



Board Diversity, Firm Performance, Dividend Payout and Corporate Social Responsibility

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ABSTRACT

Existing research on corporate board diversity has focused on gender and ethnic diversity. This research considers eight dimensions of diversity on board members (gender, education, tenure, professionalism, independence, busyness, political connection and cross-cultural experience). It borrows the Simpson Index from biodiversity in constructing the overall board diversity index. Then, this research examines how the constructed board diversity index affects financial performance, performance volatility, dividend payout and performance on Corporate Social Responsibility (CSR). The samples are listed non-financial companies on the Taiwan Stock Exchange (TWSE), and yearly data of 2010 to 2015 is employed. Through summary statistics, correlation analysis and multiple regression estimations, empirical evidence shows that the higher the diversity of the firm's board of directors, the better the financial performance and the greater the firm's value. The firm's dividend payout and CSR performance are also positively associated with the board diversity index. The empirical result generally shows that diversity on board members should be considered to form a corporate board.

Keywords: Board Diversity, Firm Performance, Dividends Payout, Corporate Social Responsibility

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