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Does Board Diversity Affect Firm Performance in Kuwait?

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Abstract

Purpose: This paper examines the consequences of board diversity in Kuwait. The objective is to measure the impact of gender, age, and national diversity on firm performance (FP).

Design/methodology/approach: This work uses data from 103 non-financial Kuwaiti listed companies in the period from 2010 to 2017. The data was collected from secondary sources such as annual reports and S&P Capital IQ. Firm performance is measured by ROA, ROE and Tobin's Q. The independent variables are gender diversity, age diversity and nationality diversity.

Findings: The findings show mixed results regarding gender, age, national diversity and firm performance.

Practical Implications: By embracing board diversity, firms in Kuwait can enhance their corporate governance, drive innovation and improve overall performance, positioning themselves competitively in local and global markets. Thus, by prioritising and effectively managing board diversity in terms of gender, age, and nationality, firms can enhance their performance, drive innovation, and maintain competitiveness.

Originality/Value: Board diversity is a relatively underexplored area in the context of the Gulf Cooperation Council (GCC) countries, including Kuwait. The originality and value of examining the impact of gender, age, and nationality diversity on firm performance in Kuwait are multifaceted, highlighting unique cultural, economic, and regulatory aspects.

Keywords: Corporate governance, Board of diversity, gender diversity, age diversity, national diversity.

Paper type: Research paper.

1. Introduction:

Due to the recent prevalence of minorities and age in the workforce (The Public Authority for Civil Information, 2019), there have been changes in the pool of potential candidates for positions on firms' boards of directors. The diversification of these top-tier positions necessitates a more in-depth investigation in order to establish if diversity affects Firm Performance (FP) or if such positions should be filled only to demonstrate equality and lack of discrimination (Jafaar et al., 2019; Guest, 2019; Aloda et al., 2023; Alberty et al., 2023). There is a need to examine the impact of board diversity on FP. Members of the board of directors have to display strategic decision-making. This may lead to the assumption that firms with more diverse boards of directors experience better levels of FP than less diverse boards. However, it is still being determined whether board diversity is the sole contributor to this increasing performance (Khan et al., 2023 and Alqatan, 2024).

Therefore, the relationship between board diversity and firm performance is a topic of significant interest and research in corporate governance (Pandey et al., 2023). The critical dimensions of board diversity typically include gender, race, ethnicity, age, educational background and professional experience. The general hypothesis is that a diverse board brings a variety of perspectives, skills and experiences, which can enhance decision-making and improve firm performance (Dodd et al., 2024). Thus, diverse boards bring various benefits, including improved decision-making, enhanced innovation, better governance and more robust financial performance (Alberty et al., 2023). However, the realisation of these benefits depends on the effective management and integration of diverse perspectives within the boardroom. As the business environment continues to evolve, the emphasis on board diversity will likely increase, making it an essential area of focus for companies aiming to enhance their performance and competitiveness.

Some previous research studies, such as by Peni and Vahamaa (2010), Gordini and Rancati (2017), Gull et al. (2018), and Alberty et al. (2023) investigated the impact of board diversity on FP. However, only some studies have focused on Kuwait. Also, few research studies (Musyoka et al., 2015; Nyoka, 2018; Pandey et al., 2023; Alta'any et al. (2024)) have measured PF differently, and they have yet to examine this relationship in Kuwait. They also used several means to measure FP. As a developing country, Kuwait's empirical research regarding the significance of board diversity and FP is abysmal. In comparison to previous studies, such as by Carter et al. (2003), Stephenson (2004), Harjoto et al. (2015) and Alkaraan et al.

(2022), this study's results aim to establish whether or not board diversity is essential to Kuwaiti firms. Also, other countries, such as the United Kingdom, the United States of America, Canada, France, Spain, the Netherlands, Finland, Sweden, Korea, Malaysia, India, Iraq, Palestine, Bangladesh and Nigeria, claim that there is a need for more diverse boards of directors (Alareeni & Aljuaidi, 2014; Harjoto et al., 2015; Abdullah & Ismail, 2017; Gull et al., 2018; Khan et al., 2023; Al-Shaer et al. (2024); Dodd et al., 2024).

The relationship between board diversity and firm performance in the Kuwaiti context deepens our understanding of corporate governance by considering several features specific to Kuwait, thus enriching the overall discourse on governance. From a cultural point of view, Kuwait is a relatively conservative society with a strong influence on traditional values, which may influence how companies are run and structured. In this context, diversity on the board of directors may be perceived differently compared to Western markets. Furthermore, from an economic point of view, Kuwait is heavily dependent on natural resources, and the concentration of investment in this sector may limit the impact of diversity on company performance, particularly in business diversification. Therefore, by incorporating the particularities of Kuwait, this study enriches the global discourse by illustrating how diversity can be adapted to unique cultural, economic and governance contexts. It highlights that governance practices adopted in Western economies are only sometimes applicable but must be contextualised to be effective in countries with different values and structures.

Indeed, the relationship between board diversity and firm performance in Kuwait is an emerging area of interest, given the region's unique economic, cultural, and regulatory environment. Kuwait, as part of the Gulf Cooperation Council (GCC), presents distinct characteristics in terms of corporate governance and market dynamics that influence this relationship. Thus, the impact of board diversity on company performance is essential, especially in a context such as Kuwait, where economic transformation and governance reforms are becoming increasingly important. In Kuwait, developing good governance practices is becoming essential to attracting international investment and boosting the confidence of local investors. Board diversity is often associated with greater transparency and oversight, preventing risky management practices and promoting more objective and inclusive decision-making. However, in the Kuwaiti context, where the economic fabric is dominated by the oil sector and where corporate governance practices are still developing, it is crucial to understand whether this diversity can improve company performance or encounter structural obstacles specific to this region.

This study examines the consequences of board diversity in the form of gender, Age (AD) and Nationality (ND) on FP.

This research study investigates the effect of board diversity, in the form of gender, age and national diversity, on the levels of FP of non-financial firms listed on Boursa Kuwait. Consequently, this study seeks to answer the following questions:

➤ Does board diversity affect Firm Performance (FP)?

This study uses quantitative data as the empirical approach. It analyses the data using Ordinary Least Squares (OLS) and random effect regression analysis to achieve the research aim and objectives and improve understanding of the process. The OLS assumptions and random effect regression analysis solve the endogeneity problem.

The results show that FP in the form of Return On Assets (ROA), Return On Equity (ROE) and Tobin's Q (TQ), the study's findings show a negative relationship between gender diversity and ROA. Also, the findings show a significant positive relationship between AD and ROA. Moreover, the findings show that ND is not associated with ROA. However, ROA and ROE produce the same results compared to previous performance measures, while TQ produces different results. The findings show a positive association between gender diversity and TQ. This is consistent with this study's hypotheses, theories and the previous literature. Also, there are negative relationships between both AD and ND with TQ.

By exploring the relationship between board diversity and the performance of Kuwaiti firms, this research helps to broaden the debate on corporate governance in emerging markets. First, it fills a gap in the literature by providing empirical evidence specific to an understudied region. While existing research primarily focuses on developed markets, this study offers valuable insights into cultural and structural factors' role in the diversity-performance relationship. Secondly, it enhances the understanding of corporate governance in the Gulf countries, adding to comparative research by observing how Kuwait differs from or is similar to other emerging markets.

This study not only enriches the academic corpus on corporate governance in the Kuwaiti context but also proposes concrete avenues for decision-makers and regulators seeking to improve the competitiveness and resilience of local companies. Confirming or qualifying the findings of the existing literature on diversity and performance in emerging markets contributes to a better understanding of governance dynamics and the best practices to adopt in response to Kuwait's specific economic and cultural challenges.

This article is organised as follows: First, a literature review and the research hypotheses were developed. Second, the research methodology was adopted. Finally, the results will be presented and discussed.

2. Literature review and research hypotheses:

2.1. Theoretical framework:

- **Agency theory**

The "Agency theory" is one of the main theories. At this point, it is essential to explain this theory to understand the context in which this study examines CG practices. According to Jensen and Meckling (1976), agency theory is a contract that describes the relationship between the firm's shareholders and its board of directors. This means that the first party (the shareholders) has an agreement with the second party (board of directors) whereby the second party manages the firm's resources (both financial and human resources) and looks after the first party's interests. Hence, the agency theory differentiates between ownership and control, whereby the shareholders own the firm, and the board of directors is responsible for managing the firm and, therefore, the shareholders' assets. Zsidisin and Ellram (2003) explain that the managers-shareholders relationship is a significant challenge in an agency theory context since it is linked with agency problems such as conflicts of interest and information asymmetry.

Consequently, agency theory problems arise from separating the firm's shareholders and managers. The board of directors, which sits between the shareholders and the managers, is responsible for solving problems and working on behalf of the shareholders to protect their interests and wealth (Hermalin & Weisbach, 2001; Rowley et al., 2017). Since the shareholders are a mixture of men and women, the board of directors should also consist of a mixture of men and women to provide "board diversity" and solve the agency theory problem. This theory is based on the idea that corporate governance should be structured in such a way as to ensure adequate oversight, notably through control mechanisms, while aligning the interests of shareholders and management. In the context of diversity, agency theory suggests that more diverse boards can improve control over management because of the plurality of perspectives and diverse experiences they bring. Increased diversity could thus reduce information asymmetry and limit the risks of opportunism, as board members from different backgrounds

would be better able to ask critical questions, highlight alternative viewpoints, and better monitor managers' performance.

- **Resource Dependence Theory:**

Resource dependence theory refers to the impact of resource acquisition on a firm's behaviour (Hillman et al., 2009). The theory is based on the principle that to acquire resources, a firm must engage in transactions with other actors and firms in their environment (Pfeffer, 1982). In this regard, as explained by Pfeffer and Salancik (1978), by co-selecting the assets expected to survive, the firm's board of directors links the firm and its external factors. Therefore, the board is essential in bringing basic components of ecological vulnerability into the firm. Resource dependence theory addresses how the board facilitates access to valuable resources. Rondoy et al. (2006) explained that the theory emphasises a firm's ability to form links to secure access to critical resources, including capital, customers, suppliers and cooperative partners.

Consequently, given that it is likely to have different insights, a more diverse board is seen to have a more remarkable ability to understand the customers' needs. According to Thomsen & Conyon (2012), with regard to nationality, education, education, experience and background, board diversity means that the board of directors has a considerable range of different knowledge and skills. Accordingly, they have more significant insights into markets, customers, employees and business opportunities. This will likely lead to a better understanding of business conditions and, hence, better FP (Hillman et al., 2000).

Resource dependency theory (Pfeffer & Salancik, 1978) highlights the importance of the external resources an organisation has access to for its survival and performance. According to this theory, companies must manage their external environment by surrounding themselves with the necessary resources, including material and financial resources, human skills, and social networks. From this perspective, the diversity of board directors is a means of accessing the varied resources crucial to a company's success. Boards can better cope with complex market challenges by bringing together members with varied experience, specific know-how, or international connections.

For instance, given that women have more insights, a gender-diversified board of directors can better understand the needs of the entire market. Therefore, women representatives on the board are more able to understand women's needs, and the same is true for male representatives (Hillman et al., 2007), (Drees & Heugens, 2013).

The same can be said of AD, where having board members of different ages is essential for the firm to meet the needs of all ages within the market. In addition, ND on the board of directors brings different insights into the different nationalities. This is important in ensuring the firm's ability to acquire different resources vital to its success (Carter et al., 2010). Based on resource dependence theory, Pucheta-Martínez and Gallego-Álvarez (2019) claim that an effective CG system attracts aptitude and investment and increases the firm's confidence.

2.2. Gender Diversity and Firm Performance (FP)

Many authors (Adams & Ferreira, 2009; Gordini & Rancati, 2017; Schmidt, 2019; Giannetti & Zhao, 2019) have examined the relationship between gender diversity and FP. This relationship is a significant concern to the labour market, and various practices have been adopted to improve firms' effectiveness in this respect (Miller et al., 2009). Also, Erhardt et al. (2003) agree that there is a positive relationship between gender diversity and ROA and Return on Investment (ROI). In addition, Carter et al.'s (2003) and Gordini and Rancati's (2017) findings show a positive relationship between the presence of women on the board and firm value as measured by TQ.

In a national American survey, firms that had both men and women on their boards had higher sales, higher profit margins, and, consequently, higher revenues (Adams & Ferreira, 2009). A firm's culture is mirrored by the link between gender diversity and FP (Julizaerma & Sori, 2012). A diverse workforce has a greater breadth of views and appears well-placed to deal with circumstances (Carter et al., 2007). Carter et al.'s (2007) conclusion seems to contradict his earlier view that there is a positive relationship between gender diversity and FP. Robbiano (2019) and Pucheta-Martínez & Gallego-Álvarez (2019) clarify that a more significant number of women on the board leads to improved FP. According to Liu et al. (2014), in the ideal setting and particularly in managerial positions, gender diversity encourages a firm to perform better. In addition, because they listen more than their male counterparts, women help solve problems.

Women establish good relationship networks and create more business-to-business links (Lückerath-Rovers, 2013). Consequently, gender diversity on the board improves FP and makes the firm more successful (Martín-Ugedo & Minguez-Vera, 2014). In addition, women are good at mentoring employees and boosting their career growth and, consequently, their job satisfaction. Ultimately, these improve the FP (Wahid, 2018).

Also, to validate the results of other studies, Das (2019) tested the impact of women on listed Indian firms' FP. Their findings show a positive and significant relationship because having

more female board members improves these firms' social outreach and financial viability by ensuring that the firms meet their objectives (Das, 2019).

Gender diversity and, more particularly, a more significant number of women on the board can reduce FP arising from demographic demerits, interpersonal conflicts and their related effects (Jurkus et al., 2011). Gender diversity provides opportunities for more battles because of divergent views and stereotypical behaviours; consequently, conflicts cause a lack of cohesion between group members (Ferreira, 2015). When conflict exists within a team, the firm's operational functions become compromised, resulting in poor performance (Low et al., 2015). Conflicts can slow down the firm's decision-making process and, thus, hurt FP (Dwyer et al., 2003). According to Dutta and Bose (2007), stereotypical views affect cooperation between team members, especially in countries where men are perceived to be at the top in every setting. However, Croson and Gneezy's (2009) findings show that because of their emotions, overconfidence, and poorer performance in both negotiations and purely competitive situations, women are at greater risk than men (Croson & Gneezy, 2009).

From their studies of gender diversity, Rose's (2007) and Carter et al.'s (2010) findings show no significant relationship between gender diversity and FP. In addition, Rose asserts that although women have a very high representation on the boards of American and United Kingdom firms, they are very poorly represented on the boards of Danish firms (Rose, 2007). Using data relating to 205 European listed companies in 2009, Ferrero-Ferrero, Fernández-Izquierdo and Muñoz-Torres, M. J. (2015) assert a positive association between the board's AD and FP. They explain that having members on the board from different generations results in AD, which provides the firm with rich knowledge, information, and experience. For example, the older directors have wisdom and experience, the middle group of directors are more proactive in managing the firm, and the younger directors are more proactive in providing ideas and plans for the firm's future. Jaffar et al. (2019) examined the relationship between gender diversity and firm performance, measured by ROA in Bahrain. They found a negative relationship between them, contradictory to their expectation (Jaffar et al., 2019).

According to the resource dependency theory, board members act as channels to critical external resources such as the information, networks and skills required for the company's performance. Gender diversity strengthens this capacity by broadening the spectrum of these resources, thanks to the contribution of varied viewpoints and networks. Thus, women can bring different networks to the table from their male counterparts, increasing the relational reach of the business and improving access to strategic resources. These connections are critical when

dealing with various stakeholders, such as consumer groups and regulators, which can contribute to better resource management.

Alowaihan's (2004) findings about the situation in Kuwait show that while Kuwaiti women are better educated than men, they have less experience in the workplace. In addition, his findings show no significant differences between men and women in family firms. There are several reasons for this, including the fact that married women have more domestic responsibilities than men, particularly if they are caring for children. Also, from examining 121 listed Kuwaiti firms in the period from 2009 to 2011, Alshammari and Alsaïdi's (2014) findings show that, because ROA is an accounting measure and TQ is a marketing measure, Kuwaiti women directors have a negative relationship with ROA and an insignificant relationship with TQ. Thus, Naguib and Nasser (2014) explored the impact of gender diversity on boards of directors in GCC countries (United Arab Emirates, Saudi Arabia). She concludes that gender diversity has a positive effect on firm performance. Also, by using 23 Kuwaiti non-financial firms listed on Boursa Kuwait between 2012 and 2014 and 69 final observations collected from the Thomson Reuters database, Issa et al. (2019) tested the relationship between gender diversity and TQ. Their findings show a positive relationship between gender diversity and TQ; we propose to test the following hypothesis:

H1: There is a positive association between gender diversity and firm performance.

2.3.Age Diversity (AD) and Firm Performance (FP)

The relationship between AD and FP needs more detailed analysis. Moreover, because of shared experiences and acquired skills, AD is an essential factor of FP. Also, young board members include female directors because, compared to older board directors, they can think in new, creative ways (Carter et al., 2003). According to Choi and Rainey (2010), there is a positive relationship between AD and FP in American firms. Also, Darmadi's (2011) findings show a similar positive result in the relationship between young directors and a firm's increased FP. Pitts (2005) notes that an AD firm means that its employees are likely to have greater confidence because they believe they have opportunities to grow their careers within its ranks. Interestingly, Dagsson and Larsson (2011) demonstrate that, while Swedish firms have a positive relationship between AD and ROA, there is a negative relationship between AD and TQ because ROA measures the FP but does not measure the value of market performance.

However, Tanikawa et al. (2017) demonstrate that older board members are more motivated than younger directors. Additionally, most of the directors of Malaysian firms are between 50 and 59 years of age, and the average age is 58. Consequently, there needs to be more AD on such firms' boards (Abdullah et al., 2017). Furthermore, findings from Kunze et al. (2013) and Shahata et al. (2017) show a negative relationship between AD and FP. According to Diepen's (2015) findings, there is a negative correlation between AD and FP concerning firms whose directors are between 41 and 50. From examining German firms, Ali, Ng & Kulik's (2015), Ali and Kulik's (2014) and Abdullah, Ismail & Izah's (2017) findings show that, as measured by ROA, there is a negative relationship between AD and FP. Their findings show that because of choosing the board's age according to the age discrimination environment within firms, there is a negative correlation between AD and FP (Kunze et al., 2011).

Shehata, et al.'s (2017) findings in the United Kingdom, show a significant negative relationship between AD and FP. On the other hand, Tanikawa et al. (2017) findings show that when the board members are relatively older, there is a significant negative relationship between AD and ROE, but this is not the case between AD and ROA. From examining the relationship between AD and FP in all Swedish firms listed between 2011 and 2015, Petersson and Wallin's (2017) findings show a significant negative relationship between AD and FP. This means that the lesser the AD of Swedish listed firms' boards, the greater the FP.

Thus, age diversity among board members strengthens organisational resources by bringing a mix of knowledge, experience and strategic perspectives. Resource dependency theory emphasises that this broad range of cognitive and relational resources is essential for successful adaptation to a complex and constantly changing environment. Age diversity promotes a balance between risk-taking and cautious perspectives, enabling a strategic approach that maximises opportunities while minimising risks. This strategic balance strengthens the company's ability to optimise and manage its resources.

In addition, Diepen's (2015) findings show no relationship between the AD on the board and FP in Dutch firms. Rahman et al.'s (2015) findings show that some AD within the board can improve the FP, overcome the board's problems and encourage creative thinking. On the other hand, similarly aged board members reduce the FP. In addition, from examining Australian firms, Ali and Kulik's (2014) findings show that while AD has no significant effect on employee productivity, there are various conclusions about the effect of AD on FP (Carter et al., 2003). Similarly, the study by Dufour and Fulop (2012) explores how age diversity on boards impacts company performance in several regions, including emerging markets. It finds that age diversity

creates a balance between innovation and experience, which improves strategic decision-making.

So, the main research hypothesis is stated as follows:

H2: There is a positive association between age diversity and firm performance.

2.4. National Diversity (ND) and Firm Performance (FP)

Also, the literature review has few studies on ND and FP. ND affects a firm's economic performance in both a positive and negative manner. Many authors, such as Hart (2004), Alesina and La Ferrara (2005), and Diepen (2015), have examined the relationship between ND and FP by focusing solely on the employees' perceptions and investigating only one country. These studies' findings show a positive relationship between ND and FP. Furthermore, Harjoto et al.'s (2015) conclusions show that internationally diverse boards of management are more likely to perform better because of their different knowledge, perspectives and the members' various experiences in problem-solving. Also, Erhardt et al. (2003) findings show a positive relationship between ND and ROA and between ND and ROI in the United States of America. This means that, by using their experiences and knowledge, ethnically diverse board members can affect the FP.

National diversity on boards broadens access to international resources and networks, a fundamental asset according to the resource dependency theory, especially in a globalised world. Board members of different nationalities bring unique knowledge of foreign markets and strategic relationships that can facilitate international growth. Thus, board members with diverse national backgrounds provide strategic connections that facilitate entry into new markets, giving the company access to resources and information essential to its global competitiveness. This can also facilitate the search for international partners and investors.

Similarly, Delis et al.'s (2016) findings show that an internationally diverse board of directors is more likely to influence the FP positively. This is because employees seek to work diligently within international standards. Also, Hart's (2004) and Diepen's (2015) findings show that immigrant entrepreneurs have a negative effect on FP, mainly when only international board directors occupy the top management positions. Such a firm creates an environment whereby all the top managers are of the same nationality, and the employees have little or no confidence about working there. Also, Kaczmarek's (2009) findings show that when the firm's directors work with internationally diverse subordinate staff, they tend to have faith in the firm's policies,

which leads to improved FP. In addition, from his study's findings, Darmadi (2011) argues that international diversity does not influence a firm's marketing performance, as measured by TQ, or as an accounting measure using ROA. This means that ND does not affect FP. In addition, the study by Mohammed and Sadiq (2016) compares national diversity on corporate boards in the Emirates and Saudi Arabia. It concludes that national diversity benefits companies, enabling a better understanding of foreign markets and better internationalisation strategies. Therefore, we can propose our hypothesis as follows:

H3: There is a positive association between national diversity and firm performance.

3. Research methodology:

3.1. Sample selection and data collection method:

The data are collected from secondary sources such as Boursa Kuwait, The Public Authority for Civil Information, Capital IQ databases and annual reports. The quantitative analysis method is of the regression type. The data come from 103 listed Kuwaiti non-financial firms. The exclusion of the country's 47 financial enterprises from the sample is due mainly to two reasons. First, they are governed and operated through other sectors and the central bank (Bigelli & Sánchez-Vidal, 2012). Second, their Corporate Governance (CG) structures and practices differ from those of non-financial firms because they follow Kuwait Central Bank CG practices. Consequently, comparing their operations with those of non-financial firms is difficult. Moreover, for this reason, it has led to some confusion when interpreting the results of the data analysis (Damodaran, 2009; Sun et al., 2010; Chbib, 2015). Furthermore, most previous studies (Gonzalez et al., 2014; Omoye et al., 2014; Lakhal et al., 2015; Susanto, 2016; Gull et al., 2018; and Zalata et al., 2018), which have examined the impact of board diversity and FP (Adams & Ferreira, 2009; Carter et al., 2010; Alshamari & Alsaidi, 2014 and Gordini & Rancati, 2017) have excluded financial firms. Therefore, to ensure consistent analysis, it is essential to apply the same process. Table 1 shows nine Boursa Kuwait classifications: basic materials, consumer goods, consumer services, health care, industry, oil and gas, real estate,

technology, and telecommunications. Table 2 presents the number of delisted firms during the study period that Boursa Kuwait provides, and this thesis removed it from the data, which contained only the listed companies that survived during the 2010 to 2017 period, because of the data availability. The sample and the period from 2010 to 2017 are justified by Kuwait's significant efforts to improve corporate governance, manage the consequences of the global economic crisis and diversify its economy. This period, therefore, makes it possible to analyse the impact of board diversity on company performance against a backdrop of reforms and economic challenges.

Table 1: Boursa Kuwait classification

Industry type (Non-financial)	Number
Basic Materials	4
Consumer Goods	3
Consumer Services	14
Health Care	3
Industry	27
Oil & Gas	6
Real Estate	40
Technology	1
Telecommunications	5
Total	103

Authors own creation

Table 1: Delisted firms

Year	Number of delisted firms	Percentage out of a total population (33firms)
2010	0	% 0
2011	0	% 0
2012	3	% 9.09
2013	2	% 6.06
2014	2	% 6.06
2015	2	% 6.06
2016	7	% 21.21
2017	17	% 51.52
Total	33	% 100

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3.2. Measurement of variables

This study uses several variables (dependent, independent, mediator, moderator, and control variables) as present in Table 3.

Table 3: Measurement of the research variables of the model

<i>Variable</i>	<i>Measurements</i>	<i>Source</i>	<i>Reference</i>
<i>Dependent Variables:</i>			
1- Return on Assets (ROA)	Profits divided by total assets	Capital IQ	Carter et al. (2010)
2- Return of Equity (ROE)	Net income divided by shareholders' equity.	Capital IQ	Dagsson and Larsson, (2011)
3- Tobin's Q (TQ)	The ratio of the market value of a firm's assets (as measured by the market value of its outstanding stock and debt) divided by the replacement cost of the business's assets (book value).	Capital IQ	Darmadi, (2013)
<i>Independent variables:</i>			
Gender diversity (GD)	The ratio of women directors to total board size	Annual report	Abdullah and Ismail, (2013)

Age diversity (AD)	The ratio of the director's age to the average age of directors on the board. This is a dummy variable that equals one if the age is below 48 and zero if it is 48 or above.	The Public Authority for Civil Information	Abdullah and Ismail, (2013)
National diversity (ND)	The ratio of foreign directors (not Kuwaiti) to board size	The Public Authority for Civil Information	Gull, (2018)
Control Variables:			
Firm size (FSZ)	Total assets	Capital IQ	Carter et al., (2010)
Firm age (FA)	Number of years of business operation	Boursa Kuwait	Kunze et al., (2013)
Family firm (FF)	The dummy variable for founding family members equals one if the board has at least one founding family member and zero otherwise.	Annual report	Dagsson and Larsson, (2011)
Board size (BSZ)	Total number of directors	Annual report	Guest, (2019).
Board Independence (BID)	The proportion of independent directors to total board	Annual report	Guest, (2019).
Role duality (DUAL)	The director also holds the CEO position	Annual report	Abdullah and Ismail, (2013)
Leverage (L)	Total debt is divided by total equity.	Annual report	Kunze et al., (2013)
Liquidity (L)	Measured by the current ratio	Capital IQ	Kaczmarek,(2009)
Sales growth (SG)	Percentage change in aggregate sales	Capital IQ	Guest, (2019)
Cash flows (SF)	Cash flow from operations	Capital IQ	Guest, (2019).
Dividends per share (DPS)	Dividing the dividend by the actual number of shares	Capital IQ	Dagsson and Larsson, (2011)
Industry (CID)	Industry type “dummy”	Annual report	Kunze et al., (2013)
Year	Dummy	Annual report	Carter et al., (2010)

Authors own creation

3.3. Research models

The proposed quantitative analysis is robust and uses descriptive statistics, a correlation matrix, and a multi-regression. I used the following model to examine the influence of the independent

and control variables on firm performance. We used the OLS method to estimate the linear relationships between the independent variables (board diversity) and the dependent (company performance) variables. This method is simple to implement and enables us to estimate regression coefficients rapidly. It is appropriate when data do not present problems of severe collinearity or poor model fit.

The study's main model followed the authors below, but this paper added new control variables.

$$FP = \beta_0 + \beta_1 GD + \beta_2 AD + \beta_3 ND + \beta_4 BSZ + \beta_5 BID + \beta_6 DUAL + \beta_7 FF + \beta_8 CSZ + \beta_9 CA + \beta_{10} L + \beta_{11} LQ + \beta_{12} SG + \beta_{13} CF + \beta_{14} DPS + \beta_{15} FL + \beta_{16} Dummy\ year + \beta_{17} Dummy\ firm + \varepsilon$$

Where:

β_0 is the constant; GD is gender diversity; AD is age diversity; ND is national diversity; BSZ is board size; BID is board independence; $DUAL$ is role duality; FF family firm; FSZ is firm size; FA is firm age; L is leverage; LQ is liquidity; SG is sales growth; CF is cash flow; DPS is dividends per share; FL is the firm's loss; and ε is the error term

4. Analysis and findings:

This paper presents the findings of the impact of board diversity, in the form of Gender Diversity (GD), Age Diversity (AD) and National Diversity (ND) on Firm Performance (FP) in respect of Kuwait's non-financial firms listed on Boursa Kuwait between 2010 and 2017.

4.1.Descriptive Statistics:

Descriptive statistics are a coefficient of data analysis that statisticians use to present information in a meaningful way. These tools are used to show, describe and summarise patterns arising from specific data sets.

Table 4 illustrates the value of different variables relating to firms. The information is critical in evaluating the firms' internal and external environments. The data set utilises descriptive statistics tools and includes mean, maximum, and minimum values.

Table 4: Descriptive statistics

Variable	Obs	Mean	Min	Max
ROA	824	1.556	-48.645	33.515
ROE	824	2.198	-104.984	135.613
TQ	823	1.02	.252	8.072
Gender	824	.041	0	.6
Age Diversity	824	.535	0	1

National D	824	.113	0	.857
Total Assets	824	178.43	1.524	3709.937
Firm Age	824	24.723	2	63
Leverage	823	53.38	0	762.923
Family firms	824	.417	0	1
Board size	824	6.028	2	11
Independent D	824	.022	0	.5
Duality	824	.415	0	1
Cash Flows	817	-1.482	-217.576	103.352
Current ratio	812	3.008	.003	96.7
Sales growth	803	23.359	-397.345	3290.867
Dividendsp~e	823	.01	0	.2
Firms Loss	824	.267	0	1

Authors own creation

From the data set, the ROA average, which is the measure that indicates FP, is 1.556. Firms that use their assets effectively to generate income have high ROA. However, when firms make losses, the ROA can be negative. Table 4 indicates 2.198 returns on ROE. The maximum ROE is 135.614, and the minimum ROE is -104.984. The calculation of ROE involves dividing the net income by the shareholders' equity. A firm's ROE represents the returns on its net assets. Table 4 shows that the TQ mean value is 1.02. The TQ ratio shows the relationship between the firm's market valuation and intrinsic value. When the TQ value is low (0 to 1), the cost of replacing assets is higher than the total amount of the stock. Such figures show that the firm's stock is undervalued.

As shown in Table 4, the mean Gender Diversity (GD) is 4.12% or 0.0412. Further, Table 4 shows a mean Age Diversity (AD) of 0.535 which is calculated by using the ratio of the director's age to the average age of the board members. National Diversity (ND) is the ratio of foreign directors to the size of the board. The average ND is 11.3%. The mean figure shows that the firm has few top foreign officials.

4.2.Multicollinearity

Multicollinearity is the problem of highly correlated predictor variables in the regression model. Highly correlated predictor variables can induce inflation in the standard error of the estimators of the effects from the predictor variable. The Variance Inflation Factor (VIF) measures the severity of multicollinearity. VIF is the number of times the variance of the estimator is inflated compared to a perfectly independent predictor variable scenario. $VIF = 1 / TL$, where TL is the tolerance level of the predictor variable.

A cut-off value of five or higher for the VIF generally indicates severe multicollinearity in the regression model (Haier et al., 2010). The VIF test below (Table 5) shows that the highest VIF

is 4.63 for the dummy real estate, and therefore, there is no multicollinearity problem. Another test uses a correlation matrix, as (Table 6) shows which also confirms no multicollinearity. According to Ho and Wong (2001) and Gujarati and Porter (2009), a severe collinearity problem exists when the correlation between any two independent variables exceeds 80%. The highest correlation in the correlation matrix (table 5) is between board size and firm age at 30%, and this percentage confirms that there is no multicollinearity. At the same time, this paper solves the endogeneity problem via a fixed effect, random effect, and a pooled OLS and chooses a random test as the most appropriate as per the Hausman test.

Indeed, choosing random effects is justified by a reasonable assumption of independence between individual company effects and explanatory variables and by the desire to maximise degrees of freedom. This model enables capturing unobserved variability between companies, which can influence performance. Unlike fixed effects, random effects assume that this heterogeneity is random and uncorrelated with the explanatory variables, which may be more relevant if unobserved company characteristics are assumed to be independent of the variables included in the model.

Table 2: The variance inflation factor (VIF) test

Variables	VIF	1/VIF
Gender	1.17	0.85
Age Diversity	1.17	0.85
National D	1.29	0.77
Total Assets	1.06	0.93
Firm Age	1.41	0.70
Leverage	1.09	0.91

Family firms	1.34	0.74
Board size	1.19	0.84
Independent	1.14	0.87
Duality	1.08	0.92
CashFlows	1.10	0.90
Current ratio	1.10	0.91
Sales growth	1.05	0.95
Dividends per share	1.37	0.72
Firms Loss	1.23	0.81
i.BasicMeter~1	1.78	0.56
i.RealEstate1	4.63	0.21
i.Industrials1	3.97	0.25
i.ConsumerGo~1	1.63	0.61
i.ConsumerSe~1	2.74	0.36
i.HealthCare1	1.55	0.64
i.Technology1	1.26	0.79
i.Telecommun~1	2.31	0.43
i.Y2011	1.78	0.56
i.Y2012	1.83	0.54
i.Y2013	1.85	0.54
i.Y2014	1.82	0.55
i.Y2015	1.86	0.53
i.Y2016	1.88	0.53
i.Y2017	1.95	0.51
Mean VIF	1.69	

Authors own creation

Table 6: Correlation matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
ROA	1																	
ROE	0.20	1																
Tobin Q	0.19	0.19	1															
Gender Diversity	-0.06	-0.06	0.11	1														
Age Diversity	0.08	0.07	-0.05	-0.01	1													
National Diversity	-0.08	-0.08	-0.10	-0.04	-0.19	1												
Total Assets	0.10	0.10	0.05	0.12	0.08	-0.10	1											
Firm Age	-0.13	-0.13	0.02	0.02	-0.10	-0.06	-0.13	1										
Leverage	0.05	0.05	-0.05	-0.04	-0.02	-0.01	-0.14	0.02	1									
family firms	-0.05	-0.04	0.03	0.00	-0.01	0.00	-0.13	0.03	0.00	1								
Board size	-0.04	-0.04	-0.10	-0.11	-0.18	-0.02	-0.16	-0.07	-0.02	0.30	1							
Independent	0.08	0.08	0.03	-0.01	-0.11	-0.02	0.01	0.00	-0.04	-0.05	0.04	1						
Duality	0.01	0.01	0.07	0.06	0.14	0.14	-0.04	-0.17	-0.07	-0.06	0.04	0.02	1					
Cash Flows	0.08	0.08	0.04	0.01	-0.02	-0.06	0.05	-0.07	-0.03	0.02	0.01	0.06	0.00	1				
Current RATIO	-0.07	-0.07	0.11	0.08	0.08	-0.01	0.13	-0.06	-0.08	-0.10	-0.15	-0.11	-0.18	-0.06	1			
(SALES GROW	0.01	0.01	-0.04	-0.05	0.00	0.02	0.07	-0.02	-0.02	-0.05	0.01	-0.07	0.00	-0.01	-0.04	1	-	
DividendsperS~e	0.06	0.06	0.05	0.03	-0.06	-0.02	-0.08	0.08	-0.04	-0.06	0.02	0.02	-0.04	-0.09	0.04	0.03	1	
(Firms Loss	-0.03	-0.03	-0.01	-0.02	0.01	0.02	0.04	0.12	0.00	-0.10	0.04	-0.20	0.04	-0.04	0.01	0.01	-0.01	1

Authors own creation

4.3. Results and Discussion

Table 7 shows OLS regression and a Random effect between board diversity in the form of GD, AD, ND, and FP. This study used three ways to measure the dependent variables: ROA and ROE as the natural log of accounting measures and TQ as the natural log of a market measure. The independent variables were as described previously.

Table 7 shows gender diversity at the significance level of $B1 = -0.187$. Accordingly, a statistically significant link exists between the board's gender diversity and the firm's ROA. Thus, the findings indicate that the FP reduces as the board's gender diversity increases. However, the negative sign on the value contradicts this study's expectation. Firms may perform poorly because women on their boards are more likely to avoid risks due to their moral values (Omoye & Eriki, 2014; Gull al, 2018). A primary goal of diversity studies has been to understand the impact of diversity on firms (Gonzalez, 2013). Nonetheless, many firms have been slow to ensure equal gender representation on their boards of directors (Labelle et al., 2015).

Consequently, in societies where gender norms can influence work dynamics (as in many parts of the Middle East, including Kuwait), integrating women into decision-making positions could face specific challenges. These may include gender stereotypes, structural barriers to women's participation in economic spheres, and a working environment that does not necessarily favour inclusion. This could potentially limit the positive effects that gender diversity could have on short-term profitability (ROA). Similarly, firms may not yet have optimally integrated gender diversity into their management practices, which could make this diversification less effective or even counter-productive in the short term. Such a dynamic could explain the negative relationship observed with ROA, as integrating more women on the board does not immediately translate into improved economic performance.

Table 7 results are inconsistent with resource dependency and social capital theories. Increased AD of the firm's board leads to more ideas and different experiences. Resource dependency theory suggests that the firm is likely to be successful if it controls the external factors that affect its operations and can make independent strategic decisions (Ali et al., 2014).

In contrast to those shown in Table 7, the findings of similar American studies show that, by using ROA and TQ, there is a significant positive relationship between gender diversity and FP (Erhardt et al., 2003; Carter et al., 2003; Jurkus et al., 2011; Robbiano, 2019).

Only two studies, Al-Shammari and Al-Saidi(2014) and Issa et al. (2019) have examined the same relationship in the literature about Kuwaiti firms. Al-Shammari and Al-Saidi's (2014) findings show that, about women, there is an insignificant relationship between gender diversity and TQ and between gender diversity and ROA.

The results of this study show a significant positive association between gender diversity and FP, confirming the hypothesis. This finding aligns with researchers such as Adams and Ferreira (2009) and Carter et al. (2003), who have shown that gender diversity can improve company performance through more balanced decision-making and increased links with external stakeholders. Resource dependency theory suggests that gender diversity allows a company to better capture strategic resources by broadening its networks and improving decision-making through varied perspectives. This hypothesis is supported by previous research, which associates a more fabulous female presence on boards with superior performance, notably due to the cognitive diversity and extensive networks that women bring.

Similarly, female board members strengthen the function of monitoring and evaluating managers' actions, thereby helping to limit opportunistic behaviour and align managers' interests with those of shareholders. This improved supervision translates into improved performance, which aligns with agency theory's expectations.

Table 7 shows a significant relationship ($B2 = 0.0343$) between the AD of a firm's board and its success. The value is also positive and supports this study's expectations. This study's hypothesis H2 states that there is a positive relationship between the AD of a firm's board and its performance.

Table 7 results are inconsistent with both resource dependency theories. Increased AD of the firm's board leads to more ideas and different experiences. Resource dependency theory suggests that the firm is likely to be successful if it controls the external factors that affect its operations and can make independent strategic decisions (Ali et al., 2014). Variables determining the firm's independence may include skills, expertise, and experience.

The results reveal a positive association between age diversity and firm performance. This supports our hypothesis and is consistent with the work of Bantel and Jackson (1989) and Simons and Pelled (1999), who argue that age diversity promotes resilience and innovation. These results also corroborate resource dependency theory, demonstrating that board members

from different generations improve access to diverse skills and perspectives, enabling the firm to adapt more effectively to market challenges.

Also, the relationship between age diversity and company performance observed in this study supports the idea that age diversity allows for balanced oversight, favouring effective governance. Generational diversity improves the board's ability to monitor management decisions by introducing a variety of viewpoints, thereby reducing the risk of opportunistic decisions. This confirmation of agency theory shows that age diversity contributes to better management of shareholders' interests.

Table 7 supports the resource dependency theory since a higher level of diversity increases the resources for decision-making, resulting in a successful firm. Also, some studies findings show that older directors are more motivated to ensure that the firm is successful (Tanikawa et al., 2017). Moreover, from their examinations of American, Swedish and Indonesian firms, Choi and Rainey's (2010), Darmadi's (2011) and Dagsson and Larsson's (2011) findings show a positive relationship between AD and FP. However, other studies (Kunze et al., 2013; Ali et al., 2014; Eulerich, Velte and Van's, 2014; Ali & Kulik, 2014; Diepen, 2015; Shahata et al., 2017; Abdullah et al., 2017; Tanikawa et al., 2017; Petersson & Wallin, 2017), which examined firms in the USA, UK, Germany, Sweden and Australia, indicate a negative relationship between AD and FP.

Thus, ND refers to the ratio of foreign directors on the firm's board. As shown by the results in Table 7, there is a positive relationship between a firm's ND and its FP. Statistically, the value is insignificant ($B3 = 0.0181$) and contrary to this study's expectations in hypothesis H3, which states that there is a positive relationship between ND and the firm's FP since Table 7 results indicate that ND may not be an essential factor affecting a firm's FP.

Table 7 shows the differences between resource dependency theory and social capital theory. On the one hand, resource dependency theory states that a firm is likely to be successful if it controls the external factors that affect its operations and can make independent strategic decisions (Ali et al., 2014). The increased ND of the firm's board usually leads to it having different experiences and using them to create more ideas to improve its operations.

The study shows a positive association between national diversity and firm performance, confirming this hypothesis and aligning it with work results such as those of Erhardt, Werbel, and Shrader (2003), who associate international diversity with increased performance due to

diversified cultural perspectives. These results also reinforce the postulates of resource dependency theory, as they show that boards composed of members of different nationalities can better respond to the needs of a globalised environment.

The results validate that multicultural boards contribute to more rigorous and independent governance. By introducing international viewpoints, this diversity limits practices that do not benefit shareholders while increasing transparency. This supports agency theory, showing that national diversity helps to reduce information asymmetries between managers and shareholders, which improves performance.

On this basis, Table + results support the dependency theory that a higher level of diversity increases the resources available for decision-making and, in turn, helps the firm succeed.

This study's findings on ND significantly contrast resource dependency and agency theories. Furthermore, these results need to be more consistent with several research findings. For instance, these show that an internationally diverse board of directors is more likely to have a positive influence on the firm's FP (Erhardt et al., (2003; Alesina and La Ferrara, (2005); Kaczmarek (2009); Diepen (2015); Harjoto et al.'s (2015); Delis et al., 2016). On the other hand, Hart's (2004) and Diepen's (2015) findings show that immigrant entrepreneurs have a negative effect on the FP.

Table 7: ROA, ROE and TQ models

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	ROA-OLS	ROA-RE	ROE-OLS	ROE-RE	TQ-OLS	TQ-RE
Gender Diversity	-0.187***	-0.187***	-0.0573***	-0.0573***	1.034***	1.034*
Age Diversity	0.0343***	0.0343***	0.0100***	0.0100***	-0.153***	-0.153***
National Diversity	0.0186	0.0186	0.00760	0.00760	-0.394***	-0.394***
Total Assets	-4.79e-1***	-4.79e-05	-1.65e-1***	-1.65e-05*	0.00022***	0.00022***
Firm Age	-0.000587	-0.00059**	-0.000110	-0.00011***	0.000147	0.000147
Leverage	0.000104**	0.00010***	2.32e-05	2.32e-05***	-3.87e-05	-3.87e-05
Family firms	-0.00848	-0.00848**	-0.000792	-0.000792	-0.0615	-0.0615
Board size	-0.00152	-0.00152	-0.00113	-0.00113	-0.0715***	-0.0715***
Independent D	-0.103	-0.103	-0.0276	-0.0276	-0.372	-0.372

Duality	-0.0206**	-0.0206	-0.00322	-0.00322	0.0990***	0.0990
Cash Flows	3.17e-05	3.17e-05	-9.47e-07	-9.47e-07	-0.000867	-0.000867*
Current Ratio	-0.00139**	-0.0014***	-0.000312*	-0.00031***	0.000789	0.00079***
Sales Growth	-2.25e-06	-2.25e-06	-6.51e-07	-6.51e-07	-7.85e-05	-7.85e-05*
Dividends per Share	-0.183	-0.183	0.0208	0.0208	-1.278	-1.278***
Constant	4.216***	4.216***	6.014***	6.014***	0.198	0.198***
Observations	694	694	694	694	693	693
Prob>F	0.000	0.000	0.000	0.000	0.000	0.000
R-squared	0.150		0.118		0.278	
Firm FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES

Significant at the *** p<0.01, ** p<0.05, * p<0.1

Authors own creation

On the other hand, when the study replaced the FP proxy by using different measurements, namely, ROE as the accounting measure and TQ as the market measure, this study confirmed the ROE result, which was similar to the ROA result. However, using TQ as a market measure has the opposite results to those shown in Table 7. The relationship between gender diversity and TQ is significant and positive at the 5% level ($B1 = 1.038$). Therefore, based on this result, hypothesis H1 is rejected. However, while the AD and ND are statistically significant, they are negative at $B2 = -0.153$ and $B3 = -0.397$, respectively. This indicates that besides ND, the board's AD has a negative relationship with TQ. As Table 7 below shows, these results are contrary to this study's hypotheses, theories and the key studies in the literature. Based on these results, hypothesis H2 is rejected, which states a positive association between age diversity and firm performance. Also, based on these results, hypothesis H3, which states that there is a positive association between ND and FP, is rejected. Therefore, given these mixed findings, this study has rejected hypotheses H1, H2 and H3.

Inconsistent results between ROA, ROE and Tobin's Q raise questions about how different performance measures can reflect distinct aspects of a company's performance. These discrepancies deserve particular attention, as they may be linked to several factors. Indeed, ROA and ROE are financial indicators that focus on a company's profitability of its assets and shareholders' equity. At the same time, Tobin's Q is a measure of stock market valuation, often

seen as an indicator of long-term performance and the market's perception of a company's prospects. Thus, the same variable (such as gender diversity) can affect immediate profitability and future valuation differently.

Similarly, Kuwaiti governance practices and stock market structure may differ from those in Western countries, where gender diversity is more integrated into organisational practices. Consequently, investors and the Kuwaiti market may react differently to the presence of women on boards compared to other cultural and economic contexts. This could explain the divergence between immediate financial results (ROA, ROE) and stock market perceptions (TQ).

In this regard, Kuwaiti companies could consider implementing more targeted diversity strategies, particularly gender diversity, to maximise the long-term benefits of inclusive governance while overcoming cultural and organisational challenges. It could be helpful to adopt training and awareness-raising policies to integrate diversity into decision-making and human resources management processes, which could progressively improve long-term financial performance and profitability. Similarly, the implementation of diversity policies should be accompanied by measures to improve the working environment for women and overcome structural barriers to their progression into leadership roles. These measures could positively impact longer-term profitability, which would be better captured by measures such as TQ rather than ROA or ROE.

5. Conclusion

This study aimed to examine the consequences of board diversity in the form of Gender Diversity (GD), Age Diversity (AD) and Nationality Diversity (ND) on Firm Performance (FP) of Kuwaiti non-financial firms listed on Boursa Kuwait. For this study, these firms were analysed between 2010 and 2017. Also, in terms of FP in the form of Return on Assets (ROA), Return on Equity (ROE) and Tobin's Q (TQ), the findings show that gender diversity has a negative relationship with ROA. In contrast, AD has a significant positive relationship with ROA. Moreover, the findings show no association between GD, AD, ND, and ROE. However, compared to previous performance measures, such as ROA and ROE, TQ produces different results. Consistent with this study's hypotheses, theories, and literature, the findings show a positive association between gender diversity and TQ. Also, in contrast to this study's hypotheses, theories, and literature, there are negative relationships between AD and, ND and TQ. Therefore, because different measures produced different results, this study has accepted hypothesis H1 and rejected hypotheses H2 and H3.

This study has contributed to the growing literature on board diversity by investigating its effect on FP. Further, this study has contributed to the broader literature on Gender Diversity (GD), Age Diversity (AD) and National Diversity (ND) by showing the critical role of women, young and foreign directors on boards in improving the board's monitoring role FP. More particularly, this study contributed firstly to the existing knowledge; secondly, it provided a theoretical contribution; and thirdly, it provided a methodological contribution. This study has made another significant contribution in using agency and resource dependency to support its hypotheses. Thus, the research enriches our understanding of how gender, age and nationality diversity affect business performance in an emerging and culturally distinct market such as Kuwait. Furthermore, the results, notably the sometimes-opposing impact of age and nationality diversity on TQ, call for future studies exploring regional contexts and the underlying mechanisms explaining these divergences. This could enrich the theoretical discussion on diversity and its influence on emerging markets' cultural and economic specificities.

In relation to the methodology, this study has used new variables that affect FP, such as firm age, family firm, liquidity, dividends per share, sales growth, and cash flow.

Also, having senior directors on the board is more critical than AD. However, regarding accounting measures (ROA & ROE), while gender diversity on the board reduces FP, it increases FP in the market measure (TQ). Also, in terms of accounting measures (ROA & ROE), while AD, through having young directors on the board, increases FP, in terms of market measure (TQ), it reduces FP. Also, this study's findings suggest that policymakers should include provisions in Kuwait's regulations to increase the number of women on boards. Against this background, Kuwait's policymakers must consider making similar arrangements.

Similarly, Kuwaiti companies and others in similar markets could benefit from this study's findings to develop appropriate diversity policies. For example, it might make sense to adopt a progressive approach to gender diversity mainstreaming, ensuring that governance and corporate culture are aligned to maximise the long-term benefits of this diversity. Likewise, the study urges companies to recruit members from diverse backgrounds and set up training programs to overcome the challenges of integrating diversity and ensuring practical cooperation within the board.

The main limitations of this study's methods can be summarised as follows. First, the diversity data was unavailable, and the researcher found it difficult to obtain this information from the database. Accordingly, he collected the data manually, which took a longer time. Indeed,

information on the composition of boards of directors and data on the performance of particular companies may need to be completed or consistent, limiting the reliability of the results. The second limitation was the quantitative methods, which indicated whether or not there was a relationship between the variables. However, such methods did not explain such a relationship. The third limitation was the wide range of unavailable data in Kuwait; therefore, the researcher found it difficult to collect data before 2010. This study measured gender diversity by percentage, but it would have been more interesting to measure gender diversity by education degrees and experiences.

Moreover, studies (e.g. Gull et al., 2018) highlighted the importance of using education and experience as a proxy for gender diversity. Also, the results of this study focus specifically on companies listed on the Boursa Kuwait, and their generalizability to other contexts, notably to countries with different cultures and regulations, may be limited. The effects of diversity could vary considerably in more developed environments or countries where diversity policies are more advanced. Finally, because this study is limited to Kuwait, its findings cannot be applied generally to other regions.

This study's results can be the basis for many future studies. This study used a sample of 103 Kuwaiti-listed firms over eight years, which included 824 observations. Based on the existing literature, it is recommended that there are future studies of emerging countries and that these use larger samples to provide greater clarification and more substantial evidence of the similarities and differences between them.

Also, it is recommended that a comparative study be conducted between Kuwait and a developed country since such a study would help to identify the similarities and differences arising from their backgrounds and disciplines.

Moreover, it would be helpful to conduct a study using both qualitative and quantitative methods to determine the results of both methods. In addition, based on this study's findings, it is recommended that an analysis be conducted between firm age, leverage, family firm, and liquidity with FP to test these relationships and establish whether or not there is a significant relationship between them.

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