EFFECT OF BOARD DIVERSITY ON FINANCIAL PERFORMANCE: TESTING THE CONDITIONAL EFFECT OF CORPORATE SOCIAL RESPONSIBILITY AND TAX AGGRESSIVENESS OF LISTED FIRMS IN KENYA

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Declaration

This thesis is my original work and has not been presented for the award of a degree in this or any other University.

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Dedication

This work is dedicated to wife Amy Jeruto, my children Nanyu, Leyan and Naieku. Thank you for your love, care and the gift of education. I dedicate this study to My father Kashorda and my late mother Tabitha who have been my pillar and strength throughout this period. God bless them abundantly.

This work is dedicated to the Almighty God, my colleagues for their support and prayers throughout my study period.

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Abstract

Performance of listed firms in developing countries of painstakingly measured because of the firm-related factors that influence the operational efficiencies of these firms. In particular, the firm's board of directors influences the firm performance through its oversight role as well as its stewardship role. In the Kenyan context, several firms including Athi River Mining, Uchumi Supermarkets and Mumias Sugar have collapsed because of underperformance while National Bank of Kenya have undergone restructuring. Due to these challenges relating to the performance and board of directors of the firms listed in Nairobi Security Exchange, the study sought to evaluate the effects of the board's characteristics on firm performance of companies listed in Nairobi Security Exchange. The study main objectives was establish effect of gender, age, nationality and ethnic diversity of board of directors on firm performance among listed firms in Kenya, to examined the meditating effect of tax aggressiveness on firm performance in listed firms in Kenya and to assess the moderating effect of CSR disclosure on firm performance of listed firms in Kenya.. This study was informed by Agency stakeholder theory, resource dependency theory, legitimacy theory and signaling theory. This study adopted a positivist philosophy which was supported by an explanatory design. The target population was 61 listed firms in Kenya, however, there were 43 listed firms in the NSE being firms which have shown consistency in the market during the period 2011-2017 giving a total of 301 firm - year observations. The data was collected from published financial reports and analysed descriptively and inferential through the use of panel regression models. The findings indicate that board's gender diversity ($\beta_1 = 0.1868$, $p < 0.05$), board's ethnic diversity ($\beta_3 = 0.4170$, $p< 0.05$) and board's nationality diversity ($\beta_4 = 0.2250$, $p < 0.05$) had a significant and significant effect and explained 12.32 per cent variance in firm performance while boards' age diversity ($\beta_2 = -0.0019$, $p> 0.05$) was not significant. When the control variable are added, the direct effect of the board's characteristics (gender, ethnic and nationality diversity) increased to 21.24 per cent. The mediating effect of tax aggressiveness had a positive effect on the board's ethnic diversity ($\beta_3= 0.4428$, $p < 0.05$) and nationality diversity ($\beta_4 = 0.2187$, $p< 0.05$) and explain about 28.81% variance in performance. Further, the moderating effect of CSR disclosure has positive influence on ethnic diversity ($\beta_3 = 0.4080$, $p> 0.05$) nationality diversity ($\beta_4 = 0.1924$, $p> 0.05$) and explains about 30.14 % variance in performance. Based on these findings, the study rejected all the null hypotheses ($H_{01,}$ $H_{03,}$ $H_{04,}$ $H_{05a,}$ $H_{05c,}$ $H_{05d,}$ H_{06c} and H_{06d}) and concluded that board's diversity characteristics (ethnic and nationality) have a positive effect on performance. Thus, the study concludes that firms with more female members, ethnically and culturally diverse tend to outperform their counterparts with fewer female board members and least diverse in terms of nationality and ethnically. Further, firms that engage in CSR tend to have higher performance and include and equal proportion of both foreign and domestic directors (nationality diversity). The implication is that valuable and diverse expertise brings change in facilitating corporate performance.

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Definition of Terms

Board Age Diversity: refers to standard deviation of ages of all the board members rather than the range between the youngest and oldest director (Dagsson, 2011, McIntyre et al., 2007).

Board Ethnic diversity: The percentage of minority directors on the board. This is calculated as the number of minority directors divided by the total number of board directors (Locke and Scrimgeour, 2011).

Firm financial performance: The results of activities of an organization or investment over a period of time (Giacomini, M. 2013)

Gender diversity: The percentage of women as calculated by the ratio of women in the board of directors by the total number of directors in the board (Erhardt et al., 2003; Marinova et al., 2010; Rose, 2007).

Board nationality diversity: The percentage of foreign board members as calculated by ratio of the number of foreigners on the board by the total number of board members (Randoy, 2006).

Tax aggressiveness refers to financial planning for tax efficiency. It aims to reduce one's tax liabilities and optimally utilize tax exemptions, tax rebates, and benefits as much as possible.

Board Disclosure: The company's sense of responsibility towards the community and environment both ecological and social in which it operates (Ashley, 2009)

Acronyms and Abbreviations

ADF	Augmented Dicky-Fuller Test
CMA	Capital Markets Authority
CMA	Capital Markets Authority
COB	Chairmen of the Board
CSR	Corporate Social Responsibility
CSRD	Corporate Social Responsibility Disclosure
CSRE	Corporate Social Responsibility Disclosure
ECSR	Environmental Corporate Social Responsibility
FEM	Fixed Effect Model
GLS	Generalized Least Squares
NSE	Nairobi Securities Exchange
REM	random effect model
ROA	Return on Asset
ROS	Return on Sales
UK	United Kingdom

CHAPTER ONE: INTRODUCTION TO THE STUDY

1.0. Introduction

This chapter presents the background of the study, statement of the problem, objectives of the study, hypothesis, significance of the study, and finally the scope of the study.

1.1. Background to the Study

Regardless of a company's size, industry, or purpose of establishment, firm success is one of their primary goals (Ting, Kweh & Hoanh 2018). Accordingly, the firm's board of directors plays a significant role as a tool for increasing corporate and economic performance (Horváth & Spirollari, 2012), and thus, scholars have investigated the consequences of board diversity in connection to organizational results. Therefore, diverse boards contain the expertise and viewpoints required to develop and assess solutions to complicated situations (Hoang, Abeysekera & Ma, 2017).

Board diversity reflected the membership of the board and the combination of the diverse qualities, characteristics, and skills of the individual board members in connection to decision-making and other board activities. Board diversity guarantees that there is a broad base of knowledge, and boards comprised of varied genders, ages, and ethnic groups can capitalize on the differences to make their companies successful (Abdullah & Ku Ismail, 2017). The gender of a board's members is consequently simply one of the features of diversity. Other factors include age, nationality, education, and cultural background (Lückerath-Rovers, 2013).

Various studies have explored the impact of board qualities on business performance in a variety of contexts. (Horváth & Spirollari, 2012) These studies on the effect of directorship on firm performance have yielded contradictory results. In the United Kingdom, Kyere and Ausloos (2021) examined the impact of good corporate governance practices on the financial performance of listed non-financial firms using regression analysis. The findings indicate that these corporate governance mechanisms impact financial performance either positively, negatively, or sometimes have no effect. Horváth and Spirollari (2012) analyzed the characteristics of the boards of directors of U.S. companies included in the S&P 500 index. The results suggested that independent directors had a detrimental impact on the performance of a company.

In Europe, Ciavarella (2017) investigated the relationship between board diversity and business performance for publicly traded companies in Italy, France, Germany, Spain, and the United Kingdom. The study analyzed the many elements of diversity, including gender, age, and nationality, and the results indicate that board diversity has no meaningful correlation with business performance. Arosa, Iturralde, and Maseda (2013) analyzed the efficacy of the business's board in terms of board membership, size, activity, and leadership structure in relation to the firm performance of Spanish SMEs.

Fidanoski, Simeonovski, and Mateska (2014) investigated the impact of board diversity on the performance of companies in five Southeast European nations (Macedonia, Croatia, Serbia, Bosnia and Herzegovina, and Greece). The study concludes that each of the board diversity characteristics has a unique effect on a company's financial performance. Specifically, educated board members tend to be more profitable, whereas gender-diverse boards tend to be overvalued on the market.

In a study comparing 46 nations, Naciti (2019) focuses on board features, including board diversity, board independence, and CEO duality. According to the results of the study, businesses with a more diverse board of directors have a more stable performance. Nguyen, Locke, and Reddy (2014) investigated the corporate governance procedures of Singapore-listed companies. The findings indicated that board diversity had a beneficial effect on company performance.

Low, Roberts, and Whiting (2015) undertook a cross-country study to determine the impact of board diversity on the performance of listed companies in Hong Kong, South Korea, Malaysia, and Singapore. According to the findings, board diversity has a favorable effect on firm performance. Ting, Kweh, and Hoanh (2018) analyzed the relationship between the frequency of board meetings and the financial performance of companies listed on the Ho Chi Minh Stock Exchange in Vietnam. The outcomes of the study suggested that the quality of board meetings contributes to a company's financial performance, however numerous board meetings likely to have a detrimental effect on a company's performance.

Ngo, Van Pham, and Luu (2019) investigated the impact of board diversity on the financial performance of listed enterprises in Vietnam. The study evaluated numerous characteristics of the board, such as gender, nationality, education levels, and age, and utilized multiple regression techniques to analyze the data. The study's findings suggested that a board that was more diverse in terms of gender, foreign nationality, and educational attainment had a considerable favorable impact on a company's success.

In the same framework, Hoang, Abeysekera, and Ma (2017) investigated the effectiveness of the board's different attributes on business earnings. Dissimilarities among business boards (board structure) and dissimilarities among directors within a board (demographic features of

board members) were found to have a positive linear connection with earnings. In Malaysia, Johl, Kaur, and Cooper (2015) investigated the impact of board features on both listed and unlisted enterprises. In particular, board independence has no effect on business success, while board size and accounting/financial knowledge are favorably correlated with firm performance.

Irshad et al. (2015) analyzed the effect of board composition on the financial performance of listed companies in Pakistan. The research employed pooled regression, and the results suggested that board size and the number of independent directors have a beneficial effect on firm performance. In a study conducted in India, Jhunjhunwala and Mishra (2012) explored whether board diversity promotes corporate performance by analyzing various diversity factors, including the gender, age, tenure, nationality, educational background, and experience of the directors. The study was conducted in India, and the results indicated that there were substantial connections between board diversity and financial performance. In a study conducted in Oman, Ahmed (2020) determined that board features have a beneficial effect on business performance.

In the context of Africa, Ntim and Osei (2011) investigated the impact of board meetings on the performance of South African publicly traded companies. Even after correcting for endogeneities, the findings revealed a correlation between the frequency of board meetings and the financial performance of publicly traded companies. Scholtz and Kieveet (2018) analyzed the effect of board diversity on the performance of the 100 largest publicly traded companies in South Africa. According to the study's findings, board diversity has varying effects on business performance. In contrast to gender diversity and intellectual qualifications, ethnic diversity has a negative correlation with the success of an organization. In Ghana, Puni (2015) investigated the board on the financial performance of publicly traded

companies. The research applied a panel regression model, and the results suggested that corporate governance systems have little effect on firm performance.

Assenga, Aly, and Hussainey (2018) analyzed the impact of board features on the financial performance of publicly traded enterprises in Tanzania within a regional framework. The study analyzed the data using a panel regression model after examining characteristics such as board size, independence, gender diversity, foreign representation, and board expertise. The outcomes of the study suggested that gender diversity has a beneficial effect on financial performance, whereas board size and the presence of foreign directors have no effect. Ayako, Githui, and Kungu (2015) note that organizations with larger board sizes are more likely to record a greater return on assets than those with smaller board sizes.

Globally, the board of directors is central to the overall governance of publicly traded companies (Arosa, Iturralde and Maseda, 2013). This board of directors is the cornerstone of corporate frameworks, and its organization, structure, quality, and operation determine a great deal about a company (Hoang, Abeysekera & Ma, 2017). During times of crisis, the board of directors of a company plays a crucial role in the survival and growth of the company (Ting, Kweh & Hoanh 2018).

Numerous empirical studies have analyzed the structure and effectiveness of boards of directors (Horváth & Spirollari, 2012), and these studies have determined that firms' effectiveness varies based on the differences between directors within a board and between boards (Hoang, Abeysekera & Ma, 2017). Specifically, the board members' capacity for consultation, supervision, and management tends to promote good initiatives, thereby increasing the likelihood of satisfactory performance.

In addition, the board of directors is one of the internal governance mechanisms that ensure shareholders' and managers' interests are closely aligned and discipline or remove ineffective management teams (Kang et al., 2007). Diversity on the board of directors can be a source of market insight, creativity and innovation, and enhanced problem solving due to this factor (Simionescu et al., 2021; Manyaga & Taha, 2020; Fernandez-Temprano & Tejerina, 2020). Based on this factor, the study examines the impact of board diversity on the performance of listed companies in Kenya.

1.2 Background of the Study

1.2.1 Listed Firms in Kenya's Nairobi Securities Exchange

Trading in shares in Kenya started growing in 1954 when the Nairobi Stock Exchange (NSE) was constituted as a voluntary organization of stockbrokers. The introduction of NSE saw the enactment of rules and regulations governing stock trading, along with initiatives to promote the capital market, such as the Capital Issue Committee (CIC) and Capital Market Authority (CMA) (Ombaba & Kosgei, 2017). There was a significant increase in the number of IPOs between 2001 and 2008. The general economic growth of Kenya has been on an upward trend due to the liberalized operating environment thus enabling firms to expand and seek funds from the NSE. Equity bank, however, chose to be listed by introduction in 2006. This led to an increase in the number of investors opening CDS accounts in order to transact in the NSE since 2004 (Nyabundi, 2013).

In 2006, the Exchange became the first securities market in East and Central Africa to fully automate its clearing, settlement and trading systems with the switch to the Automated

Trading System (ATS). The ATS ensures that orders are matched automatically and are executed on a first come/first serve basis. The ATS has now been linked to the CDS (Central Depository System) thereby allowing electronic trading of Government bonds. The implementation of the ATS greatly enhanced the Exchange’s trading capacity as was demonstrated by the record breaking October 4th 2006 trading session, when for the first time, the trading turnover exceeded the Kshs 1.0 billion mark. The increased level of activity at the NSE has led to multiple Initial Public Offers (IPOs), increased foreign investor participation, cross border listings and investments and the current vision to see more securities other than the traditional equity instruments traded in the Nairobi Securities Exchange (Ombaba & Kosgei, 2017).

In 2009, there was a shift from equity to relative safety of fixed income securities due to the global financial crisis and the economic downturn. The Ken Gen Public Infrastructure Bond Offer (PIBO) of 2009 was Kenya’s largest public debt issue. The NSE 20 share index showed indications of growth between 2005 and 2007 and started declining from 2008. There was a slight decline in the number of equity transactions due to the 2008 political turmoil, loss of investor confidence and panic selling due to the collapse of stockbrokerage firms because of poor management making investors steer away from the market. Equity turnover grew substantially however a decline was seen in 2009. Bond turnover, on the other hand, was highest in 2009 indicating a shift from equity to the bond market (Nyabundi, 2013).

The year 2008 recorded the highest number of CDS accounts opened by investors whether local individuals and companies or foreign individuals and companies. This has also led to the witnessing of an increase in the percentage of holding by East African institutions since 2002. A good business environment enhances firms’ capacities to undertake investments in

the capital market. There has been a decline in the number of foreign investors in the NSE during the same period while the number of local investors peaked in 2008. This can be attributed to the euphoria that came with the Safaricom IPO that saw a 532% subscription rate (Ombaba & Kosgei, 2017). Many firms listed in the Nairobi Securities Exchange have experience declines in performance as indicated by restructuring (Mumias Sugar, National Bank of Kenya), liquidation (Athi River Mining), statutory management (Uchumi Supermarkets) and delisting (NIC Bank, Marshall EA Ltd). This points out to a sorry state of affairs under which listed firms are operating (Ayako, Githui & Kungu, 2015).

1.3 Statement of the problem

Empirical studies have focused on the board size, its composition and independence and its internal structure and functioning (Arosa, Iturralde & Maseda, 2013). Many studies have credited the effectiveness of the board to its composition and independence especially in supporting corporate financial performance and shareholder value maximization (Puni, 2015). Studies have investigated several factors relating to the board including board size (Ting, Kweh & Hoanh 2018), board structure (Arosa et al., 2013; Tsegba et al., 2014; Orazalin et al., 2014) and gender diversity in boards (Hoang & Vo, 2014). The issue of female representation on boards still dominates the board diversity debate, but other forms of diversity, including age, cultural, nationality and race have also become part of the debate (Du Plessis, Saenger & Foster, 2012).

The effectiveness of the board of directors as monitors depends upon various factors, among them the qualifications and experience of board members, their possible involvement in multiple directorships, their level of share ownership and the type of remuneration scheme employed. This monitoring role has attracted increased attention in recent years as a result of

the high-profile failures of companies (Campbell & Minguez-Vera, 2008). Studies have reported contrasting results with majority of the findings indicating the board diversity has a positive influence on positive influence (Nguyen, Locke & Reddy, 2014; Low, Roberts & Whiting, 2015; Ting, Kweh & Hoanh, 2018; Ngo, Van Pham & Luu, 2019; Hoang, Abeysekera and Ma, 2017; Irshad et al., 2015; Ahmed, 2020), negative influence (Horváth & Spirollari, 2012), no effects (Ciavarella, 2017; Johl, Kaur & Cooper 2015).

In addition, to these gaps, despite some identify the attributes or mechanisms of the boards of directors that lead to differential effects (Fidanoski, Simeonovski & Mateska, 2014). Most of these studies have been done in developed economies (Ciavarella, 2017) and emerging economies (Nguyen, Locke & Reddy, 2014; Low, Roberts & Whiting, 2015) with few studies in the African context (Ntim & Osei, 2011; Scholtz & Kieviet, 2018; Assenga, Aly & Hussainey, 2018). Due to the dearth in literature on board diversity characteristics, the study examined the influence of board's diversity on performance of firms listed in Nairobi Security Exchange, Kenya.

1.4 Objectives of the Study

The study sought to determine the moderating effect of corporate social responsibility on the relationship between board diversity and firm's performance listed firms in Kenya. The objectives of the study were;

1. To determine the effect of board's gender diversity on firm performance of listed firms in Kenya.
2. To examine the effect of board's age diversity on firm performance of listed firms in Kenya.

3. To assess the effect of board's ethnic diversity on firm performance of listed firms in Kenya.
4. To determine the effect of board's nationality diversity on firm performance of listed firms in Kenya.
5. a) To assess the moderating effect of CSR disclosure on the relationship between board's gender diversity and firm performance of listed firms in Kenya.

   b) To assess the moderating effect of CSR disclosure on the relationship between board's age diversity and CSR disclosure of listed firms in Kenya.

   c) To assess the moderating effect of CSR disclosure on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya.

   d) To assess the moderating effect of CSR disclosure on the relationship between board's nationality diversity and firm performance of listed firms in Kenya.
6. a) To examine the mediating effect of tax aggressiveness on the relationship between board's gender diversity and firm performance of listed firms in Kenya.

   b) To examine the mediating effect of tax aggressiveness on the relationship between board's age diversity and CSR disclosure of listed firms in Kenya.

   c) To examine the mediating effect of tax aggressiveness on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya.

   d) To examine the mediating effect of tax aggressiveness on the relationship between board's nationality diversity and firm performance of listed firms in Kenya.

1.5 Hypotheses

H_{01}: There is no significant effect of board's gender diversity on firm performance of listed firms in Kenya.

H_{02}: There is no significant effect of board's age diversity on firm performance of listed firms in Kenya.

H_{03}: There is no significant effect of board's ethnic diversity on CSR disclosure of listed firms in Kenya.

H_{04}: There is no significant effect of board's national diversity on CSR disclosure of listed firms in Kenya.

H_{05a}: There is no significant mediating effect of tax aggressiveness on the relationship between board's gender diversity and firm performance of listed firms in Kenya.

H_{05b}: There is no significant mediating effect of tax aggressiveness on the relationship between board's age diversity and firm performance of listed firms in Kenya.

H_{05c}: There is no significant mediating effect of tax aggressiveness on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya.

H_{05d}: There is no significant mediating effect of tax aggressiveness on the relationship between board's national diversity and firm performance of listed firms in Kenya.

H_{06a}: There is no significant moderating effect of CSR disclosure on the relationship between board's gender diversity and firm performance of listed firms in Kenya.

H_{06b}: There is no significant moderating effect of CSR disclosure on the relationship between board's age diversity and firm performance of listed firms in Kenya.

H_{06c}: There is no significant moderating effect of CSR disclosure on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya.

H_{06d}: There is no significant moderating effect of CSR disclosure on the relationship between board's national diversity and firm performance of listed firms in Kenya.

1.6 Significance of the Study

Board diversity is a crucial aspect of the firm's overall management; therefore, this study contributes to the literature on corporate governance by shedding light on the relationship between board diversity and the moderating effect of board of directors' CSR disclosure. The findings would also serve as general indicators of corporate governance mechanisms that regulators, policymakers, managers, and businesspeople can use to inform their policy decisions. In addition, the study would inform scholars and researchers of research gaps requiring additional investigation.

In terms of board diversity, CSR disclosure, and firm performance, the findings of this study would provide managers of various companies listed on the NSE in Kenya with crucial information for decision-making on board management issues. It is anticipated that the leadership of NSE-listed companies will prioritize board diversity and board operations, thereby positively impacting firm performance. Moreover, corporate management will gain insight into how board diversity affects CSR disclosure.

The results of this study would also play a crucial role in policy formulation and implementation. The results would inform the New York Stock Exchange of the appropriate steps to take to enhance the nation's CSR disclosure. It will serve as a reminder of the contributions made by the Diversity and Audit Committee's CSR Reporting Standard operations. Using agency theory, stakeholder theory, resource dependency theory, and legitimacy theory, this study provided empirical evidence as to whether or not there is a positive relationship between board diversity and CSR disclosure.

This research is of great value to primary and secondary stakeholders, financial analysts, academics, and researchers. As the majority of studies on the diversity of corporate social boards and corporate social responsibility are from developed nations, there has been no extensive research conducted in this area in Kenya's emerging economy. The proposed study is highly justifiable in this context.

This study aims to contribute to the existing corpus of knowledge on corporate governance and, more specifically, on the board of directors, an important governance mechanism. The findings of this study contribute to a greater understanding of the importance of board diversity, CSR disclosure, and firm performance. Its findings may provide Kenyan firms, in particular, and African firms, in general, with useful insights into how firms' boards of directors could be better structured to facilitate growth and success in competitive business environments.

1.7 Scope of the Study

The study only assessed effect board diversity on CSR disclosure as moderated by financial expertise on the relationship between of firms listed in Nairobi Security Exchange. The study only covered companies listed in the Nairobi Securities Exchange (NSE), particularly those which have been consistently trading for the last 7 years. Companies that have not been actively trading their shares in the NSE from 2011 to 2017 were excluded from the study. The seven – year period for observation was considered sufficient by the study from which inferences could be drawn from the panel data.

CHAPTER TWO: LITERATURE REVIEW

2.1 Overview

This chapter present the empirical and theoretical literature relevant to board diversity, board financial expertise and corporate social responsibility disclosure.

2.2 Study Concepts

2.2.1 Firm Financial Performance

Performance is considered to be an evaluation of how satisfactorily individuals, groups of individuals, or organizations have performed in pursuit of a specific organizational objective (Ankrah, 2007). It relates to the measurement of transactional efficiency and effectiveness toward the goals of the organization, and describes organizational performance in terms of the 3Es: economic, efficiency, and effectiveness. The economic component describes the relationship between effective and minimal costs, while the efficiency component emphasizes the relationship between cost and productivity, and the effectiveness component illustrates the relationship between productivity and results/outcomes (Awadh & Alyahya, 2013).

The two measures of performance are financial performance and non-financial performance (Iswatia & Anshoria, 2007). Performance is the ability of an organization to acquire and manage resources in a variety of ways to develop a competitive advantage. Financial performance places a premium on variables directly related to financial reports. Three dimensions are used to evaluate a company's performance. The first dimension is the company's productivity, or its efficiency in converting inputs into outputs. The second dimension is profitability, or the extent to which a company's revenue exceeds its expenses.

The third dimension is market premium, or the extent to which the market value of a company exceeds its book value (Walker, 2001)

Definitionally and quantitatively, performance is a challenging concept. It has been defined as the outcome of an activity, and the appropriate measure chosen to evaluate corporate performance is believed to depend on the type of organization being evaluated and the objectives to be attained through that evaluation. This multidimensional perspective on performance denotes that different models or patterns of relationship between corporate performance and its determinants illustrate the various sets of relationships between dependent and independent variables in the estimated models (Ostroff, 1993). Most performance measures are attributable to the different concentration levels of resources and capabilities (Depperu & Cerrato, 2005), so firms employing similar strategies will experience performance differences due to the uniqueness of each firm's resources and capabilities (Mauri & Michaels, 1998; Short et al., 2007).

According to Venkatraman and Ramanujam (1986), the performance component of a business is comprised of three indicators: financial performance, business performance, and organizational effectiveness. The financial components consist of well-known accounting-based indicators such as profitability ratios (ROI, ROS, and ROE) and other market-based measurements. Studies have employed numerous measures of firm performance, including accounting value, market value, and social performance, amongst others. The ratios of

accounting values and ratios of market values are the two main categories of these indicators. Profitability, measured by return on sales, return on assets, or return on equity, is the most common indicator of a company's performance (Hoang et al., 2019)

2.2.2 Board Diversity

Diversity is the variation of social and cultural identities among people existing together in a defined employment or market setting. Social and cultural identity refers to a person's personal affiliation with groups that, according to research, have a significant impact on the major life experiences of individuals. These affiliations include, among others, gender, race, national origin, religion, age cohort, and occupational specialization (Cox, 2001). Age, race, ethnicity, and gender are the primary categories of diversity, while education, experience, and marital status are secondary categories of diversity (Slocum & Hellriegel, 2007).

Intuitively, diversity refers to the presence of a large number of distinct individuals. There is no standardized definition of board diversity, however. Some may interpret board diversity by considering less tangible factors such as life experience and individual attitudes. However, diversity is typically described in two broad ways: on the one hand, it refers to demographic diversity that can be observed, such as gender and age, and on the other hand, it refers to cognitive diversity that cannot be observed and is represented by education and values (Petersen, 2000).

Corporate diversity is the variation of age, race, ethnicity, gender, and social/cultural identities among employees within a particular corporation (Marimuthu, 2008). Van der Walt

and Ingley (2003) defined diversity in the composition of the Board as a combination of diverse attributes, traits, and skills possessed by its members. This definition is also applicable to an organization's upper management. Board diversity is broadly categorized as demographic diversity (gender, race, etc.) and cognitive diversity (education, experience), although gender diversity is the focus of the majority of research studies (Erahardt, Werbel & Shrader 2003; Kang et al. 2007). Nationality diversity is an innate nationality value that reveals a person's origin and birthplace (Rahindayati, 2015).

One could also argue that board diversity reflects the society and community served by the organization. This reflection strengthens the social contract between a business and its stakeholders, thereby enhancing the strategic fit of the business with its surroundings. Consequently, it is suggested that a diverse board can assist a company in establishing its reputation as a responsible corporate citizen that understands its community and deserves its trust (Brooks, 2008). From a microeconomic perspective, Campbell and Minguez-Vera (2008), Kang et al. (2007), and Ferreira (2010) stated that diversity of board is desirable because it will lead to a greater knowledge base, creativity, innovation, increase discussion, cross-fertilization of ideas, and improve the board's ability to solve problems and make decisions.

Over the years, regulators have emphasized the importance of addressing various board-related issues. The importance of board independence and the function of non-executive directors were two prominent examples. This prompted Higgs (2003) to recognize the importance of board members possessing a balance of skills and experience. According to Javid (2009), the objective of board diversity is to cultivate a broad spectrum of demographic attributes and characteristics in the boardroom. Indicating to internal and external

stakeholders that the organization values diverse constituencies and does not discriminate against minorities in ascending the corporate ladder, the presence of a diverse board can enhance a company's reputation. This may indicate an equal opportunity for employment and the management's desire to position the company as a socially responsible citizen (Powell, 2000).

Directors are tasked with developing strategies through critical analysis and effective problem solving. One of the pitfalls of the boardroom decision-making process is 'groupthink,' which is defined as the psychological behavior of minimizing conflicts and reaching consensus without evaluating alternative ideas critically in a cohesive in-group environment. It is assumed that by combining the contributions of a group of individuals with diverse skills, backgrounds, and experiences, it will be possible to approach problems from a wider variety of perspectives, to pose challenging questions, and to engage in more robust debate within top management groups. Such a multiple-perspective analysis of problems can alter the dynamics of the boardroom and is more likely to result in decisions of higher quality than groupthink-driven decisions (Hussain, 2011).

According to Abor (2006), diverse board members are more likely to have dissimilar personal characteristics, resulting in dissimilar leadership, thinking, emotional, and risk preferences and behaviors. This may also provide a more comprehensive oversight of the organization's operations by increasing the company's sensitivity to a broader range of potential risks, including reputation and compliance risks. This may then support a greater level of oversight in the performance evaluation and decision-making processes of boards.

Casey (2002) argues that diversifying the board does not come without costs. Even though a board is inherently subject to conflict because it is comprised of individuals, having a diverse board may increase friction between members, particularly when new directors with diverse backgrounds are viewed as anomalous by existing board members. This may divide the board into subgroups, reducing group cohesion and eroding trust among board members, resulting in a reluctance to share information. Tokenism is a term sometimes used to describe an additional risk of board diversity. Theoretically, as discussed in the preceding section, minorities in the boardroom are said to contribute to the value creation of the organization through their unique skills and experiences; however, in practice, they may feel that their presence is merely to satisfy the external stakeholders' quota requirements. They may then have a tendency to undervalue their own skills, accomplishments, and experiences, which diminishes their potential contribution to the organization (Drukker, 2003).

Moreover, in order to fulfill the requirement for board diversity, the board may disregard the essential qualities of successful directors. When implementing measures to diversify the board, special consideration must be given to these expenses. The best boards are comprised of contributors with a variety of skills, knowledge, information, power, and time. Given the diversity of expertise, information, and availability required to understand and govern the complex businesses of today, it is unrealistic to expect a single director to be knowledgeable and informed about all business aspects. Additionally, it is unrealistic to expect individual directors to be available at all times and to have input on all decisions. Consequently, when staffing the majority of boards, it is best to think of individuals as contributing various parts to the whole that is required to form an effective board (Young, 2011).

2.2.3 Tax aggressiveness

Taxes represent a significant cost to the firm and shareholders, and it is generally expected that shareholders prefer tax aggressiveness (Chen et al., 2010). Firms partake in tax aggressiveness extensively with the purpose of reducing their income taxes since the income tax expenses reduces their profits. Traditionally, tax aggressiveness is allowed within the tax laws as it is considered as a legal tax avoidance scheme. However, not all companies have the same opportunities to carry out tax aggressiveness. This is why some companies are involved greatly in tax aggressiveness, while others are involved moderately. Thus, companies may be engaged differently in tax aggressiveness due to many factors such as the size and the capabilities of the companies to undertake tax aggressiveness activities (Lestari & Wardhani, 2015)

Tax aggressiveness is considered as an important investment for shareholders because of the reduction of the tax burden that weighs significantly companies and shareholders. However, shareholders may not promote the activities of tax aggressiveness because of the potential costs Moreover, tax aggressiveness can positively or negatively affect the value of the company. There is a positive association when tax aggressiveness maximizes the value of shareholders (Lennox, Lisowsky & Pittman, 2013). The tightening of the tax system is positively associated with the higher market performance of firms. In other words, when taxes are considered a burden to society, shareholders positively assess tax aggressiveness; in contrast, shareholders might respond negatively if tax aggressiveness were viewed as a risk-related activity. Tax aggressiveness may be valued by shareholders using the information on ETR, which may reflect the activities of tax aggressiveness (Desai & Hines Jr, 2002).

The traditional theory perspective view of the tax aggressiveness which denotes tax avoidance is thought to increase after tax earnings and therefore to be in the interest of shareholders, this is typically taken in valuation model/firm value (Wahab & Holland, 2012; Desai & Dharmapala, 2006). Thus, tax aggressiveness activities that reduce transfer resources from shareholders to government should generally enhance shareholders wealth/firm value. The agency theory perspective views suggest that tax aggressiveness can be complex and opaque and can possibly allow for managerial opportunism and can lead to a reduction in firm value when managers understate reported accounting profit thus understating taxable income or less transparency (Wahab & Holland, 2012).

Indeed, tax aggressiveness carries significant costs for firms and shareholders. Although tax reduction may entail an increase in after-tax profits, real and potential costs inhibit firms from maximizing their after-tax profits through tax aggressiveness. Specifically, more aggressive tax aggressiveness practices may be associated with increased opportunities for rent diversion by the firm's managers. For instance, Desai and Dharmapala (2006) argues that tax avoidance and managerial rent extraction can be complementary if tax avoidance reduces corporate transparency which, in turn, increases the opportunity for managers to divert corporate resources for personal benefit.

2.2.4 Corporate Social Responsibility

Corporate Social Responsibility (CSR) has become a key business practice in recent years and its disclosure is one of the most important reporting issues in global business environments (Meseguer-Sánchez et al., 2021). The term social responsibility has different definitions and has continued to evolve, both in meaning and practice. The International Organization for Standardization (ISO) defines the social responsibility as the responsibility

of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development (Nyeadi, Ibrahim & Sare, 2018).

CSR refers to a firm fulfilling its legal, economic, ethical, and philanthropic responsibilities to society (Cho, Chung and Young, 2019). The CSR dimension started deviates from the neoclassical economic perspective, which primarily focused on the creation of value for shareholders, to a more consistent stakeholder perspective, which caters for the needs of shareholders (Singh, Sethuraman and Lam, 2017). The concept of CSR encourages the fair distribution of the organization’s profit in society in an ethical manner (Zulfiqar, 2019).

There are three major CSR approaches that correspond to different perspective: the regulation approach, linked to a moral obligation; the descriptive approach, related with aims of legitimacy and approval; and, the instrumental approach, based on corporate reputation. Lastly, the strategic approach links all these approaches (Charlo, Moya & Muñoz, 2017). According to Boesso Kumar and Michelon,(2013), firms adopt an appropriate approach, or a combination of approaches, according to their targets for their different CSR initiatives. The descriptive, instrumental, and strategic approaches provide a basis that would support the relation between CSR and financial results (Charlo, Moya & Muñoz, 2017).

The arguments in favour of CSR are that firms can only continue to be socially responsible on the strength that the business strives with equally satisfied shareholders and investors. Generally, CSR is interpreted as a firm’s social contribution. However, CSR and social contribution must be clearly differentiated: social responsibility refers broadly to a firm’s

legal, economic, ethical, and philanthropic responsibilities, while a firm's social contribution refers to only one aspect of CSR (Cho, Chung and Young, 2019).

CSR disclosures appear at organizational wide initiatives and strategic levels (Cho, Chung and Young, 2019). CSR activities have been recognized as a natural obligation of firms but recently CSR disclosures are considered as important business strategy (Cho, Chung and Young, 2019). CSR practices have come under the spotlight of attention recently by regulators, policy- makers, and businesses (Rettab et al., 2009). CSR initiatives could be a way to strengthening firm's competitive advantage (Nyeadi, Ibrahim & Sare, 2018). In this sense, as a vital route of communicating the social and environmental impacts on society and stakeholders caused by the business operations CSR reporting is becoming critical for a company (Vartiak 2016).

Hou (2019) notes that organizations devote significant resources to CSR activities and deploy the same as an innovative stimulus for value creation, preservation, and a means of responding to changes in the culture of stakeholders. In another context, corporations embark on CSR activities as a corrective measure to address challenges created by the business or conditions existing prior to the commencement of the company. From an altruistic standpoint, organizations equally deploy CSR as a philanthropic activity to assist disadvantaged communities by providing amenities and other enabling infrastructures (Nyeadi, Ibrahim & Sare, 2018).

Gradual changes in the global economy, such as the rise in social activism, the emergence of new expectations, globalization, international trade, increased expectations of transparency, and corporate citizenship now increasingly require corporations worldwide to perform well in

every aspect of business whether economic, social and environmental dimensions (Jamali et al., 2008). Responsible corporate citizenship is another emerging trend in CSR viewed from an organization's commitment to respecting human rights and protecting the environment (Nyeadi, Ibrahim & Sare, 2018).

As such, modern companies are pressure to discharge their wider responsibility towards society which is largely considered as CSR. CSR reporting has been a growing field of interest as societal pressure for greater regulation and transparency of corporations and financial markets continues to mount. CSR is a continuous commitment of an enterprise to contribute to its economic development, while enhancing the quality of life of the workforce as well as of the community, society and environment (Le Doan Minh et al., 2018).

In general, CSR enables the firm's management to embraces all organizational activities relating to the environment and society and these may include; employees, community support, philanthropic activities, product/services support, and environmental support (Al Ani, 2021; Staples, 2004). Thus, CSR disclosure is a crucial determinant of firm performance. CSR disclosure is defined as a company's sense of responsibility towards the community and environment both ecological and social in which it operates (Ashley, 2009).

CSR disclosure, also called corporate conscience, corporate citizenship or sustainable responsible business/ responsible business is a form of self-regulation that is integrated into different disciplines, such as business, politics, economy, media, and communications studies (Mahadeo et al., 2011). Morsing, Schultz and Nielsen's (2008) 'inside-out' approach to CSR disclosure, for example, follows a similar sentiment to communication, in that organizations

should ensure employee commitment towards their CSR before they communicate about their CSR activities to external stakeholders.

CSR initiatives also takes the name CSR disclosure (Godfrey, Merrill, & Hansen, 2009). Thus, CSR disclosure can encompass a wide variety of dimensions and different levels of involvement in each dimension. A vast array of prior studies views CSR as consisting of five major dimensions: diversity, employee relations, product, environment, and community (Choi & Wang, 2009; David, Bloom, & Hillman, 2007). The rationale for this classification is that CSR initiatives usually affect or are affected by different groups of stakeholders such as employees, customers, the environment and community (Spiller, 2000).

Empirically, these dimensions reflect a company's general stance with respect to a range of social concerns, such as treatment of women and minorities, employees' welfare, sustainable investment, environmental management, and community relations (Graves & Waddock, 1999). The level of CSR disclosure may vary also along a continuum from low-to-high involvement. The involvement of firms in CSR initiatives increases as the respective activities become more substantial in terms of both quality and quantity (Godfrey et al., 2009). However, the large variety of CSR activities suggests that not all activities are regarded as equally important. In addition, Lammers (2003) argues that corporate social responsibility (CSR) disclosure is the way a corporation achieves a balance among its economic, social, and environmental responsibilities in its operations so as to address shareholder and other stakeholder expectations.

Given that any corporation's resources are limited, CSR activities tend to compete for corporate resources against other important strategic actions. Further, socially responsible

activities are not equally capable of generating moral capital (Jayachandran et al., 2013) and therefore, their benefits are not always commensurable. CSR activities should be appropriate for the organizational, strategic, and institutional contexts in which firms operate. When companies engage in less appropriate activities, some of their actions may be viewed as being opportunistic and may generate unfavourable evaluations from stakeholders (Simmons & Becker-Olsen, 2006).

In reality, companies may prioritize different CSR activities by deciding which stakeholders' expectations to satisfy, in what order, and to what extent (Van Beurden & Gössling, 2008). For example, some companies may engage in multiple activities, targeting, among others, equality in the workplace, safety, and quality in design, manufacture, sales and after-sales service, and protection of the environment and the local communities. These activities may often span across multiple CSR dimensions. Other firms, however, may concentrate their effort on activities relating to specific dimensions, while putting a little or no effort into others. These variations in disclosure reflect what we term as CSR constellations and might be shaped in response to the different organizational, strategic, and institutional pressures that companies face dynamically (Simmons & Becker-Olsen, 2006).

CSR disclosure policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms (Khan, 2010). In some models, a firm's implementation of CSR disclosure goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law. CSR disclosure aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders including consumers, employees, investors, communities, and others (Matin, 2007).

CSR disclosure is a general management concern; that is, it is important to all aspects of business, and it is integrated into a corporation's operations through its values, culture, decision making, strategy, and reporting mechanisms. CSR disclosure is important because the business system is the mechanism selected by society to produce and distribute goods and services. Originally, people felt that a business enterprise had fulfilled its social responsibility by surviving and realizing the maximum profit possible.

The market system provided the regulation necessary to police the system, and profits provided incentive and ensured efficiency. The work ethic and self-interest were the guiding principles of the system. By making a profit, corporations contributed to a growing, healthy economic system that provided employment and adequate incomes for all. In other words, CSR was to operate profitably, and the corporation could not survive without profits, much less play a social role (Ferrel, 1999). More recently, there has been a belief that business exists for more than profits or economic goals, with the public expecting something else from business (Baker, 2004). As a result, the original concept of social responsibility involving the maximization of profits has been modified. Although profits are to be made, social, as well as economic, goals are to receive attention. Society depends on business to achieve social as well as economic goals that is, social responsibilities are placed on business (Windsor, 2001).

Proponents argue that corporations increase long term profits by operating with a CSR perspective, while critics argue that CSR distracts from business' economic role. A 2000 study compared existing econometric studies of the relationship between social and financial performance, concluding that the contradictory results of previous studies reporting positive, negative, and neutral financial impact, were due to flawed empirical analysis and claimed

when the study is properly specified, CSR has a neutral impact on financial outcomes (Crane, 2005). It must be appreciated that corporate social responsibility is a factor in an extremely complex business environment in which the corporate manager is called upon to operate the business (Jamali et al., 2008). Various stakeholders are constantly seeking a different role for business in society. Government continues to influence the business system and to change the forms and manner of this influence.

According to Wood, (2002) the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities and that expectations are placed on business due to its three roles: as an institution in society, as a particular corporation or organization in society, and as individual managers who are moral actors within the corporation. These roles result in three levels of analysis institutional, organizational, and individual and can be expressed in terms of three principles of corporate social responsibility: legitimacy, public responsibility, and managerial discretion. Wood also identified three main types of processes used by businesses to implement their CSR motivational principles: environmental management, issues management and stakeholder management. Once implemented throughout the organization, these processes help the firm to keep abreast of, and to address successfully, stakeholder demands (Wood in Maignan & Ralston 2002). However, this may be a somewhat simplistic view of CSR and relationships with stakeholders.

The issue of CSR and its effects on financial performance continued to be addressed in the literature. According Windsor (1998) 'among the 500 largest US public corporations, the 26.8% committing in annual reports to ethical behaviour toward stakeholders or compliance with corporate code of conduct have higher financial performance measures than other firms

that do not (Verschoor, 2001). Carrol (2008) argues that corporate responsibility or sustainability is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management.

2.3 Empirical Review

Given the difficulties in examining non-observable forms of diversity, existing research on the effects of diversity on board performance focuses on observable diversity (Van Knippenberg, De Dreu, & Homan, 2004). Diversity within a board influences its performance and effectiveness. In terms of skills, knowledge, and experience, the level of diversity highlights differences between directors.

Observable characteristics, such as age and social standing, contribute to the diversity of a population. A large body of empirical research has linked diversity to enhancements in knowledge base, creativity, decision-making quality, and innovation resulting from the diverse experiences of the group members (Bilimoria & Wheeler, 2000; Watson, Johnson, & Merritt, 1998). In their 1999 study, Simons, Pelled, and Smith linked both educational level and cognitive diversity to positive organizational performance effects.

The boards of directors can be expected to achieve comparable outcomes. Hambrick, Cho, and Chen (1996) provided empirical evidence that homogenous top-management teams performed better than heterogeneous teams. The analysis performed by the authors revealed

that homogenous teams were more effective in their actions and responses, whereas heterogeneous teams were more likely to respond to the strategies employed by competitors.

2.3.1 Board's Gender Diversity and Firm Performance

Several countries have mandated an increase in the number of women in the boardrooms of publicly traded companies, according to studies. In Norway, boards are required to have at least 40 percent female representation; the same is true in France and Spain (Schwizer, Soana & Cucinelli, 2012). Several studies (Dezso & Ross, 2012) have found that gender diversity has a positive effect on firm performance in emerging economies. These empirical studies demonstrating the connection between diversity and business performance are contradictory. Some studies have found a positive correlation between diversity and financial performance, whereas others have found either no correlation or a negative correlation (Lückerath-Rovers, 2013).

Empirical studies have highlighted the importance of gender diversity to the performance of a company (Horváth and Spirollari, 2012). For instance, Campbell and Minguez-Vera (2017) used data from the Spanish Board of Directors to examine the effect of the proportion of women on the board. The study found that the percentage of women on the Board of Directors has a significant positive impact on the firm's value, as measured by Tobin's Q. The findings of the study indicated that the gender composition of the board, as measured by the presence and percentage of women, has a positive effect on the performance of the company.

Ahmed et al. (2020) examined the impact of the board on the performance of listed firms in Oman. The cross-sectional study analyzed the characteristics of boards, including board size and gender, among others. The findings of the study indicated that gender diversity has a

positive impact on the performance of businesses. In Malaysia, Lee-Kuen, Sok-Gee, and Zainudin (2017) investigated the effect of board gender diversity on listed firms. According to the findings, a greater proportion of women on a company's board of directors improves its financial performance. In a study conducted in the Netherlands, Lückerath-Rovers (2013) investigated the influence of women on the boards of directors of publicly traded companies. The results indicated that companies with women on their boards tend to outperform those with no women on their boards. In Turkey, Klc and Kuzey (2016) investigated the impact of gender diversity on firm performance. The results indicated that gender diversity has a positive effect on the performance of businesses.

Carter et al. (2010) investigated the impact of women's presence on the boards of US-listed corporations. Specifically, the study examined the relationship between the gender diversity index and financial performance as measured by Tobin's Q. The study's findings indicated that gender diversity has no significant impact on the firm performance of U.S. firms, but the links appear to be endogenous. Shehata, Salhin, and El-Helaly (2017) studied the impact of board diversity on the performance of UK SMEs. The results indicate that gender diversity has a negative impact on performance. Li and Chen (2018) used panel data from China's listed non-financial firms to examine the relationship between board gender diversity and firm performance. The findings suggested that gender diversity has a positive effect on firm performance. Brahma, Nwafor, and Boateng (2021) analyzed the impact of gender diversity on the performance of UK FTSE firms. The findings indicated that gender diversity positively impacts performance.

Hyun et al. (2016) analyzed the role of female independent directors on a sample of Standard & Poor's (S&P), and found that the proportion of female independent directors is positively related to firm performance. Using a sample of Italian non-financial listed companies, Romano et al. (2020) found that greater board gender diversity has a positive impact on firm performance and that chief executive officer (CEO) duality negatively moderates this relationship.

Daunfeldt and Rudholm (2012), who investigated the effect of gender diversity on firm performance in Swedish listed firms, are among the studies that have reported negative effects. The study used ROA as a performance metric, and the results indicated that a board with a greater proportion of women has a negative effect on the performance of the firm. However, Smith, Smith, and Verner (2006) discovered only a weakly negative association between gender diversity and firm performance.

Dobbin and Jung (2011), who evaluated the effect of female directors on the firm's profitability, are among the researchers who found insignificant results. The study's findings indicated that the presence of female directors in the board has no effect on firm performance in either scenario, but that the number of female directors affects the firm's institutional ownership. Schwizer, Soana, and Cucinelli (2012) analyzed the effect of board diversity on the performance of listed Italian firms. There is no statistically significant correlation between the number of female board directors and company performance, as indicated by the

findings. In a study conducted in Spain, Campbell and Minguez-Vera (2008) investigated the relationship between gender diversity and business performance. The findings revealed that the presence of one or more women on the board has a negligible impact on the firm's value, whereas the ratio of women to men on the board and diversity indices have a positive impact on firm value.

In a study of Fortune 500 companies, Larkin, Bernardi, and Bosco (2012) analyzed the correlations between gender diversity, citation in a magazine for ethical behavior, and stock price. The findings of the study indicated that the number of women on a company's board of directors is indirectly related to increases in its share price, but there is no significant correlation between the two variables. Adeabah, Gyeke-Dako, and Andoh (2018) used data envelopment analysis to study the gender diversity of Ghanaian banks. The regression analysis revealed that gender diversity increases bank productivity.

The gender diversity is the subject of the majority of articles comprising the body of knowledge. Agrawal and Knoeber (2001) contend that the mere presence of women in leadership positions on the board of directors can provide benefits and resources to the company. Several studies have identified positive associations between female representation in top management and on the board and firm performance (Campbell and Minguez-Vera, 2017; Oba & Fodio, 2013; Lee-Kuen, Sok-Gee, and Zainudin, 2017; Lückerath-Rovers, 2013; Hyun et al., 2016). Other studies have found insignificant effects (Schwizer, Soana, &

Cucinelli, 2012; Campbell & Minguez-Vera, 2008; Bianco, Ciavarella, & Signoretti, 2011; Bernardi & Bosco, 2012; Carter et al., 2010), while a few have found negative effects (Daunfeldt & Rudholm, 2012; Smith, Smith & Verner, 2006).

2.3.2 Board's Age Diversity and Firm Performance

The board's age diversity reflects their business experience and demonstrates their managerial maturity (Hoang, Abeysekera & Ma, 2017). Age diversity is an important board characteristic because the same age group of board members may introduce bias into the board's leadership and decision-making styles (Abdullah & Ismail, 2013). According to Hafsi and Turgut (2013) and Post, Rahman, and Rubow (2011), directors' business experience, knowledge, and maturity are reflected in their ages, and this demonstrates their maturity in directing the direction of businesses.

Fernández-Temprano and Tejerina-Gaite (2020) observed in a study of listed firms in Spain that age diversity has a positive impact on firm performance. Kagzi and Guha (2018) found that age diversity has a positive effect on the performance of Indian companies. While age may be a more accurate predictor of environmental behavior than gender (Ali et al., 2014). Age-related knowledge is accumulated over time, and when shared, combined, and integrated within groups, it can enhance the caliber of decision-making, creativity, efficiency, problem-solving, and productivity. Differences in value are the result of historical experience and life-stage influences.

Shehata, Salhin, and El-Helaly (2017) investigated the effect of board diversity on the performance of UK small and medium-sized enterprises. The results indicated that age diversity negatively impacts performance. Waelchli and Zeller (2012) used a sample of

unlisted Swiss firms to determine whether the age of the board chair affects the performance of the company. The findings indicate that a one standard deviation increase in the age of the chairman is associated with a 12% decline in firm performance on average. The decline was due to a decline in the individual's cognitive abilities after a certain age. Horváth and Spirollari (2012) examined the demographic characteristics of the Board and their impact on the strategic decisions of a sample of firms by using the age of the Board. The indicated that the average age of board members has a negative correlation with corporate strategy changes.

In a study conducted in Malaysia, Abdullah and Ku Ismail (2017) investigated the impact of board diversity on the performance of publicly traded non-financial companies. The findings of the study indicated that the age diversity of the board has a negative impact on firm performance as measured by ROA. Wegge et al. (2008) then conducted a field study on work groups among approximately 4000 public sector employees. Age heterogeneity enhanced the capacity of groups to perform complex tasks.

Age diversity may also have an effect on the outcome. Conflicts and communication breakdowns have been found to be negatively associated with CSR disclosure in relation to excessive diversity (Murphy & McIntyre, 2007). The effects of diversity on CSR participation may also be context dependent (Carter et al., 2010). It has been demonstrated that complex and ambiguous tasks benefit from greater age diversity (Wegge et al., 2008). Smaller firms and those in the early stages of their life cycle are more likely to benefit from increased diversity than their larger and more mature counterparts (Hillman, Withers & Collins, 2009).

Although age may be a better predictor of environmental behavior than gender (Dietz, Stern, & Guagnano, 1998), research on board age diversity is limited and its impact on corporate processes is unclear (Ali et al., 2014; Kang et al., 2007). Although age diversity is less prevalent in the literature, researchers have discovered both positive and negative effects of board age diversity on firm performance (Hafsi & Turgut, 2013; Harjoto et al., 2015). On the one hand, older directors are typically more knowledgeable about the industry, have a larger network, and make wiser business decisions (Li, Chu, Lam, & Liao, 2011).

2.3.3 Board's Ethnic Diversity and Firm Performance

Ethnicity differences affect business practices, organizational structure and firm performance (Khan et al., 2019). Carter et al., (2010) examined the effect of ethnic minorities in the board of directors of US listed firms. In particular, the study examined the relationship between the ethnic diversity and financial performance as measured by Tobin's Q. The study findings indicated that ethnic diversity has no significant effect on firm performance of US firms but the linkages appear to be endogenous. Similarly, Guest (2019) investigated the effect of board ethnic diversity of British firms. The study findings indicated that board ethnic diversity has no effect on the overall firm performance.

In a study carried out in Malaysia, Abdullah and Ku Ismail (2017) examined the effect of board's diversity on the performance of listed non-financial firms. The study findings indicated that the board's ethnic diversity has a positive effect on firm performance as measured by ROA. Prior literature documented mixed results; for example, Upadhyay and Zeng (2014) asserted a negative impact of racial diversity on firm performance. However, Shamil et al. (2014) reported an insignificant relationship between ethnic diversity and performance. Zhang (2012); Hafsi and Turgut (2013) documented a positive relationship between ethnicity and performance.

Branco and Rodrigues (2008) have regarded nationality as positive indicators in improving financial performance for companies. These studies have examined the association between diversity and company’s financial performance. Most results have indicated that nationality diverse board pushing business in a positive way, whilst other studies found a negative or mixed relation, but the growing demands for the most companies’ stakeholders require more exploration of voluntary social activities and in order to improve financial performance.

Brammer and Millington, (2008) found that firms have highly diverse boards have higher financial performance. Similar to the above findings, Erhardt et al. (2003) using 127 US large companies, suggest a positive relationship between ethnic minority director percentage and firm performance. This may be due to directors from different ethnic backgrounds having a broader view and larger pool of information to contribute to the decision-making process.

Selection issues may weaken the above monitoring benefits of ethnic diversity (Guest, 2019). Minority directors are a highly select group, whose perspective and experience could be closer to those of directors than in the population at large. The diverse backgrounds of minority directors may result in conflict or less trust with other directors. Either may limit group communication and cohesiveness, lowering board effectiveness and the monitoring function (Guest, 2019). Such conflict could negate either the group monitoring benefits or the ability of individual minority directors to be stronger monitors on an individual basis (Guest, 2019).

2.3.4 Board's Nationality Diversity and Firm Performance

Many academics, financial analysts, and investors consider an increase in the diversity of nationalities on corporate boards to be more representative of shareholder interests than a nationality with less diversity (Carter et al., 2003). Studies indicate that nationally diverse corporate boards are better monitors of earnings, which is associated with a variety of additional benefits (Klein, 2003). Fernández-Temprano & Tejerino-Gaite (2020) found, in a study of listed companies in Spain, that a nationality mix is associated with higher performance levels. In other cases, firms with a greater proportion of nationality-diverse corporate boards tend to have higher credit ratings (Ashbaugh-Skaife, Collins & La Fond, 2006).

Frijns, Dodd, and Cimerova (2016) analyzed the nationality diversity and cultural diversity of corporate boards at U.S. companies. The nationality diversity was measured by differences in nationality value, and the results indicated that cultural diversity has a negative effect on firm performance. Khan, Khan, and Senturk (2019) assessed the national diversity of corporate boards in Pakistan. The findings indicated that national diversity has a significant positive effect on firm performance.

In contrast, for a number of reasons, non-native directors may be less effective monitors. First, the foreign national incurs substantial oversight costs as board meetings become more time-consuming due to their proximity to the corporate headquarters (Masulis, Wang & Xie, 2012). FIDs have even fewer channels and less access to current information about the companies on whose boards they serve, and thus may be less able to remain well-informed about the current operations and performance of these companies (Masulis, Wang & Xie, 2012).

Van Veen and Elbertsen (2008) investigated, using sample data from the United Kingdom, Germany, and the Netherlands, the level of nationality diversity of a corporate board as a dependent variable on the governance regime of the company's home country. The study revealed that there has been an increase in the diversity of nationalities on corporate boards, but that there are substantial differences between nations. Harjoto, Laksmana, and wen Yang (2018) examined the relationship between the nationality diversity of directors serving on corporate boards and the performance of their respective companies. Using a sample of U.S. companies, the researchers discovered that greater board nationality diversity is positively associated with firm performance. Their findings imply that increasing the national diversity of company directors could enhance the performance of businesses.

On the other hand, according to Masulis, Wang, and Xie (2012), a nationally diverse board of directors is associated with poor performance due to the high cost of foreign directors and ineffective monitoring oversight. Katmon et al. (2017) also found a negative association between board diversity and firm performance. Other studies have discovered that their relationship is stronger with overall CSR disclosure (Perry & Shivdasani, 2005) and greater shareholder returns (Shivdasani &Yermack, 1999). Regardless of the evidence of the benefits and drawbacks of heterogeneous groups, Dowling and Aribi (2012) demonstrate that the individual characteristics, such as nationality, of a single director can impact corporate decision making and firm performance. Unfortunately, the relationship between nationality diversity of board members and firm performance in the emerging market case has yet to be observed by researchers.

2.3.5 Mediating effect of Tax aggressiveness on Firm Performance

The value of a company may be affected positively or negatively by tax aggressiveness. According to Desai and Hines (2002), a tax system's tightening is positively correlated with a company's improved market performance. In other words, when taxes are viewed as a burden on society, shareholders view tax aggressiveness positively; however, when tax aggressiveness is viewed as a risky activity, shareholders may react negatively.

Khaoula and Moez (2019) analyzed the impact of tax aggressiveness on firm value using ASDAQ and NYSE-listed firms. Tax aggressiveness is positively correlated with firm value, such that an increase in ETR results in an increase in firm value, as indicated by the study's findings. An increase in ETR implies less tax aggressiveness, which leads to the conclusion that less tax aggressiveness causes an increase in firm value. In addition, this result suggests that, in developed nations, tax aggressiveness did not appear to play a significant role in determining firm performance.

Lestari and Wardhani (2015) examined the effect of tax aggressiveness activities on firm value using board diversity as a moderator. The study was conducted on publicly traded companies in Indonesia, and the results revealed positive relationships between tax aggressiveness and firm value, with age diversity positively moderating the effect, whereas ethnic diversity negatively moderating it.

Ftouhi, Ayed, and Zemzem (2015) investigated whether corporate tax aggressiveness increases firm value in a European context. The study employed regression, and the results

indicate a significant relationship between firm value and tax aggressiveness. Consequently, tax aggressiveness has a negative effect on firm performance. Chen et al. (2010) conducted a comparative analysis of tax aggressiveness between family-owned businesses and their non-family-owned counterparts. The findings of the study indicated that family-owned businesses are less tax aggressive than their non-family counterparts, and that there is a positive correlation between tax aggressiveness activities and firm value. Additionally, the study found that board diversity has a significant and negative impact on the relationship between tax aggressiveness and firm value.

Aliani and Zarai (2012a) analyzed the impact of demographic gender diversity on corporate tax aggressiveness using American firms listed in the S & P 500 index. Findings indicate that gender diversity had no significant impact on tax aggressiveness. Aliani and Zarai (2012) analyzed the impact of board diversity on corporate tax aggressiveness for Tunisian firms that are publicly traded. Diversity on the board of directors influences tax aggressiveness significantly, according to the findings. Using a sample of UK-listed companies, Wahab and Holland (2012) investigated the impact of tax aggressiveness on firm value. The results of the study indicate that tax aggressiveness has a negative correlation with firm value. In addition, the relationship remains stable when corporate governance measures are accounted for. Vacca et al. (2020) investigated the impact of board diversity on tax aggressiveness. The study found that board diversity has a positive impact on the relationship between corporate tax aggressiveness and company reporting.

2.3.2 Moderating effect of CSR disclosure on Firm Performance

A large body of research examines the effects of CSR disclosure and other CSR-related activities in developed markets (Hong and Kacperczyk, 2009; Dhaliwal et al., 2011). The

potential links between the descriptive approach and financial performance stem from the firm's long-term relationship with its various interest groups or stakeholders (Charlo, Moya, and Muoz, 2017). In a study conducted in Hong Kong, Singh, Sethuraman, and Lam (2017) found that the effect of CSR disclosures on firm value follows an inverted U-shaped relationship over time, indicating that the effect of these initiatives on firm value.

Okafor, Adeleye, and Adusei (2021) analyzed the relationship between corporate social responsibility (CSR) disclosures and the financial performance of NASDAQ-listed firms. The findings indicated that an increase in CSR disclosures was associated with an increase in revenue and profitability. Using pooled models, Bagh et al. (2017) analyzed the effect of corporate social responsibility on the performance of selected commercial banks in Pakistan. The findings demonstrated that CSR has a substantial effect on the performance of the company. In a comparative study of the Sub-Saharan banking sector, Siueia, Wang, and Deladem (2019) examined the impact of corporate social responsibility on the financial performance of commercial banks in South Africa and Mozambique. The results demonstrated that CSR disclosure has a positive effect on firm performance.

Cho, Chung, and Young (2019) analyzed the correlation between CSR performance and financial performance of Korean firms. Only social contribution yields a statistically significant positive correlation with CSR and profitability, as demonstrated by the findings. Beck, Frost, and Jones (2018) examined the relationship between corporate CSR disclosure as measured by diversity in voluntary disclosure practices and financial performance in a cross-country analysis of the three jurisdictions of Australia, Hong Kong, and the United Kingdom. The findings revealed a correlation between CSR disclosure and the financial performance of businesses.

Gatsi et al. (2016) analyzed the impact of CSR disclosure on the performance of listed companies in Ghana. The study employed a panel regression model, and the results indicated that the level of CSR disclosure was negatively related to firm performance. The availability of diverse human resources impacts the CSR disclosure of an organization and its chances of survival, particularly in environments with limited resources. In the United States, Nyeadi, Ibrahim, and Sare (2018) analyzed the impact of CSR disclosures on the financial performance of NASDAQ-listed technology companies. Using a variety of research methods, including content analysis and regression, the study determined that technology-based companies that invest in CSR initiatives tend to experience an increase in firm performance. Globally listed companies are placing a greater emphasis on corporate social responsibility (Nyeadi, Ibrahim & Sare, 2018).

A study of Singaporean corporations revealed the role of accounting and financial experts in promoting the quality of financial disclosure (Kusnadi et al., 2016). In addition, a UK-based study discovered that financial experts play a role in promoting corporate social responsibility (CSRP disclosures with their reputation, background, and experience) (Al-Shaer & Zaman, 2018). In addition, existing research indicates that board financial experts have a positive effect on the board's competence (Robinson, 2012), firm practices, and execution, and contribute to quality governance. In Vietnam, Le Doan Minh et al. (2018) analyzed the effect of CSR disclosures on the firm performance of publicly traded companies. Using regression analysis, the study determined that CSR disclosures have no effect on firm performance.

Khan et al. (2019) investigate the relationship between board diversity and quality of corporate social responsibility (QCSR) disclosure using Pakistani listed companies. The

findings indicate that firms' gender and national diversity are valuable assets that have the potential to promote QCSR disclosure. The correlation between age diversity and QCSR disclosure was found to be negative. Webb (2004) conducted a qualitative analysis of the influence of financial expertise on the connection between board diversity and CSR disclosure. Using regression analysis, a study was conducted on a random sample of 22 companies in the United States. The study revealed that the CSR orientation of the board, as measured by the board's diversity, is positively correlated with the proactiveness and comprehensiveness of the firm's CSR strategy, as well as the firm's overall performance.

Boesso Kumar and Michelon (2013) discovered empirical evidence of a correlation between the instrumental CSR approach and improved financial performance in terms of short-term measures. Michelon, Boesso, and Kumar (2013) found that the positive impact of CSR initiatives on business performance is more pronounced in terms of both market and accounting performance measures. Gallegolvarez and PuchetaMartnez (2022) used cross-national data to examine the moderating effect of CSR assurance on corporate performance. The study employed the generalized method of moments, and the results indicated that CSR disclosure is positively associated with corporate performance and that CSR assurance plays a moderating role between CSR disclosure and corporate performance.

In his empirical analysis, Gossling (2008) concludes that firms with more CSR-oriented boards tend to develop a more proactive and comprehensive board CSR strategy, i.e. one that combines internal CSR strengths with external CSR reputation-building measures, thereby enhancing firm performance. In turn, such organizations achieve superior environmental and social performance. Mallin and Michelon (2011) find a positive relationship between a number of board diversity factors, such as board independence and gender diversity on the

board, in their study. According to Post et al. (2011), firms with a higher proportion of outside directors and those with three or more female directors tend to have higher CSR strength scores, resulting in enhanced firm performance.

Carter, Simkins, and Simpson (2003) found, after controlling for firm size, industry, and other corporate governance measures, a significant positive relationship between the presence of women on the board and firm CSR disclosure as measured by Tobin's Q and ROA in a study of 797 Fortune 1000 companies in the United States. In addition, firms with at least two women on the board of directors performed better than those with fewer women. Krishnan and Park (2005), who examined 679 Fortune 1000 companies, confirmed the positive correlation between the presence of women on corporate boards and return on assets.

Issa and Fang (2019) analyzed the effect of board gender diversity on corporate social responsibility (CSR) disclosure in the Arab Gulf states. The results indicate that board gender diversity is positively related to the level of CSR reporting in two countries, Bahrain and Kuwait. In addition, the results indicate a weak positive correlation between the presence of women on boards and the CSR reporting index in Oman, Qatar, Saudi Arabia, and the United Arab Emirates. A recent comprehensive literature review of women on corporate boards concludes that the majority of research on the role of women on boards focuses on their potential role in constructing fairer and more inclusive business institutions that reflect the expectations of the current generation of stakeholders (Terjesen et al., 2009).

After controlling for numerous firm characteristics and direction of causality, Smith et al. (2006) determined, using Danish data, that the proportion of women in top management positions had a positive effect on company CSR disclosure. In addition, the results

demonstrated that the positive effects of women in top management depend on the qualifications of female top managers: the positive effects are primarily associated with female managers who hold a university degree, whereas female managers without a university degree have a smaller or insignificant effect on CSR disclosure.

Hillman et al. (2002) compared the educational and occupational background of women and racial minority directors to that of white American directors and discovered that women directors had a higher level of education than their white male counterparts. According to Kramer et al. (2006), the presence of women on boards tends to broaden the scope of boardroom discussions to include the perspectives of multiple stakeholders in terms of CSR, thereby enhancing the overall performance of the firm. However, these studies do not provide adequate evidence regarding the determinants of CSR disclosure in emerging markets. Proponents of mandatory CSR reporting argue that CSR disclosure is essential for stakeholder disclosure and corporate accountability. In contrast, critics assert that such disclosure lacks credibility and relevance, and is merely an additional regulatory burden for businesses (Lin, 2010). Some argue that mandatory CSR reporting often results in empty rhetoric and biased information, which may actually undermine corporate responsibility (Hess, 2007; Hess and Dunfee, 2007).

These studies have examined the relationship between CSRD and companies' financial performance. Branco and Rodrigues (2008) viewed CSR and CSR disclosure as positive indicators for improving the financial performance of businesses. Other studies have found a negative or mixed relationship between CSRD and business, but the increasing demands of the majority of companies' stakeholders necessitate a deeper examination of voluntary social activities and a change in the nature of disclosure in order to enhance financial performance.

Haniffa and Cooke (2002) and Marimuthu (2008) find, using Malaysian firms as a case study, that ethnic diversity on boards improves CSR disclosure in Malaysian firms. Using the top 100 non-financial companies listed on the Malaysian stock exchange over a six-year period, Marimuthu (2008) demonstrates that ethnic diversity improves corporate social responsibility disclosure. In addition, he explains that an increase of one unit in board ethnic diversity results in a six-unit increase in CSR disclosure. Nonetheless, the relationships between ethnic diversity on boards and firms' CSR disclosure have been found to be inconsistent. Williams (2000), Swartz and Firer (2005), Nishii et al. (2007), and Marimuthu (2008) discovered a significant positive correlation between ethnic diversity and corporate social responsibility disclosure. However, Marimuthu and Kolasamy (2009) find no significant association between ethnic diversity on the board and firm CSR disclosure.

2.4 Theoretical Framework

2.4.1 Agency theory

The Agency Theory, also known as the principal-agent model, was proposed and developed by Stephen Ross (1973) to explain the behaviors of principals and agents; it is one of the key theories used to analyze the concept of decentralisation. The theory assumes that the principal chooses to enter into a contract with an agent so that the principal can save money and benefit from the agent's expertise (Van Slyke, 2006). The theory of agency describes the relationship between managers (agents) and shareholders (principals) (Donaldson & Davis, 1991). It prescribes methods for resolving such conflicts, such as delegating decision-making authority to the agents who manage a project, in order to reconcile divergent interests between the organization's management and its owners (Kyere & Ausloos, 2021).

According to Jensen and Meckling (1976), agency costs are the sum of monitoring costs, bonding expenses, and residual expenses. Along the lines of the agency theory, corporations have the potential to improve their financial performance if costs are reduced (Kyere & Ausloos, 2021). Due to the divergent interests of managers and owners, the agency cost can be viewed by shareholders as a loss of value (Jensen & Meckling, 1976). The agency theory contends that the board's primary responsibility is to monitor executives in order to protect shareholders from conflicts of interest (Darko et al., 2016).

The agency theory predicts that management interests will be distinct from and even in conflict with those of shareholders (Jensen & Meckling 1976). When there is incomplete and asymmetric information between a company's principal and agent, as they have competing interests, agency theory predicts that conflicts will likely arise (Jensen & Meckling, 1976). Therefore, the principal has specific goals, and the agents with the necessary expertise will be expected to achieve those goals. The foundation of the theory is agency, which is largely dependent on the flow of information between principal and agent. Information asymmetries, adverse selection, and moral hazard are the fundamental tenants of the theory (Van Slyke, 2006).

The agency theory also assumes that the presence of directors of foreign nationality is the second effective internal governance mechanism, following board independence. The theory proposes that boardroom heterogeneity, especially in terms of the nationality of directors, protects shareholders from the expropriation of management by enhancing the independence of the board (Homan, 2017; Jensen, 1986). Boards with greater diversity enjoy greater autonomy (Jensen & Meckling, 1976). In turn, boards with a greater degree of independence may monitor managerial conduct more effectively, resulting in enhanced firm performance

(Muth & Donaldson, 1998). Fama and Jensen (1983) argued that managers have greater access to specific inside information regarding the organization's viability than independent directors.

The agency theory suggests that adequate monitoring mechanisms must be established to protect shareholders from management's self-interests, and external directors are expected to serve as guardians of shareholders' interests through monitoring. Consequently, a high percentage of outside directors on the board could have a positive effect on performance by monitoring services (Arosa, Iturralde & Maseda, 2013). Therefore, the service role is connected to the board's advice-giving and its work legitimizing the company and providing it with vital strategic networks. In addition, outsiders are viewed as a link between the organization and its environment, which can assist managers in achieving the organization's various objectives (Gabrielsson & Winlund, 2000).

Diversity of boards, according to the agency theory, is a valuable mechanism for enhancing monitoring and control mechanisms. It is assumed that directors, each with their own set of rationales, can contribute to controlling and monitoring the management in a manner that is suitable for the organization. Diverse fiduciary perspectives constitute a reliable and effective mechanism for controlling and monitoring (Hoang, Abeysekera & Ma, 2017). To guide and contribute to organizational learning and strategic decision making, the effectiveness of a board requires a variety of knowledge, skills, and organizational values.

Van Slyke (2006) also observes that goal conflict between the parties and the fact that the agent has more information than the principal and, as a result, may exploit the information for self-gain at the expense of the principal are the major assumptions that define the theory and

lead to moral hazard issues. Important, according to Masanyiwa, Niehof, and Termeer (2013), is how principals manage agents' competing interests in order to align their goals and achieve their objectives. Ayee (2005) notes that principals should carefully select agents and incentivize them to achieve the desired objectives. According to Frey (1993), monitoring intensity, frequency, and formality can be used to ensure alignment of principal-agent goals; however, if not handled correctly, it can also be perceived as distrust and demoralize the agents.

According to agency theory, the presence of independent board members may have a substantial effect on the monitoring activities of the board (Fama & Jensen, 1983). According to Jensen (1993), a firm's performance is enhanced by a small board size, and the optimal board size should not exceed eight members. This is due to the fact that an organization tends to operate less efficiently as its membership grows, and the benefits gained from having more members cannot compensate for difficulties in cooperation and procedure (Jensen, 1993). Muth and Donaldson (1998) explain that if the size of the board is increased, it will take the CEO more time and effort to persuade the various board members to approve managerial decisions.

Due to managers' efforts to demonstrate that they do not act in a self-serving manner, widely held companies are more likely to disclose information, according to agency theory. Consequently, companies with widespread share distribution are anticipated to provide a greater level of transparency. Patelli and Principe (2007) argue, based on the reputation effect, that by voluntarily disclosing more information, outside directors may gain greater public esteem, thereby enhancing their reputations as labor market experts. In terms of agency costs, a higher frequency of board meetings can result in improved managerial

oversight, which has a positive effect on corporate financial performance. Also, it has been argued that regular meetings provide directors with more time to confer, establish strategy, and assess managerial performance (Ntim & Osei, 2011)

Insider directors are an important source of firm-specific information for the board, and as a result, their experience can enhance the firm's performance; however, they can be subjective due to their benefits and lack of independence. Outsiders provide superior firm performance due to their more independent monitoring, but they have less knowledge of the firm's constraints and opportunities (Arosa, Iturralde & Maseda, 2013). The presence of outside directors increases oversight, introduces independent factors into decision-making, and expands business knowledge (Daily & Dalton, 1993).

On the other hand, when the board of directors consists of outsiders, the company's top management becomes more powerful (Hoang, Abeysekera & Ma, 2017). The study found that large board sizes benefit the firm through their managerial control (Arosa, Iturralde, and Maseda) (2013). In addition, they can act as arbitrators between external and internal auditors to reduce agency conflicts within the firm (Masud et al., 2019). Studies have found that large boards tend to reduce the cumulative effort of the board and give rise to a degree of free-riding, whereas small boards improve firm performance and influence, as well as company value (Horváth & Spirollari, 2012). The Agency Theory, also known as the principal-agent model, was proposed and developed by Stephen Ross (1973) to explain the behaviors of principals and agents; it is one of the key theories used to analyze the concept of decentralisation. The theory assumes that the principal chooses to enter into a contract with

an agent so that the principal can save money and benefit from the agent's expertise (Van Slyke, 2006). The theory of agency describes the relationship between managers (agents) and shareholders (principals) (Donaldson & Davis, 1991). It prescribes methods for resolving such conflicts, such as delegating decision-making authority to the agents who manage a project, in order to reconcile divergent interests between the organization's management and its owners (Kyere & Ausloos, 2021).

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CEO more time and effort to persuade the various board members to approve managerial decisions.

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2.4.2 Stakeholder Theory

The stakeholder theory clarifies the corporate objective of achieving the capacity to balance the competing interests of various stakeholders (Le Doan Minh, et al., 2018). The maximization of shareholder wealth continues to guide organizational strategies, but this has always been in conflict with the interests of other stakeholders (Okafor, Adeleye & Adusei, 2021). According to the stakeholder theory, a company's stakeholders are not limited to its shareholders and investors. Shareholder primacy has resulted in numerous unfavorable outcomes for corporations, economies, and society (Stout, 2012). Freeman (1984) argued that a company should generate more value for all of its stakeholders, not just its stockholders.

Firms that engage in a variety of activities and achieve corporate performance objectives also strive to meet stakeholder expectations. Stakeholder perspective suggests that a firm may be viewed as a set of interdependent relationships among stakeholders, who include not only shareholders but also any group or individual whose activities may affect or be affected by those of the firm (Clarkson, 1995). This theory also asserts that a company's success is largely contingent on its capacity to meet stakeholders' expectations and satisfy their information needs (Gallegolvarez and PuchetaMartnez, 202). Stakeholder theory provides a robust framework for comprehending the positive impact of CSR disclosure on firm value (Nekhili, Nagati, Chtioui, & Rebolledo, 2017).

The firm's stakeholders are individuals and groups that contribute voluntarily or involuntarily to its wealth-creating capacity and activities, and who are consequently its potential beneficiaries and/or risk bearers (Post et al., 2002). There are three classifications of stakeholder theory: normative, descriptive, and instrumental. The descriptive approach explains corporate behaviors, such as the nature of the firm, its managerial approaches, and how the board perceives the interests of corporate constituents (Nyeadi, Ibrahim & Sare, 2018).

The stakeholder demands can be considered to have intrinsic value (normative approach), so it is the responsibility of the business to meet their legitimate claims. The normative approach describes the obligations of the firm and identifies the necessary philosophical guidelines for the operation and management of corporations (Valentinov and Hajdu, 2019). The instrumental approach emphasizes the significance of trust and cooperation in generating organizational wealth and competitive advantage. Nonetheless, when stakeholders are categorized according to their legitimacy, power, and urgency, some may exhibit both normative and instrumental tendencies (Nyeadi, Ibrahim & Sare, 2018). This stakeholder-based approach to corporate governance necessitates a shift in the traditional role of the board of directors as protectors of shareholder interests. Through their decisions regarding strategy, incentives, and internal control systems, directors, as the highest governing body, are responsible for establishing the organization's values and standards.

Consequently, the stakeholder theory emphasizes the need for organizations to identify these numerous stakeholders and tailor organizational processes to meet their needs (Nyeadi, Ibrahim & Sare, 2018). Stakeholder theory asserts that businesses can be understood as a set

of relationships between groups with a stake in the business's activities (Visser et al., 2007). Corporations should be incentivized not only to pursue profit maximization, but also other multiple objectives (Pirsch et al., 2007; Friedman, 1970); that is, to manage and coordinate the various competitive and cooperative demands of stakeholders (Ruf et al., 2001; Freeman, 1984).

Stakeholder theory provides a normative framework for linking business and society and can be viewed as the CSR theory generally accepted as the stakeholder approach to CSR (Crane, 2008). Stakeholder theory is a complementary rather than contradictory body of literature that is deemed essential for the operationalization of CSR (Matten et al., 2003). The normative stakeholder theory suggests a comprehensive, multidimensional CSR program that treats all of the company's stakeholders equally; the instrumental stakeholder theory leads to a CSR program that emphasizes the economic performance and benefits of its shareholders; and the descriptive stakeholder theory emphasizes upholding stakeholder interests, corporate image, and corporate behavior, thus leading to a CSR program in accordance with shared stakeholder expectation (Pirsch et al., 2007; Jamali, 2008).

The board of directors also serves as a safeguard for shareholder interests to protect their investments and can function as a highly relevant information system for stakeholders to monitor executive conduct and firm performance (Fama & Jensen, 1983). Therefore, a board that is committed to CSR and seeks to address the needs of a variety of stakeholders may need to adapt its composition and operations to this new role. However, Ricart et al. (2005) noted that little attention has been paid to the implications of CSR for corporate governance up to this point. Until now, academic research has primarily focused on two aspects of socially responsible businesses: CEO compensation and board structure. Moreover,

stewardship theory predicts that allowing managers to exercise discretion will encourage them to perform better (Kyere & Ausloos, 2021).

The stakeholder theory is the most prevalent theoretical framework for conceptualizing and comprehending CSR issues (Winjberg, 2000; Wood, 1991; Egels-Zandén, and Sandén, 2010). The CSR concept plays a crucial role in expanding and solidifying the relationship between organizations and their constituents. Stakeholder theory is related to corporate sustainability and CSR because it provides a convincing theoretical framework for analyzing the company's relationship with society. The shareholding model views the corporation as a legal instrument for shareholders to maximize their own interests, specifically investment returns. A board with ethnically diverse members would be better able to comprehend the needs and preferences of stakeholders within the same ethnic group, thereby enhancing CSR disclosure (Plessis, Saenger, & Foster, 2012).

There is an integration of stakeholder theory and CSR activity (Ullmann, 1985; Pirsch et al., 2007). Stakeholder theory is fundamentally a means of making capitalism more equitable in serving non-shareholder interests and a framework for comprehending CSR (Kaler, 2006). Barnett, for instance, contends that heterogeneity in the CSP–CFP relationship arises from differences in a firm's stakeholder influence capacity or its ability to identify, act on, and profit from opportunities to improve stakeholder relationships through CSR (Barnett, 2007).

In practice, the extent to which a corporation considers each stakeholder group in its CSR program depends on the immediacy of the claim, the influence, and the legitimacy of the stakeholders involved (Ferrary, 2009). Typically, firms prioritize CSR activities in order to address time-sensitive and crucial issues raised by specific stakeholders, such as

environmental or product quality catastrophes. In the CSR literature, stakeholder theory suggests that CSR issues involve all stakeholders (Bird et al., 2007), requiring the management of divergent and competing interests (Cespa and Cestone, 2007; Riordan and Fairbrass, 2008). Various elements of corporate CSR performances target different stakeholder groups (Pirsch et al., 2007), and the outcome of their CSR performance is continually reevaluated by various stakeholders. Lam et al. (2008) argue that stakeholder theory provides a framework that is both theoretically and practically useful for analyzing and assessing CSR.

It is crucial for the success of the company to pay systematic attention to the interests of the various groups. This is due to the fact that incorporating their demands into the company's decisions can generate valuable intangible assets, as their demands may be a source of competitive advantages. Initially, the diverse interests of the groups involved play a significant role in the enhancement of the firm's performance. This later evolved to include shared value generation and the integration of ethics and sustainability into the economic perspective of capitalism. Therefore, CSR denotes a new ethos that permeates the entire organization (Boesso Kumar and Michelon, 2013). It is a new strategic tool for the company that, in addition to maximizing profits, considers people and the environment.

2.4.3 Resource dependency theory

Resource dependence theory posits that the incorporation of diverse stakeholder perspectives in board decision-making improves a company's ability to acquire the resources essential to its operation (Davis and Cobb 2010). According to the theory, the board of directors serves as the organization's external environment's linchpin because it enables the organization to

access vital external resources, such as financial and human capital, technology, and pertinent information (Kiel and Nicholson, 2003).

The resource dependence theory views corporate boards as the essential link between a company and its environment and the external resources on which it depends. This connection is essential for the success of a business. Using the board of directors as a linkage mechanism with stakeholders provides companies with at least four benefits (Pfeffer and Salancik 1978): first, linkage may provide the organization with useful information, second, linkage provides a channel for communication purposes, third, linkage is an important step in obtaining commitments of support from key elements of the environment, and fourth, linkage has value in legitimizing organizations.

The resource dependence framework views directors as important firms' resources, such as external connections, advice, and counsel (Pfeffer and Salanick, 1978; Ferreira, 2009). The more directors can provide a variety of resources, such as diverse professional backgrounds, perspectives, and problem-solving skills, the more valuable advice and counsel they will be able to provide to top management. Pfeffer and Salancik (1978) argue that boards serve to connect the company to external organizations in order to address environmental dependencies.

Pfeffer and Salancik (1978) suggest four primary benefits for external linkages: (1) provision of resources such as information and expertise; (2) creation of channels of communication with important constituents of the firm; (3) provision of commitments of support from significant organizations or groups in the external environment; and (4) creation of legitimacy for the firm in the external environment. These assets can enhance the efficacy of the organization's strategic decision-making and boost its legitimacy (Assenga, Aly & Hussainey, 2018).

According to resource dependence theory, increasing the diversity of corporate boards helps ensure the security of firms' essential resources and facilitates the connection between corporations and their external environment, including prestige and legitimacy (Goodstein Gautam, & Boeker, 1994; Pfeffer, 1973). This theory is in favor of empowering corporate structures and governance mechanisms so that managers and directors can make decisions efficiently and effectively.

The theory of resource dependence views the entire board as a mechanism that mitigates external uncertainties (Pfeffer and Salancik, 1978). Directors bring diverse resources, including information, skills, and legitimacy, to the table (Hillman, Canella, and Paetzold, 2000). These directors are well-known and influential individuals who leverage their personal networks to enhance the company's legitimacy, reputation, and resource supply (Daily & Dalton, 1993). The service role of the board controls inter-organizational dependencies and

serves as a strategic resource for securing vital firm resources (Arosa, Iturralde and Maseda, 2013).

Moreover, the increase in board size and diversity can facilitate a robust connection between companies and their external environment (Pfeffer, 1973). Living or working in a foreign country gives foreign national directors first-hand knowledge of foreign markets and enables them to develop and tap a network of foreign contacts, thereby enhancing the advisory capacity of boards (Masulis, Wang & Xie, 2012).

It is anticipated that the presence of foreign nationals on the team will bring competitive advantages to the company, including international networks, a commitment to shareholder rights, and the avoidance of managerial entrenchment, thereby enhancing CSR disclosure (Oxelheim and Randy, 2013). In this sense, the board of directors is the mechanism that provides vital resources to the organization, such as legitimacy, advice, and counsel (Hillman and Dalziel, 2003). A diverse board should be more effective from a resource dependency standpoint than a smaller board, as larger boards can make better decisions collectively. In contrast, diversity has a negative relationship with group cohesion and the frequency or quantity of communication. As a result, this may result in intra-group conflict and low-quality decisions, thereby hindering strategic consensus (Fernández-Temprano & Tejerina-Gaite, 2020).

2.4.5 Legitimacy Theory

Legitimacy theory examines the connection between a company's financial performance and CSR disclosure. Numerous studies have utilized legitimacy theory to explain why companies engage in CSR activities and how organizations acquire and maintain legitimacy. The legitimacy theory can motivate businesses to disclose their social and environmental activities. Legitimacy theory has emerged as the predominant interpretive lens in sustainability reporting literature (Owen, 2008; Campbell et al., 2003). Legitimacy theory explains that the social contract between the organization and the society is the central premise (Deegan, 2002), in which society allows the organization to continue operations to the extent that it meets the society's expectations and any disparity will be considered a breach of such contract, which may delegitimize the organization (Lindblom, 1994; Deegan, 2002).

Social contract is defined as the multitude of implicit and explicit expectations that society has regarding how an organization should conduct its operations (Deegan & Unerman, 2011). In addition, they explained that, according to the social contract, legitimacy theory emphasizes that an organization must take into account the rights of the general public, not just those of its investors. According to legitimacy theory, if a company is unable to justify its continued operations, the community can in a sense revoke its contract to continue operations (Deegan, 2002; 2007). However, the community expectation represented by the social contract is not static, but rather changes over time, and for an organization to survive, it must be congruent with the dynamically shifting social expectation (Deegan & Unerman, 2011).

Lindblom (1993) asserts that legitimacy is dynamic in that the community continuously evaluates corporate output, method, and goals against expectations, and the legitimacy gap

will fluctuate without any action on the corporation's part. There is a legitimacy gap when societal expectations change, when an organization's change is slower than the changing community's expectations, or when previously unknown information becomes known to the organization (Sethi, 1977).

Dowling and Pfeffer (1975) propose three strategies for bridging the legitimacy gap: the organization can adopt its output, goals, and methods; the organization attempts to change the definition of social legitimacy through communication; and the organization attempts to identify with symbols, values, or institutions via communication. Thus, legitimacy theory asserts that organizations continuously seek to ensure that they are perceived as operating within the limits and norms of their respective societies, which are not fixed and change over time, in order to ensure that the company's activities are viewed as legitimate by outside parties (Deegan and Unerman, 2011). If the organization's and society's value systems are congruent, the legitimacy of the organization is established (Lindblom, 1994).

In accordance with Hahn and Lülfs (2014), firms gain legitimacy by adhering to social rules and norms and conducting themselves appropriately. According to Tilling (2004), legitimacy theory enables CSR activities to help establish and maintain social expectations because it enhances reputation and legitimacy, which in turn leads to better economic-financial results and increases firm value (Gallegolvarez and PuchetaMartnez, 2022). As per legitimacy theory, corporations engage in CSR practices to fulfill their social contract with society (Hahn & Lülfs, 2014). According to Tilling (2004), this theory suggests that CSR can help to establish and maintain social expectations, which will result in improved economic financial results and a rise in firm value. Firms seek to maintain or improve their legitimacy by

operating in accordance with social norms and expectations (Gallegolvarez and PuchetaMartnez, 202)

Board diversity helps maintain vital resources, such as the human capital of board members, advice and counsel, communication channels, and legitimacy (Pfeffer & Salancik, 2003; Brahma, Nwafor & Boateng) (2021). Monitoring power may manifest itself in terms of board task results and company performance (Guest, 2019). Minority board members may offer guidance on these organizations, communicate with them, and/or signal their legitimacy (Guest, 2019). Minority directors are able to advise stakeholders, communicate with them, and provide legitimacy (Guest, 2019).

2.5 Conceptual Framework

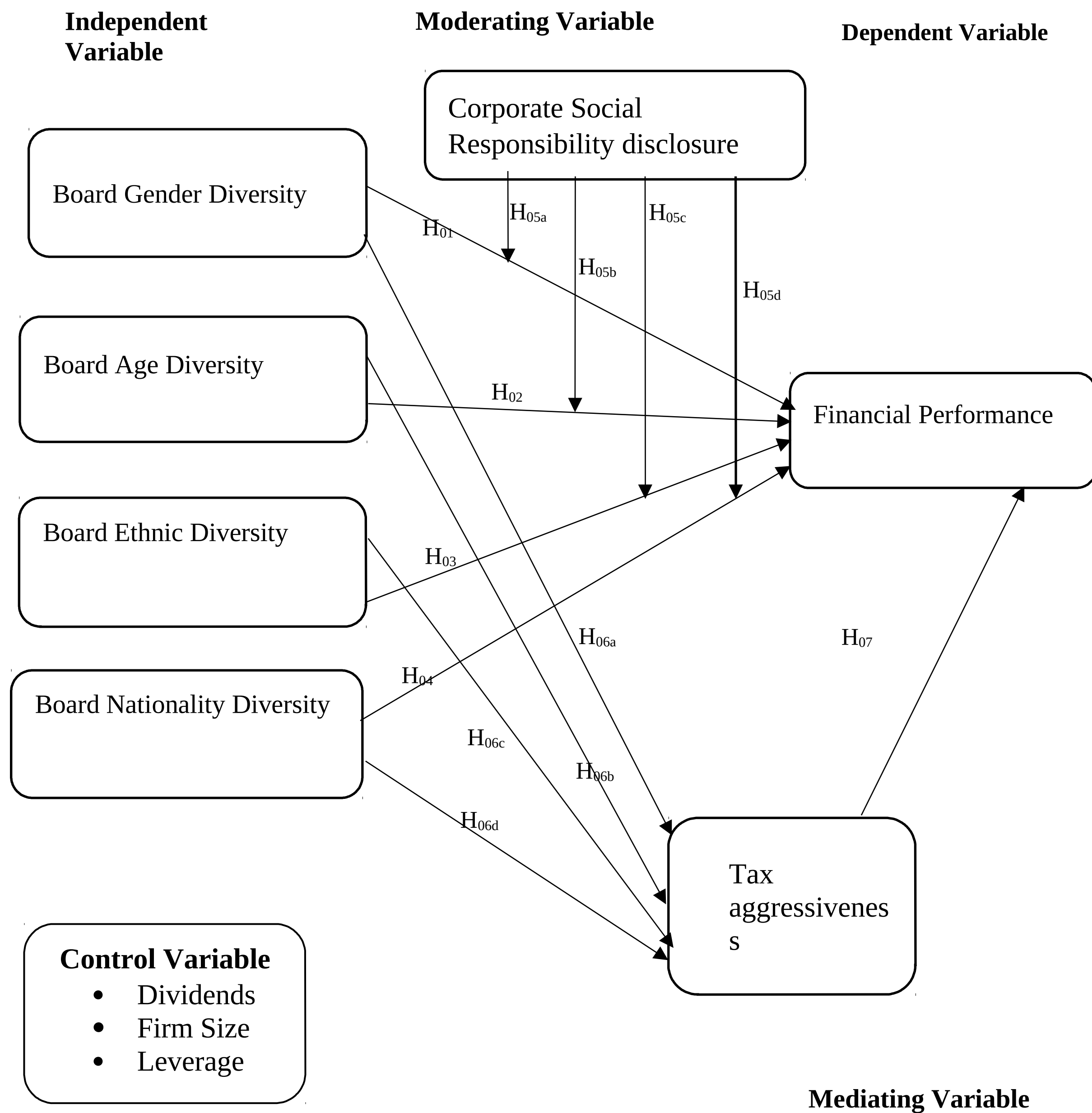

Figure 2.1: Conceptual Framework

Source: Researcher (2022)

CHAPTER THREE: METHODOLOGY

3.1 Introduction

The chapter covers all the aspects of the research design and methodology. This section details information concerning the study design, study population, techniques for sampling, methods of data collection and analysis procedure.

3.2 Research Philosophy

A philosophical foundation refers to the critical assumptions about knowledge and their implications for how professionals understand and respond to the diversity of human characteristics (Depoy & Gitlin, 2011). The study was underpinned by a positivism philosophical foundations (Saunders, Lewis & Thornhill, 2009).

Positivism approaches knowledge from the perspective of scientist who prefers working with an observed social reality where the end-product is more or less generalized similar to the ones produced by the study. Further, the research was undertaken in a value – freeway as far as possible with the researcher maintaining neutrality from the study. Thus, the researcher was external to the process of data collections being secondary with the data values being collected from different time periods and there was nothing that the researcher can do to alter the substance of the data collected (Saunders et al., 2009).

3.3 Research Design

This study employed an explanatory design with a panel data methodology. The study was explanatory because it attempted to describe an ongoing phenomenon. In management and business research, description is a means to an end, and its primary function in the study is to provide an explanation (Saunders et al., 2009). Panel data, also known as longitudinal data or cross-sectional time series data, is a collection of observations collected over time. Typically, panel data provides multiple observations on each subject. This research aims to provide more explanations and a clearer picture of the trend of disclosure practices employed by listed companies by adopting a longitudinal approach spanning several years and studying the same companies over that time.

3.4 Target Population

The target population of this study is all listed firms in NSE, there are 61 listed firms as listed in Appendix III. The study choose 43 firms in the NSE being firms which have shown consistency in the market during the period 2011-2017 giving a total of 301 firm year observations therefore the target population above was chosen since it provided research information in respect to the study.

3.5 Sampling Size determination

The study utilized a census of all companies that were listed on the Nairobi Stock Exchange (NSE) between 2011 and 2017. All firms that are listed in the following nine industry segments are eligible for inclusion: agricultural, automobiles and accessories, banking, commercial and financial services, construction and related services, energy and petroleum, insurance and investment, and manufacturing and related industries. The inclusion-exclusion

criteria for the study were limited to firms that operated continuously and reported annual financial data from 2011 to 2017. 43 companies qualified for inclusion in the study sample.

3.6 Data Collection

3.6.1 Data Collection Instruments

Using a guide for document analysis, this study gathered secondary data from financial statements and investor annual reports. This resource provides information on board diversity in terms of age, gender, ethnicity, and nationality. The disclosures of the company were primarily based on the annual reports, according to this study. According to Gray, Kouhy, and Lapers (1995), annual reports are widely regarded as the principal official and legal document that is produced on a yearly basis and serves as a significant venue for the communication of a company within political, social, and economic systems.

The majority of studies have examined the disclosures organizations make in their annual reports, either as a proxy for social and environmental responsibility activity or as an item of more direct interest (Milne and Adler, 1999). Prior research has emphasized the importance of the annual report in CSR due to the high degree of credibility of the information contained within (Tilt, 1994). A further reason for selecting annual reports is that the annual report is the most common and widely accepted document produced regularly by companies in Kenya..

3.6.2 Measurement of Variables

Measurement refers to the transformation of observations into numerical values or numbers and involves two steps: first, the identification and definition of what is to be measured, and

second, the creation of an operational definition of the concept in question (Depoy & Gitlin, 2011). The study first identified and defined the measures to be used as shown in Table 3.1, and then adopted indicators from earlier studies as a way to operationally define the concept as highlighted by the questionnaire.

Table 3.1 Measurement of variables

Variables	Symbols	Measurement	Empirical Studies
Dependent variable			
Financial Performance	Return on Equity (ROE)	Net Income /Total Equity	Platonova et al. (2016), Cheung & Mak (2010), Jitaree (2015), Mohammed et al. (2016) Gross and Holland (2011)
Independent variables			
Age Diversity	Agediv	measured as the standard deviation of ages of all the board members	(Dagsson, 2011, McIntyre et al., 2007).
Gender diversity	Gendiv	the ratio of number of women to the total number of board members (Female)	Van Diepen, (2015) Zeitun and Tian (2007
Ethnicity diversity	Ethnicdiv	Dummy variable, which takes a value of 1 when at least one minority director is present on the board and 0 otherwise	Supatmi, & Satra,(2007).
Nationality diversity	Natdiv	Percentage of foreign board members dividing by the total number of board members	(Randoy, 2006)
Moderators			
CSR Disclosure	CSR disc	CSR disclosure score, measured as the ratio of disclosure content points over the maximum score a firm can achieve	Hossain and Hammami (2009) Haniffa and Hudaib (2007) Iskander 2008 and Abdel-Fatah 2008)
Mediator			
Tax aggressiveness	ETR_{it}	ETR (Effective tax rate) was current tax expense (CTE) exclude deferred tax expense	Oh & Ki, (2020). Aliani and Zarai, (2012 Wahab & Holland (2012)
Control variables			
Dividends	DIV_{it}	Dividend per share/earnings per share	(Rees, 1997)
Firm Size	FSIZEit	Natural logarithm of sales of firm i for the	Yasser and Mamun (2016)

		period t	Boone et al, (2007)
Leverage	LEVit	Ratio of total debt at the end of the period to the total assets at the end of the period t of firm i	Darmadi,(2010), Lai and Tam (2017), Nguyen & Dang (2017)

3.7. Model Specification

3.7.1 Direct Effect Model

The simple direct effect model takes the form of Y = $\beta_{0i} + \beta_i X_i + \varepsilon$, where, β_{0i} is the overall effect of the independent variable on Y; β_{0i}, is the intercept for the linear equation and ε is the corresponding error term in the equation. Since the study took the form of panel data format, the overall direct model equation took the form of

First, the independent variables (board's gender, age, ethnic and nationality diversity) were regressed against firm financial performance

Second, control variables (leverage and firm size) and the independent variable were regressed against firm performance for potential direct effects.

$Y_{it} = \beta_0 + \beta_1 FSIZEit + \beta_2 DIV_{it} + \beta_2 LEVit + \varepsilon_{it}$…………………………….....**Model 1**

$Y_{it} = \beta_0 + C + \beta_1 Gendiv_{it} + \varepsilon_{it}$…………………………………………….....**Model 2**

$Y_{it} = \beta_0 + C + \beta_1 Gendiv_{it} + \beta_2 Agediv_{it} + \varepsilon_{it}$………………………………...**Model 3**

$Y_{it} = \beta_0 + C + \beta_1 Gendiv_{it} + \beta_2 Agediv_{it} + \beta_3 Ethnicdiv_{it} + \varepsilon_{it}$………………..**Model 4**

$Y_{it} = \beta_0 + C + \beta_1 Gendiv_{it} + \beta_2 Agediv_{it} + \beta_3 Ethnicdiv_{it} + \beta_4 Natdiv_{it} + \varepsilon_{it}$…..**Model 5**

Where;

Y = Firm performance

X_1 = Boards' Gender diversity of firm i at year t

X_2 = Boards' age diversity of firm i at year t

X_3 = Boards' ethnic diversity of firm i at year t

X_4 = Boards' Nationality diversity of firm i at year t

C = Control variables ($Fsize_{it}$, DIV_{it} and Lev_{it})

t = Time

i = Firm

ε = the error term

β_0 = Constant (the intercept of the model)

$\beta_1 \ldots \beta_4$, = Coefficients of the X (independent) variables.

3.7.2 Mediated Effect Model

The mediation model offers an explanation for how, or why, two variables are related, where an intervening or mediating variable, M, is hypothesized to be intermediate in the relation between an independent variable, X, and an outcome, Y. The product of coefficients test computes the mediated effect as the product of the **α** and **δ** coefficients from equations ii and iii (Fairchild & Mackinnon 2009). If the path (i) to (iii) is reduced to zero, there is a strong evidence that a single, dominant mediator exist, however, if the residual path (i) to (iii) is not zero, multiple mediating factors may be operating. The degree to which the effect is reduced (i.e., the change in the regression coefficient) indicates how powerful the mediator is (Kim, Kaye & Wright, 2001).

First, the independent variables (board's gender, age, ethnic and nationality diversity) were regressed against mediating variable.

Second, the mediating variable (ETR) and independent variable were regressed against firm performance for potential mediating effects.

$M = \beta_0 + C + \beta_1$Gendiv$_{it}$ + β_2 Agediv$_{it}$ + β_3Ethnicdiv$_{it}$ + β_4Natdiv$_{it}$ + ε_{it}….**Model 6**

$Y_{it} = \beta_0 + C + \beta_1$Gendiv$_{it}$ + β_2Agediv$_{it}$ + β_3Ethnicdiv$_{it}$ + β_4Natdiv$_{it}$ + **αM** + ε_{it}……………………………………………………………………………….**Model 7**

Where;

Y = Firm performance

X_1 = Boards' Gender diversity of firm i at year t

X_2 = Boards' age diversity of firm i at year t

X_3 = Boards' ethnic diversity of firm i at year t

X_4 = Boards' Nationality diversity of firm i at year t

C = Control variables (Fsize$_{it}$, DIV$_{it}$ and Lev$_{it}$)

M = Mediating variables (ETR)

t = Time

i = Firm

ε = the error term

β_0 = Constant (the intercept of the model)

$\beta_1 \ldots \beta_4$, = Coefficients of the X (independent) variables.

3.7.3 Moderated Effect Model

A moderator is a third variable that adjusts the strength of a causal relationship (Chikaraishi, Fujiwara, Kaneko, Poumanyvong, Komatsu & Kalugin, 2015). The moderation effects are typically viewed as an interaction between factors or variables, where the effects of one variable depend on levels of the other variable in analysis. The moderator variable affects the

strength and/or direction of the relation between a predictor and an outcome: enhancing, reducing, or changing the influence of the predictor (Fairchild & Mackinnon, 2009).

First, the independent variables were regressed against firm performance. Second, the moderating variable was introduced and regressed together with other variables. Therefore, the interaction term between predictor and moderating variables was obtained by multiplying the two variables that produced an interaction effect done at different stages for each individual interaction as specified in the hierarchical format:

Where;

$Y_{it} = \beta_0 + C + \beta_1 \text{Gendiv}_{it} + \beta_2 \text{Agediv}_{it} + \beta_3 \text{Ethnicdiv}_{it} + \beta_4 \text{Natdiv}_{it} + \beta_{5it} \text{CSR}_{it} + \boldsymbol{\alpha} \mathbf{M} + \varepsilon_{it}$……………………………………………………………………………**Model 8**

$Y_{it} = \beta_0 + C + \beta_1 \text{Gendiv}_{it} + \beta_2 \text{Agediv}_{it} + \beta_3 \text{Ethnicdiv}_{it} + \beta_4 \text{Natdiv}_{it} + \beta_{5it} \text{CSR}_{it} + \beta_6 Gendiv_{it} * \text{CSR}_{it} + \boldsymbol{\alpha} \mathbf{M} + \varepsilon_{it}$……………….………………………………….……... **Model 9**

$Y_{it} = \beta_0 + C + \beta_1 \text{Gendiv}_{it} + \beta_2 \text{Agediv}_{it} + \beta_3 \text{Ethnicdiv}_{it} + \beta_4 \text{Natdiv}_{it} + \beta_{5it} \text{CSR}_{it} + \beta_6 Gendiv_{it} * \text{CSR}_{it} + \beta_7 Agediv_{it} * \text{CSR}_{it} + \boldsymbol{\alpha} \mathbf{M} + \varepsilon_{it}$…………………………….... **Model 10**

$Y_{it} = \beta_0 + C + \beta_1 \text{Gendiv}_{it} + \beta_2 \text{Agediv}_{it} + \beta_3 \text{Ethnicdiv}_{it} + \beta_4 \text{Natdiv}_{it} + \beta_{5it} \text{CSR}_{it} + \beta_6 Gendiv_{it} * \text{CSR}_{it} + \beta_7 Agediv_{it} * \text{CSR}_{it} + \beta_8 Natdiv_{it} * \text{CSR}_{it} + \boldsymbol{\alpha} \mathbf{M} + \varepsilon_{it}$……... **Model 11**

$Y_{it} = \beta_0 + C + \beta_1 \text{Gendiv}_{it} + \beta_2 \text{Agediv}_{it} + \beta_3 \text{Ethnicdiv}_{it} + \beta_4 \text{Natdiv}_{it} + \beta_{5it} \text{CSR}_{it} + \beta_6 Gendiv_{it} * \text{CSR}_{it} + \beta_7 Agediv_{it} * \text{CSR}_{it} + \beta_8 Natdiv_{it} * \text{CSR}_{it} + \beta_9 Natdiv_{it} * \text{CSR}_{it} + \boldsymbol{\alpha} \mathbf{M} + \varepsilon_{it}$……………………………………………………………………..……..**Model 12**

Where;

Y = Firm performance

X_1 = Boards' Gender diversity of firm i at year t

X_2 = Boards' age diversity of firm i at year t

X_3 = Boards' ethnic diversity of firm i at year t

X_4 = Boards' Nationality diversity of firm i at year t

C = Control variables ($Fsize_{it}$, DIV_{it} and Lev_{it})

M = Mediating variables (ETR)

CSR = Moderating variables

t = Time

i = Firm

ε = the error term

β_0 = Constant (the intercept of the model)

$\beta_1 \ldots \beta_4$, = Coefficients of the X (independent) variables.

3.8 Data Analysis Procedures

3.8.1 Descriptive statistics

Initially, descriptive analysis was used to perform the fundamental transformation of data in order to describe the data's fundamental characteristics. The data were analyzed using means, skewness, and standard deviation since the majority of the information was on a ratio scale (Zikmund et al., 2010; Depoy & Gitlin 2011). The mean as a measure represents the central figure in the data set, while the standard deviation estimates the variability around the central figure and the skewness illustrates the pattern of the distribution of data values across the entire range of values. When the descriptive analysis was complete, the results were presented in tabular and graphical formats.

3.8.2 Diagnostic test

The study carried out a set of assumption about how a data set was produced by an underlying data generating process in the classical linear regression model. The theory was state a deterministic relationship between the dependent variable and independent variables (Greene, 2008). The study included; unit root testing, autocorrelation, normality, heteroskedasticity and model specification

3.7.1.1 Unit Root Test

The null hypothesis is that the series contains a unit root, and the alternative is that the series is stationary. The stationarity of the values in a series was examined through Levin Li Chu (LLC) and Breitung unit root testing which are more appropriate for pool panel data. The null hypothesis for the LLC unit root test is that H0: pi = 1 for i = 1, ..., N, against Hi: -1 < pi= P<1 for i = 1, ..., N, this requires the first order serial correlation co-efficient.. The commonly used unit root tests like the Dickey±Fuller (DF), augmented Dickey±Fuller (ADF) and Phillips±Perron (PP) tests lack power in distinguishing the unit root null from stationary alternatives (Maddala & Wu,1999). Breitung (2000) develops a modified version of the LLC test which does not include the deterministic terms (i.e. the fixed effects and/or a deterministic trend), and which standardises the residuals from the auxiliary regression in a more sophisticated fashion. Under LLC and Breitung approaches, only evidence against the non-stationary null in one series is required before the joint null will be rejected.

3.7.1.2 Heteroscedasticity and Autocorrelation

Error terms of panel regression models are plagued by heteroskedasticity, cross-sectional correlations, and serial correlations. Consequently, there are two ways to address these issues.

The first approach is to use the ordinary least squares (OLS) estimator with a robust standard error that is robust to heteroscedasticity and correlations, with caution in the application of clustered standard errors as they may result in conservative confidence intervals (Bai, Choi & Liao, 2021). The generalized feasible GLS (FGLS) estimator is more efficient than the ordinary least squares (OLS) estimator in the presence of heteroskedasticity, serial and cross-sectional correlations because it accounts for heteroskedasticity, serial and cross-sectional correlations in estimation and clustering problems in fixed effects panel and multilevel models. Empirical evidence supports the use of FGLS estimation for addressing data heteroscedasticity and autocorrelation (Khaoula & Moez, 2019).

3.7.1.4 Normality Test

Additionally, the normality assumption is crucial to the validity of inference procedures, specification tests, and forecasting. In the literature on panel data, the effects of non-normal error components on the performance of several tests are discussed (Alejo et al., 2015). Panel-data models are naturally concerned with identifying which error component (if not both) is the source of non-normalities. Montes-Rojas and Sosa-Escudero (2011) demonstrate that non-normalities have a substantial impact on the performance of panel-heteroskedasticity tests.

The application of skewness and excess kurtosis in each component individually or collectively can be viewed as an extension of the well-known Jarque–Bera tests for simple panel-data models. The skewness and kurtosis of the error components in linear panel-data random-effects models permit the evaluation of the third and fourth moments of each error component. In panel-data models, this can be used as an alternative to the Jarque–Bera test (Alejo et al., 2015).

3.7.1.5 Hausman Test

OLS with pooled cross-sectional and time-series specification assumes that all firms exhibit identical behavior in relation to the explanatory variables. In other words, it is assumed that the slope and intercept of the companies are constant over time and individuals. However, the OLS data structure is flawed for two reasons: 1) although the pooled model produces consistent estimates of the regression coefficients, the standard errors were understated and the significance level was overstated. 2) When panel data are utilized, the OLS method produces less accurate estimates of the regression coefficients than the GLS method (Johnston and Di Nardo, 1997).

The GLS method for panel data analysis frequently employs two assessment techniques: the fixed effects model and the random effects model. According to Wagner (2005), the distinction between the fixed effects model and the random effects model is whether time-invariant effects are associated with the explanatory variables. If time-invariant in the regression model correlates with independent variables, it is the fixed effects model, and if it does not correlate, it is the random effects model.

The hypothesis usually considered in the Hausman test is:

H_0: Random-effects model is appropriate

H_1: Fixed effects model is appropriate

A test of significance indicates that the null hypothesis is rejected indicating that the random effects can be considered to be appropriate.

3.8.3 Inferential statistics

Due to the fact that the data contains both time series and cross-sectional elements, a panel regression analysis was performed. Panel data includes information across both time and space, as well as pools of cross-sectional and time-series data involving numerous observations over the course of time (Brooks, 2014). In addition, panel data have the benefit of supplying more informative data that captures individual variability and dynamic adjustment (Vong & Chan, 2009). Although some residuals are much closer to the sample regression function than others, each residual is given equal weight.

3.9 Ethical considerations

Taking into account all ethical concerns, the study was conducted. The relevant authorities and participants were asked for permission to conduct the research. The information was derived from the selected listed companies, whose participation in the study was based on an informed decision. The study ensured the confidentiality of all information collected from the listed companies.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis of the findings of the study as set out in the research objective and research methodology. The study managed to collect data from 43 firms representing 301 data points. The study captured the following counters: agriculture (Kakuzi Ltd, Limuru Tea and Sasini Group: Banking (Absa Bank, Co-operative Bank, Diamond Trust Bank, Equity Bank, Housing Finance, I & M Bank, Kenya Commercial Bank, NIC Bank, National Bank of Kenya, Stanbic Bank and Standard Chartered Bank); Commercial and Services(NMG, SGL Scangroup, Sameer and TPS); Construction and Allied (Athi River Mining, Bamburi Cement, Crown Berger, East African Portland Cement and East African Cables); Insurance (Britam, CIC group, Kenya Re, Jubilee and Sanlam); Energy and Petroleum (KenGen, Kenya Power, Kenol and Total); Investments services (Centum and Transcentury); Telecommunication and Technology (Safaricom) and Manufacturing and Allied (BAT, BOC, Carbacid, EABL, Eveready, Mumias, and Unga). The next thing was that several firms that included Kenol, 2019 and NIC Bank, 2020) have been delisted were include and others have collapsed (Athi River mining and Mumias Sugar). This does not have any significant effect on the results and findings as the data from these firms were complete and consistent as per the NSE reporting mechanisms.

4.2 Descriptive Statistics

The study first reported the data descriptive statistics for the study variables as derived from the data. The descriptive statistics contained measures of central tendencies (means and standard deviation statistics) and measures of dispersion (skewness and Kurtosis). The data from the analysis is presented in Table 4.1.

Table 4.1: Descriptive Statistics

Sector	Mean	Max	Min	Standard Deviation	Skewness	Kurtosis
ROA	0.0759	0.4119	-0.1909	0.0835	1.5810	3.8870
ROE	0.1815	0.3683	-0.6608	0.1499	-0.3820	4.161
Leverage	0.6106	0.8979	0.0214	0.2557	-0.3590	-1.070
Firm size	9.8831	11.811	6.3749	1.4365	-0.9920	-0.0600
Age Diversity	9.1197	21.483	1.1547	2.6018	0.4805	1.7719
Gender Diversity	0.1729	0.7143	0.0000	0.1356	0.8039	0.9999
Ethnic Diversity	0.3501	0.6182	0.1111	0.1890	-0.8043	0.1193
Nationality Diversity	0.2618	0.8182	0.0000	0.2144	0.5020	-0.7330
Dividend per share	3.8406	50.250	0.0000	8.4622	3.8310	5.610
Effective tax rate	0.2647	0.3496	0.0013	0.1626	1.9830	6.640
CSR disclosure	0.3641	0.9000	0.0000	0.2511	0.6380	-1.015

The statistics in Table 4.1 concerns the descriptive statistics of the study variables. The average ROA was 0.0759 (SD = 0.0835) and the highest average ROA at 0.4119 while the minimum ROA was -0.1909. The skewness statistical value was 1.5810 which is substantially skewed distribution while most firms had skewness statistic of 1 indicating a trend towards normal distribution. The indications are that most firms have positive single – digit ROA values with some firms having negative ROA values. The average ROE was 0.1815(SD = 0.1499) with the highest average ROE at 0.3683 and the lowest ROE at -0.6608. The skewness statistical value was -0.3820 which indicates a trend towards normal distribution. The indications are that most firms have positive single – digit ROE values with some firms having negative ROE values.

The average leverage value was 0.6106 (SD = 0.2557) with the highest average leverage ratio was 0.8979 and the lowest leverage ratios at 0.0214. The skewness statistical value was -

0.3820 which indicates a trend towards normal distribution. These values indicate that most firms have liabilities that are equivalent to more than half the assets.

The firm size values show that the average firm size was 9.8831 (SD = 1.4365) with the largest firm at 11.811 with the least firms size at 6.3749. The skewness statistical value was -0.9920 which indicates a trend towards normal distribution. The indications are that average annual sales stands at 764.0 Million Kenya Shillings (Mean = 9.8831) with the highest annual sales figures of 64.9 Billion Kenya Shillings (Max= 11.811) and the lowest annual sales figures of 20.3 Million Kenya Shillings (Min= 6.3749).

The age diversity values shows that the mean age diversity was 9.1197(SD = 2.6018), with the most age diverse group at 21.483 while the least age diverse board at 1.1547. The skewness statistical value was 0.4805 which indicates a trend towards normal distribution. The age diversity values indicate that most boards are diverse ages of the members.

The gender diversity values indicate that the average gender diversity was 0.1729 (SD = 0.1356), that is about 1 out of 6 directors were female with the most gender diverse board at 0.7143, that is about 7 out of 10 directors being female while the least gender diverse board had no female member (Min = 0.000). The skewness statistical value was 0.8039 which indicates a trend towards normal distribution. The gender diversity values indicate that there is still lower female representation in the listed firms in Kenya as shown by statistical figures of about 1 in 6 directors are of female gender. Furthermore, some firms are still navigating the gender diversity issue in its board of directors.

The ethnic diversity values indicate the average ethnic diversity was 0.3501 (SD = 0.1890), that is about 1 out of 3 directors belonging to one ethnic grouping with the most ethnic diverse board at 0.6182, that is about 6 out of 10 directors while the least ethnic diverse board at 0.1111. The skewness statistical value was -0.8043 which indicates a trend towards normal distribution. The ethnic diversity values indicate that there is a good representation of more one ethnic group in the listed firms in Kenya as shown by statistical figures of about 1 in 3 directors.

The nationality diversity values indicate the average nationality diversity was 0.2618 (SD = 0.2144), that is about 1 out of 4 directors being of foreign nationality with the most national diverse board at 0.8182, that is about 8 out of 10 directors while the least nationality diverse board having no foreign directors at 0.0000. The skewness statistical value was 0.5020 which indicates a trend towards normal distribution. The nationality diversity values indicate that there is a good representation of foreign national in the listed firms in Kenya as shown by statistical figures of about 1 in 4 directors.

The dividend per share values show that the average dividend was 3.8406 Kenya Shillings (SD = 8.4622) with the largest dividend share at 50.250 Kenya Shillings while the lowest dividend per share was 0 shillings. The skewness statistical value was 3.8310 indicating a substantially skewed distribution. These values indicate that most of the listed firms in Kenya pay dividend with a few firms not paying dividend at all.

The effective tax rate values show that the average effective tax was 0.2647(SD = 0.1626) with the highest tax rate at 0.3496 and the lowest tax rate at 0.0013. The skewness statistical

value was 1.9830 indicating a substantially skewed distribution. These values indicate that most of the listed firms in Kenya pay an effective tax rate of about a quarter of the earnings.

The CSR disclosure values show that the average rate of disclosure was 0.3641 (SD = 0.2511) with the highest disclosure at 0.9000 and the lowest disclosure at 0.0000. The skewness statistical value was 0.6380 which indicates a trend towards normal distribution. These values indicate that most of the listed firms in Kenya participate in the CSR activities which are published in the financial reports.

4.3 Diagnostics tests

Once the descriptive analysis had been completed the study carried out the diagnostic tests. These tests are based on a set of assumptions made concerning the unobservable error or disturbance terms (Brooks, 2014).

4.3.1 Skewness-Kurtosis test

The study used the Skewness-Kurtosis test to examine for normality. As per the results in Table 4.2, the test on residual, it is in order to conclude that the null hypothesis that the residuals are normally distributed cannot be rejected residuals. This implies that there is no violation of the normal distribution and the study therefore assumes that data was normally distributed.

Table 4.2: Normality test

Variable	Pr(Skewness)	Pr(Kurtosis)	adj χ^2	p-value
Return on assets	0.8938	0.8241	3.56	0.4210
Return on equity	0.6485	0.6834	5.67	0.0723
Age diversity	0.6530	0.5227	5.42	0.0667
Gender diversity	0.9182	0.7823	7.15	0.0554
Ethnic diversity	0.6834	0.7346	3.33	0.1640
Nationality diversity	0.6236	0.7293	3.31	0.2320
Dividends per share	0.9783	0.8364	2.56	0.1634
Leverage	0.5118	0.6341	4.76	0.2310
Size	0.8368	0.7126	3.59	0.1823
CSR	0.8235	0.7834	9.80	0.1031
ETR	0.9264	0.6374	5.67	0.1382
Age#CSR	0.8364	0.3052	2.53	0.1923
Gender#CSR	0.9723	0.5723	9.58	0.1622
Nationality#CSR	0.5736	0.6823	.683	0.0723
Ethnic#CSR	0.3422	0.6665	0.90	0.0526

4.3.2 Unit root test

The study used the Levin Li Chu (LLC) and Breitung unit root testing because of their appropriateness for assessing unit root for pooled panel data. Both tests do not require bias correction factors.

Table 4.3 Test for unit root and stationarity

Variable	Lags	**Levin-Lin-Chu test**		**Breitung test**	
		t	p-value	λ	p-value
Age diversity	0	-15.2325	0.0000	-0.8377	0.2011
Gender diversity	0	-16.4209	0.0000	0.9483	0.8285
Ethnic diversity	0	-21.3713	0.0000	-0.4259	0.3351
Nationality diversity	0	-21.3810	0.0000	-0.4302	0.3335
CSR disclosure	0	-3.6200	0.0497	0.4427	0.6710
Age#CSR	0	-15.0179	0.0000	-0.5209	0.3012
Gender#CSR	0	-14.9099	0.0000	1.1528	0.8755
Nationality#CSR	0	-21.4103	0.0000	-0.0682	0.4728
Ethnic#CSR	0	-22.6831	0.0000	0.0416	0.5166

Based on the results from Table 4.3, the Levin–Lin–Chu bias - adjusted t statistic for all the variables at 0 lags are significant at all the usual testing levels. Therefore, the study rejected the null hypothesis and conclude that the series is stationary. For the Breitung, λ – statistic, for all the variables at 0 lags are not significant at all the usual testing levels, therefore, the null hypothesis of a unit root at the 5% level cannot be rejected and conclude that the series is stationary.

4.3.3 Correlation Results

The Pearson's correlation (r) statistics are presented in Table 4.4 and shows that firm performance as measured by ROE is positively and significantly correlated with gender diversity ($r = 0.1487$, $p < 0.05$), ethnic diversity ($r = 0.1875$, $p < 0.05$), nationality diversity ($r = 0.1865$, $p < 0.05$), firm size ($r = 0.2067$, $p < 0.05$), dividends per share ($r = 0.2279$, $p < 0.05$), CSR disclosure ($r = 1137$, $p < 0.05$), ETR ($r = 0.7121$, $p < 0.05$), interaction effects of gender diversity ($r = 0.1964$, $p < 0.05$), interaction effects of nationality diversity ($r = 0.2285$, $p < 0.05$), and interaction effects of ethnic diversity ($r = 0.1386$, $p < 0.05$).

Besides, the firm performance as measured by return on asset (ROA) is positively and significantly correlated with ethnic diversity ($r = 0.1232$, $p < 0.05$), nationality diversity ($r = 0.2040$, $p < 0.05$), dividends per share ($r = 0.1295$, $p < 0.05$), and ETR ($r = 0.3937$, $p < 0.05$). it is negatively and significantly correlated with leverage ($r = -0.1619$, $p < 0.05$), CSR disclosures($r = -0.12114$, $p < 0.05$). Age diversity does not correlated with firm performance, ROE ($r = 0.0175$, $p > 0.05$).

Table 4.4: Correlation Results

	ROA	ROE	Age	Gender	Ethnic	National	Leverag	Size	DPS	CSR	Age#CSR	Genr#CSR	Nat#CSR	Ethnic#CSR	ETR
ROA	1.0000														
ROE	0.5806*	1.0000													
Age	0.0288	-0.0175	1.0000												
Gender	0.0864	0.1487*	-0.1424*	1.0000											
Ethnic	0.1232*	0.1875*	-0.0241	-0.1078	1.0000										
Nationality	0.2040*	0.1865*	0.1403*	-0.1215*	- 0.3225*	1.0000									
Leverage	-0.1619*	0.1843*	-0.0204	0.3028*	0.0602 -	0.2613*	1.0000								
Size	-0.0537	0.2067*	-0.0688	0.4333*	-0.0801	-0.0579	0.5113*	1.0000							
DPS	0.1295*	0.2279*	0.0060	0.0278	- 0.2104*	0.3194*	0.0296	0.0454	1.0000						
CSR	-0.1211*	0.1137*	-0.0443	0.2035*	0.0110	-0.0117	0.3147*	0.3350*	0.1539*	1.0000					
Age#CSR	-0.0731	0.1074	0.2888*	0.1719*	0.0232	0.0388	0.2568*	0.2803*	0.1298*	0.9119*	1.0000				
Gender#CSR	0.0256	0.1964*	-0.0494	0.6515*	-0.0248	0.0167	0.2750*	0.3508*	0.1707*	0.7561*	0.6971*	1.0000			
Nation#CSR	0.1615*	0.2285*	0.0594	0.1342*	- 0.1582*	0.6790*	0.0008	0.1800*	0.3135*	0.5757*	0.5818*	0.5151*	1.0000		
Ethnic#CSR	-0.0942	0.1386*	-0.0200	0.1455*	0.4460*	-0.1393*	0.3208*	0.2276*	0.0389	0.8508*	0.7946*	0.6209*	0.4001*	1.0000	
ETR	0.3937*	0.7121*	-0.0210	0.1505*	0.1298*	0.1358*	0.1720*	0.1670*	0.2793*	0.1872*	0.1802*	0.2298*	0.2193*	0.1949*	1.0000

4.3.4 Heteroscedasticity and Autocorrelation

The coefficient estimates from the feasible generalized least squares method took into account, heteroskedasticity, cross-sectional and serial correlations in the estimation and thus were used to solve the problems of heteroscedasticity and clustering problems in fixed effects panel and multilevel models.

4.3.5 Hausman Test

The decision of whether to use fixed effect or random effect models was made based on the results of Hausman test in table 4.15. The χ^2 statistic for all the models were not significant ($p > 0.05$) at all the usual testing levels. Therefore, the study does not reject the null hypothesis and conclude that that random effects models were appropriate.

Table 4.5: Hausman test

Model equations	χ^2	p	Conclusion
Model 1	10.41	0.1154	Random effects model appropriate
Model 2	9.90	0.0521	Random effects model appropriate
Model 3	10.24	0.0686	Random effects model appropriate
Model 4	12.90	0.0947	Random effects model appropriate
Model 5	15.65	0.1285	Random effects model appropriate
Model 6	23.11	0.2313	Random effects model appropriate
Model 7	10.72	0.2179	Random effects model appropriate
Model 8	10.01	0.3494	Random effects model appropriate
Model 9	10.71	0.3802	Random effects model appropriate
Model 10	14.39	0.2124	Random effects model appropriate
Model 11	13.33	0.3455	Random effects model appropriate
Model 12	14.20	0.3599	Random effects model appropriate

4.4 Inferential Statistics

4.4.1 Direct Effects Model

Based on the Hausman test results in Table 4.5 on models 1, 2, 3, 4 and 5, the study hypotheses used a random effect model. Table 4.6 highlights the regression results for direct effects model. Model 1 shows $\chi^2 = 38.79$, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The results indicated R^2 value of 0.0887 reveals that the control variables, firm size, leverage and dividend per share collectively explain 8.9 % variation in ROE.

Table 4.6: Direct Effects of Board Diversity on Firm Performance

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Firm's Leverage	0.0881*	0.0672*	0.0678*	0.0602	0.0893*
Dividend Per share	0.0515*	0.0520*	0.0519*	0.0528*	0.0449*
Firm's Size	-0.0001	-0.0004	-0.0006	0.0003	0.0035
Gender diversity		0.1247*	0.1228*	0.1542*	0.1868*
Age diversity			-0.0006	-0.0004	-0.0019
Ethnic Diversity				0.2771*	0.4170*
Nationality diversity					0.2250*
R^2	0.0887	0.1025	0.0993	0.1328	0.2124
R^2 Change		0.0138	0.0106	0.0441	0.1237
χ^2-Statistic	38.79*	42.58*	42.63*	59.56*	97.01*

Model 2 shows $\chi^2 = 42.58$, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.1025 reveals that control variables and board's gender diversity explain 10.25 % variation in ROE, while the R^2 change of 0.0138% imply that about 1.38 % variation in ROE is explained by board's gender diversity.

Model 3 shows $\chi^2 = 42.63$, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.0993 reveals that control variables and board's gender diversity explain 9.93 % variation in ROE, while the R^2 change of 0.0106% imply that about 1.06 % variation in ROE is explained by board's gender diversity, while board's age diversity does not affect ROE.

Model 4 shows $\chi^2 = 59.56$, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.1328 reveals that control variables, board's gender diversity and board's ethnic diversity explain 13.28 % variation in ROE, while the R^2 change of 0.0441% imply that about 4.41 % variation in ROE is explained by board's gender diversity and board's ethnic diversity, while board's age diversity does not affect ROE.

Model 5 shows $\chi^2 = 97.01$, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.2124 reveals that control variables, board's gender diversity, board's ethnic diversity and board's nationality diversity explain 21.28 % variation in ROE, while the R^2 change of 0.1237 % imply that about 12.37 % variation in ROE is explained by board's gender diversity, board's ethnic diversity and board's nationality diversity, while board's age diversity does not affect ROE.

4.4.2 Mediated Effects Model

Based on the Hausman test results in Table 4.5 on models 6 and 7, the study hypotheses used a random effect model. Table 4.7 highlights the regression results for mediated effects models. Model 6 shows $\chi^2 = 34.83$, $p < 0.05$ indicates that the models was statistically significant. The results indicated R^2 value of 0.1019 reveals that the control variables and board's gender diversity, board's ethnic diversity and board's nationality diversity collectively explain 10.19 % variation in ETR.

Table 4.7: Mediated Effects of Board Diversity on Firm Performance

Variables	**Model 6**	**Model 7**
Firm's Leverage	0.0175	0.0845*
Dividend Per share	0.0010	0.0421*
Firm's Size	-0.1396*	0.0073
Gender diversity	0.3134*	0.1011
Age diversity	-0.0027	-0.0011
Ethnic Diversity	-0.0940	0.4428*
Nationality diversity	0.0231	0.2187*
ETR		0.2736**

R^2	0.1019	0.2881
R^2 Change		0.1997
χ^2-Statistic	34.83*	135.04*

Model 7 shows $\chi^2 = 135.04$, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.2881 reveals that control variables, board's ethnic diversity and board's nationality diversity explain 28.81 % variation in ROE, while the R^2 change of 0.1997 % imply that about 19.97 % variation in ROE is explained by the mediating effect of effective tax aggressiveness on board's ethnic diversity and board's nationality diversity.

4.4.2 Mediated – Moderated Effects Model

Based on the Hausman test results in Table 4.5 on models 8, 9, 10, 11 and 12, the study hypotheses used a random effect model. Table 4.8 highlights the regression results for mediated – moderated effects models.

Table 4.8: Mediated-Moderated Effects of Board Diversity on Firm Performance

Variables	Model 8	Model 9	Model 10	Model 11	Model 12
Firm's Leverage	0.0639	0.0631	0.0718*	0.0672*	0.0667
Dividend Per share	0.0410*	0.0410*	0.0389*	0.0389*	0.0038*
Firm's Size	0.0075	0.0075	0.0053	0.0048	0.0053
Gender diversity	0.0730	0.0728	0.0268	0.0338	0.0353
Age diversity	-0.0009	-0.0008	-0.0001	-0.0001	0.0001
Ethnic Diversity	0.4210*	0.4200*	0.4008*	0.4025*	0.4080*
Nationality diversity	0.1989*	0.1992*	0.1906*	0.2005*	0.1924*
ETR	0.2635*	0.2632*	0.2628*	0.2633*	0.2658*
CSR	0.0698*	0.0678*	0.0912*	0.0887*	0.0877*
Gender#CSR		0.0167	0.2356	0.2159	0.1813
Age#CSR			-0.0110*	-0.0131*	-0.0169*
Ethnic#CSR				0.0848	0.1574*
Nationality#CSR					-0.0816*

R^2	0.3034	0.3010	0.3104	0.3103	0.3069
R^2 Change	0.2147	0.2123	0.2217	0.2216	0.2182
χ^2-Statistic	142.88*	142.92*	151.82*	152.44*	153.29*

Model 8 shows χ^2 = 142.88, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.3034 reveals that control variables, mediating variable (effective tax aggressiveness) and moderating variable (CSR disclosure) and board's diversity characteristics explain 30.34 % variation in ROE, while the R^2 change of 0.2147 % imply that about 21.47 % variation in ROE is explained by the mediating variable (effective tax aggressiveness), moderating variable (CSR disclosure) on board's diversity characteristics.

Model 9 shows χ^2 = 142.92, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.3010 reveals that control variables, mediating variable (effective tax aggressiveness) and moderating variable (CSR disclosure) and board's diversity characteristics explain 30.10 % variation in ROE, while the R^2 change of 0.2123 % imply that about 21.23 % variation in ROE is explained by the mediating- moderated effects on board's diversity characteristics.

Model 10 shows χ^2 = 151.82, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.3104 reveals that control variables, mediating variable (effective tax aggressiveness) and moderating variable (CSR disclosure) and board's diversity characteristics explain 31.04 % variation in ROE, while the R^2 change of 0.2217 % imply that about 22.17 % variation in ROE is explained by the mediating- moderated effects on board's diversity characteristics.

Model 11 shows $\chi^2 = 152.44$, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.3103 reveals that control variables, mediating variable (effective tax aggressiveness) and moderating variable (CSR disclosure) and board's diversity characteristics explain 31.03 % variation in ROE, while the R^2 change of 0.2216 % imply that about 22.16 % variation in ROE is explained by the mediating- moderated effects on board's diversity characteristics.

Model 12 shows $\chi^2 = 153.29$, $p < 0.05$ indicates that the models was statistically significant in explaining firm performance. The R^2 value of 0.3069 reveals that control variables, mediating variable (effective tax aggressiveness) and moderating variable (CSR disclosure) and board's diversity characteristics explain 30.69 % variation in ROE, while the R^2 change of 0.2182 % imply that about 21.82% variation in ROE is explained by the mediating- moderated effects on board's diversity characteristics.

4.4 Hypotheses Testing

4.4.1 Hypothesis One

This hypothesis sought to determine the effect of board's gender diversity on firm performance of listed firms in Kenya. The null hypothesis was stated as follows: board's gender diversity has no significant effect on firm performance of listed firms in Kenya. The beta coefficients: $\beta_1 = 0.1868$, $p < 0.05$ show that board's gender diversity have a significant effect on ROE in that a positive unit change in the gender diversity has a 0.1868-unit change increases in ROE. Furthermore, the firm size, leverage and dividend influences the effect size of the board's gender diversity by increasing the R_2 from 0.0887 to 0.2124. Based on this finding, the study rejected the H_{01} and conclude that the board's gender diversity have a statistically significant positive effect on firm performance of listed firms in Kenya.

This hypothesis is explained by empirical studies and theoretical perspectives which lend credence to the fact that a gender diverse board is more likely to improve financial performance in firms (Lee-Kuen, Sok-Gee and Zainudin, 2017; Gul, Hutchinson & Lai, 2013 Bianco, Ciavarella & Signoretti, 2011; Brahma, Nwafor & Boateng, 2021; Kagzi & Guha, 2018; Kılıç & Kuzey, 2016). Studies have documented that the presence of women on the boards tends to improve board dynamics and consequently impact on earnings (Hoang, Abeysekera & Ma, 2017; Assenga, Aly & Hussainey 2018). Besides, female directors are able to improve firms' earning quality through the reduction of opportunistic behaviours (Srinidhi et al., 2011). The gender diversity is viewed as a relationship-oriented attribute that informs attitude, behavior and social process that exerts predictive power on performance (Adeabah, Gyeke-Dako and Andoh, 2018).

In addition, women are said to exhibit greater diligence in monitoring and to demand greater accountability for managers' performance. Hyun et al., (2016) showed that female independent directors might take organizational issues more seriously than their male counterparts not only because of their stronger moral orientations but also because of reputational reasons. Nielsen and Huse (2010) demonstrate that existence of women in management positions positively influence the control within companies and therefore the financial performance. The explanation of the positive effect of female directors is in the in the low level of conflicts for these companies which increases the effectiveness of the board. Further, the establishment of compulsory gender quotas in companies may have positive effect on firm's production, In addition, female leadership style is crucial in the decision-making processes of businesses as female directors enhance confidence and reliability (Pucheta-Martínez, Bel-Oms, and Olcina-Sempere, 2018).

In a study carried out in China, Li and Chen (2018) observed that firm size has controlling effect the positive impact of board gender diversity on firm performance. Thus larger, more leveraged and more complex firms are associated with larger boards and with a larger proportion of independent directors on these boards, which, in turn, affect firm's growth opportunities and stock return volatility and, ultimately, firm performance(Frijns, Dodd & Cimerova, 2016). Adeabah, Gyeke-Dako and Andoh (2018) examined the gender diversity of Ghanaian banks using data envelopment analysis. The regression analysis revealed that gender diversity improves bank efficiency.

The theoretical underpinnings from the resource dependence theory suggest that higher gender diversity creates a better control mechanism between the boards and management via enhancing boardroom independence and better monitoring system, hence reduces the conflict between the boards and the managers. Further, the women enriches the board's collective decision making process by bringing specific resources (Boukattaya and Omri, 2021). Increasing gender diversity can improve decision-making as a greater variety of perspectives and issues are examined, and more outcomes are assessed (Green and Homroy, 2018).

More women can also encourage more participatory communication among board members, assuming gender differences in leadership styles. Women have a more participatory, democratic, and communal leadership style than men (Beji et al., 2020). Women are more interested in cooperation and collaboration than their male counterparts who put great emphasis on hierarchy. Women feel a strong need to reach a consensus to resolve agent conflicts as best as possible. Furthermore, women's psychological traits enable them to reduce information asymmetry for the stakeholders and the market (Yaseen, et al., 2019).

Stakeholder theory postulates some reasons for such a possibility. First, female directors possess more communal qualities relative to men (e.g. affection, helpfulness, kindness, sympathy, interpersonal sensitivity, nurture and concern for others' welfare) that may facilitate their hearing of certain stakeholders' claims (Eagly et al., 2003). Women communal traits may influence board of directors to think more broadly about socially responsible business practices and consider a wider range of stakeholders (Tourigny et al., 2017; Byron and Post, 2016).

4.4.2 Hypothesis Two

This hypothesis sought to establish the effect of board's age diversity on firm performance of listed firms in Kenya. The null hypothesis was stated as follows: board's age diversity has no significant effect on firm performance of listed firms in Kenya. The beta coefficients: $\beta_2 = -0.0019$, $p > 0.05$ show that board's age diversity has no significant effect on ROE. Based on this finding, the study does not rejected the H_{02} and concludes that the board's age diversity has no statistically significant effect on firm performance of listed firms in Kenya. This hypothesis by empirical studies which show that the age of the board of directors has no effect on firm performance.

The findings shows that age diversity does not affect performance. (Mahadeo et al., 2012). Nevertheless, the empirical studies that reported the influence of the age diversity indicated that once, the time effects of the age of Board of Directors is controlled the effects are no longer significant (Horváth and Spirollari, 2012). Age diversity may suffer from cognitive conflicts and lower group cohesion, which harm profitability. The existing research show that

age diversity weakens firm social performance (Hafsi and Turgut, 2013), profitability (Ali et al., 2014), and strategic changes (Tarus and Aime, 2014).

Waelchli and Zeller, (2012) point out that the average age of board is negatively linked to improved firm's collective cognitive abilities but the diversity in directors' age is assisting in the process of creating different perspectives, views and ultimately consensus. In a study in listed firms in Spain, Fernández-Temprano and Tejerina-Gaite (2020) observed that age diversity has a positive effect on firm performance. Among Indian firms, Kagzi and Guha (2018) observed that age diversity has a positive effect on firm performance.

Older managers prefer lower risk due to the threat to financial security and are associated with lower financial leverage, lower capital expenditures, and higher cash holdings (Berger et al., 2014). However, when career concerns dominate, younger managers may be more risk-averse since they face more uncertainty about their future career than their older counterparts while older managers are not afraid of career concerns due to their cumulative human capital (Nguyen et al., 2015). At the board level, age diversity may impact the process and the quality of decision making. It may result in more board scrutiny and lead to less extreme outcomes (i.e., lower risk). However, age diversity may cause conflicts and make it difficult to reach a consensus. The extended decision-making process may expose banks to higher risk when it could not adjust their policy in time.

Based on agency theory, the board of directors is an important internal mechanism to mitigate the conflicts between shareholders and managers (Fama and Jensen, 1983). Board diversity can increase board independence, since diversity can bring more ultimate outsiders into boards and enhance mutual monitoring An appropriate mix of diverse directors can better

exercise their monitoring role when they provide high-quality and impartial advice. However, Cater et al., (2003) and Hermalin and Weisbach (2000) argue that agency theory does not provide a clear prediction, since board diversity may not lead to more effective monitoring because diverse board members may be marginalized.

Based on resource dependence theory, Pfeffer and Salancik, (1978), firms depend on their external environment to survive. The key to reducing dependencies is to establish linkages with external entities and acquire resources. In this process, the corporate board occupies an important role of providing advice and counsel, legitimacy and communication channels (Pfeffer and Salancik, 1978). Directors of different ages expand the board member networks and contacts. The network may lead firms to benefit from improved access to their external constituents or it may introduce impediments to cohesion.

On the basis of the similarity-attraction paradigm, individuals perceive other people as outsiders and are therefore reluctant to share information with outsiders, leading to interpersonal attraction breakdown (Estélyi and Nisar, 2016). The different perspectives and cognitive abilities in the board may generate conflicts among different groups of directors. Such conflicts are likely to hinder the development of boardroom cohesiveness, produce barriers for communication, protract decision-making processes, and weaken firm performance (Wang and Hsu, 2013; Westphal and Bednar, 2005).

4.4.3 Hypothesis Three

This hypothesis sought to determine the effect of board's ethnic diversity on firm performance of listed firms in Kenya. The null hypothesis was stated as follows: board's ethnic diversity has no significant effect on firm performance of listed firms in Kenya. The

beta coefficients: $\beta_3 = 0.4170$, $p < 0.05$ show that board's ethnic diversity have a significant effect on ROE in that a positive unit change in the gender diversity has a 0.4170-unit change increases in ROE. Furthermore, the firm size, leverage and dividend influences the effect size of the board's ethnic diversity by increasing the R^2 from 0.0887 to 0.2124. Based on this finding, the study rejected the H_{03} and conclude that the board's ethnic diversity have a statistically significant positive effect on firm performance of listed firms in Kenya.

This hypothesis by empirical studies which lend credence to the fact that an ethnically diverse board is more likely to lead to higher performance threshold. Several studies have shown that gender diversity impact positively on performance (Guest, 2019; Khan et al., 2019; Abdullah & Ku Ismail, 2017; Branco & Rodrigues, 2008; Brammer & Millington, 2008; Erhardt et al., 2003). However, there are studies that reported the negative effect of the ethnic diversity on performance (Carter et al., 2010; Guest, 2019; Upadhyay & Zeng, 2014) while others have indicated an insignificant effect (Shamil et al., 2014). The effect may be due to directors from different ethnic backgrounds having a broader view and larger pool of information to contribute to the decision-making process (Erhardt et al., 2003)

The impact of ethnic diversity is drawn from two bases; the individual perspective where the minority directors have strong personal characteristics, values and convictions and therefore ensure strong monitoring independence and higher director quality and the group perspective where the collective decision making is excellent (Guest, 2019). Board ethnicity may contribute to more general benefits of diversity, that include diverse human capital, attitudes, cognitive functions and beliefs which are more likely to have a wider breadth of information available. This groups tend to consider to consider a wider range of solutions, have more

challenging discussions and generate more innovative ideas and higher-quality solution (Guest, 2019).

It may be that ethnic diversity increases board independence and the quality of decision-making processes in firms (Khan et al., 2019). An ethnically diverse board can produce high quality decision making because cultural differences bring different perspectives that can lead to varied alternatives (Campbell and Mínguez-Vera, 2008). Additionally, the increase in potential solutions may enable outside directors to more openly express their thoughts, and be less likely to be influenced by management and suffer from 'groupthink' (Coles, Daniel and Naveen, 2015).

Ethnic diversity positively impact role oversight is motivated along several lines. First, minority directors may possess different sensitivities and behavioural due to different socialization experiences. This could be manifested in stronger objection to agency problems which tend to benefit management at the expense of other stakeholders (Broome, Conley and Krawiec, 2010). Second, ethnicity is linked to group categorization thus supporting intergroup relations based on ethnicity (Tajfel and Turner, 1986), Thus, ethnic minority directors may have less allegiance towards 'out-group' and thus are exhibit more independence to the 'old boys club' directors. Third, ethnic minority directors work relatively hard to demonstrate their appropriateness to the position rather than being appointed due to affirmative action or an implicit quota. Fourth, appointment of ethnic minorities to the board require particularly high qualities and capabilities (Guest, 2019).

The resource dependence theory favours diversity of the board in terms of size, gender, experienced and foreign directors in order to enable firm's linkages with the external

environment (Lückerath-Rovers, 2013). Thus, diversity is necessary for board members to be able to ask knowledgeable questions to shape the managerial decision-making process and the organizational culture. The resource dependence theory postulate that an organization is not self-sustainable in the long – run due to limitations in terms of available resources and thus organizations must be linked with the external environment in order to flourish (Pfeffer & Salancik, 2003).

4.4.4 Hypothesis Four

This hypothesis sought to assess the effect of board's national diversity on firm performance of listed firms in Kenya. The null hypothesis was stated as follows: board's nationality diversity has no significant effect on firm performance of listed firms in Kenya. The beta coefficients: $\beta_4 = 0.2250$, $p < 0.05$ show that board's gender diversity have a significant effect on ROE in that a positive unit change in the gender diversity has a 0.2250-unit change increases in ROE. Furthermore, the firm size, leverage and dividend influences the effect size of the board's gender diversity by reducing the effect size from 0.0887 to 0.2124. Based on this finding, the study rejected the H_{04} and conclude that the board's nationality diversity have a statistically significant positive effect on firm performance of listed firms in Kenya.

This hypothesis by empirical studies which lend credence to the fact that a nationally diverse board is more likely to improved firm performance. Several studies have shown that nationality diversity impact positively on performance (Fernández-Temprano and Tejerina-Gaite, 2020; Johnson et al., 2013; Khan, Khan & Senturk, 2019; Frijns, Dodd & Cimerova, 2016; Khan, Khan & Senturk, 2019; Harjoto, Laksmana & wen Yang, 2018). On the other hand, foreign directors can have a detrimental effect on firm performance (Frijns, Dodd & Cimerova, 2016).

This effect is explained in several ways; foreign board members are independent-minded and bring high value through experience and understanding from another country which help companies with increasing the firm’s ability to do business or attract more investment resources (Ngo, Van Pham & Luu, 2019). In additional, Giannetti and Zhao (2014) also proved that the level of national diversity increases quality of financial reporting. That is there was a positive and significant relationship between national diversity and quality of financial reporting.

Nationality value affect an individual's performance at work (Hadya & Susanto, 2018) and therefore, oorganizations stand to gain from board’s diversity because diversity improves board’s function in several ways that include; integrating a wider range of information to making more informed decisions, creating linkages with external stakeholders and attracting and retaining diverse staff (Fernández-Temprano & Tejerina-Gaite, 2020). Foreign board members can best complement their existing resource profile and bring new forms of human and social capital to the firm (Pfeffer & Salancik, 1978).

Nationality diversity brings different cognitive perspectives and affects group dynamics and decision making, which in turn could influence firm level outcomes (Johnson et al., 2013). Foreign directors can also become a valuable source of information due to the knowledge of a specific market/country where the company operates or aims to expand; this represents specific advantages of national cultural diversity on boards. Different sources of information, communication networks and linguistic resources increase the value of foreign directors on boards (Frijns, Dodd & Cimerova, 2016).

From the cognitive diversity perspective, a diverse board serves several functions that include; encouraging and increasing diversity at workplace and marketplace, fostering creativity and innovation, thus improving problem-solving, generating openness and sensitivity towards other cultures, thereby facilitating firm internationalization and lastly, promoting motivation and reducing absenteeism and turnover of minorities (Fernández-Temprano & Tejerina-Gaite, 2020)

4.4.5 Hypothesis Five

To test the mediation effect, the study used hierarchical regression model (Baron and Kenny, 1986). The findings were analyzed and interpreted to evaluate whether effective tax aggressiveness have a mediating effect on firm performance and thus the model 6 presented the independent and mediated variables while model 7 presented the independent, mediator and control variables. Baron and Kenny (1986) argued that increase in R^2 change indicate significant model. The degree to which the effect is reduced (i.e., the change in the regression coefficient) indicates how powerful the mediator is (Kim, Kaye & Wright, 2001). Based on the data in table 4.7, model 7 shows that the control variables such as firm size, dividend and leverage, board's diversity characteristics and mediating variable (effective tax aggressiveness) explains 28.11% variance in performance.

H_{05a}: The hypothesis sought to examine the mediating effect of tax aggressiveness on the relationship between board's gender diversity and firm performance of listed firms in Kenya. The null hypothesis was stated as follows: tax aggressiveness no significant mediating effect on the relationship between board's gender diversity and firm performance of listed firms in Kenya. Based on the data in table 4.7, the beta coefficient for gender diversity reduced from 0.1868 ($p<0.05$) to 0.1011 ($p > 0.05$). According to Kim et al., (2001), this shows that the

effect was not significantly different from zero and implies there is a strong evidence that a single, dominant mediator exists. Based on this finding, the study rejected the H_{05a} and concluded tax aggressiveness has a significant mediating effect on the relationship between board's gender diversity and firm performance of listed firms in Kenya.

H_{05b}: The hypothesis sought to examine the mediating effect of tax aggressiveness on the relationship between board's age diversity and firm performance of listed firms in Kenya. The null hypothesis was stated as follows: tax aggressiveness no significant mediating effect on the relationship between board's age diversity and firm performance of listed firms in Kenya. Based on the data from table 4.7, the beta coefficient for age diversity was insignificant -0.0006 ($p > 0.05$). Based on this finding, the study rejected the H05b and concluded tax aggressiveness has no significant mediating effect on the relationship between board's age diversity and firm performance of listed firms in Kenya.

H_{05c}: The hypothesis sought to examine the mediating effect of tax aggressiveness on the relationship between board's nationality diversity and firm performance of listed firms in Kenya. The null hypothesis was stated as follows: tax aggressiveness no significant mediating effect on the relationship between board's nationality diversity and firm performance of listed firms in Kenya. Based on the data in table 4.7, the beta coefficient for nationality diversity increased from 0.4170 ($p < 0.05$) to 0.4428 ($p < 0.05$). According to Kim et al., (2001), this shows that the effect was significantly different from zero and this implies there is a strong evidence that multiple mediating factors may be operating. Based on this finding, the study rejected the H_{05c} and concluded tax aggressiveness has a significant mediating effect on the relationship between board's nationality diversity and firm performance of listed firms in Kenya.

H_{05d}: The hypothesis sought to examine the mediating effect of tax aggressiveness on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya. The null hypothesis was stated as follows: tax aggressiveness no significant mediating effect on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya. Based on the data in table 4.7, the beta coefficient for ethnic diversity reduced from 0.2250 ($p < 0.05$) to 0.2187 ($p < 0.05$). According to Kim et al., (2001), this shows that the effect was not significantly reduced to zero and this implies there is a strong evidence that multiple mediating factors may be operating. Based on this finding, the study rejected the H_{05d} and concluded tax aggressiveness has a significant mediating effect on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya.

Based on the results, the findings show that tax aggressiveness has a significant mediating effect on board's ethnic, gender and nationality diversity on firm performance. On the converse, tax aggressiveness has no mediating effect on the boards' ethnic diversity. The effect is explained by empirical studies which show that tax aggressiveness has positive and direct effect on firm performance (Desai & Hines, 2002), firm value (Khaoula & Moez, 2019; Ftouhi, Ayed & Zemzem, 2015; Chen et al., 2010) and indirect moderating effects on firm value (Ftouhi, Ayed & Zemzem, 2015; Lestari & Wardhani, 2015). Other studies show that other indirect effects on diversity (Aliani & Zarai, 2012; Vacca et al., 2020)

Diversity holds the potential to improve the information provided by the board to managers due to the unique information held by diverse directors. Differences in gender and ethnicity will very likely produce unique information sets that are available to management for better decision making. Diverse directors provide access to important constituencies in the external

environment. The creation of this important link is crucial because over half of the pool of human capital available to the firm is composed of women and ethnic minorities. As a result, diverse organizations have access to more talent (Carter et al., 2010)

The agency theory perspective views of the TP suggest that TP can be complex and opaque and can possibly allow for managerial opportunism. TP can lead to a reduction in firm value when managers have both the opportunity to understate reported accounting profit and the incentive to reduce corporate income tax liability by understating taxable income or less transparency (Wahab and Holland, 2012).

4.4.4 Hypothesis Six

To test the moderation effect, the study used hierarchical regression model (Baron and Kenny, 1986). The findings were analyzed and interpreted to evaluate whether corporate social responsibility disclosures have a moderating effect on firm performance and thus the model 1 presented the independent variable while model 2 presented the independent, moderator and controls variables. Fairchild and Mackinnon (2009) assert that the moderator variable affects the strength and/or direction of the relation between a predictor and an outcome by either enhancing, reducing, or changing the influence of the predictor. Based on the data in table 4.5, model 5 shows that the R^2 increased from 0.2124 ($\chi 2 = 97.01$, $\rho < 0.05$) to 0.3069 ($\chi 2 = 153.29$, $\rho < 0.05$) in Model 12 in Table 4.8 and this shows that the moderating variable of CSR disclosure have significantly increased the R^2 by 9.45 per cent.

H_{06a}: The hypothesis sought to examine moderating effect of CSR disclosure on the relationship between board’s gender diversity and firm performance of listed firms in Kenya. The null hypothesis was stated as follows: CSR disclosure no significant moderating effect

on the relationship between board's gender diversity and firm performance of listed firms in Kenya. Based on the data in table 4.8, the beta coefficient for gender diversity reduced from 0.1868 ($p < 0.05$) to 0.0353 ($p > 0.05$) while the interaction effect was significant ($\beta = 0.0877$, $p < 0.05$). According to Fairchild and Mackinnon (2009) the moderator variable changed the influence of the predictor from significance to non-significance. Based on this finding, the study does not reject the H_{06a} and concluded CSR disclosure has no significant moderating effect on the relationship between board's gender diversity and firm performance of listed firms in Kenya.

H_{06b}: The hypothesis sought to examine moderating effect of CSR disclosure on the relationship between board's age diversity and firm performance of listed firms in Kenya. The null hypothesis was stated as follows: CSR disclosure no significant moderating effect on the relationship between board's age diversity and firm performance of listed firms in Kenya. Based on the data in table 4.8, the beta coefficient for age diversity was not significant ($\beta = -0.0001$, $p > 0.05$) while the interaction effect was not significant ($\beta = 0.0001$, $p > 0.05$). According to Fairchild and Mackinnon (2009) the moderator variable did not change the influence of the predictor. Based on this finding, the study does not reject the H_{06b} and concluded CSR disclosure has no significant moderating effect on the relationship between board's age diversity and firm performance of listed firms in Kenya.

H_{06c}: The hypothesis sought to examine moderating effect of CSR disclosure on the relationship between board's nationality diversity and firm performance of listed firms in Kenya. The null hypothesis was stated as follows: CSR disclosure no significant moderating effect on the relationship between board's nationality diversity and firm performance of listed firms in Kenya. Based on the data in table 4.8, the beta coefficient for nationality diversity

increased from 0.4170 ($p < 0.05$) to 0.4080 ($p < 0.05$) while the interaction effect was significant ($\beta = 0.1574$, $p > 0.05$). According to Fairchild and Mackinnon (2009) the moderator variable changed the influence of the predictor by enhancing the effect size. Based on this finding, the study rejects the H_{06c} and concluded CSR disclosure has a significant moderating effect on the relationship between board's nationality diversity and firm performance of listed firms in Kenya.

H_{06d}: The hypothesis sought to examine moderating effect of CSR disclosure on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya. The null hypothesis was stated as follows: CSR disclosure no significant moderating effect on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya. Based on the data in table 4.8, the beta coefficient for ethnic diversity increased from 0.2250 ($p < 0.05$) to 0.1924 ($p < 0.05$) while the interaction effect was significant ($\beta = -0.0816$, $p < 0.05$). According to Fairchild and Mackinnon (2009) the moderator variable changed the influence of the predictor by enhancing the effect size. Based on this finding, the study rejects the H_{06d} and concluded CSR disclosure has a significant moderating effect on the relationship between board's ethnic diversity and firm performance of listed firms in Kenya.

Based on the results, the findings show that corporate social responsibility disclosures ha a significant moderating effect on board's age, ethnic and nationality diversity on firm performance. On the converse, CSR disclosure has no moderating effect on the boards' gender diversity. The effect is explained by empirical studies which show that CSR disclosure has positive and direct effect on firm performance (Boesso Kumar & Michelon, 2013; Okafor, Adeleye & Adusei, 2021; Bagh et al., 2017; Cho, Chung and Young, 2019;

Siueia, Wang and Deladem, 2019; Wang & Bansal, 2012; Gatsi et al., 2016; Nyeadi, Ibrahim & Sare, 2018; Siueia, Wang & Deladem,2019)). CSR has also the indirect effects on performance (Gallego Álvarez and Pucheta Martínez, 2022). In other instance, there is reverse causality between performance and CSR activities (Qiu, Shaukat & Tharyan, 2016). For instance, revenue growth is positively associated with the amount spent on CSR activities (Okafor, Adeleye & Adusei, 2021). Other studies observed that CSR activities is linked to board's diversity (Khan et al., 2019; Sharma, 2016; Smith et al., 2006).

The effect of the CSR disclosures is explained in several ways. First, CSR disclosures help create a positive and strong firm reputation as well as other competitive advantages. These advantages can manifest in the form of higher sales (by building brand loyalty and expanding customer base), lower transaction costs (e.g. by building employee and supplier trust and loyalty) as well as lower firm monitoring costs (Qiu, Shaukat & Tharyan, 2016) and strong reputation (Armitage & Marston, 2008). Okafor, Adeleye and Adusei (2021) argues that CSR activities are innate capabilities that organizations in this industry could leverage to gain competitive advantage.

For instance, the instrumental approach provides the firm with advantages to identify trends or market changes, enabling it to act swiftly in order to stabilize itself and be in the vanguard of change. It can also help firms to proactively construct competences via the analysis of their skills, processes, and systems. This increases the organization's capacity in the face of change, turbulence, and crises (Charlo, Moya & Muñoz, 2017).

Second CSR disclosures can reduce the firm costs as well as bring real economic benefits (Qiu, Shaukat & Tharyan, 2016). The strategic CSR approach is conceived as specific actions

isolated from the business strategy, inconveniences such as the monetary cost or agency problems between the owners and the managers may absorb its benefits or advantages (Wang & Bansal, 2012).

Third, the instrumental CSR approach aids the firm by lowering the opportunity costs of the future strategic managerial discretion that comes from making public commitments to verifiable current and future actions. Thus, firms with superior environmental and economic performance have the incentives and the resources to make more extensive and objective social and environmental disclosures (Qiu, Shaukat & Tharyan, 2016).

Lastly, the possible linkages between the descriptive approach and financial performance arise from the long- terms relationship between the firm and the various interest groups or stakeholders (Charlo, Moya & Muñoz, 2017). On the other hand, the instrumental CSR approach is established on its reputation as a means of creating a competitive advantage and of achieving financial performance aims. firms endeavor to commit themselves to those groups of stakeholders which may influence financial performance, creating relations of trust that enable them to attain shared objectives in the most efficient manner possible(Jones, Felps & Bigley, 2007).

Okafor, Adeleye and Adusei (2021) argues that CSR activities are innate capabilities that organizations in this industry could leverage to gain competitive advantage. The benefits of CSR disclosures include reducing information asymmetry and adverse selection costs, and increasing investor awareness, leading to a potentially larger investor base (Cahan et al., 2016). The benefits of CSR disclosures include reducing information asymmetry and adverse selection costs, and increasing investor awareness, leading to a potentially larger investor

base (Cahan et al., 2016). Furthermore, firm size has an effect on the quantity of the CSR programs, large firms are able to maintain long- term CSR disclosures in order to preserve their reputation in the long- run. By being more visible, firms are more liable to have their image harmed by not fulfilling requirements in the social and environmental questions that their environment demands (Charlo, Moya & Muñoz, 2017).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusion and recommendation of the study. The recommendations are made in relation with the conclusion of the study while recommendations for further studies are essential for the extension of the study.

The study examined the effect of corporate social responsibility disclosure, board diversity and performance of listed firms in Kenya. The study was explanatory and firms listed in Nairobi Security Exchange before 2010 formed the target population. The study collected secondary data of financial information on the board's diversity, sales, profitability indices, assets, equity, corporate social disclosures, taxes and other characteristics. The study had six - fold objectives; to determine the effect of board's gender diversity on firm performance of listed firms in Kenya; to examine the effect of board's age diversity on firm performance of listed firms in Kenya; to assess the effect of board's national diversity on firm performance of listed firms in Kenya; to determine the effect of board's ethnic diversity on firm performance of listed firms in Kenya; to assess the mediating effect of tax aggressiveness on the relationship between board's gender diversity and firm performance of listed firms in Kenya; and to assess the moderating effect of CSR disclosure on the relationship between board's gender diversity and firm performance of listed firms in Kenya.

The study collected secondary data from the publicly – available financial reports which were obtained online before being collated into a spreadsheet and analyzed descriptively and inferentially. The study carried out diagnostic statistics to validate that the assumption of the regression analysis holds before using the panel regression analysis to conduct the hypothesis testing.

5.2 Summary of the Findings

Objective one sought to determine the effect of board's gender diversity on firm performance of listed firms in Kenya. The descriptive statistics indicate that the gender diversity values indicate that the number of female board members ranges from zero to seven tenths of all the directors in the board with an average of about 1 in 6 members. This is considerably low indicating that firms are still grappling with female representation in the boards of listed firms in Kenya. The inferential statistics indicated that board's gender diversity have a statistically significant positive effect on firm performance of listed firms in Kenya.

Objective two sought to examine the effect of board's age diversity on firm performance of listed firms in Kenya. The descriptive statistics show that some firms have the most age diverse boards at 21.483 while some have the least age diverse board at 1.1547 however, the mean age diversity is 9.1197. These means that most boards have large variances in the ages of the directors. However, the inferential statistics indicated that board's age diversity does not have any statistically significant effect on firm performance of listed firms in Kenya.

Objective three sought to assess the effect of board's ethnic diversity on firm performance of listed firms in Kenya. The descriptive statistics show that there is some boards are dominated by one ethnic group by up to seven in ten directors but there is a good representation of one ethnic group in the listed firms in Kenya by about 1 in 3 directors. These statistics indicate that that most boards have a varied ethnic representation in their boards. The inferential statistics indicated that board's ethnic diversity has a statistically significant positive effect on firm performance of listed firms in Kenya.

Objective four sought to determine the effect of board's nationality diversity on firm performance of listed firms in Kenya. The descriptive statistics show that the average nationality diversity of board is about 2 in 10 directors are foreigners with the highest representation of foreigners in the board 8 out of 10 directors. These statistics indicate that that most listed firms have a good representation of foreign nationals in their boards. The inferential statistics indicated that board's nationality diversity has a statistically significant positive effect on firm performance of listed firms in Kenya.

Objective five sought to examine the mediating effect of tax aggressiveness on the relationship between board's diversity and firm performance of listed firms in Kenya. The descriptive statistics indicated that average effective rate was 0.2647 but there are significant firm variances in terms of effective tax rates. The indications are that most listed firms in Kenya pay an effective tax rate of about a quarter of the earnings. The inferential statistics showed that tax aggressiveness has a significant direct and indirect effect on the firm performance of listed firms in Kenya.

Objective five sought to assess the moderating effect of CSR disclosure on the relationship between board's diversity and firm performance of listed firms in Kenya. The descriptive statistics indicated that average rate of disclosure was 0.3641 which indicates most listed firms in Kenya participate in the CSR activities which are published in the financial reports The inferential statistics showed that CSR disclosure has a significant direct and indirect effect on the firm performance of listed firms in Kenya.

5.3 Conclusion

In conclusion, board gender diversity has a positive effect on firm performance. The possible explanation is that women contribute to corporate strategy and infuse a divergent opinion thus influence the firm's strategic directions of the firm. In that regard, women are less likely to influence the board towards socially responsible business practices.

Secondly, board's age diversity has an insignificant effect on firm performance of listed firms in Kenya. The insignificant effect of the age diversity is due to the indifference in the contribution of the different board members of the different ages. Thus, there is unanimity in terms of strategic directions by the board members.

Third, board's ethnic diversity has a positive effect on firm performance of the listed firms in Kenya. The effect is due to the board capability to take into consideration of the diverse needs of the constituents and stakeholders. Precisely, such a board is in a position to easily understand the requirements of stakeholders from diverse ethnic groups thus improving on firm performance Also, ethnic diversity ultimately affects the decision-making ability of the board when formulating firm's policies on corporate performance.

Fourth, board's nationality diversity has a positive effect on firm performance of listed firms. The effect is derived from the exposure, experience, skills and knowledge brought on board by foreign directorship. Such directors are strongly committed to the firm's transparency and accountability thereby improving corporate performance.

Fifth, tax aggressiveness has a positive direct and indirect effect on firm performance of listed firms in Kenya. The effects is due to the use of tax aggressiveness strategies to improve

on the earnings which is used to reduce the effective tax rates thus increasing the amount of earnings reported by the firm. In terms of the indirect effects, the tax aggressiveness strategies is influenced by the firm's strategic direction which are largely determined by the leadership of the board of directions. Thus, board diversity infuses different perspective on the tax strategies and this leads to varied tax strategies and consequent enhancement of the performance.

Lastly, CSR disclosure has a positive direct and indirect effect on the performance of listed firms in Kenya. The effect of the CSR disclosure is drawn from the firm participation in the CSR activities which influences firm's strategic direction and in turn influence the firm's performance. Accordingly, the representation of female individuals in the board is crucial in determining the directions the board takes in terms of corporate social responsibility. Furthermore, ethnic and nationality diversity positively influences on corporate disclosures.

5.4 Recommendations

5.4.1 Study Recommendations

There is overwhelming evidence of a positive link between board gender diversity and firm performance. Consequently, there is need for boards to have a representation of female individuals on the board so as to enhance performance. Precisely, comprising women on the board will enhance the firm's corporate social responsibility actions such as donation and charity activities. As well, a large ratio of women directors on the board will have a positive effect on employee's welfare actions which is key if firm performance is to be improved.

The study has revealed that board age diversity does not influence firm performance. Therefore, it is necessary to reduce the divergent the age gap between the members of the

board in the process of board diversity reforms. While neutralizing the age gap in the board, it is important to incorporate members with long-term tenure and experience as they provide the firm with substantial skills, expertise that are instrumental to the firm. Overall, a more balanced age set in the board will ensures that issues to do with CSR disclosures are take into consideration.

The study results have shown that ethnic diversity of board of directors is an added advantage to a firm since it enhances corporate performance. Thus, it is important for the board composition to reflect the variety of diverse ethnic backgrounds to improve on CSR practices. Furthermore, firms should put effective measures in place to counter difficulty in communication and coordination that comes with ethnicity diversity. With these considerations, firms was able to effectively enhance CSR disclosures.

Finally, national diversity of board of directors is crucial in enhancing corporate performance. Therefore, to add valuable and diverse expertise that domestic members do not possess, there is need to enhance nationality diversity. Besides, it is utmost necessary to have an equal representation of both local and foreign members in the board so as to benefit from both their expertise.

5.4.2 Policy Recommendations

Based on the conclusion, study recommends that the regulator, the capital market authority ensure the compliance of the gender rule in the constitution of Kenya in the appointment of women to various boards.

Concerning the tax aggressiveness, the revenue service in Kenya, the Kenya Revenue Authority, should simplify and standardized the laws and regulations governing taxation in Kenya.

Regarding the corporate social responsibility, the security exchange should propose a local standardized framework for the conduct of the corporate social responsibility that would the listed firms in the application of the

5.4.3 Recommendations for Further Research

This study was conducted to determine moderating effect of financial expertise on the relationship between board diversity on CSR disclosure of firms listed in Nairobi Security Exchange. There are gaps in the study that offer rich prospects for further studies. Future scholars need to examine the link between board diversity and CSR disclosure with the use of an extended period of time. Besides, there is need for a combination of more than one data collection tool to counter check the information provided by the study. Moreover, a further study needs to be conducted using more variables that may be relevant to this study.

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APPENDIX

Appendix I: Document Analysis Guide

Document guide for collecting information on board's diversity characteristics

Listed firm's name					
	Ages of the Directors	Number of Female members of board	Number of Ethnic members in Board	Number of foreign nationals in the board	Total number of board members
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017					

Document guide for collecting information on other firm characteristics

Listed firm's name							
	Total sales in KSh.	Total Debt in Kshs	Total Assets in Kshs	Total Equity in Kshs	DPS in Kshs	ETR	Visibility scale of CSR

							activities
2010							
2011							
2012							
2013							
2014							
2015							
2016							
2017							

Appendix II: Raw Data

Return on Equity

Firm	2011	2012	2013	2014	2015	2016	2017
ARM	0.1126	0.0859	0.0906	0.0919	0.4585	0.1153	0.3356
Bamburi	0.2169	0.1431	0.1166	0.1222	0.1771	0.1758	0.0496
EAPCC	0.0896	-0.2110	0.2509	-0.0581	0.5191	0.2307	-0.0890
EAC	0.1346	0.3001	0.0614	0.0984	0.0352	-0.2267	-0.3514
CROWN	0.4548	0.1214	0.1545	0.0171	0.0254	0.1495	0.1306
ABSA	0.1413	0.3814	0.2371	0.2234	0.1970	0.1897	0.1637
CO-OP	0.1075	0.3396	0.2471	0.2005	0.1824	0.2647	0.1703
DTB	0.2427	0.2259	0.2355	0.1684	0.1668	0.1770	0.1341
EQUITY	0.3012	0.2815	0.2576	0.2689	0.2402	0.2025	0.2031
HF	0.1319	0.1446	0.1698	0.1486	0.1130	0.0803	0.0255
I&M	0.2290	0.2122	0.2088	0.2400	0.2250	0.2051	0.1596
KCB	0.2475	0.2288	0.2264	0.2228	0.2415	0.2042	0.1859
NIC	0.2585	0.1968	0.1794	0.1809	0.1676	0.1422	0.1177
NBK	0.1479	0.0698	0.0939	0.0661	-0.2275	0.0082	0.1107
Stanbic	0.0848	0.1105	0.1581	0.1541	0.1279	0.1101	0.1003
SCB	0.2775	0.0457	0.2545	0.2568	0.1548	0.2035	0.1511
BAT	0.4831	0.4608	0.4918	0.5236	0.5621	0.5514	0.4264
BOC	0.0794	0.1781	0.1115	0.1346	0.0399	0.0455	0.0144
CARBACID	0.2341	0.2355	0.2471	0.2023	0.1354	0.1404	0.1465
EABL	1.8145	1.7500	1.1632	0.8468	0.7171	0.9451	0.7102
EVEREADY	-0.4438	0.2005	0.1150	-0.8129	0.7290	-0.9023	0.7542
Mumias	0.2075	0.0928	0.0891	0.2094	0.5480	0.4926	0.6807
UNGA	0.1178	0.0878	0.0788	0.1012	0.1169	0.0893	-0.0059
BRITAM	1.9796	0.4702	0.4706	0.4056	0.3358	0.3400	0.3646
CIC	0.8818	1.0478	1.0688	0.8325	0.6694	0.6392	0.6510
JUBILEE	0.3374	0.3700	0.3641	0.4201	0.3500	0.3573	0.3922
KENYA RE	1.0735	1.1328	1.1322	1.1522	1.1704	1.1859	1.1714
Sanlam	0.4107	0.5721	0.4794	0.3830	0.3105	0.2919	0.2863
KAKUZI	0.2338	0.1459	0.0568	0.0537	0.1532	0.1462	0.1369
LIMURU	0.2704	0.4204	0.1095	0.0013	0.0236	0.2133	0.1179
Sasini	0.3238	0.0193	0.0144	0.0037	0.0812	0.0508	0.0300

CENTUM	0.1782	0.0480	0.2640	0.3271	0.2273	0.1757	0.1302
Transcentury	0.0537	0.0610	0.0474	0.1984	0.6832	0.2256	-0.6608
KENGEN	0.0300	0.0402	0.0708	0.0368	0.0831	0.0390	0.0494
KENYAPOWER	0.1062	0.0826	0.0685	0.0886	0.0890	0.1152	0.1039
KENOL	0.2688	0.9931	0.0838	0.1489	0.2218	0.2446	0.2198
Total	0.1407	0.3903	0.3848	0.3831	0.3710	0.3774	0.2519
Safaricom	0.1650	0.3357	0.4793	0.4016	0.4107	0.4978	0.4938
Sameer	0.0648	0.1026	0.1497	0.0264	0.0063	0.3553	0.0071
ScanGroup	0.2092	0.1535	0.1051	0.0732	0.0556	0.0523	0.0533
SGL	0.0891	0.0997	0.0934	0.1267	0.1542	0.0956	0.0989
NMG	0.2212	0.3428	0.3073	0.2806	0.2482	0.1941	0.1605
TPS	0.0765	0.0816	0.0633	0.0264	0.0290	0.0135	0.0130

Leverage

Firm	2011	2012	2013	2014	2015	2016	2017
ARM	0.5020	0.4601	0.4982	0.5608	0.6758	0.4563	0.5129
Bamburi	0.2784	0.2829	0.2675	0.2896	0.2932	0.2693	0.2967
EAPCC	0.5373	0.6711	0.5603	0.5733	0.4024	0.3556	0.3838
EAC	0.5448	0.5313	0.0551	0.6084	0.6238	0.6611	0.7331
CROWN	0.5236	0.4782	0.5364	0.6515	0.7028	0.6918	0.7000
ABSA	0.8250	0.8399	0.8434	0.8309	0.8351	0.8368	0.8374
CO-OP	0.8734	0.8562	0.8434	0.8514	0.8586	0.8271	0.8194
DTB	0.8769	0.8637	0.8588	0.8462	0.8579	0.8596	0.8539
EQUITY	0.8253	0.8235	0.8144	0.8149	0.8315	0.8270	0.8224
HF	0.8520	0.8746	0.8764	0.8924	0.8518	0.8431	0.8305
I&M	0.8597	0.8658	0.8312	0.8411	0.8373	0.8239	0.8230
KCB	0.8659	0.8548	0.8379	0.8458	0.8544	1.0000	0.8361
NIC	0.8673	0.8574	0.8508	0.8437	0.8384	0.8203	0.8294
NBK	0.8477	0.8444	0.8719	0.9014	0.9443	0.9397	0.9359
Stanbic	0.8713	0.8098	0.8204	0.7962	0.8160	0.8130	0.8273
SCB	0.8717	0.0962	0.8349	0.8180	0.8249	0.8224	0.8400
BAT	0.8726	0.8827	1.0318	0.9147	0.8135	0.7983	0.8873
BOC	0.2687	0.2688	0.2116	0.2404	0.2615	0.2403	0.2771
CARBACID	0.1567	0.1789	0.1270	0.1485	0.0214	0.1323	0.1158

EABL	0.4597	0.8403	0.9029	0.8712	0.7951	0.8240	0.8202
EVEREADY	0.7236	0.6963	0.5803	0.7651	0.4666	0.7196	0.3870
Mumias	0.5980	0.2088	0.3097	0.4513	0.5846	0.6445	0.5869
UNGA	0.8366	0.3064	1.0000	1.0000	1.0000	1.0000	1.0000
BRITAM	0.0666	0.6973	0.6855	0.7041	0.7723	0.7863	0.7711
CIC	0.6139	0.6111	0.6075	0.6957	0.6858	0.7212	0.7496
JUBILEE	0.8236	0.8165	0.8103	0.7788	0.7526	0.7635	0.7596
KENYA RE	0.3964	0.3857	0.3650	0.3787	0.3900	0.3731	0.3634
Sanlam	0.0922	0.0468	0.0385	0.0355	0.0410	0.0428	0.2792
KAKUZI	0.2778	0.2157	0.2188	0.2262	0.2440	0.2405	0.2478
LIMURU	0.2172	0.2431	0.2410	0.2358	0.4375	0.4610	0.2833
Sasini	0.6600	0.2797	0.2950	0.1881	0.1549	0.1331	0.1425
CENTUM	0.2229	0.1320	0.2805	0.3150	0.4662	0.4458	0.4402
Transcentury	0.4723	0.4476	0.4455	0.4101	0.8375	0.7975	1.0060
KENGEN	0.5688	0.5698	0.6071	0.6934	0.5954	0.5296	0.5144
KENYAPOWER	0.6685	0.5834	0.6416	0.6689	0.6970	0.7795	0.7952
KENOL	0.7466	0.8028	0.7629	0.6935	0.5076	0.5924	0.5346
Total	0.8464	0.8484	0.8249	0.8156	0.8539	0.8342	0.8685
Safaricom	0.2997	0.6914	0.7160	0.7157	0.6675	0.7334	0.6648
Sameer	0.3692	0.2954	0.2696	0.3424	0.3356	0.4423	0.3812
ScanGroup	0.4871	0.4334	0.3628	0.3569	0.3099	0.3469	0.3484
SGL	0.5291	0.4748	0.5097	0.5131	0.5689	0.5287	0.5220
NMG	0.8283	0.3141	0.2797	0.2659	0.2948	0.2852	0.2786
TPS	0.3872	0.3933	0.3458	0.3467	0.3876	0.4368	0.4759

Firm Size

Firm	2011	2012	2013	2014	2015	2016	2017
ARM	10.3121	10.4306	10.4728	10.5672	10.5672	10.7081	10.6304
Bamburi	7.5251	7.6339	7.6336	7.6127	7.6127	7.6108	7.6740
EAPCC	10.1313	10.1454	10.2077	10.1964	10.1964	10.4447	10.4371
EAC	9.6984	9.7958	9.8331	9.8970	9.8970	9.8779	9.8475
CROWN	9.3454	9.3538	9.4691	9.5858	9.5858	9.7041	9.7688
ABSA	8.2228	8.2668	8.3154	8.3538	8.3538	8.4145	8.4339

CO-OP	11.2261	11.3030	11.3640	11.4554	11.4554	11.5463	11.5876
DTB	11.0325	11.1318	11.2215	11.3254	11.3254	11.5159	11.5599
EQUITY	8.2929	8.3859	8.4436	8.5373	8.5373	8.6755	8.7197
HF	10.5034	10.6123	10.6757	10.7851	10.7851	10.8569	10.8296
I&M	11.0337	11.1605	11.1503	11.1377	11.1377	11.2604	11.3067
KCB	11.5195	11.5651	11.5920	11.6905	11.6905	11.6978	11.8107
NIC	10.8975	11.0348	11.0830	11.1637	11.1637	11.2291	11.3142
NBK	10.8367	10.8271	10.9661	11.0894	11.0894	11.0489	11.0412
Stanbic	11.1766	11.1560	11.2565	11.2577	11.2577	11.3318	11.3957
SCB	11.2150	11.2908	11.3432	11.3473	11.3473	11.3988	11.4559
BAT	6.9248	6.9600	6.9602	7.0442	7.0442	7.0847	7.0504
BOC	9.2593	9.2988	9.4205	9.3618	9.3618	9.3471	9.3480
CARBACID	9.2405	9.3038	9.3433	9.4037	9.4037	9.4888	9.5194
EABL	10.6948	10.7371	10.7613	10.7984	10.7984	10.7906	10.8239
EVEREADY	9.0047	9.0610	8.9734	8.9685	8.9685	8.9118	8.7618
Mumias	10.3650	10.4378	10.4337	10.3722	10.3722	10.4317	10.3819
UNGA	8.4555	9.8069	9.9200	9.9045	9.9045	9.9638	10.0115
BRITAM	10.4089	10.5541	10.6712	10.8600	10.8600	10.9224	10.9957
CIC	10.0461	10.1483	10.2314	10.3746	10.3746	10.4286	10.4844
JUBILEE	10.5802	10.6759	10.7865	10.8722	10.8722	10.9570	11.0211
KENYA RE	10.2810	10.3764	10.4506	10.5075	10.5075	10.5854	10.6308
Sanlam	10.0607	10.2168	10.3255	10.3909	10.3909	10.4540	10.4744
KAKUZI	9.5818	9.5529	9.5703	9.5863	9.5863	9.7045	9.7594
LIMURU	8.2816	8.5052	8.5353	8.5297	8.5297	8.2198	8.4183
Sasini	9.6118	9.9505	9.9569	10.1740	10.1740	10.1175	10.1204
CENTUM	10.0900	10.0632	10.2779	10.4713	10.4713	10.8924	10.9464
Transcentury	10.3373	10.3394	10.3773	10.2892	10.2892	10.2767	10.2728
KENGEN	11.2068	11.2126	11.2757	11.3983	11.3983	11.5650	11.5766
KENYAPOWER	11.0787	11.1275	11.2484	11.3426	11.3426	11.4735	11.5336
KENOL	8.7328	8.5793	10.4490	10.3787	10.3787	10.3838	10.3820
Total	11.4633	10.5183	10.6019	10.5124	10.5124	10.5585	10.5799
Safaricom	11.0564	11.0860	11.1101	11.1290	11.1290	11.2019	11.2087
Sameer	6.3749	6.3919	6.5645	6.5863	6.5863	6.5173	6.4727

ScanGroup	6.9289	6.9369	7.1123	7.1233	7.1233	7.1299	7.1386
SGL	6.5456	6.5443	6.6167	6.5533	6.5533	6.6439	6.6493
NMG	8.3189	7.0285	7.0586	7.0772	7.0772	7.0854	7.0539
TPS	10.1183	10.1298	10.2078	10.2025	10.2025	10.2300	10.2427

Dividend Per Share

Firm	2011	2012	2013	2014	2015	2016	2017
ARM	0.40	0.50	10.50	3.01	0.00	0.00	0.00
Bamburi	10.00	10.50	0.75	12.00	13.00	12.00	4.00
EAPCC	0.50	0.00	1.00	0.00	0.00	0.00	0.00
EAC	0.80	1.00	1.75	1.00	0.50	0.00	0.00
CROWN	1.25	1.25	0.70	1.75	0.60	0.60	0.60
ABSA	1.50	1.00	0.50	1.00	1.00	1.00	1.00
CO-OP	0.40	0.50	2.10	0.50	0.80	0.80	0.80
DTB	1.70	1.90	1.50	2.40	2.50	2.60	2.60
EQUITY	1.00	1.25	1.75	1.80	1.80	2.00	2.00
HF	1.20	1.40	35.00	1.30	1.30	0.50	0.35
I&M	26.00	26.00	2.00	45.00	47.70	50.25	50.25
KCB	1.85	1.90	1.00	2.00	2.00	3.00	3.00
NIC	0.50	1.00	0.33	1.00	1.25	1.25	1.00
NBK	0.55	0.20	4.83	0.00	0.00	0.00	0.00
Stanbic	0.00	0.73	11.00	12.83	5.40	3.48	4.00
SCB	11.00	11.00	37.00	11.00	11.00	11.00	11.00
BAT	31.50	32.00	3.05	42.50	49.50	39.50	22.50
BOC	3.05	3.05	6.00	5.20	5.20	5.20	5.20
CARBACID	5.00	6.00	5.50	0.30	0.70	0.70	0.70
EABL	8.75	8.75	0.00	5.50	7.50	12.00	7.50
EVEREADY	0.00	0.00	0.50	0.00	0.00	0.00	0.00
Mumias	0.50	0.50	0.75	0.50	0.00	0.00	0.00
UNGA	11.00	0.75	0.25	0.75	1.00	1.00	1.00
BRITAM	0.15	0.25	0.10	0.30	0.30	0.30	0.35
CIC	0.09	0.10	6.00	0.10	0.11	0.12	0.12
JUBILEE	5.50	6.00	0.60	7.50	7.50	7.50	8.00
KENYA RE	0.35	0.40	4.50	0.70	0.75	0.80	0.85

Sanlam	2.00	3.00	3.75	0.00	0.00	0.00	0.00
KAKUZI	3.75	3.75	7.50	3.75	5.00	6.00	7.00
LIMURU	7.50	7.50	0.25	1.00	1.00	0.00	0.00
Sasini	0.50	0.50	0.00	0.25	1.00	0.25	0.25
CENTUM	0.00	0.00	0.40	0.00	0.00	1.00	1.20
Transcentury	0.25	0.40	0.60	0.00	0.00	0.00	0.00
KENGEN	0.50	0.60	0.30	0.40	0.40	0.00	0.00
KENYAPOWER	0.10	0.30	0.10	0.30	0.30	0.30	0.50
KENOL	0.57	0.52	0.60	0.20	0.10	0.15	0.20
Total	0.00	0.20	0.31	0.70	0.77	1.06	1.30
Safaricom	0.20	0.22	0.30	0.47	0.64	0.76	0.97
Sameer	0.20	0.25	0.40	0.00	0.00	0.00	0.00
ScanGroup	0.70	0.60	0.50	0.50	0.50	0.50	0.75
SGL	0.50	0.50	10.00	0.50	0.50	0.50	0.50
NMG	8.00	10.00	1.35	10.00	10.00	10.00	10.00
TPS	1.30	1.30	10.50	1.35	0.25	0.35	0.35

Age Diversity

Firm	2011	2012	2013	2014	2015	2016	2017
ARM	11.0340	9.7596	10.1912	10.1912	12.9207	8.8600	7.7746
Bamburi	24.0681	10.2407	9.7980	10.6583	10.6583	14.0951	10.4924
EAPCC	8.2462	10.6469	11.9933	8.0356	11.4767	12.5812	8.9193
EAC	14.8649	14.6390	13.4093	13.5154	13.6974	11.8442	15.1085
CROWN	10.4083	9.0921	9.0921	7.2964	7.2111	9.0921	7.6904
ABSA	9.1318	8.5926	10.2377	9.7234	10.2644	8.4177	8.4177
CO-OP	7.5116	7.8798	7.8098	6.8948	6.6104	4.9421	4.9566
DTB	30.5941	6.4083	9.9465	10.9828	8.8892	9.4369	9.4369
EQUITY	9.1261	12.0376	11.0712	11.1718	10.7537	5.0695	7.0000
HF	1.6733	1.4720	10.1669	7.5277	0.0000	13.2270	5.6526
I&M	8.0356	25.7996	25.2634	10.4517	34.0609	13.2270	11.4268
KCB	8.1999	8.1999	6.4550	6.4550	6.4918	6.7295	11.4268
NIC	12.4280	12.4280	13.7801	13.1426	27.1297	25.6580	28.2151
NBK	8.4078	7.9530	9.2871	9.2871	23.5478	5.8973	9.0578

Stanbic	9.6385	9.6385	7.1185	6.7014	27.4021	5.8973	6.7363
SCB	7.5559	6.3078	6.3078	5.9325	6.8374	7.6859	7.6859
BAT	12.2456	11.5993	9.2957	10.9519	10.7678	10.3535	10.3535
BOC	6.7559	6.6762	40.1604	7.3560	6.6103	7.2850	8.2765
CARBACID	10.6145	10.6145	10.6145	11.3798	11.3798	11.3798	11.3798
EABL	22.7744	11.0371	10.9162	8.8780	8.8780	7.3867	7.3867
EVEREADY	15.1202	14.6483	8.0356	8.0356	8.8600	5.5857	5.5857
Mumias	6.9248	5.6460	6.7295	6.3690	8.0844	26.2352	25.8940
UNGA	6.8304	8.5323	7.3764	21.4838	7.3764	7.5487	7.5487
BRITAM	2.9944	2.9665	4.6583	10.5024	12.3962	9.9247	9.9649
CIC	7.6478	34.4572	33.9075	7.9114	8.6566	8.3933	9.0800
JUBILEE	10.8128	10.8128	10.6301	8.2104	8.1548	6.2738	6.2738
KENYA RE	6.0378	8.1419	8.1620	7.3867	7.3867	24.8676	5.2926
Sanlam	11.5758	12.1974	12.1974	11.9385	12.7664	13.9053	14.9603
KAKUZI	1.1547	5.1962	7.1903	7.1903	7.1903	8.1240	8.1240
LIMURU	10.4960	10.4960	10.4960	13.6443	33.2425	34.3317	37.3238
Sasini	10.3923	6.7810	5.3984	29.5753	5.0409	6.1354	6.1354
CENTUM	12.4800	12.4074	12.2893	10.1953	13.4670	9.3333	20.0873
Transcentury	6.3061	7.0261	7.6942	7.6942	11.0030	7.1391	11.0712
KENGEN	9.7310	33.6019	32.9759	10.4850	32.9996	31.8995	9.9079
KENYAPOWER	8.6959	7.1149	7.8258	7.8258	6.2173	6.0061	9.0701
KENOL	#REF!	7.5019	8.1257	8.0312	6.7598	8.6429	6.4187
Total	6.7363	20.9751	8.1257	8.0329	7.9530	30.0375	7.7639
Safaricom	10.4768	8.5536	10.4246	21.6337	20.6596	10.1489	8.3964
Sameer	11.5758	8.1843	8.4304	6.5192	6.5192	6.0460	7.5498
ScanGroup	10.1934	10.1934	9.1378	9.1378	10.6458	10.6458	10.6771
SGL	9.0816	9.0816	9.0816	9.0816	9.0816	9.0816	10.6458
NMG	24.4882	9.0675	28.1116	28.6181	8.5089	8.7759	8.3169
TPS	11.6338	11.6338	11.4061	11.6338	16.0291	16.0291	15.8149

Gender Diversity

Firm	2011	2012	2013	2014	2015	2016	2017
ARM	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.2222

Bamburi	0.1818	0.1818	0.1818	0.1818	0.1818	0.0000	0.2727
EAPCC	0.0000	0.1429	0.1429	0.0000	0.0000	0.0000	0.0000
EAC	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CROWN	0.1429	0.1429	0.1429	0.1429	0.1429	0.1429	0.0000
ABSA	0.2000	0.2000	0.2857	0.5000	0.3750	0.5000	0.5000
CO-OP	0.0833	0.0833	0.0833	0.0833	0.0833	0.0833	0.0833
DTB	0.1000	0.1000	0.2000	0.2000	0.1818	0.1818	0.1818
EQUITY	0.0769	0.0769	0.0769	0.1538	0.1538	0.1538	0.2222
HF	0.0000	0.0000	0.1250	0.2000	0.2000	0.3333	0.3333
I&M	0.0909	0.1111	0.0000	0.0000	0.1250	0.1250	0.1250
KCB	0.2000	0.2000	0.1818	0.3000	0.3000	0.2727	0.2222
NIC	0.1000	0.1000	0.0909	0.1667	0.1818	0.1818	0.0667
NBK	0.0909	0.1111	0.2222	0.2222	0.2222	0.2222	0.2000
Stanbic	0.3000	0.3000	0.3636	0.2500	0.2222	0.2222	0.4000
SCB	0.3636	0.3000	0.3000	0.3333	0.3333	0.2727	0.2727
BAT	0.2000	0.1000	0.1429	0.2222	0.2222	0.2222	0.2222
BOC	0.5000	0.5000	0.3333	0.4444	0.5000	0.3750	0.2500
CARBACID	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
EABL	0.3636	0.3636	0.4545	0.2727	0.1818	0.1818	0.1818
EVEREADY	0.1429	0.3750	0.3750	0.3750	0.7143	0.6667	0.6667
Mumias	0.2308	0.1667	0.2308	0.3333	0.3077	0.3077	0.5000
UNGA	0.2727	0.1667	0.2500	0.2500	0.2500	0.2500	0.2500
BRITAM	0.1000	0.1111	0.0000	0.1111	0.1250	0.2222	0.2222
CIC	0.1538	0.3077	0.3077	0.3077	0.3077	0.2500	0.2500
JUBILEE	0.0000	0.0000	0.0000	0.0909	0.0909	0.1111	0.1111
KENYA RE	0.1250	0.1111	0.1111	0.2222	0.2222	0.2222	0.2000
Sanlam	0.1667	0.2222	0.2222	0.2222	0.2500	0.1250	0.1429
KAKUZI	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
LIMURU	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.1667
Sasini	0.1111	0.1250	0.1250	0.1250	0.1250	0.1250	0.1429
CENTUM	0.1111	0.1111	0.1111	0.1111	0.2222	0.2222	0.2222
Transcentury	0.1250	0.1250	0.1250	0.1250	0.0000	0.0000	0.1429
KENGEN	0.2727	0.2727	0.2727	0.3636	0.3636	0.3636	0.3636

KENYAPOWER	0.0909	0.1000	0.2500	0.2500	0.1818	0.1818	0.2000
KENOL	0.1429	0.1429	0.1667	0.1250	0.1667	0.2500	0.4000
Total	0.3000	0.3333	0.3333	0.3333	0.3333	0.1111	0.2222
Safaricom	0.3636	0.3636	0.2727	0.4000	0.3636	0.3636	0.2727
Sameer	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.3750
ScanGroup	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
SGL	0.1429	0.1667	0.1429	0.1250	0.1250	0.1250	0.1111
NMG	0.0667	0.2667	0.2667	0.2000	0.1875	0.1429	0.1333
TPS	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1111

Ethnic Diversity

Firm	2011	2012	2013	2014	2015	2016	2017
ARM	0.0909	0.1667	0.1000	0.1000	0.1111	0.1667	0.1111
Bamburi	0.3182	0.3182	0.2727	0.2727	0.2727	0.3182	0.2727
EAPCC	0.4375	0.4286	0.4286	0.4167	0.4286	0.4286	0.4167
EAC	0.4286	0.4286	0.4286	0.4286	0.4286	0.4286	0.4167
CROWN	0.5000	0.4286	0.4286	0.4286	0.4286	0.4286	0.4167
ABSA	0.4500	0.4500	0.4286	0.4500	0.4375	0.4375	0.4375
CO-OP	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
DTB	0.2500	0.2000	0.3500	0.3500	0.3636	0.3636	0.3636
EQUITY	0.3462	0.3462	0.3462	0.2308	0.3077	0.3077	0.3333
HF	0.4286	0.4286	0.4375	0.4000	0.4000	0.5000	0.5000
I&M	0.3636	0.3333	0.4375	0.4375	0.4375	0.4375	0.4375
KCB	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
NIC	0.4500	0.4500	0.4545	0.4583	0.4545	0.4545	0.4667
NBK	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
Stanbic	0.4000	0.4000	0.3182	0.3750	0.3333	0.3333	0.4000
SCB	0.2727	0.3000	0.2500	0.2222	0.2778	0.2273	0.2273
BAT	0.4000	0.4000	0.3571	0.3333	0.3333	0.3333	0.3333
BOC	0.3125	0.3125	0.2222	0.2222	0.3750	0.1875	0.3750
CARBACID	0.2500	0.2500	0.3000	0.3000	0.3000	0.3000	0.3333
EABL	0.3636	0.1818	0.2727	0.1818	0.1818	0.1818	0.1818
EVEREADY	0.4286	0.4375	0.4375	0.4375	0.5000	0.5000	0.5000
Mumias	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000

UNGA	0.2273	0.3333	0.3750	0.3750	0.3750	0.3125	0.3125
BRITAM	0.3000	0.3889	0.4286	0.5000	0.5000	0.3889	0.3889
CIC	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
JUBILEE	0.2500	0.2500	0.2500	0.2273	0.2273	0.2222	0.2222
KENYA RE	0.3750	0.3333	0.3333	0.3333	0.3333	0.3333	0.3500
Sanlam	0.3333	0.3333	0.3333	0.2778	0.2500	0.3125	0.3571
KAKUZI	0.2500	0.2778	0.2500	0.2500	0.2500	0.2500	0.3125
LIMURU	0.4167	0.4167	0.4167	0.4167	0.4167	0.4167	0.4167
Sasini	0.4444	0.4375	0.4375	0.4375	0.4375	0.4375	0.4286
CENTUM	0.4444	0.4444	0.4444	0.3889	0.3889	0.4444	0.4444
Transcentury	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
KENGEN	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
KENYAPOWER	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
KENOL	0.3571	0.3571	0.3333	0.3750	0.3333	0.2500	0.3000
Total	0.4000	0.3333	0.3333	0.3333	0.2778	0.2222	0.2222
Safaricom	0.2727	0.2727	0.2727	0.3000	0.3182	0.2727	0.2727
Sameer	0.4167	0.4167	0.4167	0.4167	0.4167	0.4167	0.4375
ScanGroup	0.2143	0.2143	0.1667	0.1667	0.2143	0.2143	0.2222
SGL	0.4286	0.4167	0.4286	0.3750	0.4375	0.3750	0.3333
NMG	0.4667	0.2000	0.2000	0.2000	0.2500	0.2143	0.2333
TPS	0.2000	0.2000	0.2000	0.2000	0.1500	0.1500	0.1111

Nationality Diversity

Firm	2011	2012	2013	2014	2015	2016	2017
ARM	0.8182	0.6667	0.8000	0.8000	0.7778	0.6667	0.7778
Bamburi	0.3636	0.3636	0.4545	0.4545	0.4545	0.3636	0.4545
EAPCC	0.1250	0.1429	0.1429	0.1667	0.1429	0.1429	0.1667
EAC	0.1429	0.1429	0.1429	0.1429	0.1429	0.1429	0.1667
CROWN	0.0000	0.1429	0.1429	0.1429	0.1429	0.1429	0.1667
ABSA	0.1000	0.1000	0.1429	0.1000	0.1250	0.1250	0.1250
CO-OP	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
DTB	0.5000	0.6000	0.3000	0.3000	0.2727	0.2727	0.2727
EQUITY	0.3077	0.3077	0.3077	0.5385	0.3846	0.3846	0.3333

HF	0.1429	0.1429	0.1250	0.2000	0.2000	0.0000	0.0000
I&M	0.2727	0.3333	0.1250	0.1250	0.1250	0.1250	0.1250
KCB	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
NIC	0.1000	0.1000	0.0909	0.0833	0.0909	0.0909	0.0667
NBK	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Stanbic	0.2000	0.2000	0.3636	0.2500	0.3333	0.3333	0.2000
SCB	0.4545	0.4000	0.5000	0.5556	0.4444	0.5455	0.5455
BAT	0.2000	0.2000	0.2857	0.3333	0.3333	0.3333	0.3333
BOC	0.3750	0.3750	0.5556	0.5556	0.2500	0.6250	0.2500
CARBACID	0.5000	0.5000	0.4000	0.4000	0.4000	0.4000	0.3333
EABL	0.2727	0.6364	0.4545	0.6364	0.6364	0.6364	0.6364
EVEREADY	0.1429	0.1250	0.1250	0.1250	0.0000	0.0000	0.0000
Mumias	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
UNGA	0.5455	0.3333	0.2500	0.2500	0.2500	0.3750	0.3750
BRITAM	0.4000	0.2222	0.1429	0.0000	0.0000	0.2222	0.2222
CIC	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
JUBILEE	0.5000	0.5000	0.5000	0.5455	0.5455	0.5556	0.5556
KENYA RE	0.2500	0.3333	0.3333	0.3333	0.3333	0.3333	0.3000
Sanlam	0.3333	0.3333	0.3333	0.4444	0.5000	0.3750	0.2857
KAKUZI	0.5000	0.4444	0.5000	0.5000	0.5000	0.5000	0.3750
LIMURU	0.1667	0.1667	0.1667	0.1667	0.1667	0.1667	0.1667
Sasini	0.1111	0.1250	0.1250	0.1250	0.1250	0.1250	0.1429
CENTUM	0.1111	0.1111	0.1111	0.2222	0.2222	0.1111	0.1111
Transcentury	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
KENGEN	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
KENYAPOWER	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
KENOL	0.2857	0.2857	0.3333	0.2500	0.3333	0.5000	0.4000
Total	0.2000	0.3333	0.3333	0.3333	0.4444	0.5556	0.5556
Safaricom	0.4545	0.4545	0.4545	0.4000	0.3636	0.4545	0.4545
Sameer	0.1667	0.1667	0.1667	0.1667	0.1667	0.1667	0.1250
ScanGroup	0.5714	0.5714	0.6667	0.6667	0.5714	0.5714	0.5556
SGL	0.1429	0.1667	0.1429	0.2500	0.1250	0.2500	0.3333
NMG	0.0667	0.6000	0.6000	0.6000	0.5000	0.5714	0.5333

TPS	0.6000	0.6000	0.6000	0.6000	0.7000	0.7000	0.7778

CSR Disclosure							
ARM	0.3000	0.3000	0.3000	0.5000	0.5000	0.5000	0.3000
Bamburi	0.3000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000
EAPCC	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
EAC	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
CROWN	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
ABSA	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000
CO-OP	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000	0.7000
DTB	0.1000	0.1000	0.1000	0.3000	0.3000	0.3000	0.3000
EQUITY	0.9000	0.9000	0.9000	0.9000	0.9000	0.9000	0.9000
HF	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
I&M	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
KCB	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
NIC	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
NBK	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
Stanbic	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
SCB	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
BAT	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
BOC	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
CARBACID	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
EABL	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
EVEREADY	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Mumias	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
UNGA	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
BRITAM	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
CIC	0.2000	0.2000	0.4000	0.4000	0.5000	0.5000	0.5000
JUBILEE	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
KENYA RE	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Sanlam	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
KAKUZI	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
LIMURU	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
Sasini	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000

CENTUM	0.2000	0.2000	0.2000	0.2000	0.5000	0.3000	0.0000
Transcentury	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
KENGEN	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
KENYAPOWER	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000
KENOL	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Total	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
Safaricom	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000	0.8000
Sameer	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000
ScanGroup	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
SGL	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
NMG	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
TPS	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000

Appendix IV: Similarity Index Report

CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE, BOARD DIVERSITY AND PERFORMANCE OF LISTED FIRMS IN KENYA

ORIGINALITY REPORT

17%	13%	12%	7%
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