

# THE IMPACT OF FEMALE BOARD MEMBERS ON FIRM PERFORMANCE, THE CASE OF OMAN

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## Abstract

The role of female board members in influencing firm performance has garnered significant attention in the field of corporate governance, driven by global discussions on gender diversity and its potential benefits. This study explores the nuanced impact of female board members on firm performance within the context of the Muscat Securities Market (MSM). Employing a quantitative research method, the study examines a sample of 80 non-financial companies listed on the MSM, excluding financial sector firms. Data collection involves a multi-source approach, utilizing DATASTREAM, annual reports, and corporate governance reports to gather comprehensive information. The methodology encompasses binary indicators for female board presence and control variables such as firm size, leverage, and sector dummies. Notably, Tobin's Q coefficient is significant and negative (-0.3787, t-statistic: -4.77), indicating potential market bias against female board members. Control variables show mixed effects. The study underscores the nuanced relationship between gender diversity and firm performance in the MSM, highlighting the influence of cultural factors on corporate governance practices. This research contributes to the ongoing debate on gender diversity in corporate governance and offers insights for policymakers and practitioners seeking to understand the implications of gender-balanced leadership teams.

**Keywords:** Board Diversity, Oman, Firm Performance, Female, Gender

## 1. INTRODUCTION

Organizations can choose between two structures for their decision-making boards: a single board that handles both running the company and overseeing its performance or a split system with separate boards for each function (Belot et al., 2014). A one-tier board is a streamlined approach where one board is responsible for both management (day-to-day operations) and supervision (holding the company accountable), while a two-tier board divides the responsibilities. A management board handles running the company, while a separate supervisory board oversees its performance and represents shareholder interests (Burcu & Valentina, 2021). Effective corporate governance relies heavily on the critical role of board members (Zheng & Kouwenberg, 2019). These individuals function as stewards, entrusted with the long-term health and sustainability of the company. Their multifaceted responsibilities encompass several key areas. Board members are central to selecting and overseeing senior management, ensuring qualified leadership steers the company's operations and achieves established goals (Zheng & Kouwenberg, 2019). Furthermore, they actively participate in crafting the company's strategic direction, defining its long-term vision, and ensuring alignment with its overall purpose. This strategic guidance directly impacts the creation of shareholder value.



The composition of corporate boards has become a focal point in the discourse on corporate governance, with a growing body of literature investigating the influence of gender variety on firm performance (Chen et al., 2018; Đặng et al., 2020). The presence of female board members is argued to enhance decision-making processes, foster ethical practices, and drive innovation, potentially leading to improved firm outcomes. However, empirical evidence on the subject remains inconclusive, with studies reporting mixed results. The purpose of this research is to bridge this gap by examining the impact of female board representation on the performance of firms within the Muscat Securities Market.

The significance of this research lies in its contribution to the ongoing debate regarding the value of gender diversity in corporate governance. While some scholars posit that female directors bring unique perspectives and skills that align with market demands, others contend that the impact of gender diversity may be influenced by cultural factors (Belaounia et al., 2020; Pucheta-Martínez & Bel-Oms, 2016). The present study addresses these contrasting viewpoints by examining a range of performance indicators and exploring the underlying mechanisms that drive the correlation between gender diversity and performance in companies boards

### **1.1. Problem Statement**

This study aims to fill a critical gap in the understanding of the impact of female board members on firm performance, particularly within the Muscat Securities Market (MSM). While previous research has explored the correlation between gender diversity and business outcomes, there remains a lack of comprehensive analysis within the specific context of Oman. By conducting a longitudinal analysis of firm data spanning from 2003 to 2012, this research seeks to offer valuable insights into the nuanced dynamics at play.

### **1.2. Significance of the Study**

The significance of this study examining the impact of female board members on firm performance is profound, as it contributes significantly to the critical discourse surrounding gender diversity in corporate governance. By focusing on firms within the Muscat Securities Market, this research provides empirical evidence that holds the potential to shape policy-making, corporate strategies, and investment decisions. The inclusion of female board members has been associated with better decision-making processes and the adoption of ethical practices, which could ultimately lead to enhanced firm performance. However, the existing evidence on this matter has been varied, with some studies indicating a positive impact (Simionescu et al., 2021) while others find no significant effect (Chatterjee & Nag, 2023).

This study is particularly significant as it endeavors to provide nuanced insights into the effectiveness of gender diversity policies and their subsequent implications for firm valuation. By delving into whether female board members contribute to both financial and non-financial performance, the findings of this research stand to inform investors, allowing them to make more informed decisions regarding corporate investment opportunities. Furthermore, the potential implications of this study extend to corporate leaders, offering insights that may encourage them to prioritize gender diversity as a critical factor in enhancing board effectiveness and strategic planning processes.



Beyond its practical implications, this study also holds substantial academic value. Its findings may serve to inspire further scholarly inquiry in diverse cultural and regulatory contexts, thus enriching the existing body of literature on corporate governance and gender diversity (Hussein & Kiwia, 2009). By contributing to the knowledge of the intricate correlation between gender diversity and efficiency of company, this research advances broader discussions pertaining to organizational effectiveness, societal norms, and gender equality within corporate environments.

This study seeks to address this gap by posing the following research question within the context of the Muscat Securities Market (MSM) in Oman:

*RQ1.* How does the presence of female board members influence firm performance metrics within the Muscat Securities Market?

## 2. LITERATURE REVIEW

The role of women on boards and in leadership positions (gender diversity) is a growing area of interest in the business world. Proponents of gender diversity argue that including women brings a wider range of perspectives to the table, leading to more effective decision-making and ultimately strengthening corporate governance (Perrault, 2015). This focus on diversity stems from the recognition that homogenous boards may be susceptible to groupthink, potentially hindering innovation and leading to flawed decisions (Goyal et al., 2019). Furthermore, research suggests that gender diversity on boards can be associated with improved financial performance, risk management practices, and corporate social responsibility (Byron & Post, 2016). According to McKinsey (2007), female boards possess management qualities that enhance their organizations' financial performance. Empirical evidence indicates that companies with women on their boards can achieve a 10 percent increase in Return on Equity (ROE), a 48 percent boost in operating income, and a 17 percent rise in stock growth compared to industry averages (McKinsey & Company, 2007). Additionally, women's participation in the economy is a prominent and pressing issue discussed in political and economic circles in both developed and developing countries (Adams, 2016; Hamdan et al., 2021). This issue has garnered global attention following the UN General Assembly's declaration that gender equality and justice are among the sustainable development goals to be achieved by 2030. In line with this, various laws and policies have been enacted to support the empowerment of women, ensuring they have equal rights and opportunities as their male counterparts. McKinsey (2010) reports that approximately 72 % of boards acknowledge that female directors can enhance organization's operation (McKinsey & Company, 2010). Additionally, Folkman's (2012) research on 7,280 directors demonstrates that female boards excel in their direction competencies (Folkman, 2012; McKinsey & Company, 2010).

In examining the presence of women on corporate boards across the Gulf Cooperation Council (GCC) countries, notable disparities emerge. In the UAE, women hold 10.8% of board positions, accounting for 133 out of 1,231 seats (HWU, 2024). Oman follows with women occupying 5.8% of board positions, or 45 out of 783 seats. In Bahrain, women hold 5.5% of board positions, totaling 20 out of 363 seats. Kuwait shows a similar trend, with women representing 5.0% of board positions, or 48 out of 963 seats (HWU, 2024). Saudi Arabia has a lower percentage, with women holding 2.0% of board positions,

equating to 36 out of 1,811 seats (HWU, 2024). Qatar has the lowest representation, with women holding only 1.8% of board positions, totaling 8 out of 440 seats (HWU, 2024). These numbers demonstrate the disparities in the region's progress toward gender diversity on company boards.

Several investigations have demonstrated the influence of female boards on firm functioning, particularly in countries with a two-tier board system. These studies consistently find that boards of directors with female employees tend to enhance their companies' performance (Amin et al., 2022; Brahma et al., 2021; Saha, 2023). However, contrasting findings exist within the research landscape, with some studies suggesting that female boards have no distinct influence on firm outcomes (Ellwood & Garcia-Lacalle, 2015). The scholarly debate surrounding the power of female board membership on firm outcomes encompasses a wide range of findings. This review provides an overview of the analysis conducted in several empirical studies, as summarized in **Table 1**, which examine this relationship across different corporate and cultural contexts.

**Table 1: Summary of Selected Studies on the Impact of Female Board Members on Firm Performance**

No.	Author(s)	Year	Country	Sample	Findings/Argument
1	Ismail et al.	2013	Malaysia	Publicly listed firms	Positive link between female directors and firm performance
2	Lückerath-Rovers	2013	Netherlands	Dutch listed companies	Positive and significant link to firm performance
3	S. N. Abdullah	2013	Malaysia	100 non-financial firms	Positive impact on accounting-performance, negative on market-performance
4	Al-Shammari and Al-Saidi	2014	Kuwait	Kuwaiti listed companies	No effective improvement in firm performance
5	Carter et al.	2010	USA	US listed firms (1998-2002)	No significant impact on firm performance
6	Simionescu et al.	2021	USA	S&P 500 IT Sector	Positive influence of women on boards on company performance, except for ROA with female executives
7	Hussain et al.	2024	Various	Systematic review	88% of top 100 papers reported a positive impact on firm performance from having female directors



8	Wang et al.	2024	Japan	1990 Publicly listed firms	Detrimental impact of board gender diversity on firm performance in Japan
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The studies examined in this review present a dichotomy of viewpoints. On one side, research conducted by Sattar et al. (2023) and Chen et al. (2018) indicates a strong positive correlation between the presence of female boards and business performance (Chen et al., 2018; Sattar et al., 2023). This perspective is reinforced by the systematic review conducted by Nadeem et al. (2019), which identifies a prevailing pattern of positive outcomes linked to female board representation (Muhammad, 2019).

On the other hand, Carter et al. (2010) and Al-Shammari and Al-Saidi (2014) present an opposing perspective, suggesting that gender diversity on boards does not lead to a noticeable improvement in firm performance (Al-Shammari & Al-Saidi, 2014; Carter et al., 2010). This viewpoint is further supported by the research of Wang et al. (2024), who observe a negative influence of female board membership in certain Japanese contexts (Wang et al., 2024).

Overall, the literature presents a diverse range of findings regarding the impact of female board members on firm performance. While a significant portion of research highlights the positive effects of gender diversity, particularly in terms of ethical governance and stakeholder engagement, other studies indicate that these benefits may not be universally realized and could depend on cultural and industry-specific factors.

**2.1. Hypothesis Development**

Gender diversity on company panels and its impact on company performance have long been a focus of academic research. The addition of female directors is seen to improve board discussions, bring varied perspectives, and improve decision-making processes, potentially leading to higher corporate performance (Simionescu et al., 2021). This concept is based on the resource dependence hypothesis, which holds that boards benefit from a diversified composition that provides a wide range of resources and perspectives. Empirical study into the impact of female board members on firm performance has shown mixed results (Rubino & Napoli, 2020). For example, Ismail et al. (2013) and Lückérath-Rovers (2013) found a positive and substantial link between the participation of female directors and firm success. These data imply that gender diversity can improve board effectiveness and, thereby, firm performance (Ismail & Abdullah, 2013; Lückérath-Rovers, 2013).

In contrast, research undertaken in the Middle East, such as the study by Al-Shammari and Al-Saidi (2014) in Kuwait, suggests that female board presence does not always result in enhanced business performance (Al-Shammari & Al-Saidi, 2014). The disparity in findings may reflect societal conceptions of women's responsibilities in these regions. In the Sultanate of Oman, the cultural environment provides a unique perspective in which female directors are generally well-educated and seen as strong and hard-working. This public acceptance of women's abilities may foster an environment in which they can contribute effectively to business performance. Leveraging resource dependence theory, this study hypothesizes that the inclusion of female directors on boards, with



their diverse perspectives and access to resources, will lead to improved business performance. This results in the development of the following research hypothesis:

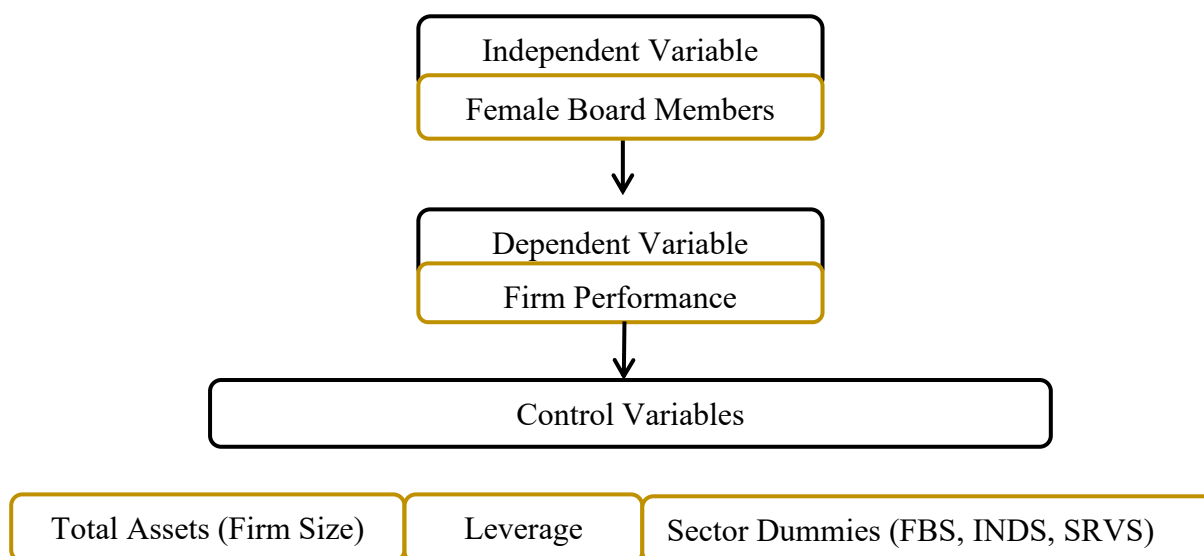
H<sub>1</sub>: The presence of a female board member has a positive and statistically significant effect on firm performance.

Resource dependence theory, which highlights the value of diverse board compositions in acquiring resources, provides the theoretical foundation for hypothesis (H1) about the positive impact of female board members. Furthermore, the good cultural attitude of women in Oman, combined with empirical evidence from many research, gives a solid foundation for expecting female board members to have a beneficial impact on business performance.

**2.2. Research Model**

The role of women on corporate boards and their influence on a company's financial health has been the subject of numerous studies, spanning diverse corporate governance systems distributed throughout both two-tier and on-tier board systems. Figure 1 presents the research model based on previously formulated hypotheses. This model is modified from several studies examining the effect of female boards on company performance, particularly in markets with similar governance structures. This research examines the impact of a gender-based variable (female board member presence) on firm performance, while controlling for variables derived from company-specific characteristics.

Figure 1: Research Model



**3. LOGYATA SAMPLE**

This research employs a quantitative research method. The study utilizes a sample of companies registered on the Muscat Securities Market (MSM) over a ten-year period, spanning from 2003 to 2021. This timeframe is strategically chosen for two reasons. First, 2003 marks the year the Omani corporate governance code was implemented, serving as a baseline for analyzing the code's influence on firm performance. Second, the decade-long timeframe ensures a robust dataset for statistical analysis, allowing for more reliable inferences. Firms in the financial sector have been excluded from



the sample to ensure comparability. The Central Bank of Oman (CBO) has imposed additional regulatory requirements on these businesses, which may not apply to non-financial firms (Adams & Mehran, 2011; Jakob de Haan, 2016). The first pool of potential companies on the MSM was around 118. After excluding financial firms (34) and companies with missing data (4), the final sample consists of 80 non-financial firms. This represents 95% of all non-financial enterprises listed on the MSM, giving an extensive overview of the Omani market.

### **3.1. Data Sources**

Data collection for this research employed a multi-source approach to ensure data accuracy and comprehensiveness. The primary source was DATASTREAM, a financial database providing information on firm performance and control variables used in the analysis. This database offers a reliable and extensive quantitative data collection for the Omani companies included in the sample. The research also consulted the companies' annual reports to address any missing data points in DATASTREAM. These reports provided valuable supplemental information, ensuring complete and accurate data for all variables under investigation.

Finally, corporate governance reports were utilized. These reports, either standalone documents or sections within annual reports, provided crucial details about each company's board composition. By examining these reports, the research could accurately identify the presence or absence of female board members for each firm in the sample. This multi-source approach helped mitigate data limitations and ensured the research leveraged the most relevant and up-to-date information.

### **3.2. Measurement of Variables**

#### **3.2.1. Independent Variables**

Adams and Ferreira (2009) and Mínguez-Vera and López-Martínez (2010) used the same approach to quantify the presence of female board members (FEMALE) as the independent variable (Adams & Ferreira, 2009; LÓPEZ-Martínez & Vera, 2010). This variable, which is operationalized as follows, is a binary indicator that depicts gender diversity on company panels.

1: Assigned to a company if there is at least one female member on the board by the end of the year.

0: Assigned to a company if there are no female board members before the end of the year.

This binary variable makes it easier to quantify the gender distribution of a firm's board for empirical investigation. Researchers can investigate the effect of female board presence on firm performance by categorizing firms as having or not having female directors. Such binary variables are widely utilized in board diversity research because they are simple to statistically analyze while capturing the most important feature of gender diversity. This variable will be used to test Hypothesis H1, which predicts a positive and statistically significant correlation between the presence of female board members and organization performance.

### **3.3. Control Variables**

In empirical research on corporate governance's impact on business performance, the inclusion of control variables is critical for validating the results of multiple regression models. The omission of relevant variables may result in omitted variable bias, altering the study's findings and potentially



misleading conclusions (Chenhall & Moers, 2007; Sajons, 2020). Control variables serve to reduce the impacts of missing variables and determine the exact influence of corporate governance procedures on business performance (Owusu & Odhiambo, 2012).

To address the potential for omitted variable bias, this study has selected a set of control variables deemed to be corporate governance and firm performance determinants. The choice is guided by the body of prior research and the data's accessibility. The control variables identified are:

**Total Assets (TOTAST):** This variable controls for firm size. The literature suggests that larger firms, due to their ability to absorb higher monitoring costs, public scrutiny, and the complexity of their operations, are associated with better corporate governance and firm performance (Beiner et al., 2009). It is anticipated that there will be a negative correlation between firm size and Tobin's Q and a positive correlation with other performance indicators, as determined by the book value of all assets at year-end.

**Leverage (LNLEV):** The natural logarithm of the long-term debt to total asset ratio serves as the representation for this variable. Leverage is hypothesized to have a negative correlation with firm performance, reflecting a lower risk of financial distress (González, 2013). This measure aligns with previous research examining the impact of leverage on firm performance.

**Sector Dummies (FBS, INDS, SRVS):** These dummy variables account for the impact of the business sector on firm performance. They are included to control for industry-specific factors that could influence the results.

While efforts have been made to include relevant control variables, it is acknowledged that constraints such as data availability may limit the inclusion of all pertinent factors. Each control variable's selection is justified based on theoretical relevance and empirical evidence supporting its association with corporate governance and firm performance.

### 3.4. Regression Model

The regression model used to examine the hypothesis is structured as follows:

$$FP_{it} = \beta_0 + \beta_1 FEMALE_{it} + \sum_{i=1}^n \beta_i CONTROLS_{it} + e_{it}$$

Here,  $FP_{it}$  denotes firm performance,  $FEMALE_{it}$  represents the binary variable indicating the presence of female board members, and  $CONTROLS_{it}$  encompasses the control variables accounting for firm size and leverage. The model's error term is denoted by  $e_{it}$ . In this formulation,  $\beta_0$  is the intercept term,  $\beta_1$  signifies the coefficient associated with the presence of female board members,  $\beta_i$  represents the coefficients of the control variables, and  $n$  denotes the total number of control variables included in the model.

By estimating the coefficients in this regression model, the study aims to evaluate the impact of female board representation on firm performance while controlling for relevant factors such as firm size and leverage.

## 4. RESULTS

### 4.1. Impact of Female Board Membership: Analytical Discourse



The purpose of the study is to determine how female board members affect the financial performance of companies that are listed on the Muscat Securities Market (MSM). Regression analysis is used in the study to investigate the correlation between gender diversity in organizational governance and various financial performance metrics, as indicated in Table 2.

Table 2: Impact of Female Board Members on Firm Performance

Variables	ROA	ROE	ROIC	NPMP	CRATIO	TOBINQ	ALTMAN Z
FEMALE	0.0112621	0.0495651	0.02988	0.0063684	- 0.029028 4	- 0.37872 49	- 0.384129 2
	-1.01	-1.12	-0.71	-0.13	(-0.15)	(-4.77)***	(-1.48)
TOTAST	0.0000002 45	0.0000002 36	0.000001 95	0.0000004 74	- 0.000002 08	0.00000 11	0.000001 92
	(4.49)***	-1.09	(9.55)***	(1.98)**	(-2.13)**	(2.85)***	-1.52
LNLEV	- 0.0511367	0.0006622	-0.112894	- 0.1664432	-1.427344	0.20515 14	-3.011077
	(-9.48)***	-0.03	(-5.6)***	(-7.03)****	(-14.82)***	(5.36)***	(-24.11)***
INTERCEPT	- 0.0302754	0.0120882	- 0.163380 8	- 0.2722137	-5.317258	0.45508 8	-4.168512
	(-0.62)	-0.06	(-0.9)	(-1.28)	(-6.14)***	-1.32	(-3.71)***
Adj. R <sup>2</sup>	20%	7%	26%	11%	33%	11%	51%

4.2. Profitability Metrics and Female Board Representation

The analysis examined the relationship between female board representation and various profitability metrics, including Return on Assets (ROA), Return on Equity (ROE), Return on Invested Capital (ROIC), and Net Profit Margin (NPMP). The coefficients associated with the variable indicating female board membership (FEMALE) were positive across all these metrics. However, the t-statistics, ranging from 0.13 to 1.12, fell short of statistical significance. This suggests that, within the sample of Omani firms, there is no definitive evidence of a direct correlation between female board presence and profitability based on these specific metrics. Table 3 represents descriptive statistics of profitability metrics and female board representation.

Table 3: Descriptive Statistics of Profitability Metrics and Female Board Representation

Profitability Metrics	Coefficient (FEMALE)	t-statistic	Interpretation
Return on Assets (ROA)	Positive	0.13 - 1.12 (Not Significant)	No statistically significant correlation between female board representation and ROA.

Return on Equity (ROE)	Positive	0.13 - 1.12 (Not Significant)	No statistically significant correlation between female board representation and ROE.
Return on Invested Capital (ROIC)	Positive	0.13 - 1.12 (Not Significant)	No statistically significant correlation between female board representation and ROIC.
Net Profit Margin (NPMP)	Positive	0.13 - 1.12 (Not Significant)	No statistically significant correlation between female board representation and NPMP.

#### 4.3. Market Valuation and Female Board Representation

The findings regarding market valuation, as measured by Tobin's Q, a ratio that compares a firm's market value to the replacement cost of its assets, diverge from the results for profitability metrics. The coefficient associated with the female board representation variable (FEMALE) is negative and statistically significant (coefficient: -0.3787, t-statistic: -4.77). This indicates a potential negative association between female board presence and a firm's market valuation in the Omani context. This statistically significant negative coefficient suggests that the market might hold a less favorable view of companies with female board members. This could be interpreted as a reflection of underlying societal biases against gender diversity in corporate leadership, where the presence of female board members might not be fully valued by the market.

#### 4.4. Financial Health and Female Board Representation

The analysis examined the relationship between female board representation and financial health metrics, including the current ratio and Altman's Z-score a metric that combines various financial ratios to predict a company's bankruptcy risk. The coefficients associated with the female board representation variable (FEMALE) were negative for both metrics. However, these negative coefficients were not statistically significant (t-statistics of -0.15 and -1.48, respectively). This suggests that, within the sample of Omani firms, there is no clear evidence that female board presence has a significant impact on a company's short-term liquidity (measured by the current ratio) or its likelihood of financial distress (measured by Altman's Z-score).

#### 4.5. Control Variables

The analysis incorporated control variables to account for factors besides female board representation that might influence the results. These control variables included firm size and leverage.

**Firm Size (TOTAST):** The coefficients for firm size were positive and statistically significant for several profitability metrics (ROA, ROIC) and Tobin's Q. This indicates that larger firms in the sample tended to exhibit stronger performance and higher market valuation.



**Leverage (LNLEV):** The coefficients for leverage were predominantly negative and statistically significant across most profitability metrics. This suggests that higher levels of debt (as measured by the natural logarithm of the long-term debt to total assets ratio) were associated with lower profitability for the Omani firms under study. However, the relationship between leverage and Tobin's Q was positive and statistically significant. This could be due to the market perceiving companies with moderate leverage as strategically using debt to finance growth, potentially leading to higher valuations.

#### **4.6. Adjusted R-squared Values:**

The modified R-squared values show that Altman's Z has the highest explanatory power (51%), followed by CRATIO (33%), ROIC (26%), and ROA (20%). ROE, NPMP, and Tobin's Q values are relatively low, indicating that these variables have a limited explanatory potential. The findings provide a nuanced perspective on the importance of female board members in corporate governance, particularly in MSM-listed firms. The favorable but statistically insignificant results for profitability measurements may point to possible benefits of female board membership that are not fully represented by financial performance indicators. However, the considerable negative connection with Tobin's Q raises concerns regarding market views and the value of gender diversity in these organizations.

The study's hypothesis (H1), which proposes a favorable relationship between female board membership and firm performance, is not supported by empirical data. The disparity in findings between the MSM environment and those from more gender-egalitarian nations highlights the cultural factors that influence the valuation of gender diversity in corporate governance. These findings call for a broader understanding of the relationship between societal standards and corporate governance practices.

## **5. DISCUSSION**

The regression analysis conducted on firms registered on the Muscat Securities Market (MSM) reveals a nuanced landscape regarding the impact of female board members on organisation performance. The incorporation of female directors is not significantly correlated with firm profitability, short-term liquidity, or the probability of failure. This finding aligns with the research by Al-Shammari and Al-Saidi (2014), which observed a similar lack of impact in the context of the Kuwait Stock Exchange (Al-Shammari & Al-Saidi, 2014). This suggests that the inclusion of women on boards, in itself, does not automatically translate to better firm performance in the Omani context. One probable reason for these findings is Oman's cultural context, which, like other Arab governments, has long viewed women as predominantly homemakers. Such views may influence investor confidence and valuation methods, resulting in a preference for male-dominated boards. This cultural approach may obscure the potential advantages of gender diversity in corporate governance. In societies where these traditional beliefs are prevalent, the inclusion of female board members may not be regarded as a value-added move and so will not be reflected in company performance indicators. The current study's findings are consistent with the findings reported by Dabor et al. (2015), who found no significant link between the percentage of women on the board and business performance in Nigeria



(Dabor et al., 2015). Additionally, the findings of this study are consistent with those of Kilic (2015), who conducted a comprehensive analysis of gender diversity and firm performance using panel data spanning five years. Kilic's study focused on a sample of 26 banks and employed Return on Assets (ROA) and Return on Equity (ROE) as performance metrics (Kılıç, 2015). The research revealed a negative correlation between gender diversity and firm performance, echoing the results observed in the current study. Hassan and Marimuthu (2018) investigated the influence of gender diversity on business value and found that gender diversity has no impact in Malaysia (Rohail & Maran, 2018). This convergence of findings across different sectors and methodologies underscores the importance of further exploring the nuanced dynamics of gender diversity within corporate governance structures and its implications for organizational outcomes.

In contrast, studies from more developed countries and societies with less stereotypical views of women's roles in the workforce often report a positive link between female board membership and firm performance. For example, research by Adams and Ferreira (2009) in the United States and Smith et al. (2006) in Denmark found that gender-diverse boards are associated with improved firm performance (Adams & Ferreira, 2009; Smith et al., 2006). This discrepancy underscores the significance of cultural attitudes in shaping the perceived value of gender diversity on boards. Furthermore, studies conducted in Norway by Terjesen et al. (2009) and Spain by Campbell and Mínguez-Vera (2008) emphasized the significance of contextual elements like country culture and corporate governance laws in determining the association between female board involvement and business results (Campbell & Mínguez-Vera, 2008; Terjesen et al., 2009). These studies highlight the importance of interpreting the results in light of the particular institutional and sociocultural circumstances. These studies suggest that the benefits of gender diversity in corporate governance are more readily realized in environments where women are viewed as equal contributors to the workforce. Furthermore, the Oman Code for Corporate Governance does not currently address gender diversity, which may further explain the lack of significant findings. The absence of a positive correlation between female board membership and firm performance does not support the study hypothesis (H1), suggesting that the integration of women into board positions alone may not be sufficient to drive performance improvements in certain cultural contexts (Sarhan et al., 2019). This implies that regulatory frameworks and cultural support for gender diversity are critical for realizing the potential benefits of female board representation.

These insights contribute to a broader understanding of the complexities surrounding gender diversity in corporate governance and highlight the importance of considering societal norms when evaluating the efficacy of such diversity initiatives. The findings suggest that while gender diversity may be beneficial, its impact is not uniform across different cultural settings and may require supportive societal attitudes to translate into enhanced firm performance.

Further research could investigate into the policy implications of corporate governance for gender diversity, the effectiveness of female board members in different governance frameworks, and how gender diversity on boards influences investor behavior. Other significant areas of research include the role of female board members in corporate strategy and decision-making, the hurdles to female



board membership in patriarchal countries, and the effect of gender quotas on firm performance. These study directions aim to expand on previous findings, providing a more comprehensive understanding of the relationship between female board membership and business performance and perhaps driving policy in corporate governance and gender diversity.

## 6. CONCLUSION

This study examined the impact of female board members on firm performance in companies listed on the Muscat Securities Market (MSM) from 2003 to 2012, finding no significant correlation between female directors and performance metrics, consistent with similar research in the region. The lack of impact is likely due to cultural norms in Oman favoring male-dominated boards and the absence of gender diversity provisions in corporate governance.


### Limitations of the study

The study is geographically limited to the MSM, affecting generalizability, and does not establish causality. It overlooks boardroom dynamics, non-financial metrics, and temporal effects, relying solely on quantitative data. Additionally, corporate governance policies, investor perceptions, and the impact of gender quotas are not explored.

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