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Assessing the Impact of Board Characteristics on Firm Performance: Evidence from Gulf Countries

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A B S T R A C T

Purpose: The purpose of the research is to measure the effect of board composition on business value in corporate governance. The primary objective is to determine how board features influence a firm's performance, focusing on measuring business governance and its relationship with a firm's financial worth.

Design/Methodology/Approach: Secondary data from 25 listed companies of Gulf countries from 2019 to 2021 and ESG and board characteristics were gathered. A panel data regression technique with fixed and random effects was utilized for the analysis.

Findings: The findings of the study showed that a company's performance in terms of accounting- and market-based performance indicators is significantly influenced by the governance features of businesses**.** *Board characteristics like board combination of directors, board gender diversity,* and ESG pillar scores were discovered to be positively correlated with the firm's value. Two crucial factors are the diversity of gender among executive members and board independence for figuring out the firms' performance (ROA) in Gulf Countries.

Research Limitations: The research is limited to 25 listed companies of Gulf countries from 2019 to 2021.

Managerial Implications: Maintaining a knowledgeable and diverse board improves governance and decision-making, allowing managers to generate long-term value. Efficient board composition also promotes better risk management and transparency, leading to improved financial performance.

Originality/Value: The study will enhance academic understanding and assist businesses in improving governance frameworks while informing legislative changes that ensure a stable and productive business climate.

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Introduction

Effective composition of the board and its characteristics is an important part of corporate governance. The regulatory frameworks and the government's capital, labour, market, and organizational structures are components of business regulation. Using the board of directors' responsibilities as an example, corporate governance refers to the collection of policies and guidelines that regulate how a business is operated.

The failure of two big banks in the US indicates a reminder of *the significance of sound corporate governance procedures. Signature Bank and Silicon Valley Bank, which both had* over $175 billion in deposits, failed, making *the second-biggest bank* failure in American history, according to Business Today magazine. The soundness of the American banking sector and good governance practices are seriously under doubt.

The Indian conglomerate's recent involvement in a short-selling frenzy, MSCI ESG Research claims that several of its environmental, social, and governance assessments have lately changed. These current instances of bad governance practices are ignorance. As it affects the interests of stakeholders, the management of profits is an issue for organizations. The quality of the data on an organization's financial accounts is decreased when it practices earnings management behaviour.

Due to poor corporate governance and accounting malpractices in the past, several multinational firms like Enron, WorldCom, Nortel, Parmalat, and Tyco, experienced corporate failure. To prevent business failures, it's critical to maintain high standards for corporate governance. The mystery surrounding corporate governance worries both developed and developing nations. Corporate social responsibility (CSR) is the dedication to the community's sustainable and balanced growth (Sharma et al., 2021). The study focuses on business links between a company's shareholders (Rodriguez-Fernandez, 2016) and identifies all active agents, that attract talent and capital, boost internal productivity, and provide stakeholders with long-term financial rewards. Putting in place efficient governance has an impact on the long-term optimization of value for shareholders and stakeholders. Sound corporate governance can improve the company's performance.

Sound corporate governance is influenced by several important factors, including board combination of directors, diversity, audit committee makeup and structure, and audit quality. Diversity on boards has been linked to improved organizational performance. Additionally, the connection between financial performance and board diversity has been studied. (Carter et al., 2003) *has been examined if corporate governance characteristics influence significantly to firm value of Gulf enterprises.*

Review of Literature

A review of national and international published literature in journals, books, working papers, etc. was done to find the research gap. The work is relevant to corporations and the governance of resources of a nation. Whether business governance reporting practices are valuable in improving firm performance (FP) or can maximize shareholder wealth is a difficult task or critical question.

Several studies underline corporate governance practices, covering the size, structure, and monitoring of the auditing panel, the council of executives, and the standard of audits (Al Homaidi et al., 2019). In several of the articles, institutional and international ownership of the study is also mentioned (Almaqtari et al., 2020). Regulatory practices, organizational processes, control processes, risk measurement, and cost-effective systems have been taken into account. The presentation of within-company assurance processes with outside assurance clauses (Richard & Odendaal, 2021). Somewhere, the ratio of ROE and the market value is considered for measuring firm efficiency (Berbou & Sadqi, 2020). The study on Corporate Social Responsibility (CSR) governance for top Swedish corporations by revealing the results of ESG activities has contributed. It is found that authorities interested in understanding the commercial ramifications of ESG actions and regulations, as well as company leadership and investors, are all of significant interest.

The majority of the writers concentrated on business governance practices. The research has concentrated on the board of members, the committee of auditors, and assessment quality issues. Business governance mechanisms have little to no influence on how well reporting on earnings is done. To enhance the quality of monetary reporting models and revise the standard set for governance

(Al Homaidi et al., 2019). The research makes a special contribution to the existing knowledge about business governance in India. It prompts reflective observations in its mechanisms (Almaqtari et al., 2020) and it emphasizes How to adhere to and expand upon business governance principles to strengthen the credibility of the company's accounting practices (Richard & Odendaal, 2021). The result reveals the inverse relation between companies with a market value and book worth and their social accountability (Dagilienë, 2013). These studies also explored the relationship between business governance and its practices on a firm's value. The indicators like return on assets, stock return, and Tobin's Q have been used to measure firm performance in Kenya (Kiptoo et al., 2021), Romania (Oana Pintea et al., 2021), United Kingdom and Nigeria (Kyere & Ausloos, 2021), Turkey (Berbou & Sadqi, 2020), Behrin, Malaysia, India (Almaqtari et al., 2018) (Palaniappan, 2017). The results demonstrated that business governance acquiescence has been improved in the banking industry with an innovation by focusing size of the board of commissioners (Zulfikar et al., 2020). Not many types of research have been found covering corporate governance disclosures.

Corporate Governance (Board Characteristics) in GCC Countries

The investment in the community's interest in GCC countries is a sign of ensuring attentive and effective business governance due to the numerous benefits accumulated in the form of admirable trade policies, progressive growth plans, tax holidays, assured return on investments (ROI), and political stability (Pillai & Al-Malkawi, 2018). It would be beneficial for financial managers in the GCC to use the study to comply with recent changes to business governance requirements and rules and to share their thoughts on how to improve the caliber of reporting (Salman & Nobanee, 2019). Comparative analysis is suggested as being necessary, and attention has been placed on their ability to provide stability in both conventional and Islamic banks in this region (Dalwai et al., 2015).

Initiatives and attempts are being made in the Gulf to improve corporate governance and address international developments. Additionally, this area has been recognized to have room for improvement. By considering these nations' unique situations, the amended legislation may enhance business governance (Shehata et al., 2015). Several board characteristics and firm effectiveness have been compared with 275 NSE-listed businesses, including board meeting size, board independence, and CEO duality. The practice of earnings management by CEOs of some organizations is less likely to be recognized and restricted by a board with more directors; instead, an active audit committee helps to identify and lessen the chance of earnings management. According to this survey, businesses are waiting to lower their reported earnings to turn a profit in the future and stay out of bankruptcy (Ujunwa, 2012). The board's features affect how effectively, efficiently, and productively corporate governance concepts are used in businesses. Based on board features such as board combination of directors, board neutrality, board meetings, and board committee structure, the effectiveness of the corporate governance practices followed by the Airbus Group is evaluated (Elad et al., 2018).

The research focuses on the significance of the board's size, frequency of meetings, and independence as elements of corporate governance that are used to decide how to disclose a company's social responsibility (Akram Naseem et al., 2017).

Measures of Financial Performance

The DuPont System, one of the crucial financial ratios, is employed to identify an organization's inefficiencies. This financial ratio analysis's objective is to assess the company's long and short-term financial health. This study's goal is to evaluate the business's financial performance (Rita et al., 2019).

The four largest trading banks have their own non-GAAP earnings measures, and the performance indicators for each bank have changed over time. Establishing a link between financial performance and capital structure indicators was the main goal. The goal was to ascertain whether aspects of capital structure were more strongly correlated with financial success than others. Six financial performance metrics and two definitions of capital structure measurements (book value and market value) have been employed (Mireku et al., 2014).

Corporate Governance and Financial Performance

Financial innovation has been considered by some authors. The study examines the connection between governance in businesses and financial development in Taiwan's banking sector. The findings indicate that the innovative financial solutions offered by banks are increasingly being influenced by corporate governance. Furthermore, research has shown that bank profitability and value increase along with an increase in financial innovation offers (Wang & Cao, 2022). Business regulation and the success of the stock market are related, according to a study. Multivariate regression techniques have been used in this case. Two measures of financial and stock market performance, the market-to-book ratio and return on equity, revealed a significant correlation utilizing a mixed approach to corporate governance. It is determined that there is a connection between business regulation and stock market performance. The study has made use of several linear regressions. Two indicators of financial and stock market performance are the ratio of markets to books along with the return on investment. It revealed a strong correlation between the composite business management technique's applications. The study looks at corporate governance and the effects it has (Berbou & Sadqi, 2020). The study discovered a poor relationship between the firms' success metrics and the degree of board features (Palaniappan, 2017).

Research Hypothesis and Conceptual Model

Numerous studies demonstrate the impact of corporate board composition on a company's financial performance. The current study adds to this subject by investigating experimentally how a board's attributes impact a company's performance. The performance of companies and organizational governance metrics has been found to have directional correlations, which is consistent with previous research. This study investigates the relationship between financial success, dividend-paying practices, and corporate governance (Abbas et al., 2021).

H01 Corporate governance, social & ESG score does not influence the firm's performance in listed companies of Gulf Countries

The study's goal is to examine the relationship between the size of the board and overall business success in a sample of French non-financial enterprises (Boussenna, 2020). The number of directors on the executive team and its effect on a company's success is one of the topics that have received the most attention in the literature (Goel & Sharma, 2020). To evaluate dividend-paying behavior, the dividend-covering ratio is looked at. Return on asset and equity values were used to quantify performance, the dependent variable (Abbas et al., 2021). Ecologic production is significantly impacted by elements such as board dimension, independence, and industry expertise (Almaqtari et al., 2023).

H02 Board size does not influence the firm's performance in listed companies of Gulf Countries

This study uses agency and resource dependence approaches to investigate the impact of gender diversity on the board of directors on business financial performance in four ASEAN countries (Kibat et al., 2019). By four organizational performance criteria, board gender neutrality interactions with three mediating organizational variables are evaluated (Pidani et al., 2020). Diversity of genders in the boardroom greatly enhances corporate governance and supports the growth of a company. One of the hotly debated topics is gender diversity in boardrooms and how it relates to organization profitability because international scientific research results vary (Mukherjee & Sen, 2019). Bahraini companies do marginally better when their boards are independent, large, have frequent meetings, and have a gender-diverse membership. The findings suggest that businesses might need to successfully deploy BOD measures (Al-Absy & Hasan, 2023). Based on the market capitalization classification – small, mid, and big market caps – the optimal board combination of directors was established (NAIM & AZIZ, 2022). The connection between board composition and Chinese company profitability has been analyzed. It is found that complex predictive modeling techniques outperform conventional linear models (Huang et al., 2024).

H03 Board gender neutralitydoes not influence the firm's performance in listed companies of Gulf Countries

The major goal of the purpose of this study is to look into the connection between financial health and governance in corporations of Islamic banks (Amaar Ali Ausat, 2018).

H04 Non-executive board members do not influence the firm's performance in listed companies of Gulf Countries

The ratio of females in executive roles and on boards is proven to have a positive nonlinear relationship, which has a cascading effect (Gould et al., 2018).

H05 Executive Members' Gender neutrality does not influence the firm's performance in listed companies of Gulf Countries

Research Methodology

Research Design

Secondary data is the foundation of research. Data of both the dependent (ESG scores and board characteristics) and independent variables (financial performance) have been driven throughThomson Reuters Database. The research recommended three years of study of 25 leading companies of Gulf countries namely Oman, Saudi Arabia, United Arab Emirates, Kuwait, Qatar, and Bahrain. Because of a paucity of data, finally, 25 listed companies of Gulf countries with three years (financial year 2019 to 2021) were selected for the study. Ordinary Least Squares (OLS) regression was used for statistical assessment. To examine how board composition and good corporate governance affect business performance and earnings management, the following equation was developed.

Firm Value (Financial Performance) =C(1) + C(2)*ESG Disclosure + C(3)* board characteristics

The following equation is applied to display a combination of independent variables to represent the dependent variable:

Mkt Cap(logCMC) = C(1) + C(2)*EPS + C(3)*SPS + C(4)*GPS + C(5)*IBM + C(6)*BS + C(7)*BGD + C(8)*XMGD
Equation 1.1

ROA = C(1) + C(2)*EPS + C(3)*IBM + C(4)*SPS + C(5)*BS + C(6)*BGD + C(7)*XMGD + C(8)*GPS
Equation 1.2

Table 1: Variable used for Impact of Governance on Earning Management

Variable	Explanation
Predicted Variables	
Log CMC	Log of Market Capitalization
ROA	Return on Assets
Experimental Variables	
EPS	Score for the Environmental Pillar
SPS	The score for the Social Pillar
GPS	Score for the Governance Pillar
BS	Board Size
BGD	Board Gender Diversity
IBM	Independent or Non-executive Board Members
EMGD	Executive Members Gender Diversity(Percent)
Assets	Total Assets

Ordinal two different sets namely independent variables (Board characteristics likeboard combination of directors, board characteristics, board gender diversity, Independent Board Members, Executive Members Gender Diversity, and social and governance score) and dependent variables (ROA and Mkt)

Table 1 categorizes variables into two sets: independent variables encompassing board characteristics such as size, gender diversity, presence of independent and executive members, and social and governance scores; and dependent variables, namely Return on Assets (ROA) and Market Capitalization. ROA can be measured by dividing the earnings after taxes by total assets, while Market Capitalization is represented by the natural logarithm.

Various factors, including board combination of directors, composition, Audit board composition, CEO tenure, auditing panel size, and dual chief executive officer, are considered predictive of business success, particularly in terms of ROA (Al-Matari et al., 2012).

Research Objective

The purpose of the study is to evaluate how listed firms in GCC nations perform in relation to their boards' size, director attendance, presence of non-executive board members, board neutrality, and corporate governance scores.

Hypotheses

The research gap leads to the frame of the following hypotheses:

H_{01} Corporate governance, social & ESG score do not influence thefirm's performance in listed companies of Gulf Countries

H_{02} Board combination of directorsdoes not influence the firm's performance in listed companies of Gulf Countries

H_{03} Board gender neutralitydoes not influence the firm's performance in listed companies of Gulf Countries

H_{04} Non-executive board members do not influence the firm's performance in listed companies of Gulf Countries

H_{05} Executive Members' Gender neutralitydoes not influence the firm's performance in listed companies of Gulf Countries

Result and Discussion

Descriptive Statistics

Table 2 presents descriptive statistics for the variables of the study. It indicates minimum and maximum values, mean, and standard deviation.

The outcome shows that ROA varied from 37.9% to -7.48%. This indicates a significant range in the ROA values, further supported by the 29% C.V. On the other hand, ROA's mean value is 3.47%. It is discovered that governance and disclosure scores have a mean value of 56.91, a maximum score of 88, and a minimum score of 6 (Eder et al., 2019) Additionally, this has a C.V. value of up to 394.13%. Board combination of directors or extension of board members has a mean value of 9.44 and a maximum and minimum value of 15 and 6, respectively.

Non-executive board members have a value ranging between 100 and 0 with the highest variance of 786.15 (Ioan et al., 2020). Board gender neutrality has a value ranging between 27 and 0, and Executive Members' Gender neutrality is between 67 and 0.

Correlation Analysis

Table 3 explains that the correlation statistical technique has been used for selected experimental variables to measure their relationships. The analysis reveals that the association between Market Capitalization and Environmental Score (0.374) and Social Score (0.529) is significant at the 0.05 level. A governance score of 0.026 is positive. At the same time association of these scores with Return on Assets (-0.35) EPS, (-0.088), and GPS (-0.191) respectively, is negative. It reflects a firm's growth and performance based on market value with environment, social, and governance scores having a negative association. The analysis reveals that the association between board gender neutrality and Market Capitalization (0.591) is moderately positive, indicating that it plays a significant role in potential

Table 2: Descriptive Statistics

Variables	x□	M	~	~²	Min	Max
EPS	23.29	10.1	26.634	709.358	0	84
SPS	35.35	35.14	22.46	504.448	2	81
GPS	56.91	60.98	19.853	394.133	6	88
BS	9.44	10	1.587	2.52	6	15
IBM	49.05	45.45	28.038	786.155	0	100
XMGD	8.7	0	14.657	214.827	0	67
BGD	5.29	0	7.576	57.401	0	27
logCMC	9.7897	9.9123	0.67909	0.461	8.29	11.01
ROA	3.4625	1.69	5.40372	29.2	-7.48	37.87

growth and market performance. Conversely, it is negatively correlated with ROA (-0.208), suggesting no significant association with ROA. While the association between the board combination of directors and Market Capitalization (0.140) is not significant at the 0.05 level, other experimental variables, such as the board combination of directors and ROA (-0.035), exhibit a negative association. This suggests that the size of the board has little bearing on the value of the company. Also, a negative association between the remaining experimental variables and financial performance, either in financial terms or in terms of market profitability has been analyzed.

Panel Data Analysis

The estimation results, as shown in Table 4, utilized panel data regression. Initially, the

Table 3 Correlations

	CMC	EPS	SPS	GPS	BS	IBM	XMGD	BGD	ASSETS	Log CMC	ROA
CMC	1										
EPS	0.416**	1									
SPS	0.342**	0.771**	1								
GPS	-0.033	0.138	0.357**	1							
BS	0.178	-0.265*	-0.029	0.351**	1						
IBM	0.228*	0.1	0.137	0.211	0.2	1					
XMGD	-0.179	0.293*	0.314**	0.245*	-0.206	-0.334**	1				
BGD	-0.137	-0.055	-0.11	0.145	0.06	-0.075	0.452**	1			
ASSETS	0.546**	0.168	0.258*	0.137	0.216	0.309**	-0.174	-0.057	1		
Log CMC	0.724**	0.374**	0.529**	0.026	0.14	0.196	-0.068	-0.409**	0.591**	1	
ROA	-0.035	-0.035	-0.088	-0.191	-0.219	0.1	-0.155	-0.247*	-0.208	0.01	1

pooled Ordinary Least Square (OLS) model was applied to assess the fitness of the equations, focusing on the impact of board variables on ROA and market capitalization. After the OLS model proved significant, random effects were examined and tested for significance with the Breusch-Pagan L-M Test. Following this, the results underwent further evaluation for fixed effects using the Hausman Test, which confirmed the significance of both dependent variables. Consequently, the 'Fixed Effect Model' was employed.

The adjusted R-squared in Table 4 indicates that 5.44% of the variation in firm performance is explained by the model. Random effects were analyzed using the Breusch-Pagan L-M Test, which yielded a significant cross-sectional value of 27.647. The random effect model was then estimated, showing a notable change in results, with the adjusted R-squared dropping to 2.95%. However, the F-value remained significant. Panel data regression results, outlined in Table 4, were initially assessed through a pooled Ordinary Least Square (OLS) model to evaluate the impact of board variables on ROA and market capitalization. Upon confirmation of significance using the Breusch-Pagan L-M Test, random effects were examined, followed by an evaluation of fixed effects through the Hausman Test, which established significance for both dependent variables. Based on these outcomes, the 'Fixed Effect Model' was adopted for further analysis.

The results suggest a potential linear relationship between ROA and certain corporate governance parameters when the p-value is below 0.05. While the board combination of directors exhibited a negative impact on ROA, other factors, including executive members' gender neutrality, non-executive board members, board gender neutrality, and ESG pillar scores, positively influenced ROA. These findings highlight the nuanced relationship

Table 4: Results of Panel Data Regression for Firms Profitability from an Accounting Perspective

Variables	ROA		
	Pooled	**Random**	**Fixed**
C	0.121	0.134	0.145
	-0.0047	0.006	-0.021
EPS	(-0.001)	0	0
	-0.738	0.714	0.445
SPS	(-0.001)	-0.001	0
	-0.743	0.396	0.396
GPS	(-0.001)	-0.001	0
	-0.543	0.976	0.999
BS	0.002	-0.001	-0.001
	-2.939	0.0446	0.063
BGD	(-0.001)	-0.001	0
	(-1.027)	0.414	0.414
IBM	0.001	0	0
	0.201	0.548	0.735
XMGD	0.001	-0.001	0
	0.907	0.5635	0.529
Adj R^2	0.0544	0.0295	0.641
F	1.6086	1.322	5.259
F Sig.	0.1481	0.2535	0
D-W	0.6597	1.802	2.559
BPLM	27.647 (Cross Section)	N/A	N/A
Hausman	N/A	1.708	N/A

between governance attributes and firm performance.

Table 5 presents and found that it explains a 4.29 percent variance in the firm's performance as shown by the adjusted R square. Breusch-Pagan L-M Test has been applied for measuring random effects. It was determined that the cross-sectional value (48.579) was significant. The estimation of the 'random effect model' was based on test data; the results of the cross-section random effect model changed significantly as the corrected R-square value decreased. Although the Adjusted R-squared value was just 0.78 percent, the F value was significant. The results' fixed effects were evaluated using the Hausman Test (1.194). The 'Fixed Effect Model' was used for both dependent variables due to significant findings. The R2 value of the model is 0.641 means that the variables selected account for 64.1% of the market capitalization, or financial performance. The corresponding models had p-values of 0.0, 0.384, and 0.000, and F statistics of 8.937, 1.0835, and 22807.1, respectively. These findings show the high significance of the 'Fixed Effect Model'.

Therefore, a linear association between the dependent variables (Mkt Cap) and specific

Table 5: Results of Panel Data Regression for Firms Profitability from a Marketing Perspectivee

Variables	**Market Cap.**		
	Pooled	**Random**	**Fixed**
C	9.782	22.979	9.783
	0	(0.000)*	0
EPS	0	0	0
	0.977	0.2316	0.2396
SPS	0.016	(-0.000)	(-0.000)
	0.001	0.4868	0.431
GPS	-0.009	0	0
	0.024	0.1579	0.1626
BS	0.11	0	0
	0.018	0.514	0.524
BGD	-0.031	0	0
	0.002	-0.195	0.181
IBM	0.002	(-0.000)	(-0.000)
	0.239	0.2206	0.224
XMGD	0.003	(-0.000)	(-0.000)
	0.565	0.113	0.127
Adj R^2	0.429	0.0078	0.999
F	8.937	1.0835	22807.1
F Sig.	0	0.384	0
D-W	0.338	1.194	
BPLM	48.579 (Cross Section)	N/A	N/A
Hausman	N/A	23.785	N/A

independent factors used to quantify corporate governance may exist because the p-value is smaller than 0.05.

The results depict that the board indicators under governance practices are found not directly related to firms' performance with both accounting and market-based performance. The selected variables indicating Board characteristics like Board combination, board gender neutrality, and ESG pillar scores found a positive impact whereas Non-executive directors and Executive Members' Gender neutrality negatively influence market capitalization.

H01, H03, H04, and H05 could not be ruled out at a 5% level of significance based on mar-ket value and ROA. H02 is rejected for both market values in the case of the performance measures.

Discussion

This study establishes a positive relationship between firm value, corporate governance, and ESG scores in Gulf Cooperation Council (GCC) countries (Sharma et al., 2022). The findings are similar to earlier research, demonstrating that corporate governance indicators related to board management and ESG pillar ratings significantly influence financial and market-based performance in the GCC region. Notably, while return on assets (ROA) exhibited a negative association with these variables, market capitalization showed positive correlations with ESG scores, and the environmental (ENV), social (SOCIAL), and governance (GOV) components.

Hypothesis 2 asserts that listed companies' performance in Gulf countries is not substantially impacted by the size of the board. This outcome is consistent with prior research and comparable studies. While market-based metrics suggest a positive association, accounting-based metrics indicate that the board combination of directors adversely affects company performance (Goel & Sharma, 2020).

The study further reveals that board gender neutrality substantially influences the performance of public limited companies in the Gulf region. A moderately favorable correlation between the board, market capitalization, and gender neutrality underscores its critical role in future growth and market success. Additionally, the analysis highlights that the board combination of directors is favorably related to business performance in terms of market capitalization (Boussenna, 2020). Gender neutrality among non-executive and executive board members also impacts firm performance, particularly ROA, but shows no significant effect on market-based metrics such as market capitalization.

Board characteristics, including size, gender neutrality, and ESG pillar scores, are favorably correlated with market capitalization. However, gender diversity among non-executive and executive members negatively correlates with market capitalization, despite being important for ROA-based performance metrics. Overall, the findings suggest that greater involvement of women directors enhances firm performance, emphasizing the value of gender diversity in corporate governance for fostering growth and resilience.

Conclusion

The study discovered that a firm'sboard combination of directors has become a significant factor in determining that firm's performance, but what's fascinating is that it is inversely associated with firm performance.

The study highlighted that corporate governance and ESG scores have a big impact on how well businesses in the Gulf Cooperation Council (GCC) perform financially and on the market. It is concluded from the output of the study that both the dimension board features and the financial performance of firms are connected. It can be stated that board characteristics can influence the firm performance of Gulf countries.

Managerial Implication and Outlook

The study enlightens managers on the necessity of having an independent, skilled, and diverse board to improve governance in general, risk management, and decision-making. Strong risk management procedures, better financial returns, and enhanced transparency are the important outcomes of maintaining good governance that benefit stakeholders, including workers and investors. It emphasizes to legislators how crucial it is to create and implement legal frameworks that support accountability, diversity, and sound corporate governance. Managers can create sustained value by addressing these issues, and policymakers can guarantee a stable and reliable business climate. The results provide insightful information for managers, stakeholders, and policymakers and emphasize the significance of diverse and qualified boards in improving company success. In addition to adding to academic understanding, our research has real-world applications that help businesses enhance governance frameworks and inform legislative changes that guarantee a stable and productive business climate.

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