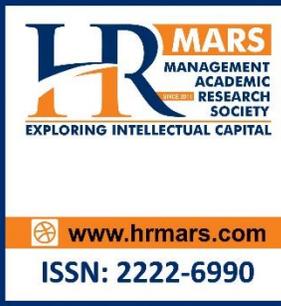


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The Effects of Gender Diversity in The Boardroom on Firm Performance among top 50 Listed Companies in Malaysia

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Abstract

Gender diversity is an important factor in boards because it can contribute to the functioning of boards which could potentially positively influence corporate performance. This paper aims to examine the effect of gender diversity of board members on corporate outcomes to provide guidance to top level managements for increase proportion of women in the boards. This research performs on the sample of top 50 listed corporations in Malaysia from the year 2014 to 2018. Corporate performance is measured using return on assets while percentage of female directors represents gender diversity. The results from OLS regression model reveal that gender diversity is positively related to corporate performance. From these findings, the higher proportion of females in boards can have a substantial impact on the performance of the corporation.

Keywords: Gender Diversity, Corporate Performance, Return on Assets.

Introduction

Financial performance is a general measure of a company's overall financial health over a given period. It is also known as profitability and can be measure using several methods but, the most used is financial analysis where profitability ratio is applied. The profitability ratio will show how well a company utilizes its assets to produce profit and value to shareholders. There are several studies conducted that examined various variables that may impact corporate performance such as company size, company age and board size, however, the emerging one in this era is gender diversity of board director. In today's business world, gender diversity has quickly become an alarming concern. Malaysia seems to be lagging in encouraging women's involvement in top level management in the Malaysian Public Listed Companies (PLCs), especially before 2015. From 2011 to 2013, the percentage of women representatives holding the role of board members is 8.6 percent, 10 percent, and 10.6 percent respectively, in which they are still at low rates of below 15 percent. Nevertheless, this percentage rose slightly to 14.3 percent in 2014. The lack of involvement of females in top level management was steadily improved in 2011, when Malaysia imposed a requirement on big