

**THE MODERATING EFFECT OF BOARD GENDER DIVERSITY ON THE
IMPACT OF BOARD CHARACTERISTICS ON FIRM PERFORMANCE:
EVIDENCE FROM BANKING, FINANCE AND INSURANCE COMPANIES
LISTED IN SRI LANKA**

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ABSTRACT

Corporate governance is the framework that directs and controls the functioning of companies. The board of directors is the most essential element of corporate governance mechanisms. Board diversity plays a more critical role in the process of good corporate governance. Board gender diversity strengthens corporate governance by enhancing decision making and promoting balanced oversight. In the past few years, there has been an increase in the number of working women in developed and developing nations, including Sri Lanka. This study investigates the moderating effect of gender diversity on the impact of Board Characteristics on the performance of Banking, Finance and Insurance companies listed in Sri Lanka. The data collection method employed in this study is secondary data analysis, which primarily involves the examination of annual reports from 22 Banking, Finance, and Insurance companies listed on the Colombo Stock Exchange in Sri Lanka, covering the period from 2018 to 2022, and representing the total population of interest. Regression, correlation, and descriptive analyses were conducted to achieve the research objectives. The independent variables are board characteristics, measured by board independence, board size, frequency of board meetings, and CEO duality. Dependent variables are return on assets (ROA) and return on equity (ROE). The moderating variable was board gender diversity. The findings of this study reveal no significant impact of CEO duality, board size, independence, or meeting frequency on a company's return on assets or equity. Board gender diversity has a marginal moderating impact on firm performance, hinting at its subtle influence on certain aspects.

Keywords: board characteristics, board gender diversity, corporate governance