

A Conceptual Framework of Board Gender Diversity and Firm Performance: The Role of Innovation as Moderator

Kalpana Ramiah

Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia 50300 Kuala Lumpur, Malaysia

Email: rkalpana1598@gmail.com

DOI Link: <http://dx.doi.org/10.6007/IJARBS/v16-i1/27552>

Published Date: 29 January 2026

Abstract

This conceptual paper develops a framework to explain the relationship between board gender diversity and firm performance in Malaysian public-listed Government-Linked Companies (GLCs). Drawing solely on the underlying doctoral thesis, the paper argues that board gender diversity is an important corporate governance mechanism that enhances firm performance by improving monitoring, strategic decision-making, and governance quality. The framework further conceptualises innovation as both a mediating and moderating mechanism that strengthens the ability of board gender diversity to translate diverse perspectives into superior financial outcomes. In addition, institutional ownership is positioned as a mediating variable that reinforces governance effectiveness by enhancing oversight, accountability, and long-term strategic alignment in GLCs. The proposed conceptual model addresses inconsistencies in prior findings by clarifying the internal mechanisms and ownership structures that condition the board gender diversity–firm performance relationship within the unique institutional setting of Malaysian GLCs. This paper provides policymakers, regulators, and corporate leaders with meaningful insights on strengthening governance practices and firm performance through gender-inclusive board structures.

Keywords: Board Gender Diversity, Firm Performance, Innovation, Institutional Ownership, Government-Linked Companies

Introduction

The role of the board of directors has become increasingly critical in shaping corporate strategy, enhancing governance effectiveness, and improving firm performance in a rapidly evolving business environment (Roach, 2019). In the era of globalisation, technological advancement, and heightened stakeholder expectations, boards are expected to provide adequate oversight, ensure accountability, and guide firms toward sustainable performance (Hillman and Dalziel 2003; Dobbin and Jung, 2010). Within this governance landscape, board

composition has emerged as a key determinant of how effectively boards fulfil these responsibilities. Among the various dimensions of board composition, gender diversity has attracted substantial attention from policymakers, practitioners, and scholars due to its potential influence on decision-making quality, innovation, and firm performance (Brahma et al. 2021; Hasbolah et al. 2021).

In Malaysia, the significance of board gender diversity is particularly evident in the context of public-listed Government-Linked Companies (GLCs). GLCs play a central role in the Malaysian economy and serve as important instruments for achieving national economic and social development objectives (Abdullah et al. 2016; Hassan et al. 2017). These firms are often characterised by substantial government ownership, public accountability, and strategic importance to the nation. As such, their performance extends beyond profitability and encompasses broader responsibilities related to economic stability, employment creation, and social welfare (Mokhtar, 2011). Despite their importance, Malaysian GLCs continue to face challenges related to governance effectiveness, bureaucratic rigidity, and performance sustainability, especially in an increasingly competitive and innovation-driven economy (Entebang and Harrison, 2019).

Recognising these challenges, the Malaysian government has introduced various initiatives to strengthen corporate governance and enhance board effectiveness. One of the key governance reforms is the emphasis on increasing female representation on corporate boards, as outlined in the Malaysian Code of Corporate Governance (MCCG, 2021). The policy target of achieving at least 30 per cent women on boards reflects the belief that board gender diversity can enhance governance quality and improve firm performance. However, despite these policy efforts, the proportion of women serving on boards of Malaysian public-listed GLCs remains below the target, with only 24 per cent of GLCs achieving it (Bernama, 2023). This persistent underrepresentation raises important questions about the effectiveness of board gender-diversity initiatives and the conditions under which board gender diversity contributes to firm performance.

Prior studies discussed in the study highlight that the relationship between board gender diversity and firm performance is far from conclusive. While some empirical evidence suggests that the presence of female directors improves monitoring, ethical conduct, and strategic decision-making (Brahma et al. 2021; Rosli and Hasbolah 2022), other findings indicate weak or insignificant effects, particularly in highly regulated environments such as Malaysian GLCs (Djerfi and Louadj, 2023). These mixed results suggest that board gender diversity alone may be insufficient to guarantee superior performance outcomes. Instead, the effectiveness of board gender diversity may depend on internal organisational mechanisms and external governance structures that enable boards to translate diversity into value creation (Alodat et al., 2023).

Innovation is identified in the study as a critical strategic capability that shapes firm performance in Malaysian public-listed GLCs. In an increasingly knowledge-based and technology-driven economy, innovation enables firms to improve productivity, adapt to market changes, and maintain long-term competitiveness (Siwek 2021; Hassan et al. 2021). However, GLCs are often criticised for being less innovative due to bureaucratic constraints, rigid organisational structures, and reliance on government protection (Schain and Stiebale,

2021). The study argues that board gender diversity can play an important role in fostering innovation by encouraging diverse perspectives, openness to new ideas, and long-term strategic thinking at the board level (Rochmah et al. 2021; Simionescu et al. 2021).

In addition to innovation, institutional ownership represents another key governance mechanism examined in the study. Institutional investors, including government-linked investment entities and pension funds, hold significant ownership stakes in Malaysian GLCs and possess the capacity to influence board composition, governance practices, and strategic decisions (Sakawa and Watanabel, 2020). Institutional ownership can enhance governance effectiveness by improving monitoring, increasing accountability, and reducing agency problems (Rastad and Dobson, 2022). As such, institutional ownership may serve as an important channel through which board gender diversity influences firm performance.

The continued emphasis on board gender diversity within Malaysian public-listed GLCs reflects broader global and national concerns regarding governance quality and sustainable corporate performance. Prior research highlighted in the study demonstrates that board gender diversity is more likely to lead to comprehensive discussions, the application of broader perspectives in strategic decision-making, and enhanced quality of corporate oversight (Brahma et al. 2021; Hasbolah et al. 2021). However, the effectiveness of these advantages depends heavily on organisational context and governance structures, particularly in state-influenced entities such as GLCs.

One of the key arguments advanced in the study is that the regulated and policy-driven nature of Malaysian GLCs may constrain the direct influence of board gender diversity on firm performance. Unlike private firms, GLCs are subject to political oversight, bureaucratic procedures, and public scrutiny, which can limit managerial discretion and board autonomy (Hassan et al. 2017; Entebang and Harrison 2019). As a result, even when gender diversity is present at the board level, its potential contribution to performance outcomes may not be fully realised unless supported by enabling governance and strategic mechanisms.

Innovation is therefore positioned as a central construct in explaining how board gender diversity can be translated into tangible firm performance outcomes. Studies reviewed in the study indicate that innovation enhances organisational adaptability, efficiency, and long-term competitiveness, particularly in environments characterised by technological disruption and market uncertainty (Siwek 2021; Hassan et al. 2021). Board gender diversity is argued to promote innovation by fostering openness to alternative viewpoints, encouraging constructive debate, and supporting long-term strategic investment decisions (Rochmah et al., 2021). Nevertheless, the study highlights that innovation levels in Malaysian GLCs remain uneven, often constrained by rigid organisational structures and risk-averse cultures (Schain and Stiebale, 2021).

In this regard, innovation is conceptualised as both a mediator and a moderator in the relationship between board gender diversity and firm performance. As a mediating mechanism, innovation explains how diverse board perspectives are translated into improved operational processes, new products, or enhanced service delivery, which, in turn, contribute to financial performance (Simionescu et al., 2021). As a moderating mechanism, innovation conditions the strength of the relationship, such that the positive impact of board gender

diversity on firm performance is more pronounced in firms with higher levels of innovative activity (Rochmah et al., 2021). This dual role of innovation addresses the mixed empirical findings reported in prior studies and provides a more nuanced understanding of governance-performance linkages in GLCs.

In addition to innovation, the study emphasises the role of institutional ownership as a governance mechanism that can strengthen the effectiveness of board gender diversity. Institutional investors, including pension funds and government-linked investment corporations, hold significant shareholdings in Malaysian GLCs and are therefore well positioned to influence governance practices and strategic priorities (Sakawa and Watanabel, 2020). Through active monitoring and engagement, institutional owners can reinforce board accountability, support diversity initiatives, and align managerial actions with long-term performance objectives (Rastad and Dobson, 2022).

However, the study notes that institutional ownership in Malaysian GLCs has not always functioned as an effective monitoring mechanism. In some cases, institutional investors may prioritise political or policy objectives over performance optimisation, thereby limiting their role in strengthening governance outcomes (Mohd Ali et al., 2023). This observation underscores the importance of empirically examining institutional ownership as a mediating variable rather than assuming its effectiveness a priori.

Taken together, these arguments highlight the need for an integrated conceptual framework that captures the interplay between board gender diversity, innovation, institutional ownership, and firm performance in Malaysian public-listed GLCs. By synthesising these relationships, this conceptual paper extends the study by providing a more precise explanation of why board gender diversity yields different performance outcomes across firms. Such a framework not only advances theoretical understanding but also offers practical insights for policymakers and corporate leaders seeking to enhance governance effectiveness and sustainable performance in the Malaysian GLC sector.

Board Gender Diversity and Firm Performance

The board of directors represents the apex of a firm's corporate governance structure. It plays a central role in shaping strategic direction, monitoring managerial behaviour, and safeguarding the interests of shareholders and stakeholders. In publicly listed Government-Linked Companies (GLCs) in Malaysia, the role of the board is particularly critical due to the dual mandate these firms carry, which involves balancing commercial objectives with national socio-economic responsibilities (Hassan et al. 2017; Mokhtar 2011). Consequently, board characteristics are expected to exert a significant influence on firm performance, both directly and indirectly, through governance quality and strategic decision-making.

The prior corporate governance literature reviewed in the study indicates that board characteristics, such as board size, independence, diversity, and ownership structure, are closely associated with firm performance outcomes (Haniffa and Hudaib 2006; Abdullah et al. 2016). Among these characteristics, board gender diversity has gained increasing attention as a mechanism for improving board effectiveness and organisational performance. Gender diversity is argued to enhance the board's ability to perform its monitoring and advisory roles

by incorporating diverse perspectives, experiences, and cognitive approaches into decision-making processes (Brahma et al. 2021; Hasbolah et al. 2021).

From an Agency Theory perspective, the board functions as a monitoring mechanism designed to mitigate conflicts of interest between principals and agents. In Malaysian GLCs, agency problems may be more pronounced due to complex ownership structures, political influence, and multiple objectives beyond profit maximisation (Hassan et al., 2017). Gender-diverse boards are suggested to strengthen monitoring effectiveness by improving independence, ethical sensitivity, and diligence in board deliberations. Studies cited in the study suggest that female directors tend to be more risk-aware, compliance-oriented, and attentive to governance issues, thereby reducing opportunistic managerial behaviour and agency costs (Amin ur Rehman et al. 2022; Rosli and Hasbolah 2022). As a result, enhanced monitoring is expected to improve firm performance.

Cognitive Diversity Theory further explains how board gender diversity can improve firm performance through enhanced decision-making quality. Gender-diverse boards bring together individuals with diverse life experiences, problem-solving styles, and perspectives, enriching board discussions and reducing the likelihood of groupthink (Jankelová et al. 2021; Deore 2025). In the context of Malaysian GLCs, where strategic decisions often involve complex trade-offs between commercial viability and public policy objectives, cognitive diversity becomes particularly valuable. Diverse boards are better equipped to evaluate alternative strategies, anticipate risks, and respond effectively to dynamic market and regulatory environments (Makkonen, 2022).

The Resource-Based View (RBV) provides another important lens for understanding the relationship between board characteristics and firm performance. According to RBV, firms gain a competitive advantage from valuable, rare, and difficult-to-imitate resources (Barney, 1991). Board gender diversity can be conceptualised as an intangible organisational resource that enhances a firm's strategic capabilities, reputation, and access to diverse stakeholder networks (Li et al. 2018; Fuentes-Fuentes et al. 2023). In Malaysian GLCs, where legitimacy and public trust are critical, gender-diverse boards may enhance organisational reputation and stakeholder confidence, thereby positively influencing firm performance.

Stakeholder Theory further supports the importance of board gender diversity in GLCs. Unlike private firms, GLCs are accountable to a wide range of stakeholders, including government agencies, employees, investors, and the general public (Mannion et al., 2013). Gender-diverse boards are argued to be more sensitive to stakeholder interests and social expectations, leading to more inclusive and balanced decision-making (Sánchez-Teba et al., 2021). Such inclusivity can strengthen organisational legitimacy and long-term sustainability, which are essential components of firm performance in the GLC context (Majdi et al., 2023).

Despite these strong theoretical arguments, empirical evidence reviewed in the study reveals mixed findings on the relationship between board gender diversity and firm performance. While some studies report a positive association between female board representation and financial performance indicators such as ROA, ROE, and Tobin's Q (Brahma et al. 2021; Abdullah 2022), other studies find insignificant or context-dependent effects, particularly in highly regulated environments (Mitra 2022; Djerfi and Louadj 2023). These inconsistencies

suggest that board gender diversity alone may not be sufficient to drive performance improvements without supportive organisational and governance mechanisms.

Innovation is therefore introduced in the study as a key mechanism that links board characteristics to firm performance. Innovation enhances productivity, operational efficiency, and competitiveness, making it a critical driver of firm performance in the knowledge-based economy (Siwek, 2021). Gender-diverse boards are argued to foster innovation by encouraging open dialogue, creativity, and long-term strategic thinking (Rochmah et al., 2021). However, Malaysian GLCs often face structural and bureaucratic constraints that limit their innovative capacity (Entebang and Harrison 2019; Schain and Stiebale 2021). As a result, the performance benefits of board gender diversity may only materialise in firms that actively support innovation.

Institutional ownership represents another board-related governance characteristic that influences firm performance in Malaysian GLCs. Institutional investors such as pension funds, government investment arms, and insurance companies hold significant ownership stakes and can influence board composition and governance practices (Sakawa and Watanabel, 2020). The study argues that institutional ownership can enhance firm performance by strengthening monitoring, reducing agency problems, and encouraging long-term strategic orientation (Rastad and Dobson, 2022). Moreover, institutional investors are often supportive of gender diversity initiatives as part of broader good governance practices, thereby reinforcing the effectiveness of gender-diverse boards.

Nevertheless, the study highlights that institutional ownership in Malaysian GLCs does not always function optimally as a governance mechanism. In some cases, institutional investors may prioritise political or policy objectives over performance maximisation, limiting their monitoring effectiveness (Mohd Ali et al., 2023). This underscores the importance of examining institutional ownership as an intervening variable rather than assuming a direct positive impact on firm performance.

Overall, the discussion of board characteristics and firm performance in this conceptual paper highlights the multifaceted nature of governance-performance relationships in Malaysian public-listed GLCs. Board gender diversity, innovation, and institutional ownership interact in complex ways to shape firm performance outcomes. By integrating these governance and strategic elements, this study provides a more comprehensive understanding of how board characteristics influence firm performance in a state-influenced corporate environment.

Emphasis of the Study

This study emphasizes understanding board gender diversity as a strategic governance mechanism rather than merely a symbolic or regulatory requirement in Malaysian public-listed Government-Linked Companies (GLCs). While existing governance reforms encourage greater female representation on corporate boards, the study highlights that gender diversity alone does not automatically translate into improved firm performance, particularly in highly regulated and state-influenced organisational contexts (Hasbolah et al. 2021; Djerfi and Louadj 2023). Therefore, this study emphasises the need to examine the conditions under which board gender diversity becomes performance-enhancing.

A key emphasis of this study is its focus on innovation as both a mediating and a moderating mechanism in the relationship between board gender diversity and firm performance. Prior studies discussed in this study indicate that gender-diverse boards have the potential to enhance creativity, strategic thinking, and openness to new ideas; however, this potential can only be realised when firms actively support innovation-related activities (Rochmah et al. 2021; Simionescu et al. 2021). By positioning innovation in a dual role, this study highlights its importance as a critical internal capability that explains how and when board gender diversity influences firm performance in GLCs.

In addition, the study emphasises the role of institutional ownership as a governance mechanism that strengthens board effectiveness and accountability. Institutional investors in Malaysian GLCs, such as pension funds and government-linked investment entities, are well-positioned to influence governance practices and support diversity initiatives aligned with long-term value creation (Sakawa and Watanabel 2020; Rastad and Dobson 2022). However, the effectiveness of institutional ownership in enhancing firm performance remains context-dependent, warranting closer examination.

Overall, this study emphasises an integrated governance perspective by simultaneously considering board gender diversity, innovation, and institutional ownership. By doing so, it advances a more holistic understanding of firm performance within the unique institutional environment of Malaysian public-listed GLCs.

Theoretical Clarification and Research Gap

The relationship between board gender diversity and firm performance has been widely examined in corporate governance literature; however, the theoretical explanations underlying this relationship remain fragmented and inconclusive, particularly in emerging economies. The study highlights that prior studies often rely on single-theory perspectives, which limit their ability to fully explain the complex governance dynamics operating within public-listed Government-Linked Companies (GLCs) (Hasbolah et al. 2021; Djerfi and Louadj 2023). As a result, inconsistent empirical findings persist, indicating the need for a more integrated theoretical approach.

Agency Theory is commonly used to explain the board's governance role in mitigating conflicts between principals and agents. In the context of Malaysian GLCs, agency problems may be exacerbated by government ownership, political influence, and multiple organisational objectives (Hassan et al., 2017). While Agency Theory suggests that gender-diverse boards enhance monitoring effectiveness and reduce agency costs, it does not sufficiently explain how board diversity translates into strategic outcomes such as innovation and long-term performance (Amin ur Rehman et al., 2022).

Cognitive Diversity Theory provides further insight by emphasising the value of diverse perspectives in improving decision-making quality and reducing groupthink. However, the study notes that cognitive diversity alone does not guarantee superior performance unless firms possess the organisational capability to leverage diverse inputs effectively (Rochmah et al., 2021). Similarly, the Resource-Based View conceptualises board gender diversity as an intangible resource that can enhance competitive advantage. Yet, it remains unclear under

what conditions this resource becomes performance-enhancing in state-influenced firms (Li et al., 2018).

Stakeholder Theory extends the discussion by highlighting the legitimacy and reputational benefits of gender-diverse boards, particularly in firms with broad social and public responsibilities such as GLCs (Mannion et al., 2013). Nevertheless, prior studies rarely integrate stakeholder considerations with governance and strategic mechanisms in explaining firm performance outcomes.

Based on these limitations, the study identifies a clear research gap: the lack of an integrated framework that simultaneously incorporates governance mechanisms, strategic capabilities, and ownership structures in explaining the board gender diversity–firm performance relationship in Malaysian public-listed GLCs. By integrating Agency Theory, Cognitive Diversity Theory, Resource-Based View, and Stakeholder Theory, this conceptual paper addresses this gap and provides a more comprehensive theoretical explanation tailored to the unique institutional context of GLCs.

Research Framework

This study proposes a conceptual framework in which board gender diversity influences firm performance directly and indirectly through innovation and institutional ownership. Innovation is conceptualised as both a mediator and a moderator, while institutional ownership is proposed as a mediating governance mechanism.

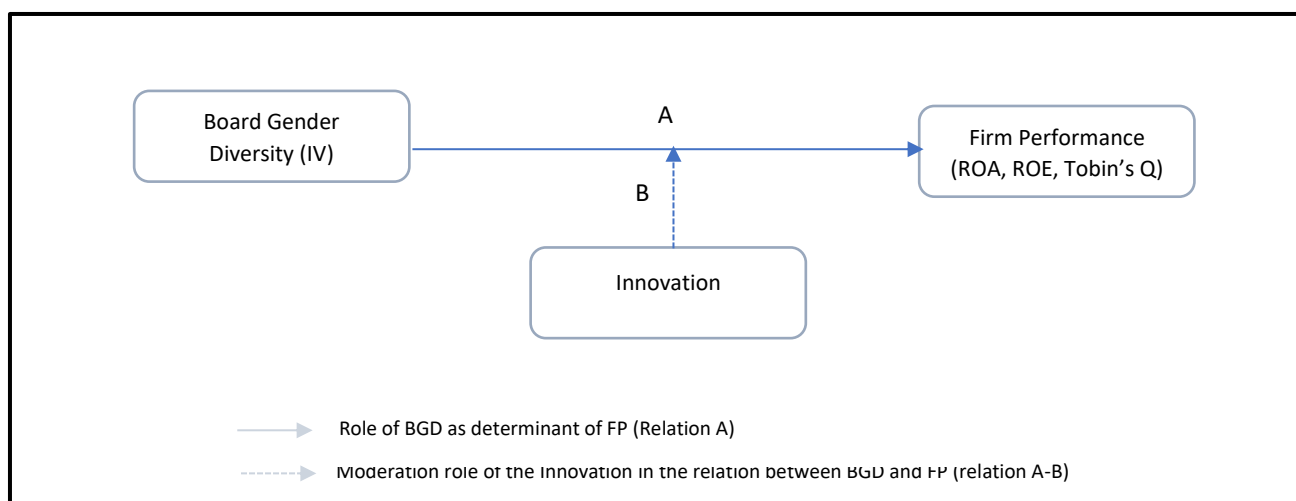


Figure 1: The proposed research framework

Hypotheses Development

This study proposes a set of hypotheses to explain the effect of board gender diversity on firm performance in Malaysian public-listed Government-Linked Companies (GLCs). Firm performance is measured using accounting-based and market-based indicators, namely return on equity (ROE), return on assets (ROA), and Tobin's Q, in order to capture different dimensions of organisational performance (Brahma et al. 2021; Abdullah 2022). The study further conceptualises innovation as both a moderating and mediating mechanism that conditions and explains how board gender diversity is translated into firm performance outcomes, particularly through enhanced strategic decision-making and value creation

(Rochmah et al. 2021; Simionescu et al. 2021). In addition, institutional ownership is positioned as a mediating governance mechanism that strengthens monitoring effectiveness, accountability, and strategic alignment within GLCs (Sakawa and Watanabel 2020; Rastad and Dobson 2022). Collectively, these hypotheses reflect an integrated governance framework that explains the complex pathways through which board gender diversity influences firm performance in Malaysian public-listed GLCs.

Accordingly, the following hypothesis is proposed:

Hypothesis 1: Board gender diversity has a positive and significant impact on the ROE financial performance of public-listed GLCs in Malaysia.

Hypothesis 2: Board gender diversity has a positive and significant impact on the ROA performance of public-listed GLCs in Malaysia.

Hypothesis 3: Board gender diversity has a positive and significant impact on the Tobin's Q performance of public-listed GLCs in Malaysia.

Hypothesis 4: Innovation moderates the relationship between board gender diversity and ROE performance of public-listed GLCs in Malaysia.

Hypothesis 5: Innovation moderates the relationship between board gender diversity and ROA performance of public-listed GLCs in Malaysia.

Hypothesis 6: Innovation moderates the relationship between gender diversity in the board of directors and the Tobin's Q performance of public-listed GLCs in Malaysia.

Method and Measure

This study investigates publicly listed non-financial firms in Bursa Malaysia, with a specific focus on Government-Linked Companies (GLCs), which play a significant role in the Malaysian economy and capital market (Abdullah et al. 2016; Hassan et al. 2017). The sample is selected from firms ranked from largest to lowest by market capitalisation, consistent with prior governance studies focusing on market-dominant firms (Brahma et al., 2021). A judgmental (non-probability) sampling approach is employed to ensure that only firms meeting the study's criteria are included. Firms with incomplete or missing information on key explanatory variables are excluded to ensure data reliability and consistency (Hasbolah et al., 2021).

Demographic diversity, ownership structure, and innovation-related information are collected from the annual reports of the sampled firms, which are published on the official website of Bursa Malaysia. Financial performance data are obtained from Thomson Reuters. To examine the relationship between board gender diversity and firm performance, this study employs panel-data multiple regression analysis, which controls for firm-specific heterogeneity over time (Brahma et al., 2021).

Board gender diversity is specified as the independent variable. At the same time, firm financial performance is treated as the dependent variable and measured using Return on Assets (ROA), Return on Equity (ROE), and Tobin's Q to capture accounting-based and market-based performance dimensions (Brahma et al. 2021; Abdullah 2022).

Innovation is incorporated into the framework as both a mediating and moderating construct. It is represented by research and development (R&D) expenditure. Innovation is measured using research and development (R&D) expenditure, as disclosed in firms' annual reports. R&D expenditure is widely used as a proxy for innovation capability because it reflects a firm's

commitment to developing new products, processes, or technologies (Mitra, 2022). Institutional ownership is a mediating governance mechanism, represented by the proportion of equity held by institutional investors. Institutional ownership is measured as the percentage of shares held by institutional investors, including pension funds and government investment arms, following Ozdemir (2020).

This study defines firm age as the natural logarithm of the number of years since the firm incorporated, following Brahma et al. (2021), to minimise the influence of outliers. Financial leverage is calculated as total debt divided by total assets, following Khatib and Nour (2021b). Board size is measured as the total number of directors on the board, following Brahma et al. (2021). Additionally, this study measures firm size as the natural logarithm of total assets, following Oliveira and Zhang (2022). These are the control variables.

Model

The general regression model of this study is specified as follows:

Model 1: Direct Effect of Board Gender Diversity

$$ROA_{it} = \beta_0 + \beta_1 BGD_{it} + \beta_2 CV_{it} + \varepsilon_{it}$$

$$ROE_{it} = \beta_0 + \beta_1 BGD_{it} + \beta_2 CV_{it} + \varepsilon_{it}$$

$$Tobin'sQ_{it} = \beta_0 + \beta_1 BGD_{it} + \beta_2 CV_{it} + \varepsilon_{it}$$

Model 2: Moderating Effect of Innovation

$$ROA_{it} = \beta_0 + \beta_1 BGD_{it} + \beta_2 Innov_{it} + \beta_3 (BGD_{it} \times Innov_{it}) + \beta_4 CV_{it} + u_i + \varepsilon_{it}$$

$$ROE_{it} = \beta_0 + \beta_1 BGD_{it} + \beta_2 Innov_{it} + \beta_3 (BGD_{it} \times Innov_{it}) + \beta_4 CV_{it} + u_i + \varepsilon_{it}$$

$$Tobin'sQ_{it} = \beta_0 + \beta_1 BGD_{it} + \beta_2 Innov_{it} + \beta_3 (BGD_{it} \times Innov_{it}) + \beta_4 CV_{it} + u_i + \varepsilon_{it}$$

Conclusion

This conceptual paper develops an integrated framework to explain the relationship between board gender diversity and firm performance in Malaysian public-listed Government-Linked Companies (GLCs). Drawing exclusively on the theoretical arguments and empirical motivations articulated in the underlying study, the paper positions board gender diversity as a key governance mechanism that influences firm performance through multiple pathways. By incorporating accounting-based and market-based performance measures, the framework acknowledges the multidimensional nature of firm performance in the GLC context.

A central contribution of this conceptualisation lies in integrating innovation and institutional ownership as critical intervening mechanisms. Innovation is theorised to function both as a mediating and moderating variable, explaining how gender-diverse boards translate diverse perspectives into value creation and conditioning the strength of the diversity–performance relationship. This dual role addresses inconsistencies reported in prior studies and highlights the importance of internal strategic capabilities in realising the potential benefits of board gender diversity (Rochmah et al. 2021; Simionescu et al. 2021). In parallel, institutional ownership is conceptualised as a governance mechanism that enhances monitoring effectiveness, accountability, and strategic alignment, thereby reinforcing the impact of board gender diversity on firm performance (Sakawa and Watanabel 2020; Rastad and Dobson 2022).

By focusing on Malaysian public-listed GLCs, this paper responds to the need for context-specific governance frameworks that reflect the unique institutional, ownership, and

regulatory characteristics of state-influenced firms. The framework contributes to corporate governance literature by offering a more holistic explanation of the board gender diversity–firm performance relationship, moving beyond direct associations to consider the mechanisms through which governance structures influence outcomes.

Overall, this conceptual paper provides a theoretically grounded foundation for future empirical research and offers practical insights for policymakers, regulators, and corporate leaders seeking to strengthen governance effectiveness and sustainable performance through gender-inclusive board structures in Malaysian GLCs.

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