

Diverse Boards and Effective Governance: An Analysis of Gender Representation, Expertise, Cultural Diversity, Strategic Decision-Making, and Corporate Performance

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Abstract:

This paper analyzes eight large Nasdaq firms for board size, board diversity, and board governance structures and the implications on both financial and strategic performance. It analyzes the 2024 proxies for board size, women directors and board independence, and 2024 Form 10-K for revenue growth, net income, total assets, and total equity. Representation of women is expressed as women directors split by total number of directors. To calculate ROA and ROE, I used net income split by average total assets and average total equity respectively. As for the sampled firms, the average board independence was at 84.85% and average women representation on boards was 32.29%. Small and insignificant impacts of women representation on ROA, ROE and revenue growth were observed. Similar effects were observed on board independence with positive small and weak impacts on ROA and ROE. There was no evidence that improving board diversity would yield greater firm performance in the short run. A firm-specific approach would consider both the industry and the quality of board process and would combine the three elements of board diversity, board independence, and board governance.

Keywords:

Board diversity, board independence, corporate governance, gender representation.