



Board Nationality and Educational Diversity and Organizational Performance: A Systematic Review of Literature

Jackline Akoth Odero ^{1*}, Robert Egessa ²

^{1,2} School of Business and Economics, Masinde Muliro University of Science and Technology, Kenya

*Corresponding author email: jacklineoder@gmail.com

Abstract

Board diversity is an important aspect of corporate governance. This paper reviewed research on board nationality and educational diversity and organizational performance in both developed and developing contexts. Further, the paper identified research gaps that may have restricted generalization of the results. The study adopted a qualitative research approach where data was obtained from peer reviewed articles published during the 2010-2022 period. Based on the review most studies revealed that Board nationality and educational diversity influenced firm performance. This study highlights the importance of nationality and educational board diversity. It also offers insights to policy makers so that they can develop, implement and even improve on policies and regulations on board nationality and educational diversity as a way of strengthening board effectiveness thus resulting to organizational performance. The recommendation for firms is to consider nationality and educational diversity when appointing board members.

Keywords: Board Diversity, Educational Diversity, Nationality Diversity, Organizational Performance

1. Introduction

Board of directors' act as a safeguard between a firm and its shareholders (Liu & Fong, 2010). The board manages the company's performance and ensures there's good return for shareholders (Kennon, 2011). Besides strategy formulation, the board controls the appointment of top management, supervises them and oversees their remuneration. The board engages in a firm's decision-making process and thus their decisions may affect the company's survival and direction as well. According to Broome, Conley and Krawiec (2011) diversity, is a critical attribute of any corporate board despite its benefits having been under-examined in the academic literature.

A board that's more diverse is able to monitor managers' actions than one that's less diverse. Further, according to Carter, D'Souza, Simkins and Simpson (2010) board diversity enhances information flow from the board to managers and introduces new perspectives as well as nontraditional approaches in problem solving. Preeti *et al.* (2014) observed that, firms were realizing that in order to be more competitive they should incorporate diversity.

According to Rhode and Packel (2010) many practitioners have supported board heterogeneity since it can alleviate groupthink that is a situation where members effort to attain consensus override their capacity to sensibly appraise alternative actions. The board of directors' characteristics includes gender, age, ethnic, nationality, education and corporate experience (Letting, Aosa & Machuki, 2012; Giannetti, Liao & Yu, 2012; Mahadeo, Soobaroyen & Hanuman, 2012). Adams *et al.* (2015) and Hillman (2015) have recommended for studies to be done on other board diversity aspects beyond gender. Hence this study focuses on nationality and educational board diversity.

In some countries regulations bar leadership identification by ethnicity and even race and this makes it difficult and also impossible to track representation of leaders accurately (Zehnder, 2020). Globally on average 79% of listed companies have non-nationals while in Kenya 62% of listed companies have non-nationals (Kenya Institute of Management, 2017). As regards to board room representation, 11% of directors are non-Kenyans (Kenya Institute of Management. 2021). Cossin (2015) posits that many members of boards are successful as well as seasoned personalities who have remarkable experiences in areas of academia and public service, or even elsewhere. Boards with highly skilled, qualified, independent and diverse directors are able to make well-informed decisions (Price, 2019). Globally, 60.5% and 14.3% of members of the board have bachelor's degree, and master's degrees respectively, though there are those who hold certificate qualifications only. Board composition is a critical governance issue facing company management (Carter, Simkins & Simpson, 2003). This paper therefore intends to

retrospectively review existing empirical literature on board nationality and educational diversity and organizational performance across countries.

2. Literature Review

2.1 Theoretical Review

The study was anchored on Resource Dependency Theory. Corporate boards constitute the resource stream as they bring a wealth of knowledge, ideas, experience and professional contacts as well (Carpenter Geletkanycz & Sanders, 2004). According to Yusoff and Alhaji (2012) and Hillman, Cannella and Paetzols, (2000) this theory is used by directors to link firms with external factors and holds a possibility for reduction of costs of transaction related to environmental interdependency and it may also reduce uncertainty (Hillman, Shropshire & Cannella, 2007). Resource dependence theory postulates that for survival, firms are dependent on resources available in the external environments (Pfeffer & Salancik, 1978). Liu, Wei and Xie (2013) posit that an entity's dependence on resources available in the external environment could present risks to the business. More diverse boards benefit from having access to more information and having networks to assist in the achievement of organizational goals by being able to deal with uncertainty and lessen uncertainty (Bryant & Davis, 2012). According to Ruigrok, Peck and Tacheva (2007) a firm may broaden its resources and augment various perspectives to enhance solving problems as well as strategic planning by incorporating educational, gender, racial and occupational board diversity. The theory addresses ways in which boards may avail valuable resources. According to Rondøy, *et al.* (2006) focus is on the ability of firms' to build links in order to secure critical resources for instance capital, suppliers, customers or cooperative partners. Thomsen and Conyon (2012) contended that a board that embraced diversity in terms of ethnicity, gender, education, experience and background possessed a wealth of distinct knowledge and skills. Diverse boards are more insightful on matters of markets, customers, employees and business opportunities and this results to better understanding of the business conditions and thus better company performance.

2.2 Conceptual Review

2.2.1 Board Nationality Diversity

Board national diversity refers to director's citizenship. A company having a nationality diverse board has the benefit of being enlightened on diverse operating environments and cultures that contrast to those of local the environments (Jhunjhunwala & Mishra, 2012). Foreign directors are able to improve the advisory capacity of the whole board since they have experience and are knowledgeable on foreign market operations and have access to foreign networks. Thus firms may get value from advisory services of foreign directors (Adams, Hermalin & Weisbach, 2009; Daniel, McConnel & Naveen 2013). Studies have revealed that nationality diversity influences financial performance (Rose, Munch-Madsen & Funch, 2013; Ujunwa, 2012; Zainal, Zulkifli & Saleh, 2013), shareholder heterogeneity, international market operations of a firm and operational performance (Estélyi & Nisar, 2016). Belcredi and Ferraini (2014) asserted that companies that had multinational board members yielded better returns. Huijsmans, (2017) posited that foreign directors could boost firm's CSR practices.

2.2.2 Board Educational Diversity

Education diversity distinct sets of task relevant skills, knowledge as well as abilities of team members in regards to their educational background (Dahlin, Weingart & Hinds, 2005). Compared to age diversity and gender diversity, education diversity is a less researched area (Mahadeo *et al.*, 2012, Hassan *et al.* 2015). They further reiterated that firms could benefit from fast and valuable evaluations and also address information asymmetry issues that may arise between boards and senior management. Different authors have measured board educational diversity using distinct aspects for instance level of education (Post *et al.*, 2011; Ujunwa, 2012; Darmadi, 2013; Rajula, 2016; Ingari, 2017; Kagzi & Guha, 2018), skills, knowledge and abilities (Bantel, 1993; Mahadeo *et al.*, 2012) country where degree was obtained (Harjoto, Laksmana & Yang, 2019). Failing to consider the educational expertise during investigations can pose a problem since the board members background and experience can have an effect on their understanding regarding complex business transactions and decisions made (Kesner, 1988). Bantel (1993), Hambrick and Mason (1984) and Miller and Triana (2009) contended that firms benefitted from better decisions due to constitution of boards that were more educationally diverse. On the same vein it has been suggested that board educational diversity increases board problem-solving skills enhancing a firm's financial performance (Milliken & Martins, 1996). Post *et al.* (2011) alluded that boards that had highly educated persons showed more concerned for the environment than those who were less educated. Persons with higher education are likely to be risk takers and have a tendency to invest in research and development (Midavaine, Dolfsma & Aalber, 2016).

2.3 Empirical Review

Several studies have been done on board nationality and educational diversity. A study carried out on S & P 500 companies from 1998 to 2006 by Masulis, Wang and Xie (2010) foreign directors' effect on corporate governance and firm performance. They investigated how foreign independent directors (FIDs) contributed to firm performance and shareholders' value through their advisory role. Specifically, they intended to establish whether or not FIDs made better cross-border acquisition and confirmed that abnormal returns on part of acquirer are significantly higher in cases where the acquirer had a FID who was from the same place as the target. A study done in 1500 US S&P firms by Daniel, McConnel and Naveen (2013) on the advisory role of foreign directors indicated that the firms got value from the advisory services of the director and not by mere addition of foreign directors. On the same vein it has been put forth that foreign directors are able to improve the advisory capacity of the whole board since they have experience and are knowledgeable on foreign market operations and have access to foreign networks (Adams, Hermalin & Weisbach, 2009). Similarly regarding a study done in UK EmadEldeen, Elbayoumi, Basuony and Mohamed (2021) found that nationality diversity had positive effect on firm performance while education diversity had a negative effect.

Harjoto, Laksmana and Yang (2019) conducted a study on board National Diversity and educational background diversity and corporate social performance In US firms. National Diversity was measured in terms of directors' citizenship while educational background was measured in terms of countries where they earned their undergraduate and post undergraduate degrees. Univariate and multivariate analysis were used to test hypothesis. Findings revealed that both board National Diversity and educational background diversity influenced corporate social performance. On the same vein Mahodeo *et al.* (2012) conducted a study in Mauritius In 39 publicly listed companies Stock Exchange and the findings revealed that boards having a higher educational background mix would lessen corporate performance. Hosny and Elgarbawy (2022) confirmed that education and network, had no significant effect on financial performance while nationality diversity negatively affected financial performance in UK. Similarly, Diepen (2015) confirmed that nationality diversity had a negative and nonlinear association to Dutch companies' financial performance.

A study was conducted in Turkey on board diversity and performance. Specifically, the study focused on gender, ethnic, educational and Nationality background. For measuring performance Tobin's Q was used. Results indicated that higher diversity led to increased firm market-to-book ratio (Ararat, Aksu & Cetin, 2010). Joao and Vinicius (2012) studied Brazilian listed companies on the influence of board diversity on firm performance and focused on gender, age, education and board independence. The findings confirmed that diversity in disciplines of education and board independence negatively affected performance while diversity in schooling years and presence of women had a positive effect. Age diversity was found to be insignificant. Firms' performance had Tobin's q and ROA as its proxies. Kagzi and Guha (2018) conducted a study in Indian top 200 knowledge intensive firms on board demographic diversity and firm performance. The study focused on gender, age, tenure and level of education as aspects of diversity. Panel data was analyzed for the period 2010-2014 of companies listed in India's NSE. Findings confirmed that gender and tenure had no significant influence on firm performance, age significantly influenced firm performance while education negatively influenced performance. But overall board demographic diversity index had a positive linear relation to firm performance. EmadEldeen, Elbayoumi, Basuony and Mohamed (2021) found that nationality diversity had positive effect on firm performance.

Darmadi (2010) investigated the link between board diversity and financial performance of listed firms in Indonesian Stock Exchange (IDX) and established that nationality diversity had no influence on performance whereas age and gender had an impact on performance measured in terms of ROA and Tobin's Q. A sample of 169 listed firms in the IDX as at 31st December 2007 were analyzed using ordinary least squares (OLS) regression. Garba and Abubakar (2014) conducted a study on 12 selected listed insurance firms on gender diversity, ethnic diversity, board size and composition including foreign directorship. Data was analyzed using feasible generalized least square regression as well as random effects estimators. Findings revealed a positive relation between foreign directors and firm performance but ethnic diversity had no significant influence on firms' performance. Performance had ROA, ROE and Tobin's Q as its indicators.

Hsu (2010) conducted a study in US firms which had an initial public offering from the period 2000- 2002 and examined the association between board characteristics and financial performance. Financial performance was measured using Tobin Q and it was confirmed that board quality (board expertise as well as educational background) positively influenced firms' performance. Post *et al.* (2011) study on 41 samples of U.S. based electronic manufacturing firms in the 2006 list of Fortune 1000 companies find that both board diversification and the higher educational requirements of directors may improve a firm's environmental corporate social responsibility (ECSR). They suggest that a board that consists of higher educated people show more concern about the environment than those with less education. Bhagat *et al.* (2010) found a weak and probable insignificant relation between educational diversity and firm performance. Similarly, Pohjanen *et al.* (2010) who conducted a study in Sweden using a 56 firms on Stockholm Stock Exchange as the sample established that more education diversity would negatively affect a firm's performance. Phan (2016) also ascertained that the board's education was not correlated to firm performance (return on assets) in regards to a European data set. A study done in South East Asia particularly in Indonesia,

Thailand, Malaysia & Singapore found that there was no significant relationship between board diversity (Ethnic, ages, education and gender diversity) and firm's financial performance (Protasovs, 2015). A study conducted in Malaysia on board diversity measured in terms of women directors and foreign directors ascertained a negative link between financial performance and women and foreign directors. Data was obtained from top 300 firms in Malaysia during the periods of 2005 to 2009. Longitudinal descriptive analysis and Mann-Whitney U test were used. Financial performance had ROA as its indicator (Zainal, Zulkifli & Saleh, 2013).

Foreign directors may bring different perspectives and provide networks to the board, can facilitate accessibility to various national markets and international markets which may enhance geographic diversification and product diversification resulting to firm performance (Estélyi & Nisar, 2016; Miletkov, Poulsen & Wintoki, 2014). Belcredi and Ferraini (2014) asserted that companies that had multinational board members yielded better returns since different nations had divergent experiences as well as value systems that impacted on their perspectives, behaviors and also thinking. The diverse perspectives and views enhanced creativity leading to innovative ways of solving problems. Additionally boards that incorporated national diversity could successfully deliver global integration with local relevance. Zaid et al., (2020) and Zhuang et al., (2018) were in agreement that foreign directors influenced CSR performance. Taljaard, Ward and Muller (2015) conducted a study on the 40 largest listed companies on the JSE to investigate board diversity effect on financial performance measured in terms of share returns to shareholders. Analysis was done by forming companies' portfolios on the basis of board-diversity constructs using investment style engine. The study established that racial diversity was insignificant whereas gender and age diversity strongly influence share price performance.

A study done in 122 Nigerian quoted firms on board diversity and performance established that gender diversity had no influence on performance whilst nationality as well as ethnicity had positive influence on firm performance which had ROA as the indicator. Panel data was analyzed from 1991-2008 (Ujunwa, Okoyeuzu & Nwakoby, 2012). Using quantitative research approach Akpan and Amran (2014) studied firms listed in the Nigerian Stock Exchange on the link between board characteristics and company performance. Turnover was used a proxy for performance. Data gathered by secondary approach and multiple regression technique was used on 90 sampled firms during the period 2010 to 2012. Findings indicated there a positive and significant association between both the board size, board education and company performance whereas board equity, independence as well as age were insignificant. Also, the findings established a negative significant association between women on the board and turnover.

A study was conducted by Olaoti (2016) on heterogeneity of directors and firm performance focusing on 11 listed banks for the period 2005-2012 in Nigerian stock exchange. The study focused on nationality, gender and ethnic as aspects of heterogeneity of boards and ROE as a measure of financial performance. The study used correlation research design and for data analysis multiple regressions was employed. Gender and ethnic board diversity positively and significantly influenced financial performance whereas the influence of nationality was negative though significant. Illogho (2017) studied firms listed in Nigerian stock exchange and established that both ethnic diversity and nationality diversity's influence on performance was insignificant. Firm performance had ROE, ROA and Tobin's Q as its indicators. Ex-post facto research design was employed. Ogboi, Aderimik and Enilolobo (2018) conducted a study in Nigerian quoted deposit money banks to determine the influence of corporate board diversity on performance. Diversity aspects included gender, ethnic, board composition and foreign directorship. Performance parameters used were. Return on asset and Tobin Q. The study utilized fixed effect Generalized Least Square Regression. Findings indicated that gender diversity and board composition influenced financial performance, whereas ethnic diversity as well as foreign directorship had no significant influence on financial performance. Further the results confirmed ethnic diversity significantly influenced market performance while market performance was negatively influenced by board composition and foreign directorship.

A study conducted by Ageda (2015) on listed companies dealing with Trading and Manufacturing on board diversity effects on financial performance ascertained that board nationality strongly and positively influenced financial performance whereas board average age, education, gender, board independence and firm size had a weak but positive relationship. Financial performance was measured using ROA. Descriptive research design was used employing secondary quantitative data. Both primary and secondary data was used. For data analysis regression analysis was utilized. Using causal research design Rajula (2016) conducted a study on board diversity effects on financial performance of Kenyan commercial banks. The study focused on age, gender and education levels of board members and data was collected from the listed banks audited annual reports while financial performance information was obtained from the banks financial statements. Data was analyzed using regression analysis and findings revealed that directors' age, average period of experience, gender and education level were positively associated to the banks financial performance. On the contrary, Waithaka (2014) found no significant link between board educational qualifications and the financial performance in Kenyan banking sector. Using descriptive and explanatory research design, Ingari (2017) the link between board composition and performance of 11 Kenyan commercial banks listed in the Nairobi Stock Exchange. Questionnaires were used to collect data. Census approach was used and data was analyzed both descriptively and inferentially. Findings revealed that education level of board members influenced performance. A survey done in public and private firms in Kenya established that both level of education and the national origin of board members influenced organizational performance to some extent (Kenya Institute of Management, 2021). Summary of reviewed literature can seen in Table 1.

Table 1: Summary of Reviewed Literature

Author	Title	variables	Findings
Ararat, Aksu and Cetin (2010)	Relationship between diversity and performance in Turkey	Gender, Educational and Nationality background	Higher diversity led to increased firm market-to-book ratio
Masulis, Wang and Xie (2010)	Effect of foreign directors on corporate governance and firm performance.	Foreign directors	Foreign directors contributed to firm performance and shareholders value through their advisory role.
Darmadi (2011)	Relationship between diversity and performance in Indonesia.	gender, nationality, age financial performance	Nationality diversity has no impact on the financial performance
Joao and Vinicius (2012)	influence of board diversity on firm performance in Brazilian listed companies	Gender, age, education and board independence, Firm's performance was measured using Tobin's q and ROA.	Diversity in education disciplines and board independence negatively affected performance while diversity in schooling years and presence of women had a positive effect. Age diversity had no influence on firm's performance.
Ujunwa, Okoyeuzu and Nwakoby (2012)	Relationship between board diversity and performance of quoted firms in Nigeria	Ethnic, National and Gender Diversity Financial performance	Gender diversity, nationality and ethnicity were negatively, positively and positively linked to firm performance, respectively.
Daniel, McConnel and Naveen (2013)	the advisory role of foreign directors in U.S firms	Foreign directors Tobin's q	firms got value from the advisory services of the foreign director
Zainal, Zulkifli and Saleh, (2013)	Relationship between board diversity and performance	Women and foreign directors Financial performance (ROA)	Financial performance (ROA) has a negative relationship with the presence of Women and foreign directors
Akpan and Amran (2014)	Relation between characteristics of the board and company performance in Nigeria	board size, board education, board equity, independence, age, women on board	there was a positive and significant association between both the board size, board education and company performance whereas board equity, independence as well as age were insignificant. Also, the findings established a negative significant association between women on the board and turnover.
Garba &Abubakar, (2014)	Investigated gender, ethnic diversity and board size. Selected 12 listed insurance firms	Nationality and ethnic Financial performance ROA, ROE and Tobin's Q	a positive link between the foreign directors and firms' performance, but ethnic diversity had no significant impact on firms' performance,
Ageda (2015)	Effects of board diversity variables	board average age, gender, education	a strong positive relationship between board

	on the financial performance of companies Listed in the Nairobi Securities Exchange	level, nationality, board independence and size of the firms financial performance	nationality and the financial performance. Also, board average age, gender, education, board independence and size of the firm had a weak positive relationship to the financial performance of the Trading and Manufacturing companies Listed in the Nairobi Securities Exchange
Protasovs (2015)	Relationship between board diversity and financial performance in Indonesia, Thailand, Malaysia & Singapore	Ethnic, ages, education and gender diversity Financial performance (ROA and ROE)	There was no significant relationship between board diversity and firm financial performance.
Taljaard, Ward& Muller (2015)	Examined whether increased levels of diversity within boards are associated with improved financial performance to shareholders.	Race, gender and age Financial performance	The results showed that racial diversity within boards is not associated with financial performance. However, increased gender diversity and younger average board age are shown to have strong associations with improved share price performance
Frijns, Dodd & Cimerova (2016)	Effect of cultural diversity on firm performance in UK National cultural diversity	National cultural diversity Financial performance (ROA & Tobin's Q)	National cultural diversity in boards negatively affects firm performance.
Olaoti (2016)	Effect of board heterogeneity on firm performance in old generation banks in Nigeria	nationality, gender and ethnic performance (ROE)	Gender and ethnic board diversity positively and significantly influenced financial performance whereas the influence of nationality was negative though significant.
Ilogho (2017)	the effect of board nationality and ethnic diversity on financial performance of listed firms in Nigeria	Nationality and ethnic diversity Financial performance (ROA, ROE) and market performance (Tobin's Q)	ethnic diversity and also board nationality did not significantly influence firm performance
Kagzi and Guha (2018)	Board demographic diversity and firm performance of Indian knowledge Intensive firms	Gender, age ,tenure and level of education	Findings confirmed that gender and tenure had no significant influence on firm performance, age significantly influenced firm performance while education negatively influenced performance. But overall

EmadEldeen, Elbayoumi, Basuony & Mohamed (2021)	The effect of the board diversity on firm performance: An empirical study on the UK	Age, education, gender and nationality	board demographic diversity index had a positive linear relation to firm performance.
---	--	--	---

3. Materials and Methods

3.1. Materials

The study entailed a rigorous review of existing literature that examined the link between board diversity and specifically, nationality and educational diversity and organizational performance of studies done around the world in both developing and developed countries from 2010 to 2022.

3.2. Methods

The study adopted qualitative research approach on the basis of insights obtained by analyzing existing literature from peer reviewed journal papers, unpublished thesis and reports related to the study topic. The selection criteria for the articles, unpublished thesis and reports was on the basis of entering board nationality and educational diversity and firm performance as the key search words.

4. Results and Discussion

Most of the studies have concurred that board nationality and educational diversity greatly influence performance. For instance studies by Ararat, Aksu and Cetin (2010), Darmadi (2010), Ujunwa, Okoyeuzu and Nwakobi (2012) and Giannetti, Liao and Yu (2012) found positive relationship between board nationality diversity and performance. Also studies established that board educational diversity influenced performance (Ararat, Aksu & Cetin, 2010; Ageda, 2015; Ingari, 2017). However a few studies were of a contrary opinion that board nationality and educational diversity had no influence on performance (Engelen *et al.* 2012; Mahadeo, Soobaroyen & Hanuman, 2012).

Benefits derived from board nationality and educational diversity as deduced from the literature review include having wider perspectives to enhance problem solving, decision making, strategic planning, having greater insight on matters of markets, customers, employees and business opportunities and also being able to deal with uncertainty. Additional benefits include propelling risk taking, investment in research and development, innovation, shareholder heterogeneity and enhances product and geographic diversification as well as corporate social performance.

In regards to organizational performance, the empirical studies indicate bias towards achieving financial goals in particular on return on assets (ROA) or return on equity(ROE) Carter *et al.*, 2010; Illogho, 2017; Protasovs, 2015) and marketing goals by use of Tobins Q (Illogho, 2017; Ogboi, Aderimik & Enilolobo, 2018). This is a narrow definition that limits its applicability. An expansion of performance measures would thus add value to the results and increase reliability as well. Further, majority of the previous studies were done in listed firms in the securities exchange, thus failing to consider insights from other firms not listed therefore raising the sample bias issue (Akpan & Amran, 2014; Garba & Abubakar, 2014 ; Illogho, 2017; Ujunwa, Okoyeuzu & Nwakoby, 2012; Joao & Vinicius, 2012; Mahodeo *et al.*, 2012). Most of the prior studies were single-country studies, for instance notably in Kenya (Ageda, 2015); Nigeria (Illogho, 2017); India (Kagzi & Guha, 2018) and United Kingdom (EmadEldeen, Elbayoumi, Basuony & Mohamed, 2021). Moreover, majority of the studies examined the direct influence of board diversity on performance (Darmadi, 2011; Zainal, Zulkifli & Saleh, 2013; Harjoto, Laksmana & Yang, 2019) and failed to take into account any moderating or mediating variables.

5. Conclusion

This paper has reviewed board diversity literature in terms of nationality and educational and their influence on performance. This study provides practical implications for organization's to ensure that there's nationality and educational board diversity as it enhances performance. This study contributes to the body of knowledge by providing useful insights on the aspects of nationality and educational board diversity. Firms should embrace a diversity culture and benchmark with leading institutions which have positively embraced board diversity both nationality and

educational. Nationality and educational diversity should be pursued by organizations for future board appointments as this can enhance organizational performance. Theoretically, the study makes a contribution to resource dependency as a theory which postulates that a firm may broaden its resources and augment various perspectives by having a well-diversified board in terms of nationality and educational diversity resulting to better firm performance. This study offers insights to policy makers so that they can develop, implement and even improve on policies and regulations on board nationality and educational diversity as a way of strengthening board effectiveness and enhancing organizational performance.

Future studies should consider non-financial measures of performance such as customer satisfaction, employee satisfaction and productivity, quality of products, CSR performance and innovation performance. Further, studies should focus on other organizations such as health institutions, education sector and other non-listed entities. Future researchers should take into account moderating and mediating variables as majority of the studies just focused on the direct link between board diversity and performance. Future studies could explore other board diversity aspects such as age, ethnic and functional diversity. Lastly, a comparative study should be done in different contexts on the link between board nationality and educational diversity and performance.

References

- Adams, R. B., J. de Haan, S. Terjesen & H. van Ees (2015). 'Board diversity: moving the field forward', *Corporate Governance: An International Review*, 23, pp. 77–82
- Adams, R.B., Hermalin, B. E. & Weisbach, M.S. (2009). The role of boards of directors in corporate governance: A conceptual framework & survey. *Journal of Economic Literature* 48 (1): 58–107
- Ageda, O. E. (2015). *The effect of board diversity on the financial performance of trading and manufacturing companies listed in the Nairobi securities exchange*. Unpublished MBA project University of Nairobi, Kenya.
- Akpan E.O. & Amran, N. O. (2014). Board characteristics and company performance: Evidence from Nigeria. *Journal of Finance and Accounting*; 2(3): 81-89.
- 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, Barcelona, June 27-30
- Bantel, K. (1993). Strategic Clarity in Banking: Role of Top Management-Team Demography. *Psychological Reports*, 73, 1187–1203.
- Belcredi, M., & Ferrarini, G. (2014). *Boards and Shareholders in European Listed Companies*. New York : Cambridge University Press.
- Bhagat, S., Bolton, B. J., & Subramanian, A. (2010). CEO education, CEO turnover, and firm performance. Available at SSRN 1670219.
- Broome, L L., Conley, J. M. & K.D. Krawiec. (2011). Dangerous Categories: Narratives of Corporate Board Diversity. *North Carolina Law Review* 89(8), 759-80
- Bryant,P. & Davis,C.(2012). Regulated change effects on board of directors: a look at agency theory and resource dependency theory. *Acad. Strateg. Manag. J.*, 11 (2) pp. 1-16
- Carpenter, M., Geletkanycz, M. & Sanders, W. (2004). 'Upper echelons research revisited: antecedents, elements, and consequences of top management team composition'. *Journal of Management*, Vol. 30, No. 6, pp.747–778.
- Carter, D. A., Simkins, B. J. & Simpson, W. G. (2003). Corporate governance, board diversity, and firm value. *Financial Review*, 38(1), 33-53.
- Carter, D.A., D'Souza, F., Simkins, B.J. & Simpson, W.G. (2010). The Gender and Ethnic Diversity of US Boards and Board Committees and Firm Financial Performance. *Corporate Governance: An International Review* 18, 396-414.
- Cossin D. (2015). Board education. IMD business school. <https://www.imd.org/researchknowledge/articles/board-education/>
- Dahlin, K. B., Weingart, L. R., & Hinds, P. J. (2005). Team diversity and information use. *Academy of Management Journal*, 48(6), 1107–1123.

- Daniel, N. D., McConnell, J. J., & Naveen, L. (2013). The Advisory Role of Foreign Directors in U.S. Firms.<http://ssrn.com/abstract=2023420>
- Darmadi, S.(2011). Board Diversity and Firm Performance: The Indonesian Evidence (December 17, 2010). Corporate Ownership and Control Journal, Vo, Available at SSRN: <https://ssrn.com/abstract=1727195>
- Diepen, N.V. (2015). "The effect of gender, age and nationality diversity on company performance – evidence from The Netherlands", 5th IBA Bachelor Thesis Conference, July 2nd, 2015, Enschede, The Netherlands
- EmadEldeen, R., Elbayoumi, A. F., Basuony, M. A. K., & Mohamed, E. K. A. (2021). The effect of the board diversity on firm performance: An empirical study on the UK [Special issue]. *Corporate Ownership & Control*, 18(3), 337–347. <http://doi.org/10.22495/cocv18i3siart8>
- Engelen, P., van den Berg, A., van der Laan, G. (2012). Board Diversity as a Shield During the Financial Crisis, *Corporate Governance*, pp 259-285
- Estélyi, K. S., & Nisar, T. M. (2016). Diverse boards: Why do firms get foreign nationals on their boards. *Journal of Corporate Finance*, 39, 174-192.
- Garba, T. & Abubakar, B.A., (2014). Corporate board diversity and financial performance of insurance companies in Nigeria: an application of panel data approach. *Asian economic and financial review*, 2014, 4(2):257-277
- Giannetti, M., Liao, G., & Yu, X. (2012). The brain gain of corporate boards: A natural experiment from China. CEP Discussion Paper 9190
- Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206
- Harjoto,M.,Laksmana,I. & Yang,Y.(2019). Board National Diversity and educational background diversity and corporate social performance. *Corporate Governance* vol 19(2)217-239
- Hassan, R., Maran,M., & Satirenjit, K. (2015). Diversity, Corporate Governance and Implication on Firm Financial Performance. *Global Business and Management Research: An International Journal* 7: 28–36.
- Hillman, A. J. (2015). 'Board diversity: beginning to unpeel the onion', *Corporate Governance: An International Review*, 23, pp. 104–107
- Hillman, A. J., CannellaJr, A. A., & Paetzols, R. L. (2000). The Resource Dependency Role of Corporate Directors: Strategic Adaptation of Board Composition in Response to Environmental Change. *Journal of Management Studies*, 37(2), 235-256.
- Hillman, A. J., Shropshire, C., & Cannella, A. A. (2007). Organizational predictors of women on corporate boards. *Academy of Management Journal*, 50(4), 941–952. <https://doi.org/10.5465/amj.2007.26279222>
- Hosny, K. & Elgharbawy, A. (2022). Board diversity and financial performance: empirical evidence from the United Kingdom. *Accounting Research Journal* Vol. 35 No. 4, 2022 pp. 561-580. DOI 10.1108/ARJ-02-2020-0037
- Hsu. (2010). The Relationship between Board Characteristic and Financial Performance: An Empirical Study of United States Initial Public Offering. *International Journal of Management*,, 27 (2). 332-341.
- Huijsmans, M. C. (2017). The influence of executive board national culture and board nationality diversity on corporate social performance in Western European nonfinancial firms. Available online at: <http://www.divaportal.se/smash/get/diva2:1077895/FULLTEXT01.pdf>
- Ilogho,S.O. (2017). *Effects of board nationality and ethnic diversity on the financial performance of listed firms in Nigeria*. Unpublished Master of Science (M.SC.) in Accountting project. Covenant university, Ota, ogun state. Nigeria
- Ingari,S. A. (2017). *The influence of board composition on performance in the banking industry in Kenya*. MBA research project. United States International University-Africa.
- Jhunjhunwala, S & Mishra, R. K. (2012). Board diversity and corporate performance: The Indian evidence. *The IUP journal of corporate governance* 11(3)72-79.
- Joao, B. F. & Vinicius, A. B. S. (2012). Board diversity and firm performance: an empirical investigation in the Brazilian market.

Brazilian Business Review Special Edition BBR Conference Vitória-ES, p. 55-77

- Kagzi, M. & Guha, M. (2018). Does board demographic diversity influence firm performance? Evidence from Indian Knowledge Intensive firms. *International Journal*45(3)1028-1058
- Kennon, J. (2011). *The board of directors responsibility, role, and structure.* Retrieved from <http://beginnersinvest.about.com/cs/a/aa2203a.htm>
- Kenya Institute of Management (2017). Leadership and diversity survey report on Board Diversity in Publicly Listed Companies in Kenya and the Influence on Financial Performance. www.kim.ac.ke
- Kenya Institute of Management (2021). Board Diversity and inclusion Report. www.kim.ac.ke
- Kesner, I. (1988). Directors' characteristics and committee membership: an investigation of type, occupation, tenure, and gender'. *Academy of Management Journal*, Vol. 31, pp.66–84.
- Letting', N., Aosa, E. & Machuki, V. (2012). Board diversity and performance of companies Listed in Nairobi Stock Exchange. *International Journal of Humanities and Social Science*, 2, 172-180.
- Liu, H., & Fong, M.W. (2010). Board characteristics of medium and large Chinese companies. *Corporate Governance: The international journal of business in society*, 10(2), 163-175.
- Liu, Y., Wei, Z. & Xie, F. (2013). Do women directors improve firm performance in China? *Journal of Corporate Finance*, 2, 169-184. <http://dx.doi.org/10.1016/j.corfin.2013.11.016>
- Mahadeo, J. D., Soobaroyen, T. & Hanuman, V. O. (2012). Board Composition and Financial Performance: Uncovering the Effects of Diversity in an Emerging Economy. *Journal of Business Ethics*, 105(3), 375-388.
- Masulis, R., Wang, C. & Xie, F. (2012). Globalizing the boardroom-the effect of foreign directors on corporate governance and firm performance. *Journal of Accounting and Economics*, 53, 527-554
- Midavaine, J., Dolfsma, W., & Aalbers, R. (2016). Board diversity and R & D investment. *Management Decision*, 54(3), 558–569. <http://doi.org/10.1108/MD-09-2014-0574>
- Miletkov, M. K., Poulsen, A. B., & Wintoki, M. B. (2014). A multinational study of foreign directors on non-US corporate boards. Available at: <http://ssrn.com/abstract=2024655>.
- Miller, T., & del Carmen Triana, M. (2009). Demographic Diversity in the Boardroom: Mediators of the Board Diversity-Firm Performance Relationship. *Journal of Management Studies*, 46(5), 755-786
- Milliken, F.J. & Martins, L.L. (1996). 'Searching for common threads: understanding the multiple effects of diversity in organizational groups'. *The Academy of Management Review*, Vol. 21, No. 2, pp.402–433.
- Ogboi, C., Aderimik, V. O. & Eniololo, O., S. (2018). Corporate Board Diversity and Performance of Deposit Money Banks in Nigeria. *International Journal of Humanities and Social Science Volume 8 • Number 1 pp112-120.*
- Olaoti Y.I.(2016). Board of directors' heterogeneity and financial performance of listed Deposit Money Banks in Nigeria department of Accounting Ahmadu Bello University, Zaria.
- Pfeffer, J., & Salancik, G. R. (1978). The External Control of Organizations: A Resource-Dependence Perspective. New York: Harper & Row.
- Phan, H. (2016). *Board of directors' education and firm performance: A dynamic approach.* Master's Thesis, Aalto University, School of Business.
- Pohjanen, B., Bengtsson, D., & Smith, E. (2010).Return on diversity? A study on how diversity in board of directors and top management teams affects firm performance (Bachelor thesis).Kristianstad University College.
- Post, C., N. Rahman & E. Rubow (2011) 'Diversity in the Composition of Board of Directors and Environmental Corporate Social Responsibility (ECSR)', *Business & Society* 49
- Preeti, B., Poonam, L.& Ekanshi, G. (2014). Workforce Diversity Management: Biggest Challenge or Opportunity for 21st Century Organizations. *IOSR Journal of Business and Management*, 16 (4): 102-107.

- Price, N. J. (2019). The importance of board composition, diversity & refreshment | Diligent. Diligent Insights. <https://insights.diligent.com/boardcomposition/the-importance-of-board-compositiondiversity-and-refreshment/>
- Protasovs,, I.(2015). Board Diversity and Firm's Financial Performance: Evidence from South-East Asia *5th IBA Bachelor Thesis Conference*, July 2nd, 2015, & Enschede, The Netherlands.
- Rajula,V.A.(2016). *Effects of board diversity on financial performance of commercial banks in Kenya*. Master of Business Administration, research project, school of business, university of Nairobi,Kenya.
- Rhode, D., & Packel, A. K. (2010). Diversity on Corporate Boards: How Much Difference Does Difference Make? *Rock Center for Corporate Governance at Stanford University Working Paper* No. 89.
- Rondøy, T., Thomsen, S. & Oxelheim, L. (2006). *A Nordic Perspective on Corporate Board Diversity*.Age, Vol 390.
- Rose,C.,Munch-Madsen p. & Funch, M. (2013). Does board diversity really matter gender does not but citizenship does. *International Journal of Business science and Applied Management* 8(1)15-27
- Ruigrok, W., Peck, S., & Tacheva, S. (2007). Nationality and gender diversity on Swiss corporate boards. *Corporate Governance: An International Review*, 15(4), pp. 546–557.
- Taljaard,C.C.H., Ward, M. J. D. & Muller, C. J. (2015). Board diversity and financial performance: A graphical time-series approach sajems ns 18 no 3:425-448
- Thomsen, S., & Conyon, M. (2012). *Corporate Governance: Mechanisms and Systems*. McGraw-Hill Education, New York.
- Ujunwa, A. (2012). Board characteristics and the firm financial performance of Nigerian quoted firms. *International Journal on business in society*. 12(5), 656-674.
- Waithaka, W. (2014). *Influence of board effectiveness on financial performance in the banking industry in Kenya*. A master's degree project. Chandaria School of Business. United States International University.
- Yusoff, W. F. W., & Alhaji, I. A. (2012). Insight of Corporate Governance Theories. *Journal of Business & Management*, 1(1), 52-63.
- Zaid, M. A., Wang, M., Adib, M., Sahyouni, A., & Abuhijleh, S. T. (2020). Boardroom nationality and gender diversity: Implications for corporate sustainability performance. *Journal of Cleaner Production*, 251, 119652.
- Zainal, D., Zulkifli, N., & Saleh, Z. (2013). Corporate Board Diversity in Malaysia: A Longitudinal Analysis of Gender and Nationality Diversity. *International Journal of Academic Research in Accounting, Finance and Management Sciences*. 3(1), pp. 136–148
- Zehnder ,E. (2020). Global Diversity Tracker: Who's Really on Board? Egon Zehnder International, Inc. All rights reserved
- Zhuang, Y., Chang, X., & Lee, Y. (2018). Board composition and corporate social responsibility performance: Evidence from Chinese public firms. *Sustainability*, 10(8), 2752.