

Board Diversity and Performance of Companies Listed in Nairobi Stock Exchange

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Abstract:

This study examined the relationship between Board diversity and financial performance of firms listed in the Nairobi Stock Exchange. Data on Boards' age, gender, educational qualifications, study specialization, and board specialization as well as the companies' financial performance were obtained from 40 companies using a structured questionnaire. Using the Ordinary Least Squares (OLS) regression, the results show that there is a weak positive association between board diversity and financial performance. Overall, the results indicate a statistically not significant effect of board diversity on financial performance except for the independent effect of board study specialization on dividend yield. The results partially concur with agency and resource dependency theories of corporate governance as well as similar empirical studies. Ensuing implications for theory, policy and practice as well as methodology are also discussed.

Key Words: Board of Directors' Diversity, Financial Performance, Listed Firms, Kenya