria is a largely patriarchal nation, therefore progress toward gender parity has been slow. Women are underrepresented in executive positions and on boards as a result of male dominance, which is impacted by culture. The countries that have taken legal action to empower women through board appointments are shown in Table 3.3 below, along with the type of action undertaken.

Table 3.3: Legislation on Gender Quota

S/No	Country	Year Implemented	Gender Diversity Initiative	Target Year
1	Norway	2005	40% Gender Quota	2008
2	Spain	2007	40% Gender Quota	2015
3	Iceland	2010	40% Gender Quota	2013
4	Netherlands	2011	30% Gender Quota	2016
5	France	2011	20% Gender Quota	2014
6			40% Gender Quota	2017

7	Italy	2011	20% Gender Quota	2012
8	Kenya	2010	33% Gender Quota	2010
9	Belgium	2011	33% Gender Quota	2017
10	Denmark	2012	Companies set own Targets	2013
11	Australia	2010	Code-Companies to disclose policy	2011
12	Malaysia	2011	30% Target Code-Companies to disclose policy	2016
13	United Kingdom	2011	25% Target Code-Companies to disclose policy	2015
14	Hong Kong	2013	Code-Companies to disclose policy	2013

Source: DTF, 2014, cited in Ezimma & Nnabuile (2019)

3.8 Female Representation on Corporate Boards in Nigeria

The board is the most influential decision-making body in a corporation, and its responsibilities include anything from choosing the company's top executive leadership to making crucial financial and strategic decisions. With the level of skill and the amount of information necessary to comprehend and manage today's complex organisations, it is unreasonable to expect a single director to be knowledgeable about all parts of the company (Conger, Lawler, & Finegold, 2001). In this case, the concept of board diversity is relevant. Companies are under increasing pressure to promote diversity in their boardrooms, and numerous academic studies have found evidence that supports the idea that diverse boards function better (Lincoln && Adedoyin, 2012).

According to the International Finance Corporation (IFC) (2019), the Securities and Exchange Commission (SEC) Code of Corporate Governance, the 2018 Nigerian Code of Corporate Governance, and other rules issued by these organisations are the only formal legal requirements for gender diversity in the Nigerian legal system (CCG). The SEC Code advises publicly listed companies to take gender into account when choosing board members, and the CCG encourages the board to set diversity goals and to be mindful of them when filling board vacancies. CBN regulations require a minimum of 30% female representation on boards of Nigerian commercial banks. Nonetheless, gender quotas are not required by the SEC or CCG laws.

Only a few empirical studies have looked at the connection between gender diversity and company success (DCSL 2017; FIC 2019; Mose-Ashike 2021; and Onwuamaeze, 2021).

Despite the lack of empirical evidence, the research findings are inconclusive. For instance, using data from 122 Nigerian companies cited between 1991 and 2008, Ujunwa (2012) investigated the association between board features and the financial performance of Nigerian firms. The author utilised return on assets as a performance indicator and the proportion of female board members to the total number of board members as a measure of gender diversity. Using the static panel model, the author discovered a negative link between gender diversity and blamed the practice of selecting female board members solely for public relations reasons. They further contend that the crowding out effect may prevent the nomination of women to boards with a predominance of men from producing greater results. Temile *et al*. (2018) looked into how gender diversity affected the performance of Nigerian listed companies. The findings of the analysis indicate a weak but not statistically significant correlation between the financial performance of Nigerian businesses and the presence of female chief executives and audit committee members. Leverage, the percentage of female directors, and female chief financial officers all had a beneficial impact on the corporate performance of the Nigerian enterprises.

The current situation in Nigeria is characterised by sexual stereotyping of social roles, discriminatory traditions, and cultural prejudices, according to Lincoln && Adedoyin (2012). One of the crucial factors contributing to woman's limited participation in top leadership positions is also the perspective that places men as the leaders of society (Sener & Karaye 2014). Nevertheless, it is undeniable that women add value to a board that goes beyond financial results. Many studies on the connection between gender diversity on the board and financial performance have produced contradictory findings. A correlation analysis of this issue in the manufacturing, insurance, and banking industries was part of the research for this report. It was clear that there are alternative indexes for judging value, such as ethical conduct, risk management, attention to detail, overall trustworthiness, and empathy, even though the results did not show a strong association. Women are more dependable and cooperative than men, and this can enhance board dynamics, claim Croson & Buchan (1999).

3.8.1 The Nigerian Banking Sector

According to IFC (2019), the astonishing disparity between the male-to-female ratio of directors shows that much more work needs to be done to close or at least lessen the gap, despite the

commendable efforts to promote gender diversity. Nonetheless, because Nigeria is a very patriarchal nation, progress toward gender parity has been gradual there. Women are largely underrepresented at the managerial and board levels for the reasons described in this report due to the male dominance, which is impacted by culture. The banking industry in Nigeria is largely male dominated, just like practically all other business sectors. Yet, there has been a noticeable increase in the proportion of women in leadership roles who successfully drive growth:

- In 1984, United Bank for Africa (UBA) nominated Bola Kuforiji-Olubi as its first female board chairperson.
- In 2012, the Central Bank of Nigeria (CBN) issued the Sustainable Banking Principles, which mandate that banks ensure that at least 40% of the management team is made up of women and that the banks disclose statistics on female representation in their annual reports. At the time, the CBN was led by Sanusi Lamido Sanusi, who is currently the Emir of Kano.
- The administration is attempting to codify corporate governance principles and best practices in the banking sector with this initiative. The First Bank of Nigeria Limited announced Ibukun Awosika's appointment as the bank's chairman on September 7, 2015. She became the first woman to hold that position since the First Bank of Nigeria was founded in 1894 as a result of her appointment.
- As chairman of Access Bank Plc, Mosunmola Belo-Olusoga took over from Gbenga Oyebode in 2015. She guided Access Bank to outstanding financial success in 2015, when revenues increased by 37% (to 337 billion Nigerian naira from 245 billion naira in 2014). Moreover, profits increased from 52 billion naira in 2014 to 75 billion naira in 2015. With total revenue of 381.3 billion naira and profit before tax of 90 billion naira, indicating increases of 13% and 20%, respectively, over the same period in 2015, the trend persisted in 2016.
- Osaretin Demuren was chosen to lead Guaranty Trust Bank in 2015. She is the first woman to hold that position.

3.8.2 The Nigerian Manufacturing Sector

Seven manufacturing-related companies, Aluminum Extrusion Industries Plc, Dangote Cement Plc, Flour Mills of Nigeria Plc, Guinness Nigeria Plc, Nigerian Breweries Plc, GSK Consumer

Nigeria Plc, and Fidson Healthcare Plc, have female representation on their boards. Nonetheless, the percentage of women in leadership positions was often quite low, and none of the organisations reported an improvement from one year to the next. The correlation analysis showed that there was a weak negative linear relationship between the presence of women on boards and profit after tax, indicating that the companies with the highest levels of female representation on their boards did not outperform their peers in terms of financial performance. Nevertheless, there was a benefit for shareholder fund returns (IFC, 2019).

3.8.3 Insurance Sector

The review of the percentage of women on the boards of six insurance companies (AIICO Insurance Plc, Consolidated Hallmark Insurance Plc, Lasaco Assurance Plc, Axa Mansard Insurance Plc, Wapic Insurance Plc, and Law Union & Rock Plc) revealed a downward trend in the percentage of women on these boards, as well as a significant inverse correlation between the presence of women on boards and the performance of the company, according to International Finance Corporation (IFC, 2019).

3.8.4 Gender Diversity and Firm Performance in Nigeria

Some studies demonstrated a beneficial association between gender diversity and corporate success. For instance, Chijoke-Mgbame *et al*. (2020) examined the impact of gender diversity on company performance using a panel dataset of 77 firms and found a positive correlation between gender diversity and firm performance. Also, they discovered that businesses with two or more female directors saw a higher favourable impact. Okoyeuzu *et al*. (2021) used the two-step system GMM and annual bank level data of 15 deposit money banks from 2006 to 2018 to study the influence of gender diversity, and discovered that gender diversity is a favourable predictor of performance. The authors employed the market-based measure (Tobin's Q) and account-based measure (return on assets and earnings per share) as proxies for company performance, as well as the proportion of female board members to the total number of board members. The authors used the two-step GMM approach and discovered a favourable correlation between gender diversity and company performance. They argued against Nigerian lawmakers enacting gender quotas and linked the findings to the rise in the proportion of women on corporate boards of banks. Imade *et al*. (2019) looked into the relationship between corporate performance (return on asset) of traded companies on the Nigerian Stock Exchange and board gender diversity. The results showed that

gender diversity on the board significantly improves organisational performance. According to the survey, listed companies should place more emphasis on board diversity. The effect of female representation and the percentage of female representation on corporate boards and audit committees on financial performance in an African context was studied by Mgbame *et al.* (2017). The researchers discovered that organisations with two or more female directors have more benefits from gender diversity in terms of performance. The article makes the suggestion that policymakers in Nigeria and other sub-Saharan African countries focus on corporate governance reforms in order to promote the involvement of women in corporate operations by enacting laws such as a quota for women on company boards. On the other hand, Ogunsanwo (2019) observed a passive association between gender diversity and return on assets when examining the effect of corporate governance on organisational performance in Nigeria.

3.9 Summary of Literature Review on Gender Diversity and Firm Performance

According to the review, several studies have examined how gender diversity affects firm performance. These works make use of the agency theory, resource dependency theory, stakeholders' theory, stewardship theory, and upper echelon theory. These theories pinpoint a number of gender-based governance channels and individual qualities that improve business performance. The percentage proportion of female representation to the entire board size is used in the analysed research as a gauge of gender diversity. Researchers have also questioned the effectiveness of this metric and have embraced a few indexes that account for gender diversity. The common flaw with percentage measures or indices is that they take into account the precise number of female representations. It has been suggested that, rather than the precise quantity, what matters are the female board members' individual qualities and the efficiency of the governance system. To study the gender performance relationship in Nigeria, it is recommended that the personal characteristics of the female board members and the governance structure be used, in addition to the percentage of female board members.

The firm performance metrics used in current literature can be roughly divided into accounting-based and market-based metrics. The research also listed the benefits and drawbacks of each measure. For instance, it is asserted that accounting-based measurements are condemned as being restricted by professional accounting norms, and retrograde. Market-based policies are attacked for being influenced by the psychology of the market and its outlook for the future, as well as player manipulation and herd mentality. It is further suggested that the market value of the

company, as well as the book value, are easily manipulated in developing economies with thin markets, a lack of investor activity and education, and weak external rules. The accounting-based (return on capital) and market-based (Tobin's Q) measures of firm success are applied to this study.

Many studies have also looked at how gender diversity affects several factors, including audit quality, risk-taking behaviour, capital structure dynamics, and classification shifting (see Ezeani *et al*., 2020; Ezeani *et al*., 2022; Usman *et al*., 2022; Usman, Nwachukwu & Ezeani, 2022).

To the best of the researcher's knowledge, there is little empirical research on the impact of female board members' personal characteristics(their educational background and nationality)and governance mechanisms(their participation in board meetings and membership of board committees)on firm performance. This study uses data from Nigeria to close this significant gap in the body of literature. This is quite significant since one way to promote gender diversity in corporate boards in jurisdictions with explicit legislation on the subject is through the accomplishments of female board members. The study's findings will, therefore, help identify the human qualities that firms should emphasise when nominating women to the board. Similar to this, it is crucial for female board members to be aware of the governance channels available for pursuing norm adjustments and encouraging superior performance. The results of this study will highlight the governance mechanisms that female board members might use to enhance performance.

CHAPTER 4 - RESEARCH PHILOSOPHY

4.1 Introduction

This section presents research philosophy. It provides the philosophical paradigm, the definition and basis of the ontology, while discussing the two opposing ontological stances -constructionism and objectivism. The section discusses the validity of knowledge with particular focus of epistemological questions.

4.2 Philosophical Paradigm

A set of beliefs that directs what should be examined, how research should be conducted and how the findings should be understood are referred to as philosophical assumptions or paradigms (Bryman, 2008). Briefly stated, they are the researcher's general worldviews (Creswell, 2009). According to Lincoln & Guba (1985), a paradigm should reflect a researcher's world view, as well as his or her definition of truth and reality, or ontology, and how the researcher comes to know that truth or reality, or epistemology. As a result, a researcher's methodological preference is influenced by their philosophical beliefs regarding ontology, human nature, and epistemology (Collis & Hussey, 2003).

4.3 Ontology

According to the definition given by Saunders *et al*. (2007, p. 110), ontology is concerned with the "nature of reality, and the assumptions researchers have about how the world functions and the commitment made to a certain view,". Creswell (1994) mentioned that the researcher must, therefore, respond to the following query about the ontological assumption: What is the nature of reality?

The concepts regarding the existence of, and connections among, individuals, society, and the world at large make up ontology (Eriksson & Kovalainen, 2008, p.13). There appear to be two opposing ontological stances: Constructionism and Objectivism (Grey, 2014). The world is external, according to an objectivist interpretation of ontology, because social reality exists independently of social actors. Regardless of the perspective or beliefs of the researcher, Carson *et al*. (2001) presented a single objective reality to any research occurrence or setting (Hudson & Ozanne, 1988). Therefore, one might think of social entities as something that, in the case of both organisation and culture, is similar to how physical scientists examine physical phenomena (Johnson & Onwuegbuzie, 2007). According to this school of thinking, humans largely respond to

mechanisms with minimal potential for social reality analysis, since they are products of the social reality to which they are exposed (Morgan & Smircich, 1980).

4.3.1 Realism (Objectivism)

The term "realism" refers to whatever (forces and structures) a researcher perceives to represent something that makes sense in the world (Bryman & Bell, 2007; Maxwell & Mittapalli, 2010). The ontological philosophical viewpoint of realism has a connection to scientific inquiry (Saunders *et al*., 2009). Realism, according to Bryman & Bell (2007) and Maxwell & Mittapalli (2010), assumes that there is a real universe or body of information that exists apart from any theories or views that the researcher may have. According to Robson (2011), the real world is complicated. Such veracity can exist independently beyond the researcher's consciousness, with or without his understanding, according to Blaikie (1991), Crotty (1998), Sayer (2000), Thomas (2004), and Schwandt (2007).

4.3.2 Social Constructionism (Interpretivism)

Sometimes known as interpretivism, constructionism illustrates how the social environment is interpreted based on an ontological premise (Robson, 2011). Furthermore, because the ontological premise holds that each researcher and social actor creates their own reality, there are numerous interpretations of an understanding; constructionism is frequently referred to as interpretivism (Schwandt, 2007).

As a result, we interpret other people's social roles considering our own meanings and understanding, just as we interpret the social roles we play on a daily basis as researchers in light of the meanings we assign to those roles. Similarly, when social actors act out a role, they do so in accordance with the interpretation that they give to it (which may be their own or a mistake in interpretation) (Bryman & Bell, 2007). In this context, the phrase "social actors"—which encompasses researchers, participants, and subjects—is quite important. This demonstrates the differences between conducting a study on people as opposed to machines such as computers and cars (Saunders *et al*., 2009, p110).

Contrarily, truth and meaning are formed by the subject's interactions with the world (constructivism) or arise from the subject's imposition on the object (subjectivism), not from some external universe (Grey, 2014). Subjectivists and constructivists rejected the objectivist viewpoint and treatment of social reality as a product of human imagination, subjectivists (Morgan &

Smircich, 1980). Humans are supposed to be able to give meaning to the events and phenomena that surround them and to be able to mold the world according to their views and experiences of it when it comes to the function of investigators (Gill *et al.*, 2010). However, because of the polarisation of these perspectives on reality and people, multiple ontological suppositions can be made between the two extremes. Collis & Hussey (2003), for instance, categorised the many ontological hypotheses as a continuum to reflect reality as: a concrete structure; a concrete process; a contextual field of information; a realm of symbolic discourse; a social construction; and a projection of human structure.

The study takes a balanced stance between objectivism and subjectivism, the two opposing extreme conceptions of reality. Based on the conviction that there is a natural or physical world that can be, to some extent, studied using structured methods, and that humans have a significant role as social agents in interpreting and modifying their surroundings. The study's central idea of showing a correlation between gender diversity and organisational performance is, thus, based on the current, objectivist-oriented reality in society. The study also acknowledges the significant importance of social actors, particularly those connected to these phenomena, such as female managers and regulators. Through their perception and interpretation of the relationship between gender diversity and firm performance, as well as by offering a relevant interpretation for the existing relationship, female managers contribute to a better understanding of the realities in the outside world.

4.4 Epistemology

What is regarded as valid knowledge is the focus of epistemology, a study of knowledge (Collis & Hussey, 2003). In other words, an epistemological question relates to the topic of what constitutes (or ought to constitute) accepted knowledge in a certain field (Bryman, 2004). In terms of epistemological undertakings, the two fundamentally different but competing thoughts are: positive (realism) epistemology and phenomenological (or normative, interpretive) epistemology (Bryman, 2004).

4.4.1 Positivism

As a research paradigm, positivism looks for generalisations that resemble laws and strive to pinpoint exact causal linkages using statistical analysis (Kim, 2003). According to positivism, the social world has an external existence and should be evaluated according to objective standards,

with the observer remaining impartial towards the object of their scrutiny. Since there is just one reality, it can be accurately and lawfully expressed by the variables and measured (Onwuegbuzie, 2002). The researcher should, therefore, concentrate on the facts, identify relationships between variables, generate and test hypotheses (using a deductive approach), operationalise ideas so they can be tested, and use quantitative methodologies (Easterby-Smith *et al.*, 2002).

Contrary to positivism, phenomenology maintains that any attempt to comprehend social reality must be based on how people perceive that reality (Grey, 2014). As a result, meanings will be emphasised, along with attempts to comprehend what is occurring and the construction of theories and models using qualitative approaches in an inductive approach (Easterby-Smith *et al.*, 2002). In this situation, researchers engage with the subject of their research and work to keep as little separation as possible (Collis & Hussey, 2003).

This study's epistemological attitude is a cradle from a mixed perspective of ontological premise. The study acknowledges that the environment that people encounter and live in serves as the foundation for knowledge as a construction (Johnson *et al.*, 2007). Knowledge is gained through looking into the nature of relationships between phenomena and by comprehending the part that people play in social reality (Morgan & Smircich, 1980). Therefore, the positivist viewpoint seems applicable in establishing knowledge through cause-and-effect interactions.

In this study, the researcher assumes that there are some world realities that could have an impact on how well companies operate. It focuses on the relationship between industry concentration and other factors and organisational performance to understand the type of relationship. Additionally, the perspectives of phenomenologists regarding the necessity of looking for meanings through many perspectives on phenomena seem pertinent. This is because the study does more than just test hypotheses; it also aims to explain the "why" behind the causal relationship and offer suggestions for improvement. It primarily seeks to elucidate the significance of the established informal relationship by a thorough examination of the impact of female board members' personal characteristics (educational background, gender, and nationality) on company performance.

CHAPTER 5 - RESEARCH METHODOLOGY

5.1 Introduction

This research examined the relationship between gender diversity and firm performance in Nigeria. It investigates how gender diversity affects publicly traded firms in Nigeria. This study further shows the impact of female board members' personal characteristics (educational background and gender nationality), as well as the impact of female attendance at board meetings and committee representation on companies' performance.

The section further provides an extensive justification for adopting the quantitative method of research over the qualitative method. The chapter links the theories to the econometric model, the *a priori* expectation, and the functional relationships between the dependent, independent, and control variables. Given this, the author demonstrates succinctly the definition and measurement of the research variables, the study's time frame, the justification for choosing the time frame, and the justification for the sample size. This chapter also demonstrates the estimation procedure of the econometric models in line with the research objectives.

Considering this, the chapter evaluates the pertinent theoretical perspective on research philosophies, which includes a classification of varied approaches that derive from epistemology and ontological position, to provide comprehensive coverage of the research methods and designs. Thus, the arguments of various philosophical and scientific approaches supporting the methodological techniques used in this study are examined in this chapter. Given this, the epistemological foundation presents a general distinction between quantitative and qualitative methodological approaches; it clarifies the interpretivist, realist, and positivist paradigms and their potential connections to quantitative and qualitative research methods.

5.2 Quantitative and Qualitative Approaches

Quantitative and qualitative approaches are the two dominant methodologies applied in pure and social science research. Studies also use the mixed method – a combination of qualitative and quantitative methods (Upjohn *et al*. 2013; Bryman, 2006). According to Bryman, the combination of quantitative and qualitative methods resulted in three distinct approaches – qualitative, quantitative, and what is differently called mixed methodology, mixed methods, multi-strategy, or multi-methods. Quantitative and qualitative research designs differ in terms of their epistemological, theoretical, and methodological underpinnings. Qualitative and quantitative

approaches or techniques are conventionally the dominant techniques, and the decision on the technique to adopt depends largely on the nature and volume of data, objective of the study, available resources, and data type (Grech, 2019).

Studies have also documented the merits and demerits of the approaches. Yilmaz (2013) argued that quantitative research is "informed by objectivist epistemology and thus seeks to develop explanatory universal laws in social behaviors by statistically measuring what it assumes to be a static reality, the measurement and analysis of causal relationships between isolated variables within a framework which is value-free, logical, reductionistic, and deterministic, based on *a priori* theories". The quantitative approach also provides accurate measurement of owners' perception of the importance and objective measurement of problem frequency (Upjohn *et al*., 2013). A qualitative approach is described as being more participatory, which in terms of assisting the researchers has in-depth understanding of how individuals prioritise their problems and local issues around the subject matter. It also promotes inclusion by ensuring that locals benefit from the research process, since their views are reflected in the research process, as against a quantitative method that depends largely on extraction. Information generated from qualitative methods has local validity and could elicit the appropriate local action. Upjohn *et al*., (2013) also argued that the benefits of qualitative methods are sustainable because the methodology encourages self-mobiliaation and interactive participation of the community or study population.

Given the objective of this study, the adopted epistemological position is subjectivism and positivism . The justification for adopting this epistemological position is threefold. Firstly, it has become common in social science research to adopt the quantitative method since behavioural problems are not easily subjected to experimental investigation. Secondly, it is cost effective compared to a qualitative method. The population of this study is all publicly listed companies in Nigeria. Adopting qualitative research would entail designing questionnaires and structured interviews, locating the executive and non-executive directors of all the firms and scheduling interviews, or administering questionnaires. This requires huge capital and manpower (Onwumere, 2005). However, relying on secondary data sources and carefully selecting the appropriate proxies and techniques for analysis yields similar or superior results at a lower cost. Since ex-post facto research design involves events that have already taken place, it is devoid of manipulation or wrong feedback, unlike the questionnaire or interview method, where the respondents might not be

sincere because of the control environment. Ex post facto design assumes the form of an experimental design where an existing case is observed for some time before embarking on any form of analysis, and the time series nature of the data evaluates for consistency over the period. Ex post facto research also allows the researcher to account for other factors that may influence the results apart from the primary variables (Asika, 2006).

5.3 Sample Size and Data Collection

5.3.1 Sample Size

The sample of this study consists of all publicly quoted non-financial firms in Nigeria and covers the period 2002 to 2019. The data used for the study is secondary data. The study covers all non-financial firms publicly listed on the Nigerian Stock Exchange (NSE) in the various sectors such as Agriculture, Construction/Real Estate, Consumer Goods, Healthcare, Industrial Goods, Information & Communications Technology (ICT), Natural Resources, Oil & Gas, Services, Utilities and Conglomerates. The study focuses on non-financial firms. Financial firms (Banks and Insurance companies) were excluded from the sample size for the following reasons: Firstly, non-financial enterprises face greater risks than financial companies (Alexander, 2004). Secondly, these firms' assets structures, strict regulations imposed, business nature, and the homogenous nature of their products could bias the results (Kiel & Nicholson 2003). The third factor is the different ownership regulations for financial entities (Matsa & Miller 2013). Lastly, financial organisations are typically subject to various legislation, accounting and auditing procedures, and specific monitoring from various bodies (Desender *et al*., 2013). Therefore, leaving them out gives a clearer view of the precise impact of non-financial organisations on performance.

From the data gathered by the researcher for this study, as of December 2019, the total number of firms listed on the NSE was 177. All financial firms (banks and insurance firms) were excluded from the study sample. Therefore, 52 financial services firms (banks and insurance organisations) were subtracted from the total sample size, resulting in the total number of firms as 118. See Appendix for a detailed list of the selected organisations.

5.3.2 Data collection

The data for the study is broadly firm level data. This includes total assets, firm age from the date of incorporation, number of board committees with female board members, educational qualification of the female board members, total number of board members, profit before interest

and tax, total number of female board members, number of board meetings, number of board meetings attended by female board members, number of board committees, and the nationality of female board members.

On data sources, the firm level data were collated from the OSIRIS database, the annual report and statement of account of the listed firms. The annual report and statement of accounts of the companies were also used to establish the time dimension of the biography of the board members. Specifically, the OSIRIS database contains the biography of the board members as a discontinuous function. To document the periods in line with the time frame of the study, the annual reports were used to show the link.

5.4 Measurement of variables

The variables used for the study are broadly classified into dependent variables, independent variables, and control variables.

5.4.1 Dependent Variable

The dependent variable used in this study is firm performance. The major controversy in corporate governance literature is identifying a robust measure of firm performance, as well as documenting the superiority between accounting-based and market-based measures (Tuhus-Dubrow, 2009). The accounting-based measure is based on return on assets (ROA). ROA shows a company's profitability level in relation to its total assets (Twain, 2021). One of the advantages of ROA is that it gives the managers and the investors a good idea of how efficient a company's management is at using its assets to generate earnings. However, the accounting-based measure is generally criticised for being constrained by professional accounting standards and being backwards-looking (Hussain, 2022). The market-based measure of performance uses Tobin’s Q. Tobin's Q is defined as the market value of a company divided by its assets' replacement cost. Tobin’s Q ratio expresses the relationship between market valuation and intrinsic value and shows whether a given business or market is overvalued or undervalued. However, the market-based measure is criticised as a reflection of investor’s perception of the future, which is influenced by their psychology, herd behaviour and manipulations (Chen, 2021).

To circumvent the common argument in financial literature on the superiority of accounting and market-based measures of firm performance, both return on assets (ROA) and Tobin’s Q (TBQ) have been adopted as measures of firm performance. Previous studies that used ROA and TBQ as

measures of performance include Ujunwa (2012), Aslam *et al*., (2019), Adams & Funk (2011), Farag & Mallin (2017), and Raithatha & Komera (2016). ROA is calculated as:

$$ROA = \frac{Profit\ before\ Interest\ and\ Tax\ (PBIT)}{Total\ Assets\ (TA)} \qquad (5.1a)$$

Tobin's Q is calculated as:

$$TBQ = \frac{Total\ Assets\ Minus\ Book\ Value\ of\ Equity\ Plus\ Market\ Value\ of\ Equity}{Book\ Value\ of\ Total\ Assets} \qquad (5.1b)$$

5.4.2 Independent Variables

Gender Diversity (GND)

Agency and resource dependency theories suggest that female participation in corporate boards reduces agency costs and improves board strategic resources. Diversity, in general, improves organisational value and performance as it provides new insights, perspectives (Fondas & Sassalos, 2000; Carter *et al*., 2003; Latendre, 2004; Huse & Solberg, 2006), and representation of different stakeholders for equity and fairness (Abbasi, 2019). Female directors are perceived as a strategic resource in the organisation because they possess higher average skills relative to men, having successfully broken the glass ceiling effect (Gul *et al*., 2011). Female board members also possess technical intelligence, social intelligence and leadership skills needed for norm changes (Ellickson, 2001). To measure gender diversity, this work adopts Tacheva & Huse's (2006) and Perryman *et al. 's* (2016) proxies of gender diversity by a simple count of female board members vis-à-vis the total board members. Consistent with these studies, gender diversity is defined as the ratio of the number of women on the board to total board size as:

$$Gender\ Diversity = \frac{Total\ Number\ of\ Women\ on\ the\ Board}{Total\ Board\ Size} \qquad (5.2)$$

Board Meetings Attendance or Female Attendance to Board Meetings (ABM)

Attendance to board meetings serves as a measure of board intensity and value-creating attributes (Vafeas, 1999). Meetings create the avenue for directors to set strategy and monitor management. Female board member attendance at meetings is an important governance mechanism for measuring the effectiveness of gender diversity on firm performance (Zahra & Pearce, 1989; Vafeas, 1999). The importance of board meetings is as a strategic resource and effective tool for monitoring managers and checking the excesses of directors who take up multiple directorships,

thereby limiting their ability to attend meetings regularly (Byrne, 1996; Lipton & Lorsch, 1992). In line with Lipton & Lorsch (1992), meeting attendance was measured by using the average number of female board members' attendance at board meetings relative to total board meetings held, as follows:

$$Female\ Attendance\ to\ Board\ Meetings\ = \frac{average\ female\ attendance}{total\ board\ meetings} \qquad (5.3)$$

Committee Representation or Female Representation on Board Committees (FBR)

Jensen (1993) and Lipton & Lorsch (1992) noted that board meetings may not be very useful due to the limited time available during board meetings for meaningful exchange of ideas among directors. The board should be relatively inactive, and that board is required to become active in the presence of problems (Jensen, 1993). Preparation before board committee meetings, attentiveness, participation, and post-meeting follow-ups are considered more effective than the general board meetings (Carcello *et al*., 2002). Following Finegold *et al*. (2002), this study will adopt female board representation proxy by the total number of board committees with female representation as a measure of governance mechanism.

$$Female\ Representation\ in\ Board\ Meetings = \frac{Total\ Board\ Committee\ with\ \ female\ Board\ Members}{Total\ Board\ Committees} \qquad (5.4)$$

Educational Qualification of Female Board Members (EDQ)

Directors of corporate boards combine a mix of competencies and capabilities that collectively represent a pool of social capital and add value in executing the board's governance function (Carpenter & Westphal, 2001). Qualifications of individual board members are important for decision making. For example, the monitoring role can be effectively implemented if the board members are qualified and experienced. From the resource dependence perspective, qualified and skillful board members can be considered as strategic resources in providing strategic linkages to different external resources (Ingley & van der Walt, 2001). These linkages are manifested in the fact that firms relate to each other in complex ways, beyond market transactions, to gain cooperation and full or partial control over resources. In this way, organisations can employ various inter-organisational linkages to manage and control their resource dependence on other actors in the environment (McNaughton *et al*., 2014). It is on the basis that studies argued that

female board members with higher qualifications would ensure an effective board (World Bank, 2001).

An effective board is one with diversity within its members and diversity with its talents. In addition to having a broad demographic potential, an effective board regularly evaluates each member's performance, as well as the board's performance (Bloomberg, 2016). Hence, it is characterised by a high level of intellectual ability, experience, soundness of judgment and integrity. Empirically, several studies have found a positive relationship between competencies and firm performance (Awad, 2018; Nie & Lämsä, 2015; Rachid, 2010; Bude & Jörg 2010; Lu, 2014). Board members with higher qualifications benefit the firms through a mix of competencies and capabilities (Carpenter & Westphal, 2001; Carver, 2002), which help in creating a diverse perspective to decision making (Milliken & Martins, 1996; Biggins, 1999).

Similarly, an effective mechanism for empowering women is guaranteeing they have access to education. Women board members with good educational qualifications would extend the knowledge base, stimulate board members to consider other alternatives and enhance more thoughtful processing of problems (Cox & Blake, 1991). Members with higher educational qualifications in general, and research and analysis intensive qualifications such as PhDs, will provide a rich source of innovative ideas to develop policy initiatives with analytical depth and rigour that will provide for unique perspectives on strategic issues (Westphal & Milton, 2000).

Following the above exposition, this work follows Tacheva & Huse (2006) to measure board skills with educational qualification. Although Tacheva & Huse (2006) used educational qualification as a measure of board skills for all board members, irrespective of their gender, this study uses the measure for only the female board members. This variable is computed by using a dummy, which takes a value of 1 if a female board member possesses a graduate degree, 2 for post-graduate and professional qualification and 0 if otherwise.

$$Educational\ Qualification = \{1\ If\ a\ female\ board\ member\ possess\ graduate\ degree$$
$$2\ If\ a\ female\ board\ member\ possess\ postgraduate\ degree$$
$$0\ If\ a\ female\ board\ members\ is\ neither\ graduate\ or\ postgraduate \quad (5.5)$$

Gender Nationality (BGN)

The potential advantages of foreign board members have received attention in corporate governance studies (Marimuthu & Kolandaisamy, 2009; Griscombe & Mattis, 2002; Kose & Senbei, 1998). Firstly, with foreigners on the board, a large stock of qualified candidates (with broader industry experience) would be available for the board (Gulamhussen & Santa, 2015). Secondly, because of their different backgrounds, foreign members can add valuable and diverse expertise which domestic members do not possess (Lee & Farh, 2004). Foreign board members can help assure foreign minority investors that the company is managed professionally in their best interests (Oxelheim & Randoy, 2001). Conversely, female foreign board members bring diverse expertise, assure foreign investors that the company is professionally managed and enhance firm performance. To determine the effect of board nationality on firm performance, various studies measure board nationality by the number of foreigners on the board (Hassan *et al*., 2006). Accordingly, this work defines female board nationality as non-African female board members, measured as the ratio of the total number of female foreign board members to total board size.

$$Gender\ Nationality\ = \frac{Total\ Number\ of\ Foreign\ (Non-African) Female\ \ Board\ Members}{Total\ board\ Size} \qquad (5.6)$$

5.4.3 Control Variables

The control variables are other determinants of firm performance. The determinants of firm performance examined in extant literature are firm size, firm age, board size, asset tangibility, CEO duality and financial leverage.

Firm Size (TA)

irm size is often associated with complex operations of the firm as it seeks to perform its strategic role more actively. Dalton *et al.* (1998) found that firm size is an important determinant of performance. Large firms have access to capital, can attract the best brains, dominate the market, and have access to limitless growth opportunities (Lehn *et al*., 2004). It is also argued that firm size increases agency costs and greater managerial discretion and opportunism (Jensen & Meckling, 1976). On the other hand, as firms grow, they increase the investment in internal control mechanisms for planning and control (e.g., accounting and information systems). This may reduce not only the monitoring intensity but also the need for alignment of interests through director ownership. Drawing from existing literature, firm size is included in this study to control the effect of firm size on performance. The three widely used proxies for firm size are sales revenue, total

assets, and number of employees (Muth & Donaldson, 1998, Jacqueline, 2012; Abraham *et al*., 2012). This study usesthe firm total asset as a proxy for firm size.

$$Firm\ Size\ =\ Natural\ Logarithm\ of\ Firm\ Total\ Assets \quad (5.7)$$

Firm Age (FA)

Firm age refers to the number of years for which a firm has been in operation since incorporation. Firm age has been linked to many decisions of the firm (Berger & Udell, 1998; Gregory et al. 2005; Boone *et al*., 2007). Berger & Udell (1998) and Gregory *et al*. (2005) demonstrated that firms go through a financial growth cycle, and their capital structures vary with age. Boone *et al*. (2007) found that, as firms grow, boards also grow in response to the increasing needs and benefits of monitoring and specialisation by board members.

However, the magnitude of these relationships may differ. For example, board size and composition reflect a trade-off between the specific benefits of monitoring and the costs of such monitoring (Raheja, 2005). Newer firms are expected to have smaller earnings than older ones because they have less experience in the market, are still building their market position, and normally have a higher cost structure (Lipczinsky & Wilson, 2001). On the other hand, older firms may be reaching the end of their product life cycle. Further, Boone *et al*. (2007) suggested that complexity increases with firm age. Given the uncertain relationships of firm age to board characteristics as well as firm performance, this study controls for firm age. Firm age is measured by the number of years from the time the firm was incorporated as:

$$Firm\ Age\ =\ Natural\ Logarithm\ of\ the\ Number\ of\ Years\ Since\ Incorporation \quad (5.8)$$

Board Size (BDZ)

Board size measures the monitoring role from an agency theory perspective and the advisory role from a resource dependence perspective (Ujunwa, 2012; Adam & Mehran, 2003). Board size is found to coincide with firm performance (Coles *et al*., 2008; Hermalin & Weisbach, 1988). Board size also increases with firm size and firm age. Board size is included as a control variable:

$$Board\ Size\ =\ Natural\ Logarithm\ of\ the\ Number\ of\ Board\ Members \quad (5.9)$$

Asset Tangibility (TAN)

Asset tangibility measures tangible assets relative to total assets. A large body of theoretical and empirical literature shows the relationship between firm asset tangibility and firm performance (Liberti & Mian, 2010; Kiyotaki & Moore, 1997; Bernanke & Gertler, 1989). Asset tangibility eases financing constraints, enhancing corporate financing capacity and financial contracting. Asset tangibility fundamentally increases the value that can be captured by a creditor in bankruptcy or default. Asset tangibility, therefore, increases firm capability to obtain external financing by mitigating the contractibility problems, since creditors generally prefer asset-backed financing. Asset tangibility promotes firm performance by increasing investment, especially in the presence of imperfect access to credit (Butler & Cornaggia, 2011; Chava & Roberts, 2008; Whited, 1992).

$$Asset\ Tangibility = \ Ratio\ of\ tangible\ assets\ to\ total\ assets \qquad (5.10)$$

CEO Duality (CDL)

CEO duality measures whether the position of the board chairman and CEO is separated or not. Board duality is supported on the ground of unified leadership (Boyd, 1995; Charan, 1998), but it is also found to promote entrenchment and weaken board monitoring effectiveness (Finkelstein & D'Aveni, 1994; Worrell *et al*., 1997; Carlsson, 2001). Some studies refer to absence of CEO duality as 'Independent Chairman' (e.g., Coles & Hesterly, 2000). Following other studies (Boyd, 1995; Muth & Donaldson, 1998; Weir *et al*., 2002; Abdullah, 2004; McIntyre *et al*., 2007), the researcher examined this variable using a dummy, which takes a value of 1 if the CEO and chairman are the same person and 0 if the CEO is separated from the board chairman:

Condition

$$\left.\begin{array}{l} \textit{If the same person serves as board chairman and CEO ..... 1} \\ \textit{If different persons serve as board chairman and CEO ..... 0} \end{array}\right\} \qquad (5.11)$$

Financial Leverage (LEV)

Financial structure and firm performance remained a vexed topic in corporate finance. The capital structure relevance and irrelevance theorists tend to agree that capital structure affects performance (Vengesai & Farai, 2018; Vo, 2019; Danso *et al*., 2019). Optimal leverage could influence production flexibility and investment intentions (Sarkar, 2018; Staglianò & Andrieu, 2017). It could also lead to higher volatility, management takeover, credit market distortion, higher

information asymmetry, and negative returns on firms with low-growth opportunities (Doan & Nguyen, 2018; Aivazian *et al*., 2005).

$$Leverage = \ Ratio\ of\ total\ debt\ to\ Equity \qquad (5.12)$$

Table 4.1: Definition of Research Variables

Variables	Description	Notation	Data Source
Firm Performance	Ratio of profit before interest and tax over total assets	ROA	Osiris Database
Tobin's Q	Ratio of total assets minus book value of equity plus market value of equity to book value of total assets	TBQ	Osiris Database
Gender Diversity	Ratio of total female board members to total board size	GND	Annual Report
Board Meetings' Attendance	Ratio of average number of board meetings attended by female board members to total board meetings	ABM	Annual Report
Committee Representation	Ratio of total board committees with female representation to total board committees	BCM	Annual Report
Women's Educational Qualification	Average score of educational qualification of female board members. Value of 1 (one) for a female board member with graduate degree Value of 2 (two) for a female board member with postgraduate degree Value of 0 (zero) for female board members without a graduate degree	EDQ	Annual Report
Gender Nationality	Ratio of foreign female board members to total board size	BGN	Annual Report
Board Size	Natural logarithm of total board size	LNBDZ	Annual Report
Firm Size	Natural logarithm of firm total assets	LNTA	Osiris Database
Firm Age	Natural logarithm of firm age from the date of incorporation	LNFA	Osiris Database
Asset Tangibility	Ratio of tangible assets to total assets	TAG	Osiris Database
CEO Duality	Takes the value of 1 if one person serves as the CEO and board chairman and 0 if the two positions are separated.	CDL	Osiris Database
Financial Leverage	Ratio of total debt to Equity	LEV	Osiris Database

5.5 Empirical model

Since this study involves time series and cross-sectional firm level data, the ideal econometric procedure in panel data analysis (see Okoyeuzu *et al*., 2021; Ujunwa, 2012). The general relationship between the dependent and independent variables are represented in Eq.5.13 as follows:

$$Y_{it} = \ \alpha_{it} + \ \beta X_{it} + \ \mu_{it} \qquad (5.13)$$

where:

Y_{it}, the dependent variable is a measure of firm performance and X_{it} is a vector of time variant and time invariant explanatory variables (including measures for *gender diversity*, women's educational qualification, gender nationality, gender representation on board committees and

women's attendance at board meetings, and control variables). β is the associated vector of parameters to be estimated. The cross-sectional (for the individual firm in Nigeria) and time series dimensions are represented respectively by i and t subscripts. The composite error term μ_{it} can be decomposed into specific effect and the white noise disturbance term.

The functional relationship between the variables in line with the study objectives are represented as follows:

Objective 1 and Hypothesis 1: ***There is a positive relationship between gender diversity and firm performance.***

To present the functional relationship, Eq.5.13 is rewritten as follows:

$$Performance_{it}^{j} = \alpha_0 + \alpha_1 GND_{it} + \alpha_2 lnBDZ_{it} + \alpha_3 lnTA_{it} + \alpha_4 lnFA_{it} + LEV_{it} + CDL_{it} + TAG_{it} + \varepsilon_{it} \quad (5.14)$$

Where the variables have been previously defined. Superscript i in Eq. (5.14) allows us to consider accounting-based and market-based measures of firm performance (ROA and TBQ).

Objective 2 and Hypothesis 2: ***There is a positive relationship between the educational qualification of the women board members and firm performance.***

To present the functional relationship, Eq.5.13 is rewritten as follows:

$$Performance_{it}^{j} = \alpha_0 + \alpha_1 EDQ_{it} + \alpha_2 lnBDZ_{it} + \alpha_3 lnTA_{it} + \alpha_4 lnFA_{it} + LEV_{it} + CDL_{it} + TAG_{it} + \varepsilon_{it} \quad (5.14)$$

Where the variables have been previously defined.

Objective 2 and Hypothesis 3: ***There is a positive relationship between the proportion of foreign female boards members and firm performance.***

To present the functional relationship, Eq.5.13 is rewritten as follows:

$$Performance_{it}^{j} = \alpha_0 + \alpha_1 BGN_{it} + \alpha_2 lnBDZ_{it} + \alpha_3 lnTA_{it} + \alpha_4 lnFA_{it} + LEV_{it} + CDL_{it} + TAG_{it} + \varepsilon_{it} \quad (5.15)$$

Where the variables have been previously defined.

Objective 3 and Hypothesis 4: ***There is a positive relationship between female attendance at board meetings and firm performance.***

To present the functional relationship, Eq.5.13 is rewritten as follows:

$$Performance_{it}^{j} = \alpha_0 + \alpha_1 ABM_{it} + \alpha_2 lnBDZ_{it} + \alpha_3 lnTA_{it} + \alpha_4 lnFA_{it} + LEV_{it} + CDL_{it} + TAG_{it} + \varepsilon_{it} \quad (5.16)$$

Where the variables have been previously defined.

Objective 3 and Hypothesis 5: ***There is a positive relationship between the representation of females on board committees and firm performance.***

To present the functional relationship, Eq.5.13 is rewritten as follows:

$$Performance_{it}^{j} = \alpha_0 + \alpha_1 BCM_{it} + \alpha_2 lnBDZ_{it} + \alpha_3 lnTA_{it} + \alpha_4 lnFA_{it} + LEV_{it} + CDL_{it} + TAG_{it} + \varepsilon_{it} \quad (5.17)$$

5.6 Econometric Procedure

The econometric procedure employed for this study is panel data analysis. Panel data analysis creates more variability, through combining variation across micro units with variation over time, alleviating multicollinearity problems; it can be used to examine issues that cannot be studied using time series or cross-sectional data alone; and allows for better analysis of dynamic adjustment being able to include variables at different levels of analysis suitable for multilevel or hierarchical modeling (Ezeoha, 2008; Kennedy 2003). To capture the individual firm-specific effect in Eq.5.13, μ_{it} is decomposed by re-writing Eq.5.13 as follows:

$$Y_{it} = \alpha_{it} + \beta X_{it} + \eta_i + \lambda_t + \varepsilon_{it} \quad (5.18)$$

where:

η_i is the country-specific effects; λ_t is the time-specific effect; ε_{it} is the disturbance term that captures the effects of the omitted variables other variables are as defined in Eq.5.13.

Notably, Eq.5.18 is a static model, and one major concern with this multiple regression model is that it assumes that firm performance responds immediately to changes in any of the covariates. More realistically, the covariates are likely to affect firm performance with some lag, and the

erstwhile level of firm performance could potentially influence the subsequent performance level. Thus, this study also considers a dynamic model that provides for a partial adjustment as follows:

$$Y_{it} = \alpha_{it} + \beta X_{it} + \gamma Y_{it-1} + \eta_i + \lambda_t + \varepsilon_{it} \quad (5.19)$$

where: Y_{it-1} is the lag of firm performance, and γ is the measurement of the adjustment process. All the variables were defined in Table 4.1. With Eq.4.20, it is possible to separate the short-run from the long-run effects.

The static panel model, Eq.5.18, is prone to unobserved heterogeneity, endogeneity, and cross-section dependence issues. The unobserved heterogeneity effects can be dealt with using fixed effects (FE) estimator – treating the unobserved effects as time invariant. Nevertheless, the random effect (RE) estimator is ideal when there is statistical evidence that the unobserved heterogeneities' effects are random variables and uncorrelated with the covariates (X_{it})[1]. Both the unobserved time invariant heterogeneity and endogeneity issues can be dealt with using the IV method based on the FE assumption. However, both FE and IV results may be biased in the presence of a cross-sectional relation. Although the firms considered in this study have a great deal of autonomy, it is still likely that firms in the same countries in Africa respond equally to common shocks. This implies that their performances may be correlated. The cross-section dependence issue in the FE and IV estimations can be dealt with by reporting the statistics that address the issue of common correlated disturbances by Driscoll & Kraay (1998).

The dynamic panel model Eq.5.19 also may be prone to the econometric issues highlighted above and complicated by the issue of the correlation between the lagged firm performance and the error term, especially about the unobserved country-specific heterogeneity η_i. Since Y_{it} is a function of η_i, which is time invariant, it follows that the inclusion of Y_{it-1} as one of the regressors in Eq.4.19) will correlate with η_i, hence, with ε_{it}. Moreover, the presence of Y_{it-1} as one of the regressors may result in the problem of autocorrelation. In these circumstances, ordinary least squares (OLS) estimates are biased and inconsistent, while the generalised method of moment (GMM) procedure is beneficial over the FE and IV estimators (Roodman, 2009).

[1] The choice between the FE and RE estimators is determined by the Hausman's test with the null hypothesis (H_0): unobserved heterogeneity (ϕ_i) are not correlated with the covariates (X_it). Under H_0, the RE estimator is consistent and efficient. Although the FE estimator is always consistent irrespective of whether H_0 is true, the RE is the best if H_0 is true as in BLUE (Tajudeen, 2017).

GMM estimators control for the unobserved country heterogeneity and endogeneity of the explanatory variables, including the lagged firm performance, that can be employed to estimate the dynamic model, Eq.5.19. These include the difference and the Generalised system Method of Moment (GMM) estimators. Both methods can be employed, and the result is compared based on a certain benchmark to determine the best estimation method. However, most previous studies have shown a preference for system-GMM over difference GMM because of its inherent ability to overcome the deficiencies of Generalised Least Square (GLS) estimators. The GLS estimator involves the quasi-demeaning of the data, which causes the dependent variable to be correlated with the quasi-demeaned residuals, making the GLS estimator biased and inconsistent. Also, system GMM controls for the endogeneity issues that may arise due to potential reverse causation between firm performance and the independent variables. For instance, performance could also influence a firm to increase board size and have more female representation to attract more strategic resources. Similarly, given that some of the variables such as board gender, firm age, meeting attendance, board skill and board nationality are time-invariant, system GMM is most suitable in resolving the unobserved heteroscedasticity of the series (see e.g., Sheikh *et al*., 2018; Raithatha & Komera, 2016; Haron, 2018). In line with previous studies (Salem et al., 2021; Tan et al., 2022; Obenpong et al., 2022; Obenpong et al., 2023; Owusu et al., 2022; Usman et al.,2022; Salem et al., 2023), we employ GMM to ensure the robustness of our result.

5.7 Summary

This study examines the effect of gender diversity on firm performance using data from Nigeria. To avoid bias in the financial service industry, introducing firm-level data due to the homogenous nature of their products, high level of leverage, and extensive regulation, the financial services industry was dropped from the observations. Based on the above, the population of the study was 118 quoted firms in Nigeria. Five hypotheses were formulated in line with the three objectives of the study, and the General Method of Moments was proposed as the analytical technique. The study covers the period from 2002 to 2019.

CHAPTER 6 - BOARD GENDER DIVERSITY AND FIRM PERFORMANCE: RESULTS AND DISCUSSION

6.1 Introduction

This section examines the relationship between gender diversity and firm performance in Nigeria. In this chapter the results of the study will be presented and analysed. This chapter focuses on the analysis of the descriptive statistics, correlation results, and a test of Hypothesis 1 formulated in line with the objectives of the study. In testing the hypothesis, this work estimated on the static panel model comprising the Pooled regression (Pooled OLS), Fixed Effect (FE), and Least Square Dummy Variables (LSDV), and Dynamic model comprising Difference-GMM (DGMM) and System-GMM (SGMM). The achievement of Objective 1 is also demonstrated in this section.

6.2 Analysis of Descriptive Results

Table 6.1: Descriptive Analysis

	Mean	Maximum	Minimum	Std. Dev.	Observation
ROA	0.001	0.012	-0.289	0.0189	1632
TBQ	0.018	0.289	0.031	0.103	1578
GND	0.198	0.335	0.004	0.097	1742
LEV	0.294	0.491	0.102	0.011	1632
BDZ	8.21	15	6	4.5	1728
TA	5.124	9.239	1.421	1.078	1639
FA	36.12	103	3	20.761	1737
CDL	0.13	0.1	0	0.093	1578
TAG	0.39	0.427	0.221	0.193	1639

The descriptive result is presented in Table 6.1. Return on assets (ROA) as a measure of performance examines the effectiveness of managers in increasing firm returns from assets at their disposal. Returns on assets averaged 0.1% within the period under review, indicating that managers earned a return of 0.1% from the total assets. Tobin's Q (TBQ) averaged 1.8% for the review period. The value of Tobin's Q is higher than ROA, indicating that the market value of stock is either overvalued or does not reflect the company fundamentals. The mean of gender diversity (GND) indicates that 19.8% of the corporate board members are female, which is grossly deficient when compared to 40% legislated in most jurisdictions. The low number of female

representations on the Nigerian corporate boards could be attributed to absence of regulation on gender quota, cultural and religious practices, and demographic factors in the country.

The mean of firm leverage (LEV) averaged 29.4% for the review period. This could be interpreted by the following factors. First is the forced form pecking order due to market structure. Banks are unwilling to lend for long periods because of structural rigidities and asset mismatch, and firms in need of long-term funds are compelled to rely first on internal financing and equity, since they can only attract short-term funds from the banking system. Second is the restriction of the sample to non-financial companies. The inclusion of highly levered financial institutions would have increased the leverage ratio. The natural logarithm of firm size (TA) averaged 5.12. The total asset of the biggest firm averaged 9.239 while the smallest averaged 1.421, indicating wider disparity of firm sizes in Nigeria. The average age of the firms (FA) is 36 years, this could also explain the leverage ratio, since it is argued that firm age is positively correlated with the use of debt (Kieschnick & Moussawi, 2018). The descriptive results also reveal that 13% of the firms have one person serving as the board chairman and chief executive officer (CDL), 39% of the total assets are tangible assets (TAG), and the average board size of the selected firms is 8.

6.3 Multicollinearity Test

Table 6.2: Spearman Correlation Results

	ROA	TBQ	GND	LEV	CDL	TA	FA	BDL	TAG
ROA	1.000								
TBQ	0.569***	1.000							
GND	0.329**	0.415**	1.000						
LEV	0.706***	0.617**	-0.392	1.000					
BDZ	0.401**	0.500**	-0.387*	0.577*	1.000				
TA	0.402***	0.355***	0.322**	0.349	0.268***	1.000			
FA	0.263***	0.499**	-0.224	0.328*	0.654***	0.464**	1.000		
CDL	-0.363**	0.289**	-0.102**	0.405	-0.507	0.105	-0.254**	1.000	
TAG	0.200**	0.472**	-0.648	0.541*	0.354***	0.593**	0.216***	0.660	1.000

ROA (Return on Asset) = ratio of profit before interest and tax over total assets; GND (Gender Diversity) = ratio of total female board members to total board size; TBQ (Tobin's Q) = ratio of total assets minus book value of equity plus market value of equity to book value of total assets; LEV (Leverage) = ratio of total debt to equity; CDL (CEO duality) = takes the value of 1 if one person serves as the CEO and board chairman and 0 if the two positions are separated; TAG (Asset Tangibility) = ratio of tangible assets to total assets; LNBDZ (Board Size) = natural logarithm of total board size; LNTA (Firm Size) = natural logarithm of firm total assets; and LNFA (Firm Age) = natural logarithm of firm age from the date of incorporation. * $p<0.05$, ** $p<0.1$.

To understand the relationship between the independent variables, the result of the Spearman correlation is presented in Table 6.2. Previous studies suggest that correlations less than 80%

should not be an immediate source of concern to researchers (Hair *et al*. 2010; Higaki, 2021; Hu *et al*. 2022; Al-Matari, 2022). The correlation coefficients are below the threshold of 80%, which implies that the presence of multicollinearity in the results may not bias the estimation, or the presence of structural multicollinearity (due to sensitivity to small changes in the model or data transformation) or data multicollinearity may not weaken the statistical power of the regression model.

Table 6.3: Variance Inflation Factor Results

Variables	coefficient Variance	Uncentered VIF	Centered VIF
C	5.193	66.156	NA
GND	0.010	1.092	1.069
LEV	0.355	109.892	1.798
BDZ	0.003	1.557	1.043
TA	0.580	37.956	1.516
FA	0.010	7.281	1.325
CDL	0.100	1.204	1.081
TAG	0.189	4.873	1.837

GND (Gender Diversity) = ratio of total female board members to total board size; LEV (Leverage) = ratio of total debt to equity; CDL (CEO duality) = takes the value of 1 if one person serves as the CEO and board chairman and 0 if the two positions are separated; TAG (Asset Tangibility) = ratio of tangible assets to total assets; LNBDZ (Board Size) = natural logarithm of total board size; LNTA (Firm Size) = natural logarithm of firm total assets; and LNFA (Firm Age) = natural logarithm of firm age from the date of incorporation.

To validate the results of the Spearman Correlation, we estimate the variance inflation factor. Currently, there is no consensus on variance inflation factor criterion that is problematic. Vittinghoff (2005) prescribed variance inflation factor that is greater than ten (VIF >10). Others recommends variance inflation factor that is greater than ten or 5 (VIF >10 or VIF >5) (James et al. 2017), greater than 5 (VIF > 5 is cause for concern and VIF > 10 indicates a serious collinearity problem) (Menard, 2001), and greater than 2.5 (Johnston et al., 2018). Based on the above, we relied on Johnston et al. (2018) and adopt VIF > 2.5 as indication of collinearity problem, despite the suggestion that the criterion is a bit restrictive. The variance inflation factor results presented in Table 6.3 indicates that the presence of collinearity problem would not bias the result since the VIF values are below the threshold.

6.4 Gender Diversity and firm Performance: Results and Discussion

In this section, the relationship between board gender diversity and performance of Nigerian listed firms is examined. This work proxied for performance using both accounting and market-based

measures (Park, 2023; Awaysheh *et al*., 2020). This approach is useful since studies suggest different measures may lead to variation in observed performance (Oh & Song, 2023; Bissoondoyal-Bheenick *et al*. 2023).

Table 6.4: Static Panel Data Analyses

	(1)	(2)	(3)	(4)	(5)	(6)
	ROA	ROA	ROA	TBQ	TBQ	TBQ
Variables	Pooled-OLS	FE	LSDV	Pooled-OLS	FE	LSDV
L1.Performance	0.897***	0.721***		0.060***	0.006**	
	(0.775)	(0.611)		(0.032)	(0.052)	
GND	0.019**	0.011***	0.022**	0.060***	0.034*	0.025*
	(0.042)	(0.058)	(0.079)	(0.057)	(0.022)	(0.012)
LNBDZ	0.093***	0.086***	0.070***	0.106***	0.022***	0.081***
	(0.593)	(0.069)	(0.046)	(0.063)	(0.001)	(0.04)
LNTA	0.086***	0.077***	0.039***	0.036***	0.049***	0.035***
	(0.065)	(0.069)	(0.021)	(0.035)	(0.092)	(0.011)
LNFA	0.072***	0.074***	0.037***	0.035**	0.048***	0.038***
	(0.027)	(0.043)	(0.023)	(0.029)	(0.024)	(0.012)
LEV	0.121***	0.092**	0.185***	0.247***	0.138**	0.099***
	(0.237)	(0.187)	(0.096)	(0.256)	(0.174)	(0.081)
CDL	0.045	0.074	0.176	0.065	0.017	0.067
	(0.024)	(0.021)	(0.213)	(0.044)	(0.012)	(0.058)
TAN	0.122**	0.219**	0.167***	0.142**	0.054***	0.119**
	(0.190)	(0.218)	(0.109)	(0.102)	(0.031)	(0.088)
Constant	4.396	3.183	1.941	1.0.91	1.159	1.231
	(2.037)	(1.131)	(1.134)	(2.148)	59.4	5.094
Observations	1708	1708	1708	1708	1708	1708
R-squared	0.3	0.203	0.509	0.059	0.091	0.54
firm effect	NO	YES	YES	NO	YES	YES
year effect	NO	NO	NO	NO	NO	NO
F-test	7.429	4.015	6.4	1.712	2.509	9.059
Prob > F	0.149	0.00	0.067	0.0968	0.0128	0.00
No. of Firms		118			118	
Wald-chi2						
Prob > chi2						

Notes: OLS is Ordinary Least Square, FE is Fixed-Effect, RE is Random-Effect, LSDV is Least Square Dummy Variable, Standard errors in parentheses, and *** p<0.01, ** p<0.05, * p<0.10

Table 6.4 presents the static model results. The result shows that board gender diversity is positively related with both performance proxies (ROA and Tobin's Q) used in this study. This result is interesting because the positive effect of gender diversity on firm performance in Nigeria is consistent with previous empirical findings in the developed and developing countries (Harakeh *et al*. 2022; Julizaerma & Sori, 2012; Song *et al*. 2020; Safiullah *et al*. 2022). This is consistent with resource dependency and agency theories, that female representation on corporate boards enhances the oversight function of the board, reduces agency cost and, more importantly, serves

as a strategic resource to the firm. Interestingly, a weaker significance of market performance measure was found, suggesting that the market is insensitive to gender diversity in corporate boards in Nigeria.

Table 6.5: Dynamic Panel Data Analyses-Difference GMM

Variables	(1) ROA DGMM1	(2) ROA DGMM1-CL-a	(3) ROA DGMM2	(4) ROA DGMM2-CL-a	(5) TBQ DGMM1	(6) TBQ DGMM1-CL-a	(7) TBQ DGMM2	(8) TBQ DGMM2-CL
L1. Firm Performance	0.911***	0.987***	0.801***	0.898***	0.904***	0.873***	0.734***	0.959***
	(0.329)	(0.452)	(0.481)	(0.439)	(0.001)	(0.068)	(0.048)	(0.058)
L2. Firm Performance	0.044**	0.082**	0.067**	0.095***	0.090*	0.098*	0.095*	0.038*
	(0.037)	(0.068)	(0.059)	(0.083)	(0.084)	(0.034)	(0.057)	(0.029)
GND	0.041***	0.097***	0.075***	0.061***	0.034***	0.050**	0.059***	0.087***
	(0.002)	(0.087)	(0.062)	(0.055)	(0.015)	(0.045)	(0.028)	(0.065)
LNBDZ	0.090***	0.010***	0.061***	0.068**	0.121***	0.189***	0.058**	0.176***
	(0.016)	(0.002)	(0.040)	(0.044)	(0.032)	(0.044)	(0.070)	(0.069)
LNTA	0.066**	0.107***	0.062**	0.096**	0.135**	0.198**	0.109*	0.011*
	(0.020)	(0.038)	(0.030)	(0.037)	(0.127)	(0.123)	(0.097)	(0.015)
LNFA	0.087***	0.084***	0.032***	0.094***	0.012**	0.034**	0.298**	0.047**
	(0.044)	(0.060)	(0.018)	(0.026)	(0.001)	(0.075)	(0.165)	(0.031)
LEV	0.189***	0.023**	0.085**	0.069	0.109*	0.0623**	0.507**	0.058*
	(0.099)	(0.129)	(0.076)	(0.088)	(0.338)	(0.206)	(0.561)	(0.260)
CDL	0.176	-0.235*	-0.043**	-0.059	0.430**	-0.120*	-0.246**	-0.076**
	(0.226)	(0.211)	(0.097)	(0.048)	(0.191)	(2.012)	(0.075)	(0.064)
TAN	0.133***	0.198**	0.065***	0.038	0.109**	0.0623**	-0.094*	-0.085
	(0.021)	(0.099)	(0.119)	(0.026)	(0.338)	(0.206)	(0.021)	(0.088)
Constant	0.097***	0.027**	0.096***	0.091***	0.083*	0.037**	0.095*	0.056**
	(0.069)	(0.024)	(0.083)	(0.075)	(0.092)	(0.085)	(0.001)	(0.022)
Observations	1708	1708	1708	1708	1708	1708	1708	1708
No. of Firms	118	118	118	118	118	118	118	118
firm effect	YES	YES	YES	YES	YES	YES	YES	YES
year effect	NO	NO	NO	NO	NO	NO	NO	NO
Hansen Prob	0.222	0.143	0.219	0.244	0.704	0.944	0.937	0.954
Sargan Prob	0.764	0.442	0.715	0.441	0.481	0.345	0.349	0.340
AR(1)_P-value	0.001	0.011	0.044	0.002	0.010	0.065	0.077	0.086
AR(2)_P-value	0.207	0.223	0.216	0.248	0.212	0.244	0.239	0.277
No. of Instruments	92	98	102	79	109	88	99	93

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. DGMM1 & DGMM2 denote One-Step & Two-Step Diff-GMM, respectively. Regressions with suffix ‘‘CL’’ follow Roodman (2009b) and collapse the instrument matrix. a denotes lag (1 5).

The results are robust to various econometric procedures. Table 6.5 presents the results of the difference GMM and is consistent with the static results. The results indicate a positive and significant relationship between gender diversity and firm performance supporting Hypothesis 1.

Table 6.5: Dynamic Panel Data Analyses-System GMM

	(1) ROA	(2) ROA	(3) ROA	(4) TBQ	(5) TBQ	(6) TBQ
Dependent Variables: EPS	SGMM -END-CL-a	SGMM2 -END-CL-b	SGMM2 -END-CL-a	SGMM -END-CL-b	SGMM2 -END-CL-a	SGMM2- END-CL-b

L. Performance	0.955***	0.644**	0.547***	0.720**	0.586***	0.423***
	(0.0716)	(0.289)	(0.0844)	(0.526)	(0.154)	(0.0753)
L2. performance	-0.953***	0.974***	0.935***	0.937***	-0.929**	-0.950***
	(0.1754)	(0.570)	(0.0182)	(0.468)	(0.184)	(0.0867)
GND	0.075***	0.084***	0.089***	0.097	0.057	0.058
	(0.077)	(0.098)	(0.078)	(0.029)	(0.056)	(0.040)
LNBDZ	-0.054	-0.071	-0.060***	-0.019**	-0.025***	-0.076***
	(0.041)	(0.018)	(0.022)	(0.007)	(0.017)	(0.064)
LNTA	0.029	0.038	0.043**	0.074**	0.194**	0.085**
	(0.049)	(0.014)	(0.023)	(0.051)	(0.121)	(0.008)
LNFA	0.027***	0.039**	0.079**	0.013***	0.009**	0.0623**
	(0.026)	(0.027)	(0.030)	(0.010)	(0.038)	(0.006)
LEV	0.066***	0.060***	0.076***	6.935**	11.92***	11.92***
	(0.041)	(0.033)	(0.042)	(3.515)	(4.438)	(4.438)
CDL	-0.019*	-0.067**	-0.014**	0.088	-0.024	-0.090
	(0.066)	(0.038)	(0.027)	(0.091)	(0.059)	(0.011)
TAN	0.044**	0.096**	0.018**	0.048	0.040	0.059
	(0.067)	(0.097)	(0.034)	(0.037)	(0.021)	(0.089)
Constant	2.958	2.343	1.056	2.981	4.03	1.503
	(1.576)	(1.980)	(1.163)	(1.861)	(3.264)	(0.799)
Observations	1,263	1,263	1,263	1,263	1,263	1,263
Number of firms	118	118	118	118	118	118
firm effect	YES	YES	YES	YES	YES	YES
year effect	NO	NO	NO	NO	NO	NO
Hansen Prob	0.172	0.149	0.130	0.155	0.241	0.173
Sargan Prob	0.670	0.323	0.665	0.374	0.512	0.816
AR(1)_P-value	0.294	0.681	0.240	0.409	0.235	0.274
AR(2)_P-value	0.312	0.378	0.293	0.291	0.251	0.391
No. of Instruments	105	103	105	103	105	103

Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1, SGMM1 & SGMM2 denote One-Step & Two-Step GMM respectively. Also regressions with suffix ''END'' treat lngnd & lagged performance as endogenous. Regressions with suffix ''CL'' follow Roodman (2009a and b) and collapse the instrument matrix. a & b denote lag (1 5) & lag (2 4) respectively.

The result of the system-GMM is presented in Table 6.5. The post estimation diagnostics of the system GMM indicates that Hansen test p-values are within the 0.1 and 0.25 rule of thumb suggested by Roodman (2009a p.129), and Sargan test P-values are also between 0 and 1. The AR(1) and AR(2) results reveal no evidence of serial correlation. The System-GMM results are also consistent with the results of the static and different GMM models. For control variables, while firm size, firm age, board size, leverage and asset tangibility positively associate with ROA and Tobin's Q, CEO duality has mixed results.

There is a growing focus on corporate governance in regulations, which typically calls for more external directors with a variety of skills and perspectives. As a result, there are differing views on how corporate governance mechanisms influence managers' actions. They frequently ask for

greater gender diversity as well. Gender changes have increased the proportion of women in executive positions. It is argued in favour of it on the grounds that having more women on corporate boards will encourage sound management and competitiveness. This friendly competition is a driving force behind improved business performance, higher labour productivity, efficient resource management, and higher shareholder wealth (Leech & Leahy, 1991; Joh, 2003; Haniffa & Hudaib, 2006). A diverse board is characterised by the combination of physical features and character traits of its members based on their perceptions of their sex. It is the ratio of women to men on corporate boards (Okoyeuzu *et al*., 2021). Inclusion, morality, and the unique contribution that women can make to board effectiveness and business performance all contribute to the case for gender diversity (Fallan, 1999; Kastlunger *et al*., 2010). Gender representation refers to the representation of females and males in governance, company boards, organisations, and other parastatals.

Government-enacted gender rules and quotas are not the only factors influencing the representation of women on boards. In certain articles, the empirical examination of the factors influencing female representation on boards has also been done. According to Campbell & Minguez-Vera (2008), Martn-Ugedo & Minguez-Vera (2014), and Nekhili & Gatfaoui (2013), women's representation on boards is positively connected with family ownership (2007). For instance, Martn-Ugedo & Minguez-Vera (2014) and Nekhili & Gatfaoui (2013) investigate how firm characteristics, such as firm ownership and corporate governance, affect the performance of businesses. According to the results above in Table 6.1, when compared to the 40% mandated by most countries, the mean of gender diversity (GND) shows that 19.8% of corporate board members are female, which is egregiously inadequate. The lack of gender quota regulations, cultural and religious norms, and demographic variables in Nigeria may be to blame for the low presence of women on corporate boards. In a directive on women on boards that was also suggested by the European Commission in 2012, the underrepresented sex is allowed 40% of non-executive board positions in publicly traded companies. According to Terjesen & Singh (2008), the number of female board directors is associated with more female executives, paying women equally to men, and having more female politicians at the national level. Religion (Chizema, Kamuriwo & Shinozawa, 2015), gender-differentiated language structures (Santacreu-Vasut, Shenkar& Shoham, 2014), family, education, economics, and legal, economic, and cultural systems all

influence women's rise to boards, according to subsequent research (Cabeza-Garca, Del Brio & Rueda, 2019; Carrasco, Grosvold, Rayton & Brammer, 2016).

Board gender diversity features broaden employee diversity and boost organisational effectiveness. These different compositions are instruments for boosting an organisation's productivity and wellbeing. Higgs & Derek (2003) assert that board gender diversity may improve business performance by enhancing the efficacy of the board, depending on the traits of the male and female members. When a need emerges, however, there will not be any room in a company without gender diversity to provide a wider range of possibilities (Graham 2019). Without good external governance rules, an ethical atmosphere, the correct maintenance of law and order, and current legislation that encourages gender diversity, it is impossible to achieve board gender diversity due to the prevalence of prejudice against women in religion, race, and culture.

The positive and statistically significant relationship between gender diversity and firm performance is consistent with the findings of Usman *et al*. (2022), Field *et al*. (2018), Farag & Mallin (2017) and Adams & Funk (2012). For instance, Usman *et al*. (2022) found that gender diversity mitigates classification shifting among listed non-financial German firms.

Some research showed a positive relationship between gender diversity and business success. For instance, Chijoke-Mgbame *et al.* (2020) used a panel dataset of 77 enterprises to assess the effect of gender diversity on corporate performance and discovered a positive link between the two. Also, they found that companies with two or more female directors fared better. According to Women on Boards (2009), companies with a gender diverse board tend to function at their best, especially when it comes to fostering innovation, experimenting with new ideas, sharing information, and finishing duties. According to Luckerath-Rovers (2010), having a diverse board of directors improves other aspects of corporate governance, such as the board's independence and its relationship with stakeholders, which both contribute to making decisions that are just and transparent.

From the standpoint of stakeholder theory, board gender diversity is based on the necessity of having a diverse membership in terms of gender and ethnicity because their actions may have an impact on a variety of stakeholders. Corporate boards are specifically required to foster a community that inspires everyone to work hard and show relationships with all stakeholders (Freeman *et al.* 2004). The value-maximising goal of the company is improved by having female

board members, thanks to confidence-building and stakeholder acceptance (Sundaram & Inkpen, 2004). Having a diverse board of directors leads to higher rates of business start-ups because it results in higher-quality decision-making (Miller & del Carmen Triana, 2009), strong resource mobilisation and investment (Triana *et al*., 2013), better understanding and participation of the market, effective board strategy management (Nielsen & Huse, 2010), effective board monitoring (Adams & Ferreira, 2009), and high dynamic performance (Campbell & Minguez-Vera, 2008; Carter *et al.*, 2003).

Adams & Funk (2012) identified differing core values, unique skills, risk aversion, and better scrutiny as female attributes that promote firm performance. Ezeani et al. (2023) find evidence of risk aversion, showing that board gender diversity is negatively related to cash holding. The positive and significant effect of gender diversity on firm performance leadership qualities is attributed to social intelligence, technical intelligence, mastering of the corporate environment and managerial resilience they have built over time in successfully breaking the glass ceiling effect. Women in Nigeria, who successfully rose through the rank and file, were able to weather the cultural and religious entrenched gender bias and became extremely competent before stepping into the corporate boardroom. The experience and competence translate to better board monitoring from the agency theory perspective, strategic resources from the resource dependency perspective, and better stewards, from the stewardship theory perspective.

Randy *et al* (2006) found no statistically significant impact of gender diversity on company performance was discovered. The contradictory conclusions addressing the relationship between gender diversity and business performance may be due to two important causes. The study is applicable to numerous nations and historical eras, and the impact of gender disparities on the board may vary based on the era as well as the institutional and legal setting. The different measurement methods used by the various researchers may also be the cause of the inconsistent results, as mentioned in the second point. Some studies, for instance, do not include controls for factors known to affect the performance of solids, such as solid size and scale. The process by which group members adopt decisions without fully taking into account the thoughts or opinions of others, known as "rethink," can be reduced by gender diversity (Janis, 1972). Although the "group" problem tends to be worse in the cohesive group, a gender sensitive board is more likely to handle a variety of board-level challenges and improve the quality of board decision-making

(Conyon & Mallin, 1997). There could also be other intangibles that affect how well the business performs. Okoyeuzu *et al*. (2021), who argued against quota-based initiative, argue that explicit regulation that increases gender representation would promote having more competent females on corporate boards, and ultimately promoting firm performance. Explicit quota-based legislation to increase female representation on corporate boards would increase competency as more women would strive to acquire the requisite skills to be appointed to corporate boards.

The insignificant relationship between gender diversity and performance has serious implications on the measures of firm performance in economies with under-developed markets. The result indicates that market-based measures of firm performance are not good measures of firm performance in economies with an under-developed market. This finding is also important in the design of corporate governance mechanisms. For instance, the Code of Corporate Governance for quoted firms in Nigeria adopted the voluntary enforcement approach. The market is expected to punish firms that fail to comply with the Code of Corporate Governance prescription. The efficiency of this voluntary compliance depends on firms providing credible information and the market effectively accessing the information. Developing markets like Nigeria would be ineffective in accessing such information, analysing it and incorporating it in share pricing. Such an underdeveloped market would be effective in enforcing voluntary compliance codes such as gender diversity. The effective policy prescription is explicit regulation and mandates firms to comply with the prescribed gender quota.

6.5 Summary

The effect of gender diversity on firm performance was examined. The results were subjected to a range of robustness checks by using the static (Pooled OLS, Fixed-Effect panel regression, and Least Square Dummy variable) and the dynamic GMM (difference and system -GMM) estimators, and two proxies of firm performance (Return on Asset and Tobin's Q). Overall, evidence has been provided that gender diversity is significantly associated with positive performance in Nigeria. A strong association between gender diversity and firm performance was found using return on assets and Tobin's Q as proxies of performance.

The results from this section show that gender diversity of 19.8% significantly improves firm performance. Gender diversity of 19.8% is lower than the minimum threshold of 40% in most jurisdictions with legislation on gender quota. The descriptive results also reveal that women are

underrepresented on Nigerian corporate boards due to absence of explicit legislation on gender quotas, cultural and religious practices, and demographic factors. Both performance proxies used in this study (ROA and Tobin's Q) are positively related to board gender diversity. According to previous empirical studies in developed and developing countries, gender diversity has a positive impact on firm performance (Julizaerma & Sori, 2012; Song *et al*. 2020; Safiullah *et al*. 2022; Harakeh *et al*. 2022). The result is consistent with the findings of Usman *et al*. (2022), Field *et al*. (2018), Farag & Mallin (2017), and Adams & Funk (2012), and supports Hypothesis 1. The author concludes that gender diversity is associated with increased transparency in financial reporting (Harakeh *et al*. 2022), diverse characteristics in boardrooms (Julizaerma & Sori 2012), and effective monitor and oversight roles (Okoyeuzu *et al*. 2021).

CHAPTER 7

PERSONAL ATTRIBUTES (EDUCATIONAL QUALIFICATION AND GENDER NATIONALITY) OF FEMALE BOARD MEMBERS ON FIRM PERFORMANCE: RESULTS AND DISCUSSION

7.1 Introduction

This section examines the relationship between the personal attributes of female board members and firm performance in Nigeria. In this chapter the results of the study were presented and analysed. This chapter focused on the analysis of the descriptive statistics, correlation results, and a test of the two hypotheses (H2 and H3 formulated in line with the objectives of the study). In testing the hypotheses, this work estimated on the static panel model comprising the Pooled regression (Pooled OLS), Fixed Effect (FE), and Least Square Dummy Variables (LSDV), and Dynamic model comprising Difference-GMM (DGMM) and System-GMM (SGMM). The achievement of objective 2 is also demonstrated in this section.

7.2 Analysis of Descriptive Results

Table 7.1: Descriptive Analysis

	Mean	Maximum	Minimum	Std. Dev.	Observation
ROA	0.001	0.012	-0.289	0.0189	1632
TBQ	0.018	0.289	0.031	0.103	1578
EDQ	0.936	0.95	0.716	0.539	1350
BGN	0.067	0.076	0.121	0.08	1278
LEV	0.294	0.491	0.102	0.011	1632
BDZ	8.21	15	6	4.5	1728
TA	5.124	9.239	1.421	1.078	1639
FA	36.12	103	3	20.761	1737
BDL	0.13	0.1	0	0.093	1578
TAG	0.39	0.427	0.221	0.193	1639

The descriptive result is presented in Table 7.1. Return on assets (ROA) as a measure of performance examines the effectiveness of managers in increasing firm returns from assets at their disposal. Returns on assets averaged 0.1% within the period under review, indicating that managers earned a return of 0.1% from the total assets. Tobin's Q (TBQ) averaged 1.8% for the review period. The value of Tobin's Q is higher than ROA, indicating that market value stock is either overvalued or does not reflect company fundamentals. On educational qualification (EDQ),

94% of the female board members possess a graduate degree or a post graduate degree. The average number of foreign female board members within the period is 6.7%. This indicates that extremely few firms have foreign female board membership. The anecdotal evidence indicates that the majority of the foreign female board members serve as non-executive directors.

The mean of firm leverage (LEV) averaged 29.4% for the review period. This could be interpreted by the following factors. First is the forced form pecking order due to market structure. Banks are unwilling to lend for long periods because of structural rigidities and asset mismatch, and firms in need of long-term funds are compelled to rely first on internal financing and equity, since they can only attract short-term funds from the banking system. Second is the restriction of the sample to non-financial companies. The inclusion of highly levered financial institutions would have increased the leverage ratio. The natural logarithm of firm size (TA) averaged 5.12. The total asset of the biggest firm averaged 9.239 while the smallest averaged 1.421, indicating wider disparity of firm sizes in Nigeria. The average age of the firms (FA), which is 36 years, could also explain the leverage ratio, since it is argued that firm age is positively correlated with the use of debt (Kieschnick & Moussawi, 2018). The descriptive results also reveal that 13% of the firms have one person serving as the board chairman and Chief Executive Officer (BDL), 39% of the total assets as tangible assets (TAG), and the average board size of the selected firms is 8.

7.3 Multicollinearity Test

Table 7.2: Spearman Correlation Results

	ROA	TBQ	EDQ	BGN	LEV	BDZ	TA	FA	BDL	TAG
ROA	1.000									
TBQ	0.569***	1.000								
EDQ	0.420***	0.694*	1.000							
BGN	0.192*	0.286*	0.563**	1.000						
LEV	0.706***	0.617**	-0.685**	-0.482*	1.000					
BDZ	0.401**	0.500**	0.648**	0.285	0.577*	1.000				
TA	0.402***	0.355***	-0.270	0.590*	0.349	0.268***	1.000			
FA	0.263***	0.499**	0.321***	-0.507	0.328*	0.954***	0.464**	1.000		
BDL	-0.363**	0.289**	-0.466**	0.446*	0.405	-0.507	0.105	-0.254**	1.000	
TAG	0.200**	0.472**	0.443***	-0.275*	0.541*	0.354***	0.593**	0.216***	0.660	1.000

ROA (Return on Asset) = ratio of profit before interest and tax over total assets; TBQ (Tobin's Q) = ratio of total assets minus book value of equity plus market value of equity to book value of total assets; EDQ (Educational Qualification of Female Board Members) = average score of educational qualification of female board members; BGN (Board Gender Nationality) = ratio of foreign female board members to total board size; LEV (Leverage) = ratio of total debt to equity; CDL (CEO duality) = takes the value of 1 if one person serves as the CEO and board chairman and 0 if the two positions are separated; TAG (Asset Tangibility) = ratio of tangible assets to total assets; LNBDZ (Board Size) = natural logarithm of total board size; LNTA (Firm Size) = natural logarithm of firm total assets; and LNFA (Firm Age) = natural logarithm of firm age from the date of incorporation. * $p<0.05$, ** $p<0.1$.

To understand test for the presence of multicollinearity between the independent variables, the result of the Spearman correlation is presented in Table 7.2. Previous studies suggest that correlations less than 80% should not be an immediate source of concern to researchers (Hair *et al*. 2010; Higaki, 2021; Hu *et al*. 2022; Al-Matari, 2022). The correlation coefficients are below the threshold of 80%, which implies that the presence of multicollinearity in the results may not bias the estimation. It also indicates that the presence of structural multicollinearity (due to sensitive to small changes in the model or data transformation) or data multicollinearity may not weaken the statistical power of the regression model.

Table 7.3: Variance Inflation Factor Results

Variables	coefficient Variance	Uncentered VIF	Centered VIF
Constant	9.213	672.01	NA
EDQ	0.175	65.014	1.811
BGN	0.011	51.290	1.589
LEV	0.000	6.926	1.260
BDZ	0.020	37.900	1.514
TA	0.000	1.524	1.021
FA	0.012	107.974	1.767
CDL	0.000	1.012	1.007
TAG	0.000	1.093	1.070

EDQ (Educational Qualification of Female Board Members) = average score of educational qualification of female board members; BGN (Board Gender Nationality) = ratio of foreign female board members to total board size; LEV (Leverage) = ratio of total debt to equity; CDL (CEO duality) = takes the value of 1 if one person serves as the CEO and board chairman and 0 if the two positions are separated; TAG (Asset Tangibility) = ratio of tangible assets to total assets; LNBDZ (Board Size) = natural logarithm of total board size; LNTA (Firm Size) = natural logarithm of firm total assets; and LNFA (Firm Age) = natural logarithm of firm age from the date of incorporation. To validate the results of the Spearman Correlation, we estimate the variance inflation factor. Currently, there is no consensus on variance inflation factor criterion that is problematic. Vittinghoff (2005) prescribed variance inflation factor that is greater than ten (VIF >10). Others recommends variance inflation factor that is greater than ten or 5 (VIF >10 or VIF >5) (James et al. 2017), greater than 5 (VIF > 5 is cause for concern and VIF > 10 indicates a serious collinearity problem) (Menard, 2001), and greater than 2.5 (Johnston et al., 2018). Based on the above, we relied on Johnston et al. (2018) and adopt VIF > 2.5 as indication of collinearity problem, despite the suggestion that the criterion is a bit restrictive. The variance inflation factor results presented in Table 7.3 indicates

that the presence of collinearity problem would not bias the result since the VIF values are below the threshold.

7.4 Hypothesis two

Table 7.4: Static Panel Data Analyses

VARIABLES	(1) ROA Pooled -OLS	(2) ROA FE	(3) ROA LSDV	(4) TBQ OLS	(5) TBQ FE	(6) TBQ LSDV
EDQ	0.066	0.076**	0.092*	0.461**	0.081**	0.052***
	(0.013)	(0.043)	(0.071)	(0.367)	(0.033)	(0.046)
LNBDZ	0.021**	0.016**	0.032**	-0.039**	0.018	0.0231
	(0.0166)	(0.0381)	(0.0927)	(0.048)	(0.034)	(0.014)
LNTA	0.069**	0.019***	0.021***	-0.031	0.011***	0.019
	(0.051)	(0.043)	(0.057)	(0.007)	(0.044)	(0.016)
LNFA	0.098	0.002	0.009	0.074***	0.092	0.042
	(0.091)	(0.001)	(0.059)	(0.026)	(0.015)	(0.024)
LEV	0.014**	0.014**	0.099***	0.034**	0.072**	0.086**
	(0.095)	(0.051)	(0.022)	(0.011)	(3.584)	(0.061)
CDL	-0.026***	-0.048***	-0.096**	-0.015***	-0.126***	-0.043***
	(0.047)	(0.032)	(0.026)	(0.033)	(0.096)	(0.015)
TAN	0.046**	0.062***	0.048***	0.069***	0.021***	0.033***
	(0.045)	(0.054)	(0.064)	(0.017)	(0.047)	(0.086)
Constant	0.047	0.055	0.076	0.083***	0.054	0.069
	(0.091)	(0.056)	(0.057)	(0.055)	(0.063)	(0.057)
R-squared	0.059	0.091	0.540	1,263	1,263	1,263
firm effect	NO	YES	YES	0.681	0.091	0.540
year effect	NO	NO	NO	NO	YES	YES
F-test	1.7120	2.5090	9.0590	NO	NO	NO
Prob > F	0.0968	0.0128	0.000	670.5	2.509	9.059
Number of Firms	118	118	118	0	0.0128	0
Wald-chi2				118	118	
Prob > chi2						

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 7.4 presents the static models result, while Tables 7.4 and 7.5 present the difference-GMM and system-GMM results. The static models show a significantly positive impact of educational qualification on firm performance in Nigeria, which supports Hypothesis 2. That is, on average, an increase in the number of female board members with educational qualifications significantly improves firm performance measured by ROA and Tobin's Q.

Table 7.5: Dynamic Panel Data Analyses-Difference GMM

VARIABLES	(1) ROA DGMM2	(2) ROA DGMM2-CL-a	(3) TBQ DGMM2	(4) TBQ DGMM2-CL-a
EDQ	0.068***	0.036**	0.042***	0.075**
	(0.059)	(0.026)	(0.039)	(0.068)
LNBDZ	0.015**	0.099***	0.042**	0.059**
	(0.026)	(0.012)	(0.049)	(0.079)
LNTA	0.019**	0.040**	0.011**	0.087**
	(0.017)	(0.038)	(0.028)	(0.076)
LNFA	0.036**	0.045**	0.083	0.011**
	(0.015)	(0.044)	(0.035)	(0.014)
LEV	0.044***	0.077**	0.032**	0.016***
	(0.063)	(0.025)	(0.034)	(0.084)
CDL	-0.019***	-0.047**	-0.083**	-0.023**
	(0.068)	(0.055)	(0.037)	(0.032)
TAN	0.068***	0.035***	0.016***	0.039**
	(0.037)	(0.055)	(0.076)	(0.012)
Constant	0.057	0.086	0.048	0.016
	(0.054)	(0.076)	(0.069)	(0.015)
Observations	1,263	1,263	1,263	1,263
Number of firms	118	118	118	118
firm effect	YES	YES	YES	YES
year effect	NO	NO	NO	NO
Hansen test	14.83	17.37	10.95	3.506
Hansen Prob	1	0.00385	1	0.622
Sargan test	1095	336.2	861	3.357
Sargan Prob	0	0	0	0.645
AR(1)_test	0.704	0.944	0.937	0.954
AR(1)_P-value	0.481	0.345	0.349	0.340
AR(2)_test	0.110	1.165	1.177	1.086
AR(2)_P-value	0.912	0.244	0.239	0.277
No. of Instruments	74	13	63	13

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. DGMM2 denotes Two-Step Diff-GMM. Regressions with suffix ‘‘CL’’ follow Roodman (2009a) and collapse the instrument matrix. a denotes lag (1 5).

The results are robust to various econometric procedures, as the difference GMM in Table 7.5 results reveal that female educational qualification positively and significantly promotes firm performance using ROA and Tobin’s Q. The control variables also indicate that leverage and firm size affects Tobin’s Q and ROA positively, while CEO duality affects firm performance negatively. Firm age and board duality displayed mixed results across the models.

Table 7.6: Dynamic Panel Data Analyses-System GMM

Variables	(1) ROA SGMM2	(2) ROA SGMM2-CL-a	(3) ROA SGMM2-END-CL-b	(4) TBQ SGMM2	(5) TBQ SGMM2-END-CL-a	(6) TBQ SGMM2-END-CL-b
L. Performance					0.0586***	0.0423***
					(0.0154)	(0.0753)
L2. Performance					0.0429**	0.0250***
					(0.0184)	(0.0867)
EDQ	0.0357***	0.0386***	0.0248***	0.0416*	0.0507*	0.0580*
	(0.0358)	(3.761)	(0.0364)	(0.0417)	(0.0561)	(0.0260)
LNBDZ	0.0112**	0.0433**	0.0884***	0.0738*	0.0719***	0.0248***
	(0.0204)	(0.0148)	(0.0272)	(0.0229)	(0.0782)	(0.0088)
LNTA	0.0844***	0.0947	0.0763***	0.0891	0.0109***	0.0623***
	(0.0786)	(0.0872)	(0.0743)	(0.0858)	(0.0338)	(0.0206)
LNFA	0.0511***	0.0714****	0.0108*	0.0823*	0.0430***	0.0120***
	(0.0126)	(0.0135)	(0.0223)	(0.0232)	(0.0319)	(0.0212)
LEV	0.0229***	0.011***	0.072***	0.010***	0.069****	0.037***
	(0.083)	(0.086)	(0.051)	(0.082)	(0.088)	(0.015)
CDL	-0.091***	-0.040***	-0.026***	-0.014**	-0.059***	-0.021***
	(0.081)	(0.024)	(0.041)	(0.024)	(0.043)	(0.019)
TAN	0.021***	0.056***	0.046**	0.098**	0.038***	0.015***
	(0.022)	(0.013)	(0.051)	(0.097)	(0.032)	(0.079)
Constant	0.021***	0.056***	0.046***	0.019*	0.053**	0.015*
	(0.042)	(0.013)	(0.051)	(0.022)	(0.032)	(0.079)
Observations	1,263	1,263	1,263	1,263	1,263	1,263
Number of firm	118	118	118	118	118	118
firm effect	YES	YES	YES	YES	YES	YES
year effect	NO	NO	NO	NO	NO	NO
Hansen test	15.48	15.11	15.48	15.11	9.918	1.971
Hansen Prob	1.000	0.0194	1.000	0.0194	0.0418	0.373
Sargan test	4384	4044	4384	4044	86.40	73.35
Sargan Prob	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
AR(1)_test	0.935	0.931	0.865	0.821	-1.188	-1.093
AR(1)_P-value	0.350	0.352	0.387	0.412	0.235	0.274
AR(2)_test	1.281	1.317	1.199	1.226	1.149	0.858
AR(2)_P-value	0.200	0.188	0.230	0.220	0.251	0.391
No. of Instru	174	105	94	151	105	103

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. SGMM2 denotes Two-Step GMM. Also, regressions with suffix ''END'' treat edq & lagged roa/tbq as endogenous. Regressions with suffix ''CL'' follow Roodman (2009a) and collapse the instrument matrix. a & b denote lag (1 5) & lag (2 4), respectively.

The result of the system GMM, as presented in Table 7.6, is consistent with the difference GMM results. Specifically, the results indicate that female educational qualification is a positive and

significant predictor of firm performance. This is consistent with the agency and resource dependency theory. Higher-qualified board members provide benefits to the companies through a variety of skills and abilities (Carver, 2002; Carpenter & Westphal, 2001), which foster a diversified viewpoint in decision-making (Milliken & Martins, 1996; Biggins, 1999). Similarly, ensuring women have access to education is a powerful tool for empowering them. Women board members with strong educational backgrounds would broaden the body of knowledge, encourage additional options, and promote more intelligent problem-solving (Cox & Blake, 1991). Higher education holders, those with research and analysis intensive qualifications such as PhDs, will provide a rich source of innovative ideas for developing policy initiatives, which will be analytically robust and rigorous, thereby offering unique perspectives on strategic issues (Westphal & Milton, 2000).

Hypothesis 2 predicted that educational qualification of female board members is positively associated with firm performance. The coefficient of female board members' educational qualifications is positive and statistically significant. The result indicates that an increase in the number of female board members with educational qualifications or the acquisition of higher educational qualifications by female board members would lead to increased firm performance. The positive and statistically significant effect of educational qualification on firm performance is consistent with the resource dependency theory that educational qualification is a strategic resource (Ujunwa, 2012; Carpenter & Westphal, 2001; Ingley & van der Walt, 2001) that assists female board members in executing board functions. Previous studies on educational qualification focus on the entire board. No previous study has considered any specific linkage between the qualification of female board members and firm performance. It was undertaken by Ujunwa (2012), Carpenter & Westphal (2001), and Ingley & van der Walt (2001) and focused on female board members.

7.5 Hypothesis Three

Table 7.7: Static Panel Data Analyses

VARIABLES	(1) ROA OLS	(2) ROA FE	(3) ROA LSDV	(1) TBQ Pooled-OLS	(2) TBQ FE	(3) TBQ LSDV
BGN	0.0876	0.065	0.0913	0.0277	0.0327	0.0274
	(0.0740)	(0.0632)	(0.0900)	(0.00913)	(0.00347)	(0.00965)
LNBDZ	0.0221**	0.0514**	0.0672	-0.1348***	-0.9757**	-0.1359***
	(0.0433)	(0.0498)	(0.0453)	(0.8567)	(0.4683)	(0.8925)
LNTA	0.0277***	0.0327***	0.0274***	0.4144***	0.2742	0.4486***
	(0.00913)	(0.00347)	(0.00965)	(5.343)	(2.332)	(5.817)
LNFA	0.0348***	0.0757**	0.0359***	-0.0200	-0.488***	0.150**
	(0.0567)	(0.0683)	(0.0895)	(0.0634)	(0.0700)	(0.0694)
LEV	0.0155**	0.0379**	0.0154**	0.0765	0.0317	0.0331**
	(0.0809)	(0.0154)	(0.0743)	(0.0541)	(0.00389)	(0.0518)
CDL	-0.0444***	-0.0742*	-0.0861***	0.0715*	-0.1331**	0.0192
	(0.0343)	(0.0332)	(0.0817)	(0.0641)	(0.5198)	(0.0149)
TAN	-0.0974**	-0.0123**	-0.1091*	0.0317***	0.3162	-0.0162*
	(0.0234)	(0.0987)	(0.0753)	(0.00389)	(2.607)	(0.0607)
Constant	0.0455***	0.0436***	0.0650***	0.1955***	0.2987***	0.2198***
	(0.0961)	(0.0797)	(0.0357)	(0.1669)	(0.1769)	(0.1922)
R-squared	0.849	0.800	0.856	0.623	0.432	0.210
country effect	NO	YES	YES	NO	YES	YES
year effect	NO	NO	NO	NO	NO	NO
F-test	111	71.91	34.95	20.97	19.72	17.23
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000
Wald-chi2						
Prob > chi2						

Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Hypothesis 3 predicted that the number of foreign women board members is positively associated with firm performance. Table 7.7 presents the results of the static models, whilst Tables 7.7 and 7.8 present the results of difference and system GMM. The static models also comprise the Pooled regression (Pooled-OLS), Fixed-Effect (FE) regression, and Least Square Dummy Variables (LSDV). The static model results reveal that gender nationality is a weak predictor of firm performance for accounting-based (ROA) and market-based measures of performance.

Table 7.8: Dynamic Panel Data Analyses-Difference GMM

Variables	(1) ROA DGMM2	(2) ROA DGMM2-CL-a	(3) ROA DGMM2 CL-b	(4) Tobin's Q DGMM2	(5) Tobin's Q DGMM2-CL-a	(6) Tobin's Q DGMM2-CL-b
BGN	0.067	-0.095*	0.093	0.080	0.094	0.078
	(0.059)	(0.083)	(0.032)	(0.042)	(0.055)	(0.063)
LNBDZ	0.095***	0.038**	0.078***	0.064***	0.055	0.069*
	(0.057)	(0.029)	(0.064)	(0.047)	(39.42)	(0.036)
LNTA	0.059*	0.087*	-0.021	-0.074	-0.052	-0.065
	(0.028)	(0.065)	(0.006)	(0.003)	(0.043)	(0.031)
LNFA	0.058**	0.176***	0.083***	0.047***	0.097***	0.085***
	(0.070)	(0.069)	(0.082)	(0.042)	(1,734)	(519.7)
LEV	0.035***	0.038***	0.024***	0.041***	0.057***	0.050***
	(0.034)	(0.036)	(0.049)	(0.017)	(0.051)	(0.026)
CDL	-0.057	-0.062	-0.038	-0.044	-0.026	-0.076
	(0.052)	(0.059)	(0.040)	(0.048)	(0.017)	(0.011)
TAN	0.011	0.043	0.082	0.073	0.072	0.024
	(0.020)	(0.014)	(0.027)	(0.022)	(0.078)	(0.058)
Constant	0.084	0.009	0.076	0.089	0.019	0.0623
	(0.078)	(0.087)	(0.074)	(0.084)	(0.038)	(0.026)
Observations	1708	1708	1708	1708	1708	1708
No. of firms	118	118	118	118	118	118
firm effect	YES	YES	YES	YES	YES	YES
year effect	NO	NO	NO	NO	NO	NO
Hansen Prob	0.219	0.244	0.201	0.175	0.251	0.156
Sargan Prob	0.715	0.441	0.871	0.630	0.721	0.547
AR(1)_P-value	0.244	0.282	0.227	0.304	0.879	0.548
AR(2)_P-value	0.216	0.248	0.427	0.757	0.132	0.846
No. of Instruments	65	14	75	14	65	14

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. DGMM2 denotes Two-Step Diff-GMM. Regressions with suffix ''CL'' follow Roodman (2009a) and collapse the instrument matrix. a denotes lag (1 5) and b denotes lag (2 4).

Table 7.8 presents the results of the different GMM models. The results of the difference GMM results are consistent with the static models results. Specifically, the coefficient of gender nationality is positive but not significant at 5% and 1% levels of significance across the two measures of performance. The result is robust across the two estimators of difference GMM – one-step and two-step.

Table 7.9: Dynamic Panel Data Analyses-System GMM

Variables	(1) ROA SGMM2-END	(2) ROA SGMM2-END-CL-a	(3) TBQ SGMM2-END	(4) TBQ SGMM2-END-CL-a
L.Firm Performance	0.095***	0.099***	0.798***	0.919***
	(0.080)	(0.063)	(0.653)	(0.705)
BGN	0.787*	0.018*	0.051	0.093
	(0.940)	(0.020)	(0.042)	(0.082)
LNBDZ	0.067**	0.042*	0.088***	0.091***
	(0.041)	(0.020)	(0.051)	(0.073)
LNTA	0.049**	0.043***	0.067***	0.073***
	(0.023)	(0.024)	(0.064)	(0.066)
LNFA	0.023**	0.088***	0.081***	0.073***
	(0.052)	(0.030)	(0.074)	(0.069)
LEV	0.025***	0.035***	0.092***	0.059**
	(0.014)	(0.020)	(0.064)	(0.054)
CDL	-0.076*	-0.033	-0.083	-0.013
	(0.052)	(0.016)	(0.066)	(0.005)
TAN	0.016***	0.093***	0.066**	0.085
	(0.006)	(0.060)	(0.065)	(0.082)
Constant	2.485	2.002	0.088***	0.098***
	(2.164)	(1.640)	(0.078)	(0.082)
Observations	1708	1708	1708	1708
Number of firms	118	118	118	118
firm effect	YES	YES	YES	YES
year effect	NO	NO	NO	NO
Hansen Prob	0.170	0.180	0.112	0.201
Sargan Prob	0.567	0.342	0.745	0.0.101
AR(1)_P-value	0.048	0.023	0.000	0.000
AR(2)_P-value	0.260	0.273	0.889	0.672
No. of Instruments	123	111	131	101

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1. SGMM2 denote Two-Step GMM. Regressions with suffix ‘‘END’ ’treat the independent variables and the lagged value of firm performance as endogenous. Regressions with suffix ‘‘CL’’ follow Roodman (2009a) and collapse the instrument matrix. a denotes lag (1 5).

Table 7.9 presents the results of the system GMM. The result of the system GMM is consistent with the results of the static and difference models. The results reveal that the coefficients of firm performance using ROA and Tobin’s Q are positive but statistically insignificant, which indicates that gender nationality is not a significant predictor of firm performance in the Nigerian corporate environment. This result could be attributed to the low number of foreign female board members in the Nigerian corporate environment and the insensitivity of the market to foreign female representation on corporate boards. The descriptive results reveal that, with a board size of 8.2, only 0.067 are likely to be foreign female board members. This means that for every 122.29 board members, only 1 person is likely to be a female foreign board member.

The result indicates that the effect of gender nationality on firm performance is inconclusive using data from Nigeria. The result failed to support this work's hypothesis from the agency theory perspective that the presence of foreign board members assures minority owners that the firm is professionally managed (Marimuthu & Kolandaisamy, 2009). From the resource dependency theory perspective, foreign female boards constitute a stock of qualified board candidates with broader industry experience (Ujunwa *et al.* 2012). The empirical results present a contradiction of the theories. This inconclusive evidence of the effect of foreign female board members on firm performance in Nigeria could be attributed to the low number of female foreign board members. Foreign female board members would require some power to bring norm changes, and such powers come from having two or more foreign female board members. The effectiveness of foreign female board members in promoting timeliness to financial reporting, high quality financial reporting (Dobija & Puławska, 2022), access to international financial markets, improved corporate governance standards, and ultimately firm performance may depend on the power to effect norm changes. Where the foreign female board member could not exert any influence because of voting power, such norm changes may not materialise.

7.6 Summary

Educational qualifications and nationality are two important characteristics discussed in this study. Well-educated women are more likely to promote firm performance when appointed to senior positions. Objective 2 examined the effect of female board members' personal attributes (educational qualification and gender nationality) on firm performance. To achieve this objective, two hypotheses were formulated and tested, which constitute Hypotheses 2 and 3 of the study. Hypothesis 2 predicted that the educational qualification of female board members has a positive impact on firm performance. The results of the static regression and dynamic GMM models documented conclusive evidence that educational qualification of female board members is a positive and significant driver of firm performance using accounting and market measures. This reason is supported by Huse & Solberg (2006), that education is the first attribute for selecting female board members. This research argues that, for the benefit of gender diversity to materialise, the female board members must have the educational skill to effect norm changes.

Hypothesis 3 predicted that the number of foreign female board members is positively associated with firm performance. This hypothesis argues that the presence of foreign female board members

promotes timeliness to financial reporting, high quality financial reporting (Dobija & Puławska, 2022), access to international financial markets and improves corporate governance standards, and ultimately firm performance. The results documented inconclusive evidence on the relationship between the presence of foreign female board member and firm performance in Nigeria because the coefficients of gender nationality are positive but insignificant at 5% and 1% levels of significance across the models and measures of performance. The findings could be attributed to the low number of foreign female representations on corporate boards and the insensitivity of the market to foreign female representation on corporate boards. Specifically, the ability to effectively norm changes depend largely on voting power.

CHAPTER 8

PERSONAL ATTRIBUTES (EDUCATIONAL QUALIFICATION AND GENDER NATIONALITY) OF FEMALE BOARD MEMBERS ON FIRM PERFORMANCE: RESULTS AND DISCUSSION

8.1 INTRODUCTION

This section examines the relationship between the gender diversity governance channels and firm performance in Nigeria. In this chapter the results of the study are presented and analysed. This chapter focuses on the analysis of the descriptive statistics, correlation results, and a test of the two (Hypotheses 4 and 5 formulated in line with the objectives of the study). In testing the hypotheses, this work estimated on the static panel model comprising the Pooled regression (Pooled OLS), Fixed Effect (FE), and Least Square Dummy Variables (LSDV), and Dynamic model comprising Difference-GMM (DGMM) and System-GMM (SGMM). The achievement of Objective 3 in this section is also demonstrated.

8.2 Analysis of Descriptive Results

Table 8.1: Descriptive Analysis

	Mean	Maximum	Minimum	Std. Dev.	Observation
ROA	0.001	0.012	-0.289	0.0189	1632
TBQ	0.018	0.289	0.031	0.103	1578
BCM	0.151	0.497	0.059	0.091	2033
ABM	0.859	0.888	0.851	0.567	1708
LEV	0.294	0.491	0.102	0.011	1632
BDZ	8.21	15	6	4.5	1728
TA	5.124	9.239	1.421	1.078	1639
FA	36.12	103	3	20.761	1737
BDL	0.13	0.1	0	0.093	1578
TAG	0.39	0.427	0.221	0.193	1639

The descriptive result is presented in Table 8.1. Return on assets (ROA) as a measure of performance examines the effectiveness of managers in increasing firm returns from assets at their disposal. Returns on assets averaged 0.1% within the period under review, indicating that managers earned a return of 0.1% from the total assets. Tobin's Q (TBQ) averaged 1.8% for the review period. The value of Tobin's Q is higher than ROA, indicating which market value stock

is either overvalued or does not reflect company fundamentals. The mean of female attendance at board meetings (ABM) is 85.9% indicating female board members attend board meetings regularly. This is consistent with the view that female board members are diligent and are more likely to attend board meetings than men. The result also indicates that 15.1% of the board committees (BCM) have female board members. This result should be treated with caution for the following reason. Given the low level of gender diversity on the Nigerian corporate boards, a board with female representation could strive to have the female board member serve in two or more board committees, especially, risk management and remuneration committees.

The mean of firm leverage (LEV) averaged 29.4% for the review period. This could be interpreted by the following factors. First is the forced form pecking order due to market structure. Banks are unwilling to lend for long periods because of structural rigidities and asset mismatch, and firms in need of long-term funds are compelled to rely first on internal financing and equity, since they can only attract short-term funds from the banking system. Second is the restriction of the sample to non-financial companies. The inclusion of highly levered financial institutions would have increased the leverage ratio. The natural logarithm of firm size (TA) averaged 5.12. The total asset of the biggest firm averaged 9.239 while the smallest averaged 1.421, indicating wider disparity of firm sizes in Nigeria. The average age of the firms (FA), which is 36 years, could also explain the leverage ratio, since it is argued that firm age is positively correlated with the use of debt (Kieschnick & Moussawi, 2018). The descriptive results also reveal that 13% of the firms have one person serving as the board chairman and Chief Executive Officer (BDL), 39% of the total assets as tangible assets (TAG), and the average board size of the selected firms is 8.

8.3 Multicollinearity Test

Table 8.2: Spearman Correlation Results

	ROA	TBQ	BCM	ABM	LEV	BDZ	TA	FA	BDL	TAG
ROA	1.000									
TBQ	0.569***	1.000								
BCM	0.668***	0.479**	1.000							
ABM	0.676**	0.324**	0.584	1.000						
LEV	0.706***	0.617**	-0.268*	0.556***	1.000					
BDZ	0.401**	0.500**	-0.609	-0.248**	0.577*	1.000				
TA	0.402***	0.355***	0.460	-0.604	0.349	0.268***	1.000			
FA	0.263***	0.499**	-0.336*	0.476***	0.328*	0.954***	0.464**	1.000		
BDL	-0.363**	0.289**	-0.226	-0.580**	0.405	-0.507	0.105	-0.254**	1.000	
TAG	0.200**	0.472**	0.922*	-0.224	0.541*	0.354***	0.593**	0.216***	0.660	1.000

ROA (Return on Asset) = ratio of profit before interest and tax over total assets; TBQ (Tobin's Q) = ratio of total assets minus book value of equity plus market value of equity to book value of total assets; ABM (Attendance to Board Meetings) = ratio of average number of board meetings attended by female board members to total board meetings; BCM (Board Committee Membership) = ratio of total board committees with female representation to total board committees; LEV (Leverage) = ratio of total debt to equity; CDL (CEO duality) = takes the value of 1 if one person serves as the CEO and board chairman and 0 if the two positions are separated; TAG (Asset Tangibility) = ratio of tangible assets to total assets; LNBDZ (Board Size) = natural logarithm of total board size; LNTA (Firm Size) = natural logarithm of firm total assets; and LNFA (Firm Age) = natural logarithm of firm age from the date of incorporation. * $p<0.05$, ** $p<0.1$

To understand the relationship between the independent variables, the result of the Spearman correlation is presented in Table 8.2. Previous studies suggest that correlations less than 80% should not be an immediate source of concern to researchers (Hair *et al*. 2010; Higaki, 2021; Hu *et al*. 2022; Al-Matari, 2022). The correlation coefficients are below the threshold of 80%, which implies that the presence of multicollinearity in the results may not bias the estimation. It also indicates that the presence of structural multicollinearity (due to sensitive to small changes in the model or data transformation) or data multicollinearity may not weaken the statistical power of your regression model.

Table 8.3: Variance Inflation Factor Results

Variables	coefficient Variance	Uncentered VIF	Centered VIF
C	1.668	64.554	NA
BCN	0.003	1.068	1.045
ABM	0.001	1.013	1.008
LEV	0.096	90.559	1.482
BDZ	0.001	1.555	1.042
TA	0.189	37.541	1.499
FA	0.031	1.146	1.029
CDL	0.231	31.980	1.980
TAG	1.897	34.160	1.780

ABM (Attendance to Board Meetings) = ratio of average number of board meetings attended by female board members to total board meetings; BCM (Board Committee Membership) = ratio of total board committees with female representation to total board committees; LEV (Leverage) = ratio of total debt to equity; CDL (CEO duality) = takes the value of 1 if one person serves as the CEO and board chairman and 0 if the two positions are separated; TAG (Asset Tangibility) = ratio of tangible assets to total assets; LNBDZ (Board Size) = natural logarithm of total board size; LNTA (Firm Size) = natural logarithm of firm total assets; and LNFA (Firm Age) = natural logarithm of firm age from the date of incorporation.

To validate the results of the Spearman Correlation, we estimate the variance inflation factor. Currently, there is no consensus on variance inflation factor criterion that is problematic. Vittinghoff (2005) prescribed variance inflation factor that is greater than ten (VIF >10). Others recommends variance inflation factor that is greater than ten or 5 (VIF >10 or VIF >5) (James et

al. 2017), greater than 5 (VIF > 5 is cause for concern and VIF > 10 indicates a serious collinearity problem) (Menard, 2001), and greater than 2.5 (Johnston et al., 2018). Based on the above, we relied on Johnston et al. (2018) and adopt VIF > 2.5 as indication of collinearity problem, despite the suggestion that the criterion is a bit restrictive. The variance inflation factor results presented in Table 8.3 indicates that the presence of collinearity problem would not bias the result since the VIF values are below the threshold.

8.4 Hypothesis Four

Table 8.4: Static Panel Data Analyses

	(1) ROA	(2) ROA	(3) ROA	(4) TBQ	(5) TBQ	(6) TBQ
VARIABLES	Pooled-OLS	FE	LSDV	Pooled-OLS	FE	LSDV
ABM	0.037***	0.018***	0.016**	0.056**	0.024**	0.063**
	(0.028)	(0.148)	(0.084)	(0.091)	(0.060)	(0.024)
LNBDZ	0.047**	0.067**	0.093***	0.016**	0.078***	0.065***
	(0.079)	(0.096)	(0.072)	(0.043)	(0.017)	(0.054)
LNTA	0.026**	0.099**	0.046**	0.066***	0.059**	0.012**
	(0.094)	(0.028)	(0.014)	(0.042)	(0.065)	(0.098)
LNFA	0.096**	0.078***	0.061***	0.046***	0.075***	0.043***
	(0.056)	(0.038)	(0.051)	(0.040)	(0.017)	(0.042)
LEV	0.072	0.086	0.048	0.069	0.057	0.058
	(0.058)	(0.076)	(0.039)	(0.075)	(0.051)	(0.026)
CDL	-0.012**	-0.043**	-0.068**	-0.054*	-0.024*	-0.076**
	(0.096)	(0.015)	(0.030)	(0.078)	(0.075)	(0.064)
TAN	0.021**	0.033***	0.042*	0.073*	0.094**	0.085*
	(0.047)	(0.086)	(0.023)	(0.097)	(0.082)	(0.088)
Constant	0.045*	0.055**	0.037*	0.038***	0.013***	0.043**
	(0.067)	(0.088)	(0.091)	(0.071)	(0.037)	(0.084)
R-squared	0.165	0.189	0.428	0.8821	0.8239	0.8469
firm effect	NO	YES	YES	NO	YES	YES
year effect	NO	NO	NO	NO	NO	NO
F-test	5.422	5.864	5.785	10.65	3.518	0.034
Prob > F	0.0068	0.0507	0.0000	0.0000	0.0078	0.000
Wald-chi2						
Prob > chi2						

Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table 8.4 presents the static models result, whilst Tables 8.4 and 8.5 present the difference-GMM and system-GMM results. The static models show there is a positive and significant relationship between female board members' attendance at board meetings and firm performance for ROA and

Tobin's Q, supporting Hypothesis 4. More specifically, attendance at board meetings leads to better market value and return on assets.

Table 8.5: Dynamic Panel Data Analyses-Difference GMM

Variables	(1) ROA DGMM2	(2) ROA DGMM2-CL-a	(3) ROA DGMM2-CL-b	(4) TBQ DGMM2	(5) TBQ DGMM2-CL-a	(6) TBQ DGMM1-CL-B
ABM	-0.047**	-0.065**	-0.089**	-0.071**	-0.044**	-0.082**
	(0.055)	(0.057)	(0.072)	(0.028)	(0.037)	(0.068)
LNBDZ	0.053***	0.028***	0.041***	0.074***	0.090**	0.098***
	(0.033)	(0.012)	(0.030)	(0.073)	(0.084)	(0.034)
LNTA	0.037**	0.042***	0.078***	0.090	0.034*	0.050*
	(0.028)	(0.027)	(0.046)	(0.062)	(0.015)	(0.045)
LNFA	0.014***	0.064***	0.041***	0.070***	0.121***	0.189***
	(0.012)	(0.052)	(0.040)	(0.063)	(0.032)	(0.044)
LEV	0.029***	0.061***	0.072***	0.031**	0.069*	0.037***
	(0.018)	(0.086)	(0.051)	(0.082)	(0.088)	(0.015)
CDL	-0.091**	-0.040***	-0.026**	-0.021**	-0.059***	-0.021****
	(0.081)	(0.024)	(0.011)	(0.004)	(0.048)	(0.019)
TAM	-0.021***	0.056***	0.046***	0.019**	0.050**	0.015***
	(0.019)	(0.038)	(0.051)	(0.022)	(0.032)	(0.013)
Constant	0.057	0.086	0.088	0.0416	0.507	0.058
	(0.035)	(0.061)	(0.049)	(0.015)	(0.561)	(0.260)
Observations	1708	1708	1708	1708	1708	1708
No. of id	118	118	118	118	118	118
firm effect	YES	YES	YES	YES	YES	YES
year effect	NO	NO	NO	NO	NO	NO
Hansen Prob	0.183	0.207	0.194	0.214	0.222	0.143
Sargan Prob	0.111	0.501	0.280	0.541	0.764	0.442
AR(1)_P-value	0.304	0.280	0.313	0.314	0.201	0.211
AR(2)_P-value	0.320	0.300	0.320	0.331	0.207	0.223
No. of Inst	134	98	79	167	93	89

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. DGMM2 denotes Two-Step Diff-GMM. Regressions with suffix ''CL'' follow Roodman (2009a) and collapse the instrument matrix. a denotes lag (1 5) and b denotes lag (2 4).

The results are robust to various econometric procedures, as the difference GMM and system GMM results reveal similar results. To be more specific, the results of the difference GMM models presented in Table 8.5 presents are consistent with the static models results. The coefficients of attendance at board meetings are positive and significant at 5% and 1% levels of significance across the two measures of performance.

Table 8.6: Dynamic Panel Data Analyses-System GMM

Variables	(1) ROA SGMM2-END	(2) ROA SGMM2-END-CL-a	(3) ROA SGMM2-END-CL-b	(4) TBQ SGMM2-END	(5) TBQ SGMM2-END-CL-a	(6) TBQ SGMM2-END-CL-a
ABM	0.070***	0.095***	0.087***	0.075***	0.094***	0.072***
	(0.052)	(0.087)	(0.139)	(0.021)	(0.070)	(117.6)
LNBDZ	-0.002***	-0.002***	-0.049**	-0.043***	-0.031**	-0.173***
	(0.003)	(0.003)	(0.023)	(0.024)	(0.177)	(0.195)
LNTA	0.095***	0.091***	0.023**	0.088***	00.022**	0.085**

	(0.007)	(0.087)	(0.052)	(0.030)	(0.003)	(0.032)
LNFA	-0.027***	-0.052***	-0.087***	-0.019***	-0.087**	-0.064***
	(0.043)	(0.024)	(0.054)	(0.080)	(0.080)	(0.041)
LEV	0.184	0.048	0.141	0.016	0.069**	0.092***
	(0.068)	(0.092)	(0.011)	(0.083)	(0.051)	(0.048)
CDL	-0.078	-0.095*	-0.019*	-0.086*	-0.098	-0.024
	(0.031)	(0.010)	(0.011)	(0.097)	(0.019)	(0.059)
TAN	0.024	0.054	0.056	0.046	0.024	0.054
	(0.059)	(0.063)	(0.057)	(0.045)	(0.078)	(0.089)
Constant	0.024	0.065	0.085	0.022	0.053	0.010
	(0.090)	(0.026)	(0.028)	(0.016)	(0.024)	(0.080)
Observations	1708	1708	1708	1708	1708	1708
Number of firms	118	118	118	118	118	118
firm effect	YES	YES	YES	YES	YES	YES
year effect	NO	NO	NO	NO	NO	NO
Hansen Prob	0.154	0.138	0.170	0.180	0.141	0.115
Sargan Prob	0.466	0.232	0.567	0.342	0.123	0.921
AR(1)_P-value	0.300	0.297	0.248	0.223	0.138	0.229
AR(2)_P-value	0.319	0.311	0.260	0.273	0.376	0.213
No. of Instruments	159	126	76	172	166	102

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. SGMM2 denotes Two-Step System-GMM. Suffix ‘‘END’’ treats performance & lagged performance as endogenous. Regressions with suffix ‘‘CL’’ follow Roodman(2009b) and collapse the instrument matrix. a denotes lag (1 5), and b denotes lag (2 4).

The results of the system GMM presented in Table 8.6 are also consistent with the static and different GMM results. The results reveal that the coefficients of attendance at board meetings are positive and a significant predictor of firm performance using ROA and Tobin’s Q. This is consistent with the resource dependency theory that the participation of female board members in board members meeting creates a platform for contributing their skill and expertise to strategic corporate decisions, which improves ROA. The positive relationship between attendance at board meetings and Tobin’s Q could be interpreted that reporting of attendance at board meetings, a corporate governance disclosure requirement in the annual report and statement of account, is monitored by investors, who may factor this in the pricing of stocks. The control variables also indicate that leverage and firm size positively affect Tobin’s Q and ROA, while CEO duality affects firm performance negatively. Firm age and board duality displayed mixed results across the models.

Hypothesis 4 predicted that attendance at board meetings by female board members is positively associated with firm performance. The coefficient of female attendance to board meetings is positive and statistically significant. The positive and statistically significant effect of attendance at board meetings on firm performance is consistent with the resource dependency and agency theories that attendance at board meetings is a measure of the intensity or dedication to board activities. The importance of attendance at board meetings as a strategic resource and effective

monitoring mechanism influenced the decision to compel firms to report directors' attendance to board meetings. Board meetings create the platform for the board to monitor management, review corporate strategy and costs such as directors' fees, travel expenses, managerial time, associated cost of board meetings, and follow-up on important corporate strategies (Vafeas, 1999; Zahra & Pearce, 1989). Previous studies on board meetings focused generally on the entire board. No previous study has considered any specific linkage between the female board members' attendance at meetings and firm performance. This was undertaken by Ujunwa (2012), Carpenter & Westphal (2001), and Ingley & van der Walt (2001) and focused on female board members. The results are consistent with the findings of Carcello *et al*. (2002), Beasley *et al*. (2000), and Vafeas (1999) that attendance at board meetings is an indication of board diligence, intensity of board activities, and commitment of board members.

8.5 Hypothesis Five

Table 8.7: Static Panel Data Analyses

	(1)	(2)	(3)	(4)	(5)	(6)
	ROA	ROA	ROA	Tobin's Q	Tobin's Q	Tobin's Q
Variables	OLS	FE	LSDV	OLS	FE	LSDV
BCM	-0.070***	-0.064**	-0.126**	0.031	72.26	72.26
	(0.009)	(0.083)	(0.044)	(33.82)	(47.30)	(47.30)
LNBDZ	0.060***	0.034***	0.025***	0.434***	0.240***	0.061***
	(0.057)	(0.022)	(0.020)	(0.018)	(0.012)	(0.009)
LNTA	0.106***	0.022***	0.081***	0.094	0.092	0.022
	(0.063)	(0.001)	(0.040)	(0.050)	(0.048)	(0.018)
LNFA	0.093***	0.086***	0.070***	0.050**	0.072***	0.059***
	(3.593)	(0.069)	(0.046)	(0.045)	(0.041)	(0.051)
LEV	0.041***	0.013**	-0.051**	0.047***	0.002***	0.010***
	(0.022)	(0.021)	(0.028)	(0.014)	(0.001)	(0.029)
CDL	-0.086***	-0.077***	-0.039***	0.025***	-0.028***	0.088***
	(0.065)	(0.069)	(0.021)	(0.019)	(0.027)	(0.077)
TAN	-0.072***	-0.074***	-0.037***	-0.090***	-0.085***	-0.058***
	(0.027)	(0.043)	(0.023)	(0.081)	(0.039)	(0.033)
Constant	0.396	0.183	0.041	0.035	0.037	0.030
	(0.037)	(0.310)	(0.034)	(0.056)	(0.018)	(0.013)
Observations	1708	1708	1708	1708	1708	1708
R-squared	0.300	0.203	0.509	0.196	0.187	0.441
firm effect	NO	YES	YES	NO	YES	YES
year effect	NO	NO	NO	NO	NO	NO
F-test	7.429	4.015	6.400	4.236	3.629	4.871
Prob > F	0.149	0.000	0.067	0.335	0.000	0.136
Number of firms		118			19	
Wald-chi2						
Prob > chi2						

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Hypothesis 5 focuses on the relationship between female representatives on board committees and firm performance, by predicting that greater representation of female board members on board committees is positively associated with firm performance. Table 8.7 presents the static panel

results. The static panel results indicate that the coefficients of female representation on board committees are negative and significant predictors of firm performance using the account-based measure. The relationship is, however, weak for market-based measures of firm performance (Tobin's Q), an indication that the market does not factor female representation in board committee in stock pricing.

Table 8.8: Dynamic Panel Data Analyses-Difference GMM

Variables	(1) ROA DGMM2	(2) ROA DGMM2-CL-a	(3) ROA DGMM2-CL-b	(4) TBQ DGMM2	(5) TBQ DGMM2-CL-a	(6) TBQ DGMM2-CL-b
BCM	-0.019**	-0.011***	-0.022**	-0.161*	-0.104*	-0.157*
	(0.042)	(0.058)	(0.079)	(0.079)	(0.117)	(0.111)
LNBDZ	0.060**	0.006**	0.406**	0.004*	0.074*	0.056*
	(0.032)	(0.052)	(0.052)	(0.022)	(0.062)	(0.009)
LNTA	0.086***	0.077***	0.039***	0.082***	0.025***	0.028***
	(0.065)	(0.069)	(0.021)	(0.071)	(0.019)	(0.027)
LNFA	0.072***	0.074***	0.037***	0.058***	0.090***	0.085***
	(0.027)	(0.043)	(0.023)	(0.047)	(0.081)	(0.039)
LEV	0.011***	0.044**	0.066***	0.076	0.0376	0.099
	(0.010)	(0.040)	(0.013)	(0.043)	(0.033)	(0.023)
CDL	-0.024**	0.086**	-0.043*	-0.014*	-0.067***	-0.096***
	(0.011)	(0.047)	(0.025)	(0.027)	(0.038)	(0.026)
TAN	0.059****	0.090****	0.044****	0.096**	0.018*	0.015*
	(0.021)	(0.063)	(0.036)	(0.034)	(0.097)	(0.009)
	0.067**	0.088***	0.069**	0.009*	0.067**	-0.072***
	(0.030)	(0.076)	(0.033)	(0.007)	(0.041)	(0.057)
Observations	1708	1708	1708	1708	1708	1708
No. of firms	118	118	118	118	118	118
firm effect	YES	YES	YES	YES	YES	YES
year effect	NO	NO	NO	NO	NO	NO
Hansen Prob	0.138	0.222	0.231	0.220	0.198	0.124
Sargan Prob	0.110	0.510	0.200	0.410	0.676	0.3355
AR(1)_P-value	0.321	0.298	0.398	0.371	0.229	0.276
AR(2)_P-value	0.321	0.356	0.375	0.390	0.267	0.212
No. of Instruments	152	100	96	172	98	92

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. DGMM2 denotes Two-Step Diff-GMM. Regressions with suffix ''CL'' follow Roodman (2009a) and collapse the instrument matrix. a denotes lag (1 5) and b denotes lag (2 4).

Table 8.7 presents the difference GMM results. The results of the difference GMM models are consistent with the results of the static models. The coefficient of female board committee representation is negative and statistically significant across models that used the accounting-based measure of performance, but negative and statistically insignificant for Tobin's Q at 5% and 1% levels of significance, and inconsistent with the static models.

Table 8.8: Dynamic Panel Data Analyses-System GMM

Variables	(1) ROA SGMM2	(2) ROA SGMM2-END	(3) ROA SGMM2-END-CL-a	(4) Tobin's Q SGMM2	(5) Tobin's Q SGMM2-END	(6) Tobin's Q SGMM1-END-CL-a
BCM	-0.040***	-0.043**	-0.095***	-0.099	-0.047*	-0.025*
	(0.057)	(0.004)	(0.080)	(0.063)	(0.046)	(0.021)
LNBDZ	0.046***	0.0457***	0.087**	0.018***	0.168***	0.057*
	(0.036)	(0.054)	(0.040)	(0.020)	(0.090)	(0.051)
LNTA	0.014***	0.091***	0.086**	0.057**	0.042***	0.070***
	(0.008)	(0.037)	(0.071)	(0.037)	(65.76)	(41.33)

LNFA	0.044***	0.062***	0.072**	0.086**	0.075**	0.083**
	(0.014)	(0.028)	(0.026)	(0.030)	(0.040)	(0.080)
LEV	0.124***	0.345**	0.291***	0.679***	0.398***	0.561***
	(0.090)	(0.260)	(0.164)	(0.640)	(0.244)	(0.480)
CDL	-0.004**	-0.099**	-0.034**	-0.059***	0.060***	0.088***
	(0.009)	(0.068)	(0.048)	(0.058)	(0.088)	(0.038)
TAN	0.024**	0.085***	0.036***	0.024**	0.036*	0.045**
	(0.022)	(0.076)	(0.020)	(0.018)	(0.015)	(0.044)
Constant	0.091	0.095	0.042	0.052	0.0138	0.012
	(0.026)	(0.010)	(0.011)	(0.049)	(0.011)	(0.029)
Observations	1708	1708	1708	1708	1708	1708
Number of firms	118	118	118	118	118	118
firm effect	YES	YES	YES	YES	YES	YES
year effect	NO	NO	NO	NO	NO	NO
Hansen Prob	0.154	0.138	0.170	0.180	0.141	0.115
Sargan Prob	0.466	0.232	0.567	0.342	0.123	0.921
AR(1)_P-value	0.300	0.297	0.248	0.223	0.138	0.229
AR(2)_P-value	0.319	0.311	0.260	0.273	0.376	0.213
No. of Instruments	229	205	103	213	112	82

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. SGMM1 denotes One-Step System-GMM. Suffix ''END'' treat performance & lagged performance as endogenous. Regressions with suffix ''CL'' follow Roodman(2009b) and collapse the instrument matrix. a denotes lag (1 5).

Table 7.8 presents the result of the dynamic system GMM models. The results are also consistent with the static regressions and different GMM models. The results indicate that female board committee representation is a negative and statistically significant driver of firm performance for models that proxied performance with ROA. In contrast, system-GMM models that proxied firm performance with Tobin's Q displayed a negative but statistically insignificant relationship between the coefficients of female representation on board committees and firm performance. The weak relationship could be interpreted as inconclusive evidence of the effect of female board members' representation on firm performance.

Hypothesis 5 predicted that female board representation on board committees is positively associated with firm performance. The result failed to support Hypothesis 5, that the representation of female board members on board committees is positively associated with firm performance. The finding is, however, consistent with findings in extant literature that female board members function better in audit, benefits and remuneration, and credit and finance committees (Li & Li, 2021; Srinidhi *et al*.,2020; Adams & Funk, 2012). Gul *et al*. (2011) agree with pro-gender diversity theorists that female board members possess relatively higher average skills but argue that they must function on certain board committees where they do not necessarily need a majority of the symbolic powers to effect norm changes. Ellickson (2001) further argued that leadership, intelligence, technical, and social skills are important for positive change in audit and credit and

finance committees. Li & Li (2020) also found that the appointment of female board members as head of the audit committee reduced financial irregularities of Chinese firms.

8.6 Summary

Objective 3 examined the effect of female board members governance channels (attendance at board meetings by female board members and female board members' representation on board committees) on firm performance. To achieve this objective, two hypotheses were formulated and tested, which constitute Hypotheses 2 and 3 of the study. Hypothesis 4 predicted that the attendance at board meetings by female board members has a positive impact on firm performance. The results of the static regression models and dynamic GMM models confirmed that the coefficients of board meetings attended by female board members have a positive effect on firm performance - accounting-based measure (ROA) and market-based measure (Tobin's Q). The coefficients of female attendance at board meetings are positive and statistically significant.

Hypothesis 5 predicts that female representation on board committees promotes firm performance. The static regression and dynamic GMM were adopted to examine the relationship between gender representation on board committees and firm performance. The results indicate a negative relationship between board committee representation and firm performance. The result is attributed by this researcher to lack of vote power to achieve norm changes,

CHAPTER 9 - SUMMARY, CONCLUSION AND RECOMMENDATIONS

9.1 Introduction

This chapter provides the summary of the research findings, conclusion of the study and key recommendations Suggestions or directions on areas of future studies are also offered.

9.2 Focus of the Study

Corporate governance studies gained prominence in academic research due to the trajectory of corporate scandals across the globe. For instance, several countries have issued codes of corporate governance codes to increase the transparency and accountability of the board. The corporate governance codes and guidelines tend to concentrate on board practices and structures as a basis to promote good corporate governance practice. Given the critical role of the board in improving firm performance, the prescribed board structure and practices are expected to position boards to play proactive fiduciary roles from resource dependence, agency, stewardship, and stakeholder theories.

The enactment of corporate governance codes led to the argument of inclusiveness in the composition of the board for fairness and equity. Board inclusiveness or diversity focused on gender, race, colour and religion. Gender diversity, however, has resonated exceptionally among practitioners and researchers, not based on promoting inclusiveness, but, because of the findings of extant studies on the positive association between gender diversity and firm performance. The findings of these studies compelled the government of most developed economies to enact explicit legislation on the gender quota in their respective jurisdictions.

In this thesis, the impact of gender diversity on firm performance in Nigeria was examined, due to the absence of explicit or implicit regulation on gender quota in the composition of the corporate board. The research strove to reconcile theory with practical realities, in trying to understand the effect of gender diversity on firm performance in an environment where religious, cultural, and structural rigidities increase bias against women and make it prohibitively difficult for women to break the corporate glass ceiling effect. This research also tried to understand the effect of gender diversity on firm performance in an environment where women do not have the symbolic majority power to effect norm change and innovate governance.

Another departure from previous studies is the focus on the governance channels and female attributes through which women improve firm performance. The attributes which were considered

are educational qualifications and foreign female board members. For the governance channels, female board members' attendance at board meetings and board committee representation was examined. To understand the critical roles of the board, the upper echelon theory, stakeholders' theory, resource dependency theory, stewardship, and agency theory were used as the theoretical framework. Relying on the different theoretical perspectives, five hypotheses were developed for the study.

Firm level annual data from the OSIRIS database and annual reports and statements of account of quoted firms in Nigeria from 2002 to 2019 was collated. The static panel and system-GMM was used to analyse the five hypotheses. The behaviour of residual terms and instruments used influenced the decision to use the system-GMM. The statistical inference of the estimated coefficients are valid because of the rejection of the null hypothesis of non-autocorrelation for AR(1) test; non-rejection of the null hypothesis of non-autocorrelation for the AR(2) test; and the non-rejection of the null hypothesis of valid instruments for the Sargan's/Hanssen's test. Hansen test p-values for models are between 0.111 and 0.202, which is within the 0.1 and 0.25 rule of thumb suggested by Roodman (2009a p.129). Sargan test P-values are also between 0 and 1. The AR(1) and AR(2) results reveal no evidence of serial correlation.

9.3 Summary of Findings

The empirical results are presented along the five hypotheses formulated for the study. The summary of the results is presented as follows:

1. Gender diversity is positively and significantly associated with firm performance
2. Educational qualification of female board members is a positive and statistically significant driver of firm performance.
3. The presence of foreign female board members (board gender nationality) has a positive but insignificant effect on firm performance for market-based and accounting-based measures. This result is attributable to the extremely low number of foreign female representation on Nigerian boards. Even where they are present, they could not wield significant power to influence norm changes.
4. Female attendance to board meetings positively and significantly promotes firm performance using return on assets employed and Tobin's Q. Aside from the positive effect in terms of monitoring of management and setting of corporate strategy, it also signals

intensity of board activities and efficiently managed boards, which investors factor in share prices.

5. Female representation on board committees has a negative and significant effect on firm performance using return on asset, but a statistically insignificant effect using Tobin's Q. The finding is consistent with extant literature that gender diversity translates to positive performance when female board members are placed only on strategic committees such as audit, remuneration and benefits, and finance and credit committees.

9.4 Conclusion

The objective of this study was to empirically examine the effect of gender diversity on firm performance using Nigerian data. In line with three objectives of the study, five hypotheses were formulated. To achieve these objectives, the study employed the static and dynamic panel models and used the accounting and market-based measures of firm performance. Findings from the study are laudable and interesting. The results showed that gender diversity, female board members' educational qualification, and attendance at board meetings are positively associated with firm performance, while female representation on board committees is negatively associated with firm performance. The result could not provide conclusive evidence on the relationship between foreign female board member representation and firm performance. The findings of the study will stimulate more empirical study on female attributes and governance channels for the gender diversity and firm performance debate.

9.5 Recommendations

Based on the findings, the following recommendations are made:

1. Promote gender diversity on the Nigerian Corporate Board: since the findings of the study revealed that gender diversity promotes firm performance, redefinition of the pool of eligible directors to include more women is extremely important. Increasing the number of women on the corporate board is crucial to promoting firm performance. One strategy to achieve this is enacting explicit legislation that stipulates a quota for female representation on corporate boards. Regulators could adopt the 40% threshold adopted in most jurisdictions or commission a study that uses the threshold model to showed the optimal quotas of female representation on corporate boards.
2. Appoint women with good educational qualifications: Educational skills are critical in board communication, board skills, and understanding board dynamics. The appointment of educationally qualified women also signals competence and credibility. Educational

qualification is, therefore, an important criterion in the increasing gender diversity of corporate boards.

3. Discourage the objectification of the selection process: one characteristic of corporate boards in developing economies is the appointment of persons that perceive their roles as merely ceremonial to fulfill the requirement of the law. Such practices treat the female appointee as a mere object used to fulfill the requirement of the law. The explicit legislation that stipulates gender quota should also discourage the objectification of the selection process by stipulating sanctions for boards with such practice.
4. Redesigning of internal company promotion to provide career ladders that enable women to gain core business exposure with the company: while this work advocates for explicit regulation on gender quota, it is important to state that the best strategy for promoting the appointment of competent and qualified female board members is by designing effective career ladders that encourage women to rise through the rank and file. Women with core business exposure with a company are more likely to perform better in board positions.
5. Increase women's visibility and powers in core governance roles such as greater representation in board committees: the result revealed that mere appointment of women onto board committees does not transform to better performance. Appointing women onto board committees that suit their unique skills, such as audit committees, credit and finance committees, benefit and remuneration committees is more effective in promoting firm performance.
6. Use accounting-based measures of performance: studies on firm performance should use accounting-based measures of performance because of the underdevelopment of the Nigerian financial markets. The Nigerian financial market is characterised by a poor legal framework, absence of shareholder activism, and presence of investors' myopia. The underdeveloped nature of the market may create an incentive for managers to manipulate their stock prices, and an efficient absence of price discovery mechanisms. Stock prices in such a market may not reflect company fundamentals, making it a poor measure of performance.

9.6 Contribution to Knowledge

Several contributions emerged from this study. Firstly, the study contributes to extant literature by clarifying understanding of the effect of gender diversity on firm performance from a developing

economy perspective using the traditional variable of percentage of female board members to total board size. This approach of focusing on Nigeria offers a new insight into the performance of female board members in a jurisdiction without an explicit quota on female representation. The use of non-financial industries also provides an insight on the performance of female board members on sectors that are not heavily regulated.

Secondly, to the best of the researcher's knowledge, this is the first study to examine the gender diversity debate from the lenses of female attributes. This approach is extremely important because it offers insight on the attributes female board members are expected to possess to be appointed into corporate board. For instance, it is argued in extant literature that women possess unique skills, leadership qualities, social intelligence, technical intelligence, mastering of the corporate environment, managerial resilience, and emotional intelligence relative to men. Understanding the personal attributes that predispose women to these qualities is extremely important. Two important personal attributes which were examined are educational qualification and foreign nationality. The findings showed the appointment of well-educated women is important in promoting firm performance. The results also revealed that, for a female board member to improve governance and promote firm performance, they need symbolic majority power. It is not just sufficient to appoint foreign female board members onto boards, but to place them in positions where they command symbolic power for norm changes.

Thirdly, to the best of the author's knowledge, this is the first study that examined the governance channels of the gender-performance debate. It is proposed that understanding the the channels through which female board members promote firm performance is crucial in enhancing the board function of women. Attendance at board meetings and female representation on board committees were examined. The result indicates that female attendance at board meetings is crucial to promoting firm performance, while mere representation of females on board committees would not translate to firm performance.

Finally, the study contributes to the debate on the appropriate measure of performance. For instance, market-based measures are criticised as representing the mere perception of investors based on manipulation, herd behaviour, psychology and estimates of future events, while accounting-based measures are criticised as constrained by professional accounting standards in each country and being backward looking (Kapopoulos & Lazaretou, 2007; Biddle *et al*. 1997;

and Stewart, 1991). This research departed from these studies by examining the effectiveness of these measures in developing economies with underdeveloped markets. The results indicate that accounting-based measures are more effective for measuring performance, judging from the results of the hypotheses.

The findings of this study will be extremely useful to scholars and practitioners, as the study underscores the importance of considering not only the absolute number of female board members on corporate boards, but also the personal attributes that would be considered in the appointment of female board members, and the governance mechanism. For policy, the findings suggest that educational qualification is important in the appointment of competent and qualified female board members. To effectively discharge their job functions, female board members must attend regular board meetings and be appointed to critical board committees such as audit committees, credit and finance committees, and benefit and remuneration committees.

9.7 Suggested Areas of Further Research

Future research should address the limitations of this study. Several extensions to this study are possible. On gender representation on board committees, future studies should focus on examining the effect of the appointment of female board members on audit, and credit and finance committees on firms. This line of study has been explored in most developed economies. However, studies that clarify understanding of this relationship in developing economies are lacking.

Our study indicates that mere appointment of women onto board committees does not translate to effective performance. Future studies could focus on female headship of the committee, which translates to symbolic power. Theoretical studies show that women improve governance processes and effect norm changes when possessing symbolic power. Reconciling this theory with practical reality is extremely important to policy and research.

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Appendix 1

List of Selected Firms

S/N	Company	Ticker	Sector
1	11 PLC	MOBIL	OIL AND GAS
2	A.G. LEVENTIS NIGERIA PLC.[BLS]	AGLEVENT	CONGLOMERATES
3	ABBEY MORTGAGE BANK PLC	ABBEYBDS	FINANCIAL SERVICES
4	ACADEMY PRESS PLC.	ACADEMY	SERVICES
5	ACCESS BANK PLC.	ACCESS	FINANCIAL SERVICES
6	AFRICA PRUDENTIAL PLC	AFRIPRUD	FINANCIAL SERVICES
7	AFRICAN ALLIANCE INSURANCE PLC	AFRINSURE	FINANCIAL SERVICES
8	AFROMEDIA PLC	AFROMEDIA	SERVICES
9	AIICO INSURANCE PLC.	AIICO	FINANCIAL SERVICES
10	AIRTEL AFRICA PLC	AIRTELAFRI	ICT
11	ALUMINIUM EXTRUSION IND. PLC.[BLS]	ALEX	NATURAL RESOURCES
12	ANINO INTERNATIONAL PLC.[DIP]	ANINO	OIL AND GAS
13	ARBICO PLC.[BLS]	ARBICO	CONSTRUCTION/REAL ESTATE
14	ASO SAVINGS AND LOANS PLC[MRS]	ASOSAVINGS	FINANCIAL SERVICES
15	ASSOCIATED BUS COMPANY PLC	ABCTRANS	SERVICES
16	AUSTIN LAZ & COMPANY PLC[BLS]	AUSTINLAZ	INDUSTRIAL GOODS
17	AXAMANSARD INSURANCE PLC	MANSARD	FINANCIAL SERVICES
18	B.O.C. GASES PLC.	BOCGAS	NATURAL RESOURCES
19	BERGER PAINTS PLC	BERGER	INDUSTRIAL GOODS
20	BETA GLASS PLC.	BETAGLAS	INDUSTRIAL GOODS
21	C & I LEASING PLC.	CILEASING	SERVICES
22	CADBURY NIGERIA PLC.	CADBURY	CONSUMER GOODS
23	CAP PLC	CAP	INDUSTRIAL GOODS
24	CAPITAL HOTEL PLC[BLS]	CAPHOTEL	SERVICES
25	CAPITAL OIL PLC[MRF]	CAPOIL	OIL AND GAS
26	CAVERTON OFFSHORE SUPPORT GRP PLC[BLS]	CAVERTON	SERVICES
27	CEMENT CO. OF NORTH.NIG. PLC[BLS]	CCNN	INDUSTRIAL GOODS
28	CHAMPION BREW. PLC.[BLS]	CHAMPION	CONSUMER GOODS
29	CHAMS PLC	CHAMS	ICT
30	CHELLARAMS PLC.	CHELLARAM	CONGLOMERATES
31	CONOIL PLC	CONOIL	OIL AND GAS

32	CONSOLIDATED HALLMARK INSURANCE PLC	CHIPLC	FINANCIAL SERVICES
33	CONTINENTAL REINSURANCE PLC	CONTINSURE	FINANCIAL SERVICES
34	CORNERSTONE INSURANCE PLC	CORNERST	FINANCIAL SERVICES
35	COURTEVILLE BUSINESS SOLUTIONS PLC	COURTVILLE	ICT
36	CUSTODIAN INVESTMENT PLC	CUSTODIAN	FINANCIAL SERVICES
37	CUTIX PLC.	CUTIX	INDUSTRIAL GOODS
38	CWG PLC[BLS]	CWG	ICT
39	DAAR COMMUNICATIONS PLC	DAARCOMM	SERVICES
40	DANGOTE CEMENT PLC	DANGCEM	INDUSTRIAL GOODS
41	DANGOTE SUGAR REFINERY PLC	DANGSUGAR	CONSUMER GOODS
42	DEAP CAPITAL MANAGEMENT & TRUST PLC[DIP]	DEAPCAP	FINANCIAL SERVICES
43	DN TYRE & RUBBER PLC[MRS]	DUNLOP	CONSUMER GOODS
44	E-TRANZACT INTERNATIONAL PLC[BLS]	ETRANZACT	ICT
45	ECOBANK TRANSNATIONAL INCORPORATED	ETI	FINANCIAL SERVICES
46	EKOCORP PLC.[BLS]	EKOCORP	HEALTHCARE
47	ELLAH LAKES PLC.[BLS]	ELLAHLAKES	AGRICULTURE
48	ETERNA PLC.	ETERNA	OIL AND GAS
49	EVANS MEDICAL PLC.[DIP]	EVANSMED	HEALTHCARE
50	FBN HOLDINGS PLC	FBNH	FINANCIAL SERVICES
51	FCMB GROUP PLC.	FCMB	FINANCIAL SERVICES
52	FIDELITY BANK PLC	FIDELITYBK	FINANCIAL SERVICES
53	FIDSON HEALTHCARE PLC	FIDSON	HEALTHCARE
54	FLOUR MILLS NIG. PLC.	FLOURMILL	CONSUMER GOODS
55	FORTE OIL PLC.	FO	OIL AND GAS
56	FTN COCOA PROCESSORS PLC[RST]	FTNCOCOA	AGRICULTURE
57	GLAXO SMITHKLINE CONSUMER NIG. PLC.	GLAXOSMITH	HEALTHCARE

58	GLOBAL SPECTRUM ENERGY SERVICES PLC	GSPECPLC	SERVICES
59	GOLDEN GUINEA BREW. PLC.[RST]	GOLDBREW	CONSUMER GOODS
60	GOLDLINK INSURANCE PLC[MRS]	GOLDINSURE	FINANCIAL SERVICES
61	GREIF NIGERIA PLC	VANLEER	INDUSTRIAL GOODS
62	GUARANTY TRUST BANK PLC.	GUARANTY	FINANCIAL SERVICES
63	GUINEA INSURANCE PLC.	GUINEAINS	FINANCIAL SERVICES
64	GUINNESS NIG PLC	GUINNESS	CONSUMER GOODS
65	HONEYWELL FLOUR MILL PLC	HONYFLOUR	CONSUMER GOODS
66	IKEJA HOTEL PLC	IKEJAHOTEL	SERVICES
67	INFINITY TRUST MORTGAGE BANK PLC[BLS]	INFINITY	FINANCIAL SERVICES
68	INTERLINKED TECHNOLOGIES PLC	INTERLINK	SERVICES
69	INTERNATIONAL BREWERIES PLC.	INTBREW	CONSUMER GOODS
70	INTERNATIONAL ENERGY INSURANCE PLC[MRS]	INTENEGINS	FINANCIAL SERVICES
71	JAIZ BANK PLC	JAIZBANK	FINANCIAL SERVICES
72	JAPAUL OIL & MARITIME SERVICES PLC	JAPAULOIL	OIL AND GAS
73	JOHN HOLT PLC.	JOHNHOLT	CONGLOMERATES
74	JULI PLC.[MRF]	JULI	SERVICES
75	JULIUS BERGER NIG. PLC.	JBERGER	CONSTRUCTION/REAL ESTATE

76	LAFARGE AFRICA PLC.	WAPCO	INDUSTRIAL GOODS
77	LASACO ASSURANCE PLC.	LASACO	FINANCIAL SERVICES
78	LAW UNION AND ROCK INS. PLC.	LAWUNION	FINANCIAL SERVICES
79	LEARN AFRICA PLC	LEARNAFRCA	SERVICES
80	LINKAGE ASSURANCE PLC	LINKASSURE	FINANCIAL SERVICES
81	LIVESTOCK FEEDS PLC.	LIVESTOCK	AGRICULTURE
82	MAY & BAKER NIGERIA PLC.	MAYBAKER	HEALTHCARE
83	MCNICHOLS PLC	MCNICHOLS	CONSUMER GOODS
84	MEDVIEW AIRLINE PLC[BLS]	MEDVIEWAIR	SERVICES
85	MEYER PLC.	MEYER	INDUSTRIAL GOODS
86	MORISON INDUSTRIES PLC.	MORISON	HEALTHCARE
87	MRS OIL NIGERIA PLC.	MRS	OIL AND GAS
88	MTN NIGERIA COMMUNICATIONS PLC	MTNN	ICT
89	MULTI-TREX INTEGRATED FOODS PLC[BMF]	MULTITREX	CONSUMER GOODS
90	MULTIVERSE MINING AND EXPLORATION PLC	MULTIVERSE	NATURAL RESOURCES
91	MUTUAL BENEFITS ASSURANCE PLC.	MBENEFIT	FINANCIAL SERVICES
92	N NIG. FLOUR MILLS PLC.	NNFM	CONSUMER GOODS
93	NASCON ALLIED INDUSTRIES PLC	NASCON	CONSUMER GOODS

94	NCR (NIGERIA) PLC.	NCR	ICT
95	NEIMETH INTERNATIONAL PHARMACEUTICALS PLC	NEIMETH	HEALTHCARE
96	NEM INSURANCE PLC	NEM	FINANCIAL SERVICES
97	NESTLE NIGERIA PLC.	NESTLE	CONSUMER GOODS
98	NIGER INSURANCE PLC	NIGERINS	FINANCIAL SERVICES
99	NIGERIA ENERYGY SECTOR FUND	NESF	FINANCIAL SERVICES
100	NIGERIA-GERMAN CHEMICALS PLC.[DIP]	NIG-GERMAN	HEALTHCARE
101	NIGERIAN AVIATION HANDLING COMPANY PLC	NAHCO	SERVICES
102	NIGERIAN BREW. PLC.	NB	CONSUMER GOODS
103	NIGERIAN ENAMELWARE PLC.	ENAMELWA	CONSUMER GOODS
104	NOTORE CHEMICAL IND PLC[BLS]	NOTORE	INDUSTRIAL GOODS
105	NPF MICROFINANCE BANK PLC	NPFMCRFBK	FINANCIAL SERVICES
106	OANDO PLC	OANDO	OIL AND GAS
107	OKOMU OIL PALM PLC.	OKOMUOIL	AGRICULTURE
108	OMATEK VENTURES PLC[DWL]	OMATEK	ICT
109	OMOLUABI MORTGAGE BANK PLC[BLS]	OMOMORBNK	FINANCIAL SERVICES

110	P Z CUSSONS NIGERIA PLC.	PZ	CONSUMER GOODS
111	PHARMA-DEKO PLC.	PHARMDEKO	HEALTHCARE
112	PORTLAND PAINTS & PRODUCTS NIGERIA PLC[BLS]	PORTPAINT	INDUSTRIAL GOODS
113	PREMIER PAINTS PLC.	PREMPAINTS	INDUSTRIAL GOODS
114	PRESCO PLC	PRESCO	AGRICULTURE
115	PRESTIGE ASSURANCE PLC[BLS]	PRESTIGE	FINANCIAL SERVICES
116	R T BRISCOE PLC.	RTBRISCOE	SERVICES
117	RAK UNITY PET. COMP. PLC.	RAKUNITY	OIL AND GAS
118	RED STAR EXPRESS PLC	REDSTAREX	SERVICES
119	REGENCY ASSURANCE PLC	REGALINS	FINANCIAL SERVICES
120	RESORT SAVINGS & LOANS PLC[MRF]	RESORTSAL	FINANCIAL SERVICES
121	ROADS NIG PLC.[DIP]	ROADS	CONSTRUCTION/REAL ESTATE
122	ROYAL EXCHANGE PLC.	ROYALEX	FINANCIAL SERVICES
123	S C O A NIG. PLC.	SCOA	CONGLOMERATES
124	SECURE ELECTRONIC TECHNOLOGY PLC	NSLTECH	SERVICES
125	SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC	SEPLAT	OIL AND GAS
126	SKYE SHELTER FUND PLC	SKYESHELT	CONSTRUCTION/REAL ESTATE
127	SKYE SHELTER FUND PLC	SKYESHELT	CONSTRUCTION/REAL ESTATE

128	SKYWAY AVIATION HANDLING COMPANY PLC	SKYAVN	SERVICES
129	SMART PRODUCTS NIGERIA PLC[MRF]	SMURFIT	CONSTRUCTION/REAL ESTATE
130	SOVEREIGN TRUST INSURANCE PLC	SOVRENINS	FINANCIAL SERVICES
131	STACO INSURANCE PLC[MRF]	STACO	FINANCIAL SERVICES
132	STANBIC IBTC HOLDINGS PLC	STANBIC	FINANCIAL SERVICES
133	STANDARD ALLIANCE INSURANCE PLC.[MRF]	STDINSURE	FINANCIAL SERVICES
134	STERLING BANK PLC.	STERLNBANK	FINANCIAL SERVICES
135	STUDIO PRESS (NIG) PLC.	STUDPRESS	SERVICES
136	SUNU ASSURANCES NIGERIA PLC.	SUNUASSUR	FINANCIAL SERVICES
137	TANTALIZERS PLC	TANTALIZER	SERVICES
138	THE INITIATES PLC	INITSPLC	SERVICES
139	THOMAS WYATT NIG. PLC.[RST]	THOMASWY	NATURAL RESOURCES
140	TOTAL NIGERIA PLC.	TOTAL	OIL AND GAS
141	TOURIST COMPANY OF NIGERIA PLC.[DIP]	TOURIST	SERVICES
142	TRANS-NATIONWIDE EXPRESS PLC.	TRANSEXPR	SERVICES
143	TRANSCORP HOTELS PLC[BLS]	TRANSCOHOT	SERVICES
144	TRANSNATIONAL CORPORATION OF NIGERIA PLC	TRANSCORP	CONGLOMERATES
145	TRIPPLE GEE AND COMPANY PLC.	TRIPPLEG	ICT
146	U A C N PLC.	UACN	CONGLOMERATES
147	UACN PROPERTY DEVELOPMENT COMPANY PLC	UAC-PROP	CONSTRUCTION/REAL ESTATE
148	UNIC DIVERSIFIED HOLDINGS PLC.[MRF]	UNIC	FINANCIAL SERVICES
149	UNILEVER NIGERIA PLC.	UNILEVER	CONSUMER GOODS

150	UNION BANK NIG.PLC.[BLS]	UBN	FINANCIAL SERVICES
151	UNION DIAGNOSTIC & CLINICAL SERVICES PLC	UNIONDAC	HEALTHCARE
152	UNION DICON SALT PLC.[BRS]	UNIONDICON	CONSUMER GOODS
153	UNION HOMES REAL ESTATE INVESTMENT TRUST (REIT)	UHOMREIT	CONSTRUCTION/REAL ESTATE
154	UNION HOMES SAVINGS AND LOANS PLC.[MRS]	UNHOMES	FINANCIAL SERVICES
155	UNITED BANK FOR AFRICA PLC	UBA	FINANCIAL SERVICES
156	UNITED CAPITAL PLC	UCAP	FINANCIAL SERVICES
157	UNITY BANK PLC	UNITYBNK	FINANCIAL SERVICES
158	UNIVERSAL INSURANCE PLC	UNIVINSURE	FINANCIAL SERVICES
159	UNIVERSITY PRESS PLC.	UPL	SERVICES
160	UPDC REAL ESTATE INVESTMENT TRUST	UPDCREIT	CONSTRUCTION/REAL ESTATE
161	VALUEALLIANCE VALUE FUND	VALUEFUND	FINANCIAL SERVICES
162	VERITAS KAPITAL ASSURANCE PLC	VERITASKAP	FINANCIAL SERVICES
163	VITAFOAM NIG PLC.	VITAFOAM	CONSUMER GOODS
164	WAPIC INSURANCE PLC	WAPIC	FINANCIAL SERVICES
165	WEMA BANK PLC.	WEMABANK	FINANCIAL SERVICES
166	ZENITH BANK PLC	ZENITHBANK	FINANCIAL SERVICES