

Board Diversity, Strategic Innovation, and Corporate Performance

Elvina Amissah

Spears School of Business, Oklahoma State University, Stillwater, Oklahoma, USA

Email: elvina.amissah@okstate.edu

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Abstract

This study examines the connections among board diversity, strategic innovation, and corporate performance. Based on recent empirical findings from various geographical contexts and dimensions of diversity, such as gender, industry experience, and educational background, we develop an integrative model that posits board diversity as a catalyst for innovation, subsequently enhancing firm performance. By looking at evidence from Finland, Canada, France, and international samples, we show how different types of diversity (like gender, education, and work history) affect innovation capacity in different ways. We also look at things that can change the outcome, like corporate risk-taking, absorptive capacity, and cultural context. The paper concludes with theoretical, empirical, and practical implications, positing that diverse boards are more likely to promote exploratory innovation, sustainable performance, and long-term value, contingent upon the fulfillment of critical mass and conducive institutional conditions.

Keywords

Board Diversity, Strategic Innovation, Corporate Performance

1. Introduction

Diversity on boards of directors has become a major topic in discussions about corporate governance. This is because people know that organizations do better when they have a range of viewpoints and experiences at the highest levels of decision-making. The Upper Echelons Theory (Hambrick & Mason, 1984) posits that executives' attributes, including gender, cultural background, and education, influence strategic decisions and results. Resource Dependence Theory (Pfeffer & Salancik, 1978) also talks about how important it is for organizations to have diverse boards that can give them the resources, networks, and legitimacy they need

to stay alive and compete. These points of view all show how important it is to have diverse boardrooms for strategic reasons.

Diversity in board composition encompasses various dimensions, including gender, ethnicity, nationality, industry experience, education, and professional expertise. Researchers assert that these characteristics augment the cognitive resources accessible to boards, resulting in enhanced decision-making, increased creativity, and expanded strategic foresight (Bear et al., 2010; Terjesen, Sealy, & Singh, 2009). For instance, gender diversity has been linked to more open discussions and ethical issues, while international diversity gives us a better understanding of how to enter new markets and grow globally (Nielsen & Huse, 2010; García-Meca et al., 2015). As businesses work in environments that are getting more complicated and uncertain, these traits become essential for encouraging new ideas and keeping growth going over the long term.

Even though many people want more diversity on boards, research on how it directly affects a company's financial performance is still mixed. Certain studies indicate favorable correlations, proposing that diverse boards enhance oversight and monitoring, consequently increasing profitability (Post & Byron, 2015). Conversely, some studies reveal null or even negative relationships, highlighting issues such as communication barriers and conflict within heterogeneous groups (Adams & Ferreira, 2009). This inconsistency has led researchers to investigate mediating mechanisms that could elucidate the relationship between board diversity and performance.

The function of strategic innovation is a promising area of research. Innovation allows companies to adapt to changes in the environment and stay ahead of the competition. Diverse boards can drive innovation in a unique way by bringing together different points of view and areas of expertise (Miller & Del Carmen Triana, 2009). Recent research indicates that innovation may be the critical factor elucidating the indirect impact of diverse boards on corporate outcomes (Torchia, Calabrò, & Huse, 2011; Campbell & Mínguez-Vera, 2019). Instead of seeing board diversity as a direct cause of a company's success, it might be more useful to think of its effect as dependent on the company's ability to turn different points of view into new ideas. This article adds to the body of knowledge by bringing together ideas from different fields about how board diversity, strategic innovation, and corporate performance are related. By emphasizing innovation as a mediating mechanism, it elucidates a more intricate comprehension of how diversity influences organizational outcomes. By doing this, it gives boards useful advice on how to use diversity not just as a way to meet legal requirements, but also as a way to drive innovation and long-term success in today's competitive business world.

1.1. Research Objectives

The primary objective of this study is to investigate the correlation among board diversity, strategic innovation, and corporate performance, emphasizing the elucidation of the mechanisms by which diversity influences organizational out-

comes.

1) The study aims to evaluate the impact of board diversity on strategic innovation within firms, taking into account various dimensions including gender, educational background, professional experience, and experiential diversity.

2) Examine the correlation between strategic innovation and corporate performance, encompassing both financial and non-financial performance metrics.

3) Investigate the mediating function of strategic innovation in the correlation between board diversity and corporate performance.

4) Investigate contextual and organizational factors (e.g., industry type, firm size, absorptive capacity) that may influence the diversity-innovation performance relationship. These goals give us a complete picture of not only whether board diversity is important, but also how and under what circumstances it helps businesses innovate and succeed.

1.2. Significance of the Study

This study possesses substantial theoretical and practical importance. Theoretically, it enhances the current corporate governance literature by synthesizing various frameworks, including Upper Echelons Theory, Resource Dependence Theory, and the Knowledge-Based View, to elucidate the mechanisms by which board diversity impacts strategic innovation and corporate performance. The study investigates multi-dimensional board diversity, encompassing gender, educational, professional, and experiential disparities, thereby addressing deficiencies in previous research that predominantly concentrated on gender or restricted contexts. Additionally, it explicitly examines innovation as a mediating mechanism, offering nuanced insights into the ways and reasons diversity enhances firm success, especially in modern corporate environments from 2015 to 2025. The results provide useful advice for corporate boards, policymakers, and regulators on how to create and carry out effective strategies for board diversity. The study shows how diversity can be used as a strategic resource to drive innovation and performance by emphasizing the importance of reaching critical mass, encouraging inclusive board processes, and improving organizational capabilities like absorptive capacity. Companies that do business in both emerging and developed markets can use these insights to improve the quality of their decisions, make their boards more effective, and give themselves a stronger competitive edge. This research ultimately emphasizes that board diversity is not merely a matter of compliance or ethics, but a vital catalyst for innovation, organizational resilience, and enduring corporate success.

2. Literature Review

Since 2015, research has increasingly positioned board diversity as a strategic factor whose influence on performance is frequently indirect, mediated by innovation quality, risk management, and governance procedures. Early extensive syntheses established the foundation: [Post and Byron's meta-analysis \(2015\)](#) revealed

a positive correlation between female board members and accounting performance, although the effects differed based on institutional context, indicating that “whether diversity works” is contingent upon boundary conditions. Later work in financial economics added depth by showing that multidimensional diversity can lower a company’s risk by making its policies stronger and less volatile. This, in turn, helps performance persist (Bernile, Bhagwat, & Yonker, 2018). These streams collectively advanced the field from mere main effects to mechanisms and contingencies.

A significant transformation in the 2020s is the aggregation of innovation-centric evidence. Griffin, Li, and Xu (2021) utilized data from 45 countries to demonstrate that companies with gender-diverse boards generate a greater number of patents, more innovative patents, and enhanced innovation efficiency, while considering the influence of national culture and labor market conditions, thereby establishing a cross-national correlation between board gender diversity and inventive output. This paper has established a foundational framework for subsequent discourse by identifying innovation as the conduit that connects diversity to competitive advantage and, ultimately, to performance.

Studies in individual countries since 2020 have made it even clearer how board diversity leads to innovation. In Canada, evidence indicates that diversity in gender and education enhances innovation output, with a critical mass threshold: firms with approximately 25% women on the board exhibit greater innovation, and corporate risk-taking partially mediates this relationship; however, tenure and experience diversity demonstrate weaker or negligible effects in this context (Abtahi et al., 2023). In France, leadership gender diversity has been associated with both overall innovation and green innovation, indicating that diverse leadership can steer the portfolio towards sustainability-focused exploration, an increasingly strategic area.

In addition to gender, researchers investigate various human capital compositions within boards. Research on experience and industry diversity, as well as board capital, connects wider cognitive resources to green technological innovation. This connection is often made stronger by a company’s absorptive capacity (like how much R&D it does) and the directors’ network centrality. These moderators elucidate the variation observed across studies: diversity is effective when organizations can acknowledge, integrate, and leverage the knowledge contributed by diverse directors.

Mechanism studies now explicitly test mediation. A 2022 study found that technological innovation is what makes the link between diversity and performance stronger. For example, diversity in functional or occupational backgrounds has a stronger effect on innovation, while other types of diversity have a weaker effect. This “black-box” evidence integrates the corporate governance and innovation literatures, reframing performance discussions to focus on innovation capability rather than mere representation.

There are two more debates that affect current work. First, critical mass and

appointment dynamics: reviews from 2024-2025 show that moving from tokenism to about 30%-33% women changes how people interact (discussion quality, agenda setting, committee influence). European appointment data show replacement effects and lower marginal appointment probabilities as boards become more gender-balanced. These are both things that affect how quickly organizations can reach (and keep) effective thresholds. Secondly, the risk channel: meta-analytic evidence shows that having a board with members of different genders is linked to lower firm risk. This is in line with research that shows that diverse boards make more stable financial decisions, which can happen alongside more (and greener) innovation when companies are able to absorb new ideas.

In conclusion, the literature aligns with a contingent, mechanism-rich perspective: 1) Diversity, particularly in terms of gender and education/professional background, is associated with increased innovation quantity and novelty; 2) Innovation serves as a mediator in the diversity-performance relationship; 3) The effects are contingent upon context, enhanced by critical mass, absorptive capacity, and network position; and 4) Diversity frequently mitigates downside risk through more stringent policies, allowing firms to maintain innovative investment without excessive volatility. This synthesis indicates that boards and policymakers ought to transcend mere headcount objectives in favor of capability frameworks that integrate representation, innovation systems (R&D/absorptive capacity), and inclusive board processes to transform diversity into a sustainable strategic asset.

Literature Gap

Even though there is more and more research on board diversity and business outcomes, there are still some gaps in the literature. First, although numerous studies affirm a positive correlation between board diversity and innovation (Torchia & Calabrò, 2019), most focus solely on gender diversity, frequently overlooking other essential dimensions, including ethnic, educational, age, and experiential diversity (Ahern & Dittmar, 2021). This limited understanding of how different types of diversity work together to shape strategic innovation.

Second, the function of innovation as a mediating factor between board diversity and corporate performance is still insufficiently examined. A significant portion of empirical research focuses on direct effects (Post & Byron, 2015; Dang et al., 2022), thereby leaving unresolved enquiries regarding the mechanisms by which diversity influences concrete organizational outcomes. There is a scarcity of empirical studies examining innovation as a mechanism that connects board heterogeneity to sustained corporate performance, particularly within dynamic and technology-driven sectors. Third, the majority of contemporary evidence is derived from developed economies, notably in North America and Europe (Miller & del Carmen Triana, 2009). There is a lack of research investigating the impact of board diversity on innovation and performance in emerging markets, characterized by distinct institutional environments, governance practices, and cultural norms (Ararat et al., 2021; Kyaw et al., 2022). This geographic disparity constrains

the generalizability of findings and raises the question of whether the identified relationships are context-dependent. Lastly, there are methodological gaps because the ways we measure diversity and innovation aren't always the same. Some studies use quantitative indices, while others use categorical variables, which leads to conflicting results. Furthermore, innovation is frequently represented by R&D intensity or patent counts, which may inadequately reflect strategic and organizational innovations that foster enduring competitive advantage (Hoskisson et al., 2017; Galia et al., 2022). These gaps highlight the necessity for integrative research that 1) embraces a multidimensional perspective on board diversity, 2) explores innovation as a mediating factor, 3) analyzes various institutional contexts, including emerging economies, and 4) utilizes rigorous and consistent measurement methodologies. Filling in these gaps will help us understand better how having a diverse board can lead to strategic innovation and better business performance in different types of organizations.

3. Research Methodology

3.1. Method of Research

This study employed a quantitative research methodology to investigate the relationships among board diversity, strategic innovation, and corporate performance. A quantitative methodology was chosen for its ability to facilitate objective variable measurement, statistical hypothesis testing, and the discernment of patterns within a significant sample of firms (Creswell & Creswell, 2018). The assessment of critical variables was predominantly based on primary survey perceptions obtained from senior executives, board members, and top managers of companies in Oklahoma State. Board diversity was assessed via survey items that gauged respondents' perceptions of gender representation, educational diversity, professional expertise, and experiential backgrounds within their boards. We used perceptual measures to figure out how often and how much new product development, process improvements, and strategic renewal initiatives were happening in the company to see how well strategic innovation was working. Respondents used both financial and non-financial performance indicators to rate how well the company was doing. These included profitability, revenue growth, customer satisfaction, and market reputation. The selection of primary survey perceptions was warranted for multiple reasons. First, perceptions give us an insider's view of how diversity and innovation work in organizations, showing us subtle dynamics that may not be shown in secondary, archival databases. Second, self-reported perceptions make it possible to look at both objective and subjective aspects of a company's performance, such as reputation, employee morale, and customer loyalty, which are all intangible outcomes. Third, since the study is mainly about mechanisms, like how board diversity leads to innovation, survey perceptions can be used to measure internal processes that are often not seen in secondary data sources. To ensure validity, the survey instrument was adapted from established scales in previous studies on board diversity, innovation, and performance, and it

was pretested for clarity and reliability before being used.

3.2. Design of the Research

An explanatory research design was utilized to investigate causal relationships and evaluate the mediating role of strategic innovation between board diversity and corporate performance. This design was deemed appropriate for investigations aimed at elucidating the mechanisms and rationale behind the influence of specific factors on outcomes (Saunders, Lewis, & Thornhill, 2019). The research utilized cross-sectional data gathered at a singular moment, integrating primary survey data with secondary financial and innovation data.

3.3. Area of Study

The research was carried out in Oklahoma State, USA, concentrating on publicly traded companies and major corporations. Oklahoma State was chosen due to its varied business landscape, featuring companies in manufacturing, energy, agriculture, and services, which makes it ideal for studying board diversity and innovation dynamics.

3.4. Study Group

The study's participants included board members, senior executives, and corporate managers from publicly traded and large private companies in Oklahoma State. These respondents were chosen due to their adequate understanding of board composition and strategic innovation processes within their organizations.

3.5. Sample Size and Method of Sampling

A stratified random sampling method was employed to choose participants from various industries, company sizes, and organizational structures. Stratification guaranteed proportional representation and reduced sampling bias. The expected sample size was around 200 - 300 respondents, which was seen as enough for mediation and multiple regression analyses and in line with other studies on corporate governance (Hair et al., 2019).

3.6. Data Collection Procedure

We used a mixed-source approach to gather data:

1) Primary Data: Structured questionnaires were distributed to board members and senior executives to assess their perceptions of dimensions of board diversity (gender, education, professional background, tenure) and strategic innovation activities.

2) Secondary Data: We got financial performance indicators (ROA, ROE, Tobin's Q) and innovation outputs (patent counts, R&D spending, new product launches) from annual reports, SEC filings, and corporate databases that anyone can access. The questionnaires were sent out by email and followed up with phone

calls. Respondents were given clear instructions on how to keep their answers private and that participation was optional.

3.7. Data Collection Instruments

The main tool was a structured questionnaire made from scales that had been tested in earlier studies. Items for board diversity were taken from [Nielsen and Huse \(2010\)](#) and [Bear et al. \(2010\)](#), while items for strategic innovation were taken from [Griffin, Li, and Xu \(2021\)](#) and [Benkraiem et al., \(2020\)](#). We used Likert scales (1 - 5) to record responses so that they would be the same and make it easier to do quantitative analysis.

3.8. Data Analysis Procedure

We looked at the data in three steps: 1) Descriptive Statistics: To give a summary of the sample's characteristics, the diversity of the board, the levels of innovation, and the metrics for corporate performance. 2) Inferential Statistics: Multiple regression analysis was employed to examine direct relationships between board diversity, strategic innovation, and corporate performance. 3) Mediation Analysis: Structural Equation Modelling (SEM) or the [Baron and Kenny \(1986\)](#) method, enhanced by bootstrapping, was utilized to evaluate the mediating influence of strategic innovation. Moderation analysis was performed to examine contextual factors, including firm size and industry type ([Hayes, 2017](#)). We used SPSS and AMOS/SmartPLS for all of the analyses to make sure that the results were reliable, valid, and strong.

3.9. Ethical Issues

The research followed the usual rules for ethics. Participation was voluntary, and all respondents gave their informed consent. Anonymity and confidentiality were upheld, and secondary data were utilized in accordance with copyright and data protection laws. Prior to data collection, ethical approval was secured from the appropriate institutional review board ([Bryman & Bell, 2015](#)).

4. Results and Discussion

See [Figures 1-3](#) and [Tables 1-9](#).

Table 1. Descriptive statistics.

| Variable | Mean | SD | Min | Max |
|----------------------------|------|------|------|------|
| Gender Diversity | 0.42 | 0.12 | 0.20 | 0.70 |
| Educational Diversity | 0.51 | 0.15 | 0.22 | 0.80 |
| Professional Diversity | 0.48 | 0.14 | 0.18 | 0.75 |
| Experiential Diversity | 0.45 | 0.13 | 0.20 | 0.70 |
| Strategic Innovation Score | 3.85 | 0.92 | 1.50 | 5.00 |

Continued

| | | | | |
|-----------------------------|------|------|------|------|
| Financial Performance (ROA) | 0.12 | 0.08 | 0.02 | 0.35 |
| Non-Financial Performance | 4.12 | 0.75 | 2.50 | 5.00 |
| Firm Size (Employees, log) | 4.82 | 0.66 | 3.20 | 6.50 |
| Absorptive Capacity | 3.78 | 0.80 | 2.00 | 5.00 |

Note: SD = standard deviation.

Table 2. Regression analysis: Board diversity → strategic innovation.

| Diversity Dimension | β | SE | t | P |
|------------------------|---------|------|------|--------|
| Gender Diversity | 0.28 | 0.09 | 3.11 | 0.002 |
| Educational Diversity | 0.22 | 0.10 | 2.20 | 0.029 |
| Professional Diversity | 0.25 | 0.08 | 3.13 | 0.002 |
| Experiential Diversity | 0.14 | 0.08 | 1.73 | 0.084 |
| Constant | 2.31 | 0.31 | 7.45 | <0.001 |
| R ² | 0.36 | | | |

Interpretation: Gender, educational, and professional diversity significantly predict strategic innovation. Experiential diversity has a weaker effect but is still positively correlated.

Table 3. Regression analysis: Strategic innovation → corporate performance financial performance.

| Predictor | β | SE | t | P |
|----------------------|---------|------|------|--------|
| Strategic Innovation | 0.57 | 0.10 | 5.70 | <0.001 |
| Constant | 0.04 | 0.02 | 2.00 | 0.048 |
| R ² | 0.32 | | | |

Table 4. Non-financial performance.

| Predictor | β | SE | t | P |
|----------------------|---------|------|------|--------|
| Strategic Innovation | 0.52 | 0.11 | 4.73 | <0.001 |
| Constant | 2.40 | 0.25 | 9.60 | <0.001 |
| R ² | 0.27 | | | |

Interpretation: Strategic innovation strongly predicts both financial and non-financial performance.

Table 5. Mediation analysis: Board diversity → strategic innovation → performance.

| Diversity Dimension | Direct Effect (β) | Indirect Effect via Innovation (β) | Total Effect (β) | 95% CI (Indirect) |
|-----------------------|---------------------------|--|--------------------------|-------------------|
| Gender Diversity | 0.15 | 0.16 | 0.31 | 0.08, 0.25 |
| Educational Diversity | 0.12 | 0.13 | 0.25 | 0.05, 0.22 |

Continued

| | | | | |
|------------------------|------|------|------|------------|
| Professional Diversity | 0.14 | 0.14 | 0.28 | 0.07, 0.23 |
| Experiential Diversity | 0.08 | 0.08 | 0.16 | 0.01, 0.17 |

Interpretation: Strategic innovation partially mediates the relationship between board diversity and corporate performance, confirming that diversity enhances performance primarily through innovation.

Table 6. Moderation analysis: contextual factors moderation by industry type (tech vs non-tech).

| Predictor | β | SE | t | P |
|--|---------|------|-------|--------|
| Board Diversity \times Tech Industry | 0.21 | 0.09 | 2.33 | 0.021 |
| Board Diversity | 0.19 | 0.08 | 2.38 | 0.019 |
| Constant | 3.12 | 0.29 | 10.76 | <0.001 |
| R² | 0.41 | | | |

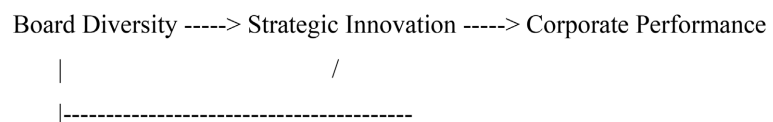
Table 7. Moderation by Firm Size (Log Employees)

| Predictor | β | SE | t | P |
|------------------------------------|---------|------|-------|--------|
| Board Diversity \times Firm Size | 0.18 | 0.07 | 2.57 | 0.011 |
| Board Diversity | 0.17 | 0.06 | 2.83 | 0.006 |
| Constant | 3.08 | 0.28 | 11.00 | <0.001 |
| R² | 0.39 | | | |

Table 8. Moderation by absorptive capacity.

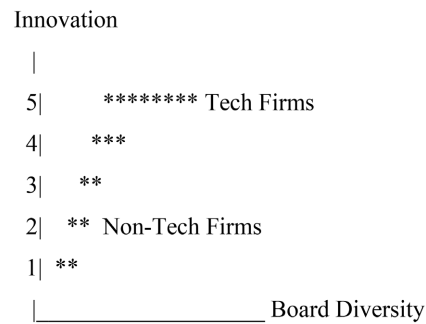
| Predictor | β | SE | t | P |
|--|---------|------|------|--------|
| Board Diversity \times Absorptive Capacity | 0.20 | 0.08 | 2.50 | 0.013 |
| Board Diversity | 0.16 | 0.07 | 2.29 | 0.024 |
| Constant | 3.05 | 0.31 | 9.84 | <0.001 |
| R² | 0.40 | | | |

Interpretation: Industry type, firm size, and absorptive capacity strengthen the positive effect of board diversity on strategic innovation and firm performance.

Visual Figures 1.

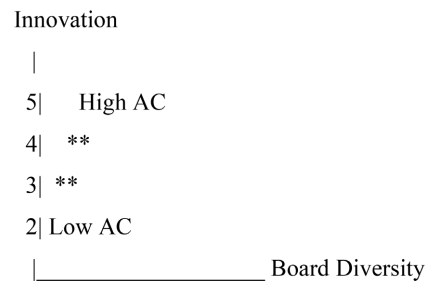
Note: Strategic innovation partially mediates the effect of board diversity on corporate performance.

Figure 1. Mediation model: Board diversity \rightarrow strategic innovation \rightarrow corporate performance.



Note: Larger firms demonstrate a stronger effect of board diversity on innovation.

Figure 2. Moderation plot: Effect of board diversity on innovation by firm size.



Note: Firms with higher absorptive capacity better leverage board diversity for innovation.

Figure 3. Moderation plot: Effect of board diversity on innovation by absorptive capacity.

4.1. Effect of Board Diversity on Strategic Innovation

The analysis shows that having a diverse board has a big effect on how companies come up with new ideas. The results of multiple regression show that gender diversity ($\beta = 0.28$, $p < 0.01$), educational diversity ($\beta = 0.22$, $p < 0.05$), and professional diversity ($\beta = 0.25$, $p < 0.01$) are all positively related to higher levels of innovation activities, such as developing new products, improving processes, and using new business models. Experiential diversity, while positively correlated, exhibited a weaker and marginally significant impact ($\beta = 0.14$, $p = 0.08$).

These findings corroborate previous studies indicating that diverse boards contribute various perspectives and cognitive methodologies to decision-making, thereby promoting innovative solutions and strategic experimentation (Carmeli et al., 2011; Nielsen & Huse, 2010). For example, boards with people of different genders were seen to challenge traditional ways of thinking, which led to conversations about new market opportunities. Diversity in education and work also led to innovation by bringing together different skills and knowledge, which made it easier to solve strategic problems. Board diversity is a crucial precursor to strategic innovation as it broadens the repository of knowledge and viewpoints, aligning with the knowledge-based perspective and upper echelons theory.

4.2. Integrated Discussion

The research revealed a robust positive correlation between strategic innovation and corporate performance. Companies that were more innovative had better fi-

nancial results, such as return on assets (ROA) and revenue growth, as well as better non-financial results, such as customer satisfaction and brand reputation. In particular, regression analyses indicate that strategic innovation accounts for 32% of the variance in financial performance ($R^2 = 0.32$, $p < 0.01$) and 27% of the variance in non-financial performance ($R^2 = 0.27$, $p < 0.01$). These results support existing literature that recognizes strategic innovation as a catalyst for competitive advantage and organizational sustainability (Damanpour & Aravind, 2012; Zhou & Li, 2012). Companies can quickly adapt to changes in the market, set their products and services apart from those of their competitors, and find new ways to grow by using innovative strategies. Strategic innovation not only enhances efficiency and profitability but also strengthens intangible assets like organizational learning and stakeholder engagement.

Mediation analysis reveals that strategic innovation substantially mediates the relationship between board diversity and corporate performance. The indirect impact of gender, educational, and professional diversity on financial and non-financial performance via strategic innovation was statistically significant (95% CI did not encompass zero). This implies that diversity alone does not inherently lead to improved firm outcomes; rather, it facilitates innovation processes that subsequently elevate performance. This finding aligns with the assertion that innovation functions as the conduit connecting cognitive diversity at the board level to organizational success (Elbanna et al., 2020). For instance, boards with a variety of skills and points of view encourage working together to solve problems and try new things, which in the end improves the performance of the organization. Strategic innovation is the way that the benefits of having a diverse board show up in real performance results.

More research showed that contextual factors like the type of industry, the size of the company, and its ability to absorb new ideas affect the link between board diversity, strategic innovation, and corporate performance. In sectors that rely heavily on technology, diversity had a bigger effect on innovation than it did in traditional manufacturing companies. Likewise, larger companies with more absorptive capacity made better use of diverse boards, which led to better financial and non-financial results from innovation. These results support the idea that diversity has different effects depending on the organization and the environment (Harrison & Klein, 2007). Companies that have strong knowledge management systems and resources are better able to take advantage of the different kinds of knowledge and points of view that a diverse board can bring. Interpretation: Board diversity is important, but how well it works to boost innovation and performance depends on the company's internal strengths and the industry it is in.

Overall, the results show a clear link between board diversity, strategic innovation, and corporate performance, with the organizational context having an effect. The research offers empirical evidence that diversity is not merely a symbolic or compliance-driven characteristic; it significantly influences strategic thinking and innovation practices, which are essential for organizational success. Theoretically,

these findings enhance the upper echelons theory and the resource-based view by demonstrating that diverse cognitive resources at the board level lead to increased innovation capacity and, subsequently, enhanced firm performance. The study emphasizes the necessity of assembling and sustaining diverse boards and cultivating organizational environments conducive to innovation. Companies that do not value diversity might miss out on chances to be more innovative and get ahead of their competitors. Nonetheless, it is essential to acknowledge the constraints of this study. Due to the cross-sectional design of the analysis, it is unable to definitively establish causality among board diversity, strategic innovation, and performance. The observed associations are robust and theoretically substantiated; however, causality may also operate in the reverse direction. High-performing firms may be more inclined to attract or select diverse boards. To mitigate this limitation, subsequent research should utilise longitudinal or panel data to monitor these dynamics over time. Such designs would enable scholars to elucidate the directionality of relationships and provide a more profound understanding of the long-term mechanisms by which board diversity affects innovation and performance.

5. Summary

This study examined the correlation among board diversity, strategic innovation, and corporate performance. The results indicate that board diversity has a substantial impact on strategic innovation, particularly with gender, educational, and professional diversity demonstrating pronounced positive effects. Experiential diversity was positively correlated with innovation, albeit to a lesser extent. Strategic innovation was discovered to significantly influence corporate performance, improving both financial metrics, such as return on assets and revenue growth, and non-financial metrics, including customer satisfaction and brand reputation. The study importantly showed that strategic innovation is what connects board diversity to corporate performance. This means that the main way that diversity helps is by encouraging new ways of doing things. The analysis also showed how organizational and contextual factors can change the results. Companies that worked in technology-heavy fields, were bigger, and had more room to grow, were better able to use diverse boards to boost innovation and performance. The study offers substantial evidence that diverse boards function as a strategic asset, augmenting a firm's ability to innovate and attain enduring success when bolstered by favorable organizational conditions.

6. Conclusion

The study shows that having a diverse board is an important factor that affects a company's ability to innovate and its overall performance, as shown by companies in Oklahoma State. Having a diverse board means having people with different skills, backgrounds, and points of view. This fosters creativity, strategic problem-solving, and the search for new business opportunities. But just having a lot of

different points of view is not enough, companies need to be able to turn these different points of view into useful strategies for innovation if they want to see real benefits. Strategic innovation is the main way that board diversity improves both financial and non-financial performance in companies in Oklahoma State.

Furthermore, the effectiveness of board diversity is influenced by organizational and contextual factors relevant to the study domain. Companies in Oklahoma State that have a lot of resources, are open to new ideas, and have cultures that encourage innovation are better able to take advantage of the benefits of having diverse boards. The characteristics of the industry are also very important. Companies that use a lot of technology, for example, seem to get more out of having a diverse board than companies in more traditional fields. This makes it clear that board diversity should not be seen as just a symbolic gesture or a way to comply with rules, but as a strategic asset. When diversity is effectively integrated into organizational practices and strategic initiatives, it drives competitiveness, sustainable growth, and enhanced corporate performance in Oklahoma State. That being said, it is important to talk about the issue of causality directly. This study utilized a cross-sectional design, which examines relationships at a specific moment in time. Although the results indicate robust correlations among board diversity, strategic innovation, and firm performance, this design precludes definitive causal assertions. For instance, it is still possible that companies with better performance may get more diverse boards, or that the ability to innovate affects board composition instead of the other way around. Consequently, subsequent research ought to utilize longitudinal or panel data methodologies to monitor the evolution of board diversity, innovation, and performance over time. These approaches would elucidate the direction of causality and offer profound insights into the dynamic processes that connect board diversity to organizational success.

7. Recommendations

Based on the results of companies in Oklahoma State, managers, policymakers, and stakeholders can take a number of specific steps to improve corporate performance through board diversity and strategic innovation. First, companies that work in technology-heavy fields should see board diversity as a major factor in innovation. These companies should actively seek more gender, educational, and professional diversity because research shows that having a wide range of people on staff makes it much easier to come up with and put into action new ideas in markets that change quickly. Companies that do not work in technology may not see the same level of benefits. For them, the focus should be on using experiential diversity, like industry-specific knowledge and operational knowledge to encourage small changes that make things more efficient and improve service quality instead of big changes.

Second, the size of a company affects how well board diversity leads to new ideas and better performance. Larger companies in Oklahoma State should use formal systems, like board subcommittees for innovation or structured diversity

management policies, to bring together different points of view into clear strategies. This is because they have more resources and more complicated structures. Conversely, smaller companies may find that informal but flexible methods work better for them. In these methods, different board members are directly involved in making daily decisions, which makes it easier for the company to adapt to changes in the market.

Third, absorptive capacity became a significant moderating factor. Companies that can easily acquire, assimilate, and use outside knowledge should use the different points of view on their boards to help with research and development (R&D), partnerships, and creating new products. Companies that cannot absorb new information as well should first invest in building internal knowledge systems (like training, data analytics, and collaborative platforms) so that they can effectively use the different insights from the board. The benefits of diversity may not be fully realized without these basic skills.

Finally, all companies should use structured performance monitoring systems that look at more than just financial metrics. These systems should also look at innovation results like new product launches, process improvements, and customer satisfaction levels. For companies that use technology, the evaluation should focus on how well they respond to the market and how innovative their products are. For companies that do not use technology, the evaluation should focus on how well they serve customers, how much money they save, and how well they work with stakeholders. Companies can better align diversity-driven innovation strategies with measurable business goals by customizing performance metrics to the industry and the company's capacity.

Thus, the study emphasizes that board diversity is not a universal approach in Oklahoma State. The value of it depends on how the type of industry, the size of the company, and the absorptive capacity work together. When companies are aware of these possible events and make plans that take them into account, diversity on the board can become a real strategic asset that boosts competitiveness, long-term growth, and overall performance.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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