THE IMPACT OF BOARD INDEPENDENCE, GENDER DIVERSITY AND NATIONALITY DIVERSITY ON FIRM PERFORMANCE

Aftab Mohd Idris[1] and Ousama A. A.[2*]

[1,2]Qatar University, Qatar

ABSTRACT

This study aimed to examine the relationship between board structure and firm performance measured by return on equity (ROE) and return on asset (ROA). 42 firms listed on the Qatar Stock Exchange (QSE) in 2018 were examined, using regression analysis. The study found that gender diversity (i.e., female directors on the board) had a positive significant relationship with firm performance in both measures, i.e., ROE and ROA. In addition, only board meeting and non-executive directors had significant relationships with firm performance measured by ROA. The findings of the study have some practical implications for some stakeholders, such as listed companies in Qatar and the Qatar Financial Market Authority. The Qatari listed companies will be able to understand the impact of board structure and the complementary benefits that may affect firm performance and thus strengthen the function of their boards. The Qatar Financial Market Authority will be able to understand the current practices of the corporate governance (CG) code; its strengths and weakness. Hence, it will be able to improve the code in order to overcome the weaknesses and strengthen good practices.

Keywords: corporate governance, board independence, gender diversity, nationality diversity, firm performance

ARTICLE INFO

Article History:
Received: 4 February 2021
Accepted: 16 March 2021
Published: 30 April 2021

* Corresponding Author: Ousama A. A. E-mail: osamaanam@gmail.com

INTRODUCTION

Corporate governance can be used to assure an investor's confidence in the market. Historically, in terms of corporate governance, research has been carried out in developed countries, rather than developing ones (Shleifer & Vishny, 1997; Rajagopalan & Zhang, 2008), and more research is needed that focuses on emerging countries such as Qatar due to its significant economic growth. The diverse institutional environment in Asian countries makes issues relating to corporate governance unique (Peng & Jiang, 2010). The relationship between firm performance (FP) and board structure (BS) that has been examined in prior literature have been carried out in a stable environment, and it has not included any environmental and financial perspectives (Agarwal, 1996; Coles et al., 2008; Karamanou & Vafeas, 2005). A few exceptions are the studies that have been undertaken under the influence of different crises, for instance; financial crises (Baek et al., 2004; Mitton, 2002), weak legal environments (Dahya et al., 2008; Klapper & Love, 2004) and a dysfunctional rule of law with a major economic crisis (Mangena & Tauringana, 2007). The role played by the boards of directors in their attempts to protect shareholder value, company reputation and assets, has proven to be challenging and has showed that they have tried to strengthen corporate governance.

As the world's leading exporter of liquefied natural gas (LNG) and the host of the 2022 World Cup, Qatar has received major international attention, which is transforming the country into a global financial investor, a labor importer and a donor (International Monetary Fund - IMF, 2017). Qatar is one of the Gulf Cooperation Council (GCC) member states and is a high-income country, one which was transformed in the 1970's from being poor to being one of the richest economies in the world, due to the emergence of oil and gas. Since then, Qatar has used its economic wealth to maintain, and to gain a greater presence in, international relations, despite its small territory. Although oil and gas are the main backbone of Qatar's economy, various efforts were made to diversify its economy when, in 2008, Qatar's Vision 2030 was launched. The 2030 vision aims at modernization, sustainable development, better living standards, etc., which is to be achieved under four main pillars i.e., human, social, economic and environmental development, which confirms the willingness of Qatar to move ahead from its over-reliance on oil and gas towards a more digital and sustainable development

with the help of the private sector, and to a more open and free economic market (General Secretariat for Development Planning, 2008). The first Qatari version of the corporate governance (CG) code was published by the Qatar Financial Market Authority in 2009, with the support and help of the Hawkamah Institute for Corporate Governance (Zeitun, 2014). This code led to changes in the Qatar Stock Market regulations and in company law, in terms of protecting minority shareholders and separating the roles and responsibilities of the CEO and the boards of directors (Hawkamah, 2009).

Although there are a number of prior studies that have examined the relationship between CG and firm performance in the GCC countries (e.g., Abdallah & Ismail, 2017; Ahmed & Hamdan, 2015; Pillai & Al-Malkawi 2018; Al-Ahdal et al., 2020), the current study applied a triangulation of theories and used two theories, i.e., the Agency Theory (AT) and the Political Theory (PT). This makes the study different from prior studies. In addition, the study mainly focussed on the Qatari context. The Qatari economy reported the highest GDP growth, 10.7 per cent, on average, over the period 2005-2015, amongst all of the GCC countries (IMF, 2019). The development of the capital market, including the listing contraries, is one of the factors that had contributed to its growth. It is therefore expected that the findings of the current study will differ from those of previous GCC studies. Moreover, the introduction of the Qatari code of CG makes the study interesting in testing the CG practices in the listed companies, based on the context of this code. The study therefore aimed to examine the relationships between board structure and firm performance, measured by ROE and ROA. The study contributes to the current literature on CG and firm performance. This is important, as Qatar is considered to be an emerging economy that aims to be transformed into a knowledge-based economy by 2030. Hence, it would be interesting to examine the CG practices. In addition, the findings of the study may be useful for Qatari listed companies and the Qatar Financial Market Authority, so that they can understand the current CG practices that relate to board structure, and how these affect firm performance.

THEORETICAL FRAMEWORK, LITERATURE REVIEW AND HYPOTHESES

The AT has been used in prior studies to link firm performance (FP) and board structure (BS), where agency costs used to arise due to the separation of ownership and control (Agarwal, 1996; Coles et al., 2008; Karamanou & Vafeas, 2005; Alqatan et al., 2020). Shareholders use various tools in corporate governance to help improve FP and to reduce agency cost (Filatotchev & Nakajima, 2010). In this study, studying the relations between BS and FP is based on both the AT and PT. Accordingly, this study combined the viewpoints from both perspectives in developing the hypotheses.

According to Roe (2003) and Pagano and Volpin (2005), the PT argues that a firm in any country is affected in different ways, depending on the political environment. It helps to understand how governments have an impact upon listed firms and how a firm, in return, responds to political pressure in order to help and to protect shareholders' interests. Similarly, an effective corporate governance mechanism can act as a substitute for a weakly functioning system, so as to protect investors from management abuse and the exploitation of wealth, whereas a strongly functioning system will protect stakeholders from management misbehavior. Managerial agency costs will depend on the political pressure in the country. In this regard, firms always react defensively to this political pressure by reshaping the corporate governance structure in order to overcome this political pressure and to improve the firm's monitoring and performance. In this context, firms may increase the size of their Board, non-executive directors (NED), the diversity of the Board and the frequency of board meetings in a year (Adams & Ferreira, 2007; Roe, 2003).

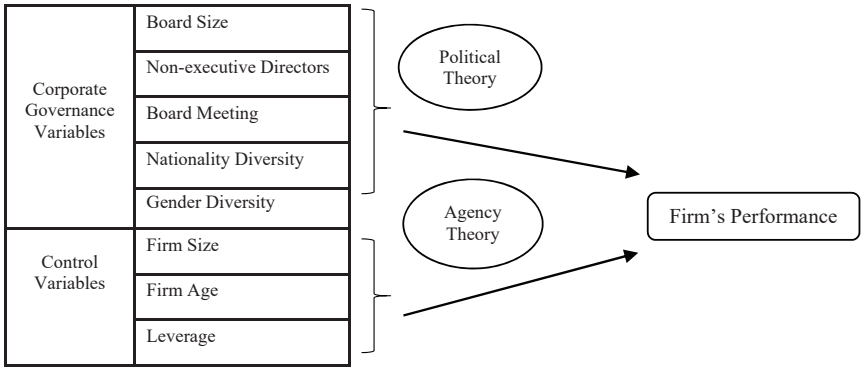

Figure 1: Theoretical Framework

Board Size and Firm Performance

Boards with no more than seven or eight members are seen to be effective (Jensen, 1993). Similarly, for a board to be effective it must have a maximum of 10 members, but preferably between eight and nine members (Lorsch & Lipton, 1992; Alqatan et al., 2019). The argument is that a small board is more beneficial because: (1) decisions can be made at a faster pace (Lorsch & Lipton, 1992) (2) coordination becomes easier, which makes any management manipulation difficult (Haniffa & Hudaib, 2006); (3) there is better communication and interaction between members (Ozkan, 2011). A variety of empirical evidence supports this argument, for example, a study undertaken in the UK, Malaysia and the USA (Donnelly & Kelly, 2005; Mak & Kusnadi, 2005) found that there was a negative relation between FP and board size. In addition, studies reported that a large board size is linked with high management earnings and low firm performance (Guest, 2009; Cheng, 2008). However, in the context of Qatar, as an emerging economy, there might be a need for a larger board size so as to mitigate threats or risks. Linck et al. (2008), argued that firms need more advisory personnel in a complex environment, and this therefore requires a larger board size. This increases the need for skilled members to facilitate board decisions and improve firm performance. According to Adams and Ferreira (2007), a large board size helps to gain more support, experience and knowledge, based on which the CEO can make decisions with which to handle threats and risks. Contrary to a small board size, studies have suggested that large boards enhance monitoring, due to the availability of members' time, if compared to small boards, and there is more experience and the opportunity

to divide the workload among members (Ogbechie et al., 2009; Larmou & Vafeas, 2010). The following hypothesis is put forward as a result of considering the literature discussed above:

H_1: There is a relationship between board size and FP.

Non-executive Directors and Firm Performance

Non-executive directors (NED) helps with effective corporate governance by enhancing the value of a firm in protecting shareholders from the misbehavior of management (Fama & Jensen, 1983; Alqatan et al., 2019). Empirically, the NED and FP relations have been mixed; some studies have shown that there is a negative relation (Coles et al., 2008; Yasser et al., 2017), while others have shown a positive relation (Ho & Williams, 2003; Ramdani & Witteloostuijn, 2010), and some have found no relationship between FP and NED (Haniffa & Hudaib, 2006). The mixed results may be due to the differences in institutional environment, the independence of NED, and the effective roles exercised by them. Corporate governance codes, and the guidelines of various countries, have given high importance to the presence of NED on a board (Grapsas & Powell, 2015). Under the Qatari corporate governance code, the majority of board members should be NED (Qatar Financial Market Authority, 2016). NED brings expertise and reputational capital, which provides guidance to management that can help growth in a firm (Maury, 2006). Whenever there is large number of NED on a board, firms' share prices tend to be positive (Graham et al., 2012). Studies have also concluded that a majority of NED act as advocates for the shareholders, provide extensive monitoring, reduces the possibility of financial statement fraud taking place, and influences decisions that provide strategic direction and improve a firm's performance (Adams & Ferreira, 2009; Elsayed, 2007; Deegan, 2006). The following hypothesis is put forward as a result of considering the literature discussed above:

H_2: There is a positive relationship between NED and FP.

Board Meetings and Firm Performance

As per the Qatari corporate governance code, a board should hold meetings at least six times in a year, and there should be a minimum

number of meetings which means that the board meets at least once every three months (Qatar Financial Market Authority, 2016). Board meetings that are held regularly help a firm to cope with difficult times. A better understanding of problems and quick solutions to problems that are arising are provided at board meetings, which helps managers in their decision (Mangena & Tauringana, 2008). Prior studies have shown mixed results on the relationship between FP and board meetings. For example, no relationship was found among Indian firms (Johl & Jackling, 2009) and a positive relationship was found among businesses that are run by a family, mainly in Europe (Garcia-Ramos & García-Olalla, 2011). The notion of a positive relationship is supported by Francis et al. (2012), and was justified by Ntim and Osei (2011), who showed that boards perform poorly when they have fewer meetings, compared to those boards that have a high number of meetings. In addition, it was revealed that boards that meet more frequently experience a high level of performance. A study by Rodriguez-Fernandez et al. (2014) of 121 companies that are listed on the Madrid Stock Exchange, found that there was negative relationship among Spanish firms. A negative relationship argues for a better firm performance in the next year when there is an increasing number of meetings in the current year (Brick & Chidambaran, 2010). This is because the ideas discussed during board meetings require time to execute and to see their impact on firm performance. Another perspective for a negative relationship was argued by Johl et al. (2015) and by Ilaboya and Obaretin (2015), that meetings of a board lead to the diverting of an organization's resources, energy and time, into less productive activities, and this negatively impacts upon firm performance. The following hypothesis is therefore t forwarded after considering the literature that is discussed above:

H_3: There is a relationship between board meetings and FP.

Board Diversity and Firm Performance

Board diversity determinants can be explained based on the nationality, age, educational qualification, gender diversity etc., of board members. However, in this study, board diversity is focused only on nationality and gender diversity, due to the lack of data on other determinants of diversity. Lehman (2008) argues that a diverse board, with different nationalities serving upon it, creates interpersonal conflicts and cross-cultural

communication problems, making the role of the board ineffective. On the other hand, Oxelheim and Randoy (2003) found that a diverse board, with members coming from different cultures, helps a firm build competitive advantage, in terms of managerial abilities, its commitment to shareholders, and its international network. In addition, nationality diversity has a positive effect on FP. The positive impact on Korean FP due to foreign nationals on the boards was found in the study by Choi et al. (2007). A similar result was reached by Choi and Hasan (2005), using a sample of Korean banks. In addition, Ararat et al. (2010) focused on a developing country (Turkey), and found that diversity in nationality in the board has a positive impact on performance, leading to a high market to book (MBV) ratio. In contrast, Rose (2007) found that there was no relationship in Danish firms, based on the market-to-book value ratio.

Diversity in nationality enhances firm performance, especially that of firms that have foreign operations or that deal with local partners in the respective board members' countries. This is because a foreign board member will have a more extensive knowledge of his/her country's market, which helps a board in its decision making. In addition, Maznevski (1994) argues that diversity in nationality on a board provides alternative solutions to problems, and the board members are more able to evaluate each alternative more efficiently, leading to an efficient decision-making process, if compared to a homogenous group of people. The following hypothesis is therefore put forward after considering the literature discussed above:

H_4: There is a positive relationship between diversity in nationality and FP.

Gender diversity on a board is viewed as being good corporate governance (Gallego-Alvarez et al., 2010; Alqatan, 2019). This is mainly argued due to: (1) the addition of unique characteristics, abilities and talent to the board; (2) the enhancement of the problem-solving skills of a board, and the possibility of looking at problems from different perspectives, which provides alternative solutions and enhances firm performance (Rose, 2007). The existence of females on a board is considered to be beneficial to that board, because females put more effort into their tasks, compared to males (Dang et al., 2013). Most firms tend to appoint females to their boards in order to have a better connection with female stakeholders in

society. Empirical evidence regarding FP and gender diversity has been contradictory; for instance, Adams and Ferreira (2009) found that there was a negative relation, despite US companies' board effectiveness, whereas Rose (2007) found that there was no relation, when considering a sample of Danish firms. Al-Shammari and Al-Saidi (2014) found that the existence of women on the boards of Kuwaiti listed companies was not an effective mechanism for improving firm performance. Low et al. (2015) found that there was a positive relationship in a sample of firms that came from Asian countries, like Malaysia, Singapore, Hong Kong and South Korea. Similarly, Isidro and Sobral (2015) investigated this relationship in European firms, and found that females on a board leads to more success than firms with no females on their boards. As per Hofstede's cultural dimension (2010), females are more caring, and they can focus on multiple things at a time, compared to men. This study therefore hypothesises the following:

H_5: There is a positive relationship between gender diversity and FP.

METHODOLOGY

Sample and Data Sources

Listed firms on the Qatar Stock Exchange (QSE) I 2018 were selected for this study. This is considered to be the most recent data that was available at the time of the study. Data relating to firm performance and board structure were retrieved from the Bloomberg database, and the missing data were manually collected from CG and annual reports. In 2018, the total number of listed companies was 46. Four firms with incomplete data were removed from the study. There was thus a final sample of 42 listed firms. The sample represented 91% of the population of the listed companies.

Variables Measurement

Dependent variable: Firm performance

Accounting based-measurements, i.e., ROE and ROA, were used in this study in order to measure FP. The data were collected from the Bloomberg database. This measure was used because ROE reflects the failure or success of management in creating a return for the shareholders which, in turn, reflects the Board of Directors' monitoring of the management, and whether

or not this was effective. On the other hand, ROA reveals the profit made using the total assets of the firm. This reflects the CG policy that is set by the Board of Directors (BOD) and its strategy. This thus helps to examine whether the BOD was effective, or not.

Independent variable: Board structure

Board structure (BS) has been used as an independent variable (e.g., Dang et al., 2013; Garcia-Ramos & García-Olalla, 2011). BS has been operationalized into different variables, for instance, board size, NED, board meeting frequency, nationality diversity, gender diversity at board level, in order to test our hypotheses. Data were collected from the Bloomberg database, corporate governance reports, and annual reports of the company.

Control variables

Other factors that may affect FP were taken into consideration in this study so as to remove the heterogeneity problem. Following prior studies, three control variables were included; firm size, leverage and age (Yasser et al., 2017; Bhatt & Bhattacharya, 2015). Firm size plays a critical role in the performance of a firm, due to economies of scale. Large firms tend to have easy access to capital, due to the low cost of borrowing and their relationships with major stakeholders, both in- and outside the operating environment. Firms of a larger size thus tend to outperform smaller ones by enhancing firm performance.

In addition, firms that are old are more likely to have the expertise, experience and assets, if compared to newly established firms, which have a higher failure rate due to their lack of understanding in regard to various business factors. Prior research has suggested that there is a relation between a firm's age and FP, but this is inconsistent, since a positive relation has been suggested by Papatogonas (2007), and a negative relation is reported by Dogan (2013).

In Qatar, the major source of capital is from banks, and thus a leveraged firm may experience high external control by banks, in which regard the banks will restrict firms' decision/actions in order to protect their (creditors') interests (Cheng & Jaggi, 2000). This may affect firm performance, due to the inability to use debt funding freely. In addition, leveraged firms are more able to efficiently make decisions that impact upon a firm's performance,

due to the constraint placed on management to efficiently use funding, and to ensure interest can be paid and profit earned. Table 1 summarizes the variables' definitions, labels and the sources of data collection.

Table 1: Variables' Descriptions

	Description	Source
BS variables:		
Board Size (BSIZE)	Number of total directors on the board	Bloomberg database, CG and annual reports
Non-executive directors (NED)	Proportion of NED to the total board size	Bloomberg database, CG and annual reports
Board Meeting (BMEET)	Number of times the board meets in a year	CG and annual reports
Nationality Diversity (NDIV)	Proportion of Non-Qatari relative to total board size	CG and annual reports
Gender Diversity (GDIV)	Proportion of women on the board relative to the total board size	Bloomberg database, CG and annual reports
FP variables:		
Return on Equity (ROE)	Measured using accounting-based measures ROE and ROA	Bloomberg database
Return on Asset (ROA)		
Control variables:		
Firm Size (FSIZE)	log of total asset	Annual report
Firm Age (FAGE)	year of incorporation	Company website
Leverage (LEV)	debt/equity ratio	Bloomberg database

Statistical model

Two regression models were used in this study to examine the relationship between CG and FP as follows:

Model 1:

$$ROE = \alpha + \beta 1BSIZE + \beta 2NED + \beta 3BMEET + \beta 4NDIV + \beta 5GDIV + \beta 6FSIZE + \beta 7FAGE + \beta 8LEV + \varepsilon$$

Model 2:

$$ROA = \alpha + \beta 1BSIZE + \beta 2NED + \beta 3BMEET + \beta 4NDIV + \beta 5GDIV + \beta 6FSIZE + \beta 7FAGE + \beta 8LEV + \varepsilon$$

RESULTS AND DISCUSSION

Descriptive Statistics

Table 2 summarizes the mean descriptive statistics of the variables used in the study. The average age of the firms listed on the QSE that were used in this study was 25.21 years from their date of incorporation. Focusing on performance measures, the average ROE and ROA were 7.0 and 3.6 respectively. On the other hand, the boards of directors, on average, had 8 members, and this number includes NED and women. This indicates that the board of directors, on average, enhanced companies through their role of strengthening their duties and protecting shareholders' rights. Finally, the mean of diversity in nationality was 7 (this number represents the non-Qatari directors on the Boards).

Table 2: Descriptive Statistics

Variable	Mean	Minimum	Maximum
BS variables:			
Nationality Diversity (NDIV)	0.072	0	0.400
Board Meeting (BMEET)	6.830	5	11
Board Size (BSIZE)	8.700	5	11
Non-executive Directors (NED)	0.880	0.560	1.000
Gender Diversity (GDIV)	0.016	0	2
FP variables:			
Return on equity (ROE)	6.962	-38.070	30.640
Return on asset (ROA)	3.642	-11.730	17.100
Control variables:			
Firm size (FSIZE)	6.950	5.210	8.935
Firm age (FAGE)	25.210	6	69
Leverage (LEV)	25.867	0.120	72.500

Correlation Test

Two approaches were used in this study in order to check for any multicollinearity problems; the Pearson correlation and a variance inflation factor (VIF). Although, there is no specific percentage agreed on for

correlation cut-off, various scholars have suggested that any correlation that is more than 70% indicates a problem of multicollinearity (Mangena & Tauringana, 2007). Table 3 shows the Pearson correlation among the variables used in this study. All values were less than 70%, which indicated that there is no multicollinearity issue in the data. In addition, Francis et al. (2012) had argued that even when correlation is not high, multicollinearity may still exist. The VIF test was preformed to further check for any multicollinearity problem. An acceptable level of VIF at less than 10 indicates that there is no multicollinearity that exists between the variables (Francis et al., 2012). Table 4 indicates that no multicollinearity exists, as all VIF values were less than 10 in both of the two models.

Table 3: Correlation Results

	Variables	1	2	3	4	5	6	7	8
1	FSIZE	1							
2	FAGE	0.314**	1						
3	LEV	-0.049	-0.113	1					
4	NDIV	-0.117	0.036	0.151	1				
5	BMEET	-0.091	-0.171	-0.076	0.103	1			
6	BSIZE	0.168	0.438**	-0.114	0.205*	0.035	1		
7	NED	0.085	-0.192	0.201*	0.101	0.162	0.155	1	
8	WDIV	-0.125	-0.102	.249**	-0.119	-0.016	-0.067	0.025	1

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 4: Variance Inflation Factor

Variables	Collinearity Statistics (VIF)
BSIZE	1.381
BMEET	1.085
NED	1.182
NDIV	1.213
GDIV	1.131
FSIZE	1.273
Age	1.695
LEV	1.189

Regression Test

Results in Table 5 indicate that Model 1 explained 21.3% of the variation in ROE, and Model 2 explained 24.3% of the variation in ROA. According to Cohen (1988), an adjusted R square greater than 20%, has a considerable effect.

In Model 1, with board structure variables, gender diversity (GDIV) only significantly affected firm performance, if measured by ROE. This finding indicated that females with unique talents are more reluctant to enhance critical decisions and to improve the monitoring of management decisions that reduce agency cost. This finding contradicts Al-Shammari and Al-Saidi (2014) in the Kuwaiti context. This is a very interesting finding, as it reveals that CG mechanisms in the GCC countries may differ from one country to another, and this depends on many factors, such as economic development and growth and government monitoring and pressures. Board size had a weak statistically significant (i.e., at the 0.10 level) effect. Board size (BSIZE), board meeting frequency (BMEET), non-executive directors (NED), and diversity in nationality (NDIV) were not statistically significant. The results showed that NED had a negative relationship with the ROE. The results are consistent with some of the prior studies (e.g., Yermack, 1996; Donnelly & Kelly, 2005; Mak & Kusnadi, 2005; Adams & Ferreira, 2009; Elsayed, 2007; Deegan, 2006). The results reveal that H5 was accepted, whereas H1, H2, H3 and H4 were rejected. Among control variables, only leverage (LEV) was negatively significant with ROE, and it can be argued that directors place extra monitoring on management, which restricts the use of free cash flow (Cheng & Jaggi, 2000).

In Model 2, the results showed that board meeting frequency, non-executive directors and gender diversity significantly influenced firm performance, if measured by ROA. The results showed that board size was negatively related with performance measures, although this was not at a significant level. This can be analyzed by looking at the board members' qualifications and experience (Gallego-Alvarez et al., 2010). Similar to Model 1, female diversity also showed a positive relation, and this was significant. Females on a board help a firm to better monitor management decisions and they come with suitable policies for improving firm performance (Low, et al., 2015; Isidro & Sobral, 2015). The control

variables (firm size and leverage) were statistically significant with ROA. Firm size was negatively related to ROA, indicating that political monitoring and pressure have an impact on large firms, rather than on small ones, despite having economics of scale (Bhatt & Bhattacharya, 2015). Similarly, leverage was negatively significant with the ROA, which indicates the restriction or control that is placed on a firm by directors or management to encourage it to use funds wisely (Cheng & Jaggi, 2000).

As mentioned earlier, companies will respond sensitively to government pressure by improving the corporate governance structure in order to overcome any political pressure and to improve firm monitoring and performance. Firms may therefore increase the size of their board, frequency of board meeting, NED, and the diversity of the board.

Table 5: Regression Results

Variables	Model 1: ROE	Model 2: ROA
BSIZE	0.088 (0.190)	0.707 (-0.381)
BMEET	0.794 (-0.264)	0.032** (0.257)
NED	0.783 (-0.280)	0.033** (-1.028)
NDIV	0.427 (-0.810)	0.225 (-0.651)
GDIV	0.009*** (0.582)	0.011** (0.692)
FSIZE	0.274 (-1.125)	0.042** (-0.154)
FAGE	0.866 (0.171)	0.866 (0.171)
LEV	0.034** (-0.212)	0.182** (-1.382)
Adjusted R Square	0.213	0.243

CONCLUSION

The current study extends the literature by examining the relationship between board structure and firm performance, measured by ROE and ROA. The study found that gender diversity (i.e., female directors on the board) had

a positive significant relationship with firm performance in both measures, i.e., ROE and ROA. In addition, only board meeting frequency and non-executive directors had significant relationships with firm performance, measured by ROA. The findings of the study indicate that having more female directors on a board affects firm performance positively. It is thus clear that Qatari listed companies that try to have more female directors will have a higher performance. In addition, the findings reveal that listed companies that have more board meetings will demonstrate good firm performance. The findings of the study have some practical implications for some of the stakeholders, such as Qatari listed companies and the Qatar Financial Market Authority. The Qatari listed companies will be able to understand the impact of board structure and the complements to this that may affect a firm's performance. This will thus strengthen the functioning of their boards. The Qatar Financial Market Authority will be able to understand the current practices of the CG code; its strengths and weaknesses. Hence, they will be able to improve the code in order to overcome the weaknesses and to strengthen good practices.

There are some limitations to this study that future research might consider in order to overcome them. Future research may incorporate more areas of board structure, such as board committees, board members' experience, remuneration, duality, family ownership, and government ownership. Secondly, future research might consider more than one year for such research (i.e., time series analysis) which would provide a better understanding of the relationship between board structure and firm performance. Thirdly, as the study has focused on short-term performance measurement (i.e., ROA and ROE), future research could consider a long-term performance measurement, such as Tobin's-Q. Fourthly, future research could test and control for industry type effects.

REFERENCES

Abdallah, A. A. N., & Ismail, A. K. (2017). Corporate governance practices, ownership structure, and corporate performance in the GCC countries. *Journal of International Financial Markets, Institutions and Money*, *46*(1), 98-115.

Adams, R., & Ferreira, D. (2007). A theory of friendly boards. *Journal of Finance*, *62*(1), 217-250.

Adams, R., & Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics*, *94*(2), 291-309.

Agarwal, A. (1996). Firm performance and mechanisms to control agency problems between managers and shareholders. *Journal of Financial and Quantitative Analysis*, *31*, 377-397.

Ahmed, E., & Hamdan, A. (2015). The impact of corporate governance on firm performance: Evidence from Bahrain Bourse. *International Management Review*, *11*(2), 21-37.

Al-Ahdal, W. M., Alsamhi, M. H., Tabash, M. I., & Farhan, N. H. (2020). The impact of corporate governance on financial performance of Indian and GCC listed firms: An empirical investigation. *Research in International Business and Finance*, *51*(101083).

Alqatan, A. (2019). The association between board diversity, earnings management and firm performance in Kuwait: A research agenda. *Corporate Governance: Search for the Advanced Practices,* 254-274.

Alqatan, A., Chbib, I., & Hussainey, K. (2019). How does board structure impact on firm performance in the UK?. *Corporate Board: Role, Duties & Composition*, *15*(2), 18-27.

Alqatan, A., Chbib, I., & Hussainey, K. (2020). Theories related to the relationship between board diversity, earnings management and firm performance. In A. J. Alqatan, K. Hussainey, & H. Khlif (Eds.), *Corporate Governance and Its Implications on Accounting and Finance.* IGI Global.

Al-Shammari, B., & Al-Saidi, M. (2014). Kuwaiti women and firm performance. *International Journal of Business and Management*, *9*(8), 51-60.

Ararat, M., Aksu, M., & Cetin, A. T. (2010). Impact of board diversity on boards' monitoring intensity and firm performance: Evidence from the Istanbul Stock Exchange. Paper presented at the *17th Annual Conference of the Multinational Finance Society, 27 - 30 June, Barcelona*. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstr act_id=1572283.

Baek, J. S., Kang, J. K., & Park, K. S. (2004). Corporate governance and firm value: Evidence from the Korean financial crisis. *Journal of Financial Economics*, *71*(2), 265-313.

Bhatt, R. R., & Bhattacharya, S. (2015). Board structure and firm performance in Indian IT firms. *Journal of Advances in Management Research*, *12*(3), 232-248.

Brick, I. E., & Chidambaran, N. K. (2010). Board meetings, committee structure, and firm value. *Journal of Corporate Finance*, *16*(4), 533-553.

Cheng, C. M., & Jaggi, B. L. (2000). The association between independent non-executive directors, family control and financial disclosures. *Journal of Accounting and Public Policy*, *19*(4/5), 285-310.

Cheng, S. (2008). Board size and the variability of corporate performance. *Journal of Financial Economics, 87*(1), 157-176.

Choi, J. J., Park, S. W., & Yoo, S. S. (2007). The value of outside directors: Evidence from corporate governance reform in Korea. *Journal of Financial and Quantitative Analysis*, *42*(4), 941-962.

Choi, S., & Hasan, I. (2005). Ownership, governance, and bank performance: Korean experience. *Financial Markets, Institutions & Instruments, 14(*4), 215-242.

Cohen, J. (1988). *Statistical power analysis for the behavioral sciences.* New York, NY: Routledge Academic.

Coles, J. L., Daniel, N. D., & Naveen, L. (2008). Boards: Does one size fit all?. *Journal of Financial Economics*, *87*(3), 329-356.

Dahya, J., Dimitrov, O., & McConnell, J. J. (2008). Dominant shareholders, corporate boards and corporate value: A cross-country analysis. *Journal of Financial Economics*, *87*(1), 73-100.

Dang, R., Nguyen, D. K., & Vo, L. C. (2013). *Women on corporate boards and firm performance: A comparative study.* Retrieved from http://events.em-lyon.com/AFFI/Papers/252.pdf

Deegan, C. (2006). *Financial accounting theory.* Sydney: McGraw-Hill.

Dogan, M. (2013). Does firm size affect the firm profitability? Evidence from Turkey. *Research Journal of Finance and Accounting*, *4*(4), 53-59.

Donnelly, R., & Kelly, P. (2005). Ownership and board structures in Irish PLCs. *European Management Journal*, *23*(6), 730-740.

Elsayed, K. (2007). Does CEO duality really affect corporate performance?. *Corporate Governance: An International Review*, *15*(6), 1203-1224.

Fama, E., & Jensen, M. C. (1983). Separation of ownership and control. *Journal of Law and Economics*, *26*(2), 301-325.

Filatotchev, I., & Nakajima, C. (2010). Internal and external corporate governance: An interface between an organization and its environment. *British Journal of Management*, *21*(3), 591-606.

Francis, B., Hasan, I., & Wu, Q. (2012). *Professors in the boardroom and their impact on corporate governance and firm performance*. SSRN Working Paper.

Gallego-Álvarez, I., García-Sánchez, I. M., & Rodríguez-Dominguez, L. (2010). The influence of gender diversity on corporate performance. *Spanish Accounting Review*, *13*(1), 53-88.

García-Ramos, R., & García-Olalla, M. (2011). Board characteristics and firm performance in public founder-and non-founder-led family businesses. *Journal of Family Business Strategy*, *2*(4), 220-231.

General Secretariat for Development Planning (2008). *Qatar National Vision 2030*. Retrieved from https://www.gco.gov.qa/wp-content/uploads/2016/09/GCO-QNV-English.pdf.

Graham, J. R., Li, S., & Qiu, J. (2012). Managerial attributes and executive compensation. *Review of Financial Studies*, *25*(1), 144-186.

Grapsas, R., & Powell, R. (2015). *International comparison of selected corporate governance guidelines and codes of best practice.* Retrieved from https://www.weil.com/~/media/files/pdfs/us_active_international- matrix-june-2014_44503343_2.pdf.

Guest, P. M. (2009). The impact of board size on firm performance: Evidence from the UK. *The European Journal of Finance, 15*(4), 385-404.

Haniffa, R., & Hudaib, M. (2006). Corporate governance structure and performance of Malaysian listed firms. *Journal of Business Finance and Accounting*, *33*(7-8), 1034-1066.

Hawkamah. (2009, April 4). *Hawkamah assists Qatar financial markets authority in developing a code of corporate governance*. Retrieved from https://www.hawkamah.org/news-publications/news/2009/hawkamah-assists-qatar-financial-markets-authority-in-developing-a-code-of-corporate-governance.

Ho, C. A., & Williams, S. M. (2003). International comparative analysis of the association between board structure and the efficiency of value added by a firm from its physical capital and intellectual capital resources. *The International Journal of Accounting, 38*(4), 465-491.

Hofstede, G., Hofstede, G. J. & Minkov, M. (2010). *Cultures and organizations: Software of the mind* (Rev. 3rd ed.). New York: McGraw-Hill.

Ilaboya, O. J., & Obaretin, O. (2015). Board characteristics and firm performance. Evidence from Nigerian quoted companies. *Academic Journal*, *4*(1), 283-290.

International Monterey Fund (IMF). (2017). *Qatar Selected Issue, International Monterey Fund Country Report No. 17/89.* Retrieved from https://www.imf.org/en/Publications/CR/Issues/2017/04/10/Qatar-Selected-Issues-44813

International Monterey Fund (IMF). (2019). *Regional Economic Outlook: Middle East and Central Asia.* October 2019. Retrieved from https://www.imf.org/en/Publications/REO/MECA/Issues/2019/10/19/reo-menap-cca-1019.

Isidro, H., & Sobral, M. (2015). The effects of women on corporate boards on firm value, financial performance, and ethical and social compliance. *Journal of Business Ethics*, *132*(1), 1-19.

Jensen, M. C. (1993). The modern industrial revolution, exit, and the failure of internal control systems. *The Journal of Finance*, *48*(3), 831-880.

Johl, S. K., Kaur, S., & Cooper, B. J. (2015). Board characteristics and firm performance: Evidence from Malaysian public listed firms. *Journal of Economics, Business and Management*, *3*(2), 239-243.

Johl, S., & Jackling, B. (2009). Board structure and firm performance: Evidence from India's top companies. *Corporate Governance: An International Review*, *17*(4), 492-509.

Karamanou, I., & Vafeas, N. (2005). The association between corporate boards, audit committees, and management earnings forecasts: An empirical analysis. *Journal of Accounting Research*, *43*(3), 453-486.

Klapper, L. F., & Love, I. (2004). Corporate governance, investor protection, and performance in emerging markets. *Journal of corporate Finance*, *10*(5), 703-728.

Larmou, S., & Vafeas, N. (2010). The relation between board size and firm performance in firms with a history of poor operating performance. *Journal of Management & Governance*, *14*(1), 61-85.

Lehman, C. M. (2008). *Business communication* (15th ed.). Mason, OH: Thomson South-Western.

Linck, J. S., Netter, J. M., & Yang, T. (2008). The determinants of board structure. *Journal of Financial Economics*, *87*(2), 308-328.

Lorsch, J. W., & Lipton, M. (1992). A modest proposal for improved corporate governance. *The Business Lawyer*, *48*(1), 59-77.

Low, D. C., Roberts, H., & Whiting, R. H. (2015). Board gender diversity and firm performance: Empirical evidence from Hong Kong, South Korea, Malaysia and Singapore. *Pacific-Basin Finance Journal*, *35*, 381-401.

Mak, Y. T., & Kusnadi, Y. (2005). Size really matters: Further evidence on the negative relationship between board size and firm value. *Pacific-Basin Finance Journal*, *13*(8), 301-318.

Mangena, M., & Tauringana, V. (2007). Disclosure, corporate governance and foreign share ownership on the Zimbabwe Stock Exchange. *Journal of International Financial Management and Accounting*, *18*(2), 53-85.

Mangena, M., & Tauringana, V. (2008, April). Corporate boards, ownership structure and firm performance in an environment of severe political and economic uncertainty. Paper presented at the *British Accounting Association Conference, Blackpool.*

Maury, B. (2006). Family ownership and firm performance: Empirical evidence from Western European corporations. *Journal of Corporate Finance*, *12*(2), 321-341.

Maznevski, M. L. (1994). Understanding our differences: Performance in decision-making groups with diverse members. *Human Relations*, *47*(5), 531–552.

Mitton, T. (2002). A cross-firm analysis of the impact of corporate governance on the East Asian financial crisis. *Journal of Financial Economics*, *64*(2), 215-241.

Ntim, C. G., & Osei, K. A. (2011). The impact of corporate board meetings on corporate performance in South Africa. *African Review of Economics and Finance*, *2*(2), 83-103.

Ogbechie, C., Koufopoulos, D. N., & Argyropoulou, M. (2009). Board characteristics and involvement in strategic decision making: The Nigerian perspective. *Management Research News*, *32*(2), 169-184.

Oxelheim, L., & Randoy, T. (2003). The impact of foreign board membership on firm value. *Journal of Banking and Finance*, *27*(12), 2369-2392.

Ozkan, N. (2011). CEO compensation and firm performance: An empirical investigation of UK panel data. *European Financial Management*, *17*(2), 260-285.

Pagano, M., & Volpin, P. F. (2005). The political economy of corporate governance. *The American Economic Review*, *95*(4), 1005-1030.

Papadogonas, T. A. (2007). The financial performance of large and small firms: Evidence from Greece. *International Journal of Financial Services Management*, *2*(1-2), 14-20.

Peng, M. W., & Jiang, Y. (2010). Institutions behind family ownership and control in large firms. *Journal of Management Studies, 47*(2), 253-273.

Pillai, R., & Al-Malkawi, H. A. N. (2018). On the relationship between corporate governance and firm performance: Evidence from GCC countries. *Research in International Business and Finance*, *44*, 394-410.

Qatar Financial Market Authority (2016). *Governance code for companies and legal entities listed on the main market.* Available at https://www.qe.com.qa/documents/20181/458121/Corporate+Governance+-+QFMA.pdf/c108b916-c0a1-b4fc-d6f7-3efe7e0fce75.

Rajagopalan, N., & Zhang, Y. (2008). Corporate governance reforms in China and India: Challenges and opportunities. *Business Horizons*, *51*(1), 55-64.

Ramdani, D., & Witteloostuijn, A. V. (2010). The impact of board independence and CEO duality on firm performance: A quantile regression analysis for Indonesia, Malaysia, South Korea and Thailand. *British Journal of Management*, *21*(3), 607-627.

Rodriguez-Fernandez, M., Fernandez-Alonso, S., & Rodriguez-Rodriguez, J. (2014). Board characteristics and firm performance in Spain. *Corporate Governance*, *14*(4), 485-503.

Roe, M. J. (2003). *Political determinants of corporate governance: Political context, corporate impact.* New York: Oxford University Press.

Rose, C. (2007). Does female board representation influence firm performance? The Danish evidence. *Corporate Governance: An International Review*, *15*(2), 404-413.

Shleifer, A., & Vishny, R. W. (1997). A survey of corporate governance. *Journal of Finance*, *52*(2), 737-783.

Yasser, Q. R., Mamun, A. A., & Rodrigs, M. (2017). Impact of board structure on firm performance: Evidence from an emerging economy. *Journal of Asia Business Studies*, *11*(2), 210-228.

Yermack, D. (1996). Higher market valuation of companies with a small board of directors. *Journal of Financial Economics*, *40*(2), 185-211.

Zeitun, R. (2014). Corporate governance, capital structure and corporate performance: Evidence from GCC countries. *Review of Middle East Economics and Finance*, *10*(1), 75-96.