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Corporate Governance and Profitability: Evidence from Leadership Role Segregation and Gender Diversity in Dubai

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Abstract

Corporate governance plays a vital role in shaping organizational outcomes by aligning stakeholder interests, strengthening accountability, and influencing firm performance. While global research emphasizes the importance of governance reforms, the effects of specific mechanisms such as leadership role segregation and gender diversity remain contested. This study investigates how these two governance attributes affect firm profitability within the Dubai Stock Exchange, an emerging market where governance practices continue to evolve in line with global standards. Using secondary data from 20 listed firms and applying a quantitative research design, the analysis tests the impact of separating the roles of Chief Executive Officer and Chairperson alongside the presence of female directors on boards. Regression results indicate that both governance variables are positively associated with profitability, yet neither achieves statistical significance, and the model demonstrates limited explanatory power. These findings suggest that profitability in Dubai's listed firms may be driven more by structural, industry-specific, or macroeconomic factors than by the governance mechanisms examined in isolation. The results highlight the need to move beyond binary measurement of governance features, as tokenistic representation or formal structural separation may not capture their substantive impact on firm outcomes. The study contributes to the governance-performance debate by providing context-specific evidence from Dubai, emphasizing that governance reforms must be complemented by broader institutional and organizational conditions to generate measurable improvements in profitability.

Keywords: Corporate Governance, Gender Diversity, Leadership Structure, Firm Profitability

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1. INTRODUCTION

Corporate governance has emerged as a focal area of inquiry in both academic literature and professional discourse due to its critical influence on risk management, strategic decision-making, and organizational financial performance. At its core, corporate governance encompasses the formal and informal mechanisms—such as policies, institutional structures, and internal processes—through which corporate entities are directed, controlled, and held accountable. It seeks to align the interests of various stakeholders, including shareholders, executives, employees, customers, regulatory bodies, financiers, and the wider society. As global economies become increasingly interdependent and stakeholder expectations evolve, effective governance systems are increasingly recognized as essential for ensuring corporate sustainability, resilience, and ethical conduct.

As globalization increases market integration and creates new expectations by investors, the need for strong governance practices has increased dramatically. In this regard, the level of governance quality is increasingly considered as a key source of competitive advantage, especially in cases of industries dealing with fiduciary responsibilities and regulatory sensitivity such as insurance and financial services (Hassan et al, 2024; Musa, 2024; Siddique et al., 2025). Many of the scandals of corporate governance cases and the global financial crises during the past two decades have inspired the high variants of salience of corporate governance reform. As a result, the events have created an environment in whereby there is increasing pressure from various stakeholders, particularly institutional investors, for greater transparency, accountability of board members, and superior leadership frameworks. As a result, a rise in academic researchers and industry practitioners who have been interested in the aspects of individual governance mechanisms in the overall completeness of the firm level outcomes (profitability, growth, and risk management path) (Ibrahim and Rasheed, 2024;

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Das, 2024; Kanwal et al., 2025; Ncube and Agyemang, 2025). This study focuses on two governance aspects that remain at the forefront of the current debate and empirical analysis: the separation of the functions of the Chairperson and the Chief Executive Officer (CEO), and gender diversity on corporate boards. These variables were chosen because of the enduring nature of the issues they address and the theoretical and practical implications they have for the oversight and decision-making process of the organization.

The separation of the Chair and CEO roles is widely regarded as a critical structural feature in corporate governance. Proponents of role segregation argue that dividing these responsibilities enhances the independence of the board, strengthens oversight functions, and mitigates agency conflicts. The presence of an independent Chair is theorized to serve as a counterbalance to executive authority, thus promoting more objective strategic oversight and protecting shareholder interests (Jensen, 1993). However, the practice of CEO duality—where the same individual holds both roles—also has its advocates. Supporters contend that unified leadership can foster greater coherence in strategic vision, accelerate decision-making, and enhance organizational responsiveness, particularly in dynamic or crisis-prone environments. In such contexts, a consolidated leadership structure is perceived to reduce ambiguity, streamline communication, and enable faster execution of strategic initiatives (Ullah & Sohail, 2020; Mubeen et al., 2021; Bilal & Tanveer, 2023; Ahmad et al., 2025). These competing perspectives underscore the need for contextualized governance frameworks that account for industry characteristics, organizational maturity, and external volatility.

Board gender diversity has garnered increasing scholarly and regulatory attention in recent years, emerging as a critical element in debates on inclusive governance and corporate performance. A growing body of literature suggests that gender-diverse boards are associated with improved organizational reputation, more inclusive and balanced decision-making processes, and broader strategic vision (Sivakumar & Kumar, 2019; Carter et al., 2003; Mubeen et al., 2021; Turan, 2023; Mwamba, 2023; Senturk, 2023; Ahmad et al., 2025). Focusing on the resource-based view, proponents take the position that diverse leadership teams provide heterogeneous knowledge, experiences, and cognitive perspectives into the boardroom that boost the firm's ability to innovate, engage stakeholder resources, and solve problems more innovatively. However, such an optimistic view of the situation is not held by all. Some scholars have questioned the robustness and the consistency of the relationship between gender diversity and financial performance (Huseyin, 2023; Farooq et al., 2024; Biswas & Alim, 2024; Ishaque & Audi, 2024). Moreover, simply increasing the proportion of women serving on the board without necessarily adding to the effective participation of women in the decision-making process may not produce significant performance benefits.

Despite the voluminous writing on corporate governance, the empirical evidence on the financial consequences of board role separation and gender diversity on corporate boards is still mixed. While some of the research has reported positive effects of these associations with profitability and firm value, some others have failed to find any significant impact, and in some cases, have reported negative correlations (Saunders et al., 2019; Ngo, 2023; Riaz et al., 2024; Khan & Roy, 2025). This variation in results could be due to methodological disparities, a rise in institutional or market contexts, or a lack of detail in global governance variables operationalized and measured (Fadzil, 2021; Ali & Zhang, 2024). Specifically, there is an increasing need for research exploring individual governance practices, and not just using aggregate indices, to obtain a more in-depth analysis of their individual effect on firm outcomes. In the context of more governance-related conditions in the field of regulatory compliance in strategic risk management and even in investor relations, obtaining clear and evidenced insights regarding the performance implications of governance structures remains both timely and necessary.

This study aimed at addressing such research gaps in the following paper, where the effects of two selected, much-discussed governance variables are isolated and analyzed; these governance variables were the structure of board leadership-position of Chairman and Chief Executive Officer (separation), and Gender diversity. By concentrating on these particular attributes, the research seeks to increase precision in evaluating empirical evaluation and inflow in the improvement of governance-performance models. Furthermore, through an analysis of their effect in the context of the insurance industry in Malaysia, the research provides context-specific insights with practical implications to policymakers, regulators, and corporate decision-makers (Rasheed 2020 and Mirakhor 2021, and Rahman et al. 2024). Research designing a composite index of the various elements of governance confounds the influence of the different mechanisms and thus undermines the precision and interpretability of findings (Ismail & Ali, 2020; Mahmood et al., 2023; Hassan et al., 2023). In contrast, the present study follows a disaggregation method of corporate governance analysis by separately assessing the important attributes of governance. This is the methodological choice that proposes the opportunity for a nuanced study of the capacities of specific governance structures on an individual firm to affect the monetary results of an individual firm. Whilst binary measurement of governance features such as role separation or the presence of *jaa vide* released, such as gender, has been admonished as an oversimplified effort, it nevertheless, on any occasion, delivers conceptual clarity in completing the presence or absence of the indicated reforms and their direct associations with profitability. Theoretically, this study also belongs to the never-ending controversy between the agency theory and the theory of stewardship, two paradigms that create contrasting views of managerial behavior and the design of government. Agency theory states that the executives can decide to do whatever is in their own self-conceding interest unless they are checked by a system of controls. From this perspective, governance features such as the separation of CEOs and Chair as well as increased board diversity are features that serve as tools for reducing agency problems, control, and protection of shareholder value (Jensen, 1993). In contrast, from stewardship theory, is the belief that if those are trusted and empowered to act, then the executives in their stead will do the best for the firm. The replaced hierarchies of leadership and cooperative culture of boards around the world are seen not as a risk, but as the facilitators of trust,

cohesion, and strategy effectiveness. A characteristic feature to be sung in this study lies in the contextual specificity of this work. Unlike some of the governance-performance studies, which are based on multinational datasets or recreations of generalized models, this setting is grounded in a particular institutional and economic context - in this case, in the Malaysian case of the dual financial system of conventional and Islamic insurance. This focused approach makes the internal validity of the findings higher as a result of the ability to be more rigorous in controlling for the limitations in the context, including regulation frameworks, cultural norms, etc., and market dynamics. In doing so, the study is contributing a context-specific understanding of the broader ideas on the effectiveness of governance.

Considering this study from a broader point of view, it takes into consideration that the dimension of corporate governance is multi-dimensional in character, as affected by the institutional logics, stakeholder relationships, and the socio-cultural factors. Governance mechanisms do not operate on an insular basis, many times effectiveness of governance is contingent on firm specific capabilities, strategic priorities and outside environmental elements (Khan & Ullah, 2020; Khan, 2022; Alawadhi & Liu, 2023; Qureshi et al., 2023; Fatima et al., 2023; An & Rahman, 2024; Iqbal et al., 2025). As such, the research is consistent with concerns emerging for governance models, Sin swimming on structural configurations, but in which are incorporated process-based indicators: quality of engagement by boards; quality of decision-making, and accountability mechanisms. By targeting two much-debated features of governance - the segregation of leadership roles and the diversity of genders - with objective firm-level financial data, this study offers targeted information about how these attributes relate to financial performance. Unlike research that tends to generalize the outcomes of governance by composite indices, this was a disaggregated-level way of identifying discrete impacts contributing to better data for remaking the models of governance-work practices, as well as valuable practical implications to propose governance reforms of regulations and boards.

2. LITERATURE REVIEW

This literature review abstracts the theoretical knowledge and the contextual issues that influence the relationship between corporate governance and firm performance. Empirical evidence is considered, which shows that this relationship is multi-dimensional and conditional on certain governance characteristics and on organizational setting specifications. For instance, Adams et al (2010) emphasize the importance of board composition in catering to both the advisory and monitoring functions of boards, especially gender diversity. The results of their study concluded that compared to gender homogeneous boards, gender diverse boards have the tendency to achieve a higher quality of governance that leads to superior performance. Similarly, Carter et al (2003) found board diversity to have a positive relationship with firm value, as they believe it leads to a more expansive viewpoint for strategic perspectives and decision making in firms. However, not all board attributes have comparably positive effects. The meaning of board tenure, for example, may be significant. While the benefits of longer tenure can be associated with institutional memory, they can also have a negative side effect, that of diminished sensitivity and independence, which can further result in compromise in effective stewardship. This suggests that board performance potential must be viewed in a contextual manner based on company needs and governance environment.

During this period, the problem of the duality of the challenge has emerged as an essential conceptualization of the Chief Executive Officer, where the Chief Executive Officer is the Chairperson of the board; the issue of the governance of such has been a significant topic of the structure of the governance literature. Peter Yermack (1996) confirmed the existence of a positive support for higher market value based on lower organizational conflict and greater focus of authority. However, there are other studies that refute this assertion. For example, Mubeen et al. (2021) in their study through public company firms in China recognized that the duality of CEOs is negatively associated with profitability. Second, the negative correlation was moderated by firm size and level of firm commitment towards corporate social responsibility, which suggests that the value of leadership structure may vary given internal governance practices and strategic orientation towards the firm.

The debate on corporate governance has been enriched by recent empirical studies reflecting a broader, multi-dimensional impact of firm governance on organizational strength and longevity, financial reports, ownership structure, and shareholders' payoffs. Kabir et al. (2023) investigated firm behavior during the COVID-19 pandemic and determined that, more specifically, the performance of firms, in terms of poor profitability, was significantly smaller for firms with dual-tenure CEOs, for those CEOs who were also the company's Chairman/Chairwoman. These findings are in accord with the premise of stewardship theory that emphasizes that concentrated leadership is positively related to strategic integration and performance agility in a time of crisis and environmental uncertainty.

In a different direction, Oino (2019) determined that they exert significant positive impacts on the firm's liquidity, profitability, and loan portfolios' quality, which may be associated with a strong level of confidence on debenture holders' part due to the club quality of financial reporting by firms. This is clearly evidenced by firms like PDD Holdings, where firms with better disclosure of financial information have been known to have higher market valuation of their firms, and a lack of disclosure can lead to reputational damage and loss of market valuation of the firms. Such cases highlight the centrality of disclosure quality as a mediator between the governance practices and performance of the stock market. For example, ownership structure is considered an important factor in the quality of governance. La Porta et al. (1999) demonstrated a positive relation between the ability of companies operating in a country with a high legal protection for shareholders and their performance. The ownership structure of a firm also affects the quality of corporate governance; e.g., a family firm might be observed to have long-term (strategically oriented) managerial behavior and, at the same time, may have suffered from managerial entrenchment.

It has also been used to argue that governance is linked to compensation when it comes to the executive role, particularly in that compensation is seen as an incentive to motivate appropriate responses, which are primarily in the governance fields. Consequently, Core and Guay (1999) suggested that the concept of a performance-based incentive system (PBIS), which can align managerial objectives and the interests of stockholders, is excellent as a tool for attribution. However, their rubric or even separation of compensation can pose a risk of leading to a behavior that is otherwise inadequate representation, which can destroy value over time. Other studies also confirm the usefulness of the model of participatory governance: Gompers et al. (2003) showed that companies with good mechanisms of protection of the rights of the shareholder generally have more value and perform better than companies with lesser or no applied human rights protection. Importantly, though, governance reforms such as board independence have not always resulted in stable effects on a firm's performance. Bhagat and Bolton (2008) noted that even though these reforms are well-intentioned, these reforms might fail without the facilitating institutional forum. Their results indicate that governance structures need to be placed in an industry context and that regulatory quality and the size of firms need to be effective.

In the United Kingdom-based paper, Akbar et al. (2016) studied a sample of 435 non-financial publicly traded enterprises over a duration of 10 years (1999-2009) in order to explore the relationship between the presence of governance codes and firm performance. Applying a complex index of firm governance and controlling for the endogeneity using the GMM approach, the paper showed that the assumption of a causal relationship between firm governance codes and firm performance may be overstated. The authors conclude that previous results in the literature may be methodologically biased, and highlight the relevance of firm-specific capabilities in either moderating or not moderating the governance effects. Input from regional studies is also useful to improve understanding of the governance-performance linkages. Abdallah et al. (2017), using firms of GCC countries, find that governance quality has a positive relation with financial performance, which is particularly true for organizations with high government or domestic corporate ownership. Their findings emphasize the importance of ownership identification and institutional embeddedness to governance effectiveness.

Similarly, Ararat, Hortman, Arabacioglu, and Boz (2015) constructed the Turkish Corporate Governance Index (TCGI) to measure corporate governance applications of firms listed on the stock exchange in Turkey. They added dimension variables for disclosure, board structure, shareholder rights, and ownership concentration to the TCGI scores, and, with the selection of these dimensions, the TCGI scores consisted of higher scores correlated with greater market value. The academic literature on corporate governance also shows that the relation between governance mechanisms and firm performance is more complex and conditional than this study has considered, with the relationship varying by firm organizational characteristics, ownership regime, and institutional environments. Over the years, Brown (2006) analyzed the comparative relative explanatory power of governance quality versus operational variables such as market value and concluded that institutional ownership determines, to a great extent, governance effectiveness. This implies that external engagement of shareholders is critical for the board's behavior and the resulting outcome of the decision-making.

Ciftci et al. (2019) analyzed this issue for a context-specific sample of Turkish family firms and found that family firms indeed tend to outperform their external manager counterparts, mainly because of higher strategic orientation and a longer span between economic goals and visions. However, the study also warned that cross-ownership arrangement, in which firms act as cross stockholders, has a negative effect on firm performance. Additionally, they found that board size and foreign ownership are positively related to profitability, suggesting that governance variation, as well as international participation of the capital supply, stronger monitoring and higher firm value in Japanese firms.

Gupta et al. (2014) conducted a cross-national analysis of 1,736 firms from 22 countries and examined the interaction of legal framework, financial systems, and governance quality among different firms. Thorn, Jung, and Marginis (2006) found that firms located in common law countries and market-oriented financial systems have higher market valuations even after controlling for the legal foundation of governance. These results highlight the importance of external institutional environments in increasing or limiting the effectiveness of internal governance mechanisms. At the firm level, a study of specific governance characteristics, in analyzing corporate dividend policies, was also carried out by Iqbal et al. 2019 for a sample of 77 non-financial firms listed on the Karachi Stock Exchange. They found a positive correlation between board size and dividend disbursement, which leads to the argument that larger boards promote a broader outlook with greater accountability and make better decisions for greater shareholder returns.

Despite the abundance of literature linking corporate governance to firm performance, outcomes have been incomplete and contradictory, as the issue of CEO duality, particularly with respect to gender diversity, continues to be ambiguous. Notwithstanding the establishment of optimal structure in relation to effectiveness, some literature has found that duality between CEO and Chair (separate) improves independence and profitability (Jensen, 1993), and others have argued that the unified leadership is beneficial to enhance cohesion and resilience during crisis conditions (Kabir et al., 2023; Ullah & Sohail, 2020). Depending on context, and variables such as industry conformity or culture, female directors' concrete engagement, gender-competent representation in organizations, etc., and industry groups, however, the performance implications of gender-diverse boards are mixed (Carter et al., 2003; Adams et al., 2010; Huseyin, 2023; Farooq et al., 2024). Furthermore, generation of the literature is largely based on data from Western economies or generic cross-national data (Gupta et al., 2014; Akbar et al., 2016), which may not have reflected the institutional realities of emerging markets such as the GCC, where governance outcomes are affected by different ownership, regulatory, and cultural assumptions (Abdallah et al., 2017; Ararat et al., 2015). Despite Dubai's emergence as an international financial center, there is little empirical evidence on the effect of the segregation of leadership titles from the board diversity of women on the firm's profitability in the Dubai Stock Exchange, following a clear gap in examining these governance mechanisms in context.

3. RESEARCH METHODOLOGY

In this respect, the theoretical foundations of this paper are based on two main paradigms from the corporate governance literature, namely, agency theory and resource dependence theory, which are complemented by contextual references to stewardship theory. Taken together, these frameworks provide a multi-faceted conceptual framework that explains how certain governance structures - in particular, firm-level governance mechanisms of role segregation and presence of gender on boards - affect firm-level financial performance. What is known as the theory of agency (originally developed by Jensen & Meckling, 1976) focuses on the potential for conflict between managers and shareholders (which becomes more pronounced as executive authority becomes consolidated in the hands of managers). One of the important governance mechanisms in easing this conflict is the separation of the role of the Chief Executive Officer and Chairman, which is assumed to be in favor of independence of the board, exercise of oversight and control, and also curtail opportunism among the managers. Fama and Jensen (1983) likewise uphold this proposition based on citing evidence that separation between the leadership roles is an architectural protection from the over-much assertion of executive power to foster strategic decision-making that will be more objective. A vast number of empirical studies have found positive financial impact at firms that have adopted non-dual leadership structures - particularly in relatively discomforted operating environments. For example, Dalton 2007, formerly and truer in the present day, Hassan et al. 2023 have shown that CEO duality can be beneficial in times of crises, with the consolidating authorities potentially beneficial in preserving quicker decision-making and more coherent strategic leadership, and less ambiguity during times of crisis. These findings do offer support for the stewardship theory, which postulates that under conditions of intrinsically evolved executives who are evolved for acting in the best interest of the organization, centralization of power can possibly have a positive effect rather than a negative effect on firm performance.

In contemporaneously, resource dependence theory articulated by Pfeffer and Salancik (1978) states that corporate boards act as a reception press of external sources, information, and networks. Therefore, it had a great effect on the performance of firms. Within this framework, the notion of diversity on the board and gender diversity specifically is thought of as a good asset. Prescriptions for diverse boards assume that diversity on a board will lead to a broader array of perspectives, a lack of cognitive rigidity, and improved quality of decision will be improved. A lot of empirical papers have approved its beneficial pecuniary link of prevailing gender diverse governance preparations. For example, Adams and Ferreira (2009) have discovered that companies with more women on the board are more likely to be monitored and have better governance in general. More recently, this has found support in further research as well. According to a report by McKinsey & Company (2023) and Wand and Ahmad (2018), boards that are both gender-balanced report better results in many key financial parameters, such as returns on equity and shareholder value, compared to their counterparts. Margolis and Calderson (2021) go on to add that diversity in leadership helps to produce more ethical governance and enhance the trust of stockholders, such as right trends in today's environment for socially conscious investments.

By taking these viewpoints together, the current study starts off the assuming that the segregation of leadership positions and more gender representation are positively related to firm profit. Specifically, the research tests the relations in firms listed in a fast-growing financial market, the Dubai Stock Exchange, full of an expansive move towards corporate management norms in firms, and an increasing attention to the board professionalism and diversity agenda. As a result of tackling this double concern, both from a structural (role segregation) and demographic (gender diversity) governance antecedent perspective, a better picture of the individual and collective contribution to the financial performance is generated, contributing both to the development of the theory and also a practical perspective in EMEs. Based on an extensive review of the literature, the model of the study becomes:

$$\text{Profit}_{it} = \beta_0 + \beta_1 \text{Segregation}_{it} + \beta_2 \text{Gender Diversity}_{it} + \varepsilon_{it}$$

Where β_0 is the intercept, β_1 and β_2 are regression coefficients for each independent variable, and ε is the error term.

Table 1: Definitions of the Variables

Variable	Type	Operational Definition
Profit	Dependent	The net profit reported by the firm, measured in millions of US dollars.
Segregation	Independent	A dummy variable coded as 1 if the Chairman & CEO roles are separated; 0 if held by one person.
Gender Diversity	Independent	A dummy variable coded as 1 if there is at least one female board member; 0 otherwise.

3.1. RESEARCH DESIGN

The empirical design of this study is grounded in the quantitative research paradigm, which facilitates the objective assessment of the relationship between corporate governance mechanisms and firm financial performance. Specifically, the study examines the relationship between two governance features, afternoon of separation of the Chief Executive Officer (CEO) and Chairman functions, and gender diversity on corporate boards, and corporate performance measured in terms of profitability of listed firms in the Dubai Stock Exchange. The specific appropriateness of investing in the use of quantitative methods is that they allow for the objective testing of the hypothesized relationships by means of the statistical analysis of quantitative data. According to Saunders et al. (2019), quantitative methods are suitable where the purpose is the discovery of patterns, testing hypotheses, and generalizable conclusions based on quantitative variables of measurement. The philosophical orientation of the study is in line with positivism, which assumes that the phenomenon is objective and external to the researcher and can be observed and measured by empirical means. Positivist approaches

place a strong emphasis on empiricism, hypothesis testing, and statistical approaches to establishing causality. Bell et al. (2022) assert that corporatist positivism has dominated much of corporate governance research that looks to assess, for instance, how board structures, leadership, and ownership arrangements contribute to firm-level results. Within the context of this framework, the researcher is distanced from the focal subjects of study, maintains neutrality, and brings high replicability of results. In consonance with the above research paradigm, the present study employs a deductive reasoning method, where the researcher derives the theoretical propositions from sticking to existing literature for hypothesis development. As Bryman and Bell (2015) mention, deduction is the core of the scientific method and is the approach to move from general theoretical assertions to detailed empirical essays. Besides facilitating hypothesis testing, the developed approach also makes it possible to empirically test or falsify previously established theoretical assumptions about the nature of governance-performance relationships.

3.2. DATA SOURCE AND SAMPLING

This research makes use of one of the secondary data sources, consisting of structured governance and financial information for a sample of 20 firms listed on the Dubai Stock Exchange (DSE). There are company-level observations on governance variables, specifically CEO-Chairman role separation and gender diversity on boards, and the firm's profitability indicators, specifically net profit, which during this period is often reported in millions of US dollars. Governance attributes are represented by means of a binary classification, which leads to ease in regression modeling and statistical interpretation. However, the data set does not mention the industry for which the firms were sampled, and the geographic sub-classification, which may be presumed to indicate that the different sampled firms operate in different domains of the DSE listing without sectoral demarcation. The use of secondary data is deemed methodologically appropriate for this research, as it supports efficient empirical analysis and leverages validated, pre-existing information. In corporate governance research, secondary data is frequently employed due to its availability, standardization, and ability to enable replicability across studies. As Johnston (2017) notes, secondary datasets offer a cost-effective and ethically uncomplicated route for research, particularly when the data are publicly available and anonymized, as is the case here. These features eliminate concerns related to participant confidentiality, informed consent, and data protection, which often accompany primary data collection.

Despite the modest sample size, the selection of 20 firms is justified within the context of qualitative richness and binary variable analysis. As Creswell and Creswell (2018) argue, smaller samples can be appropriate in studies where each observation is examined with sufficient depth and where variables are limited to clearly defined categories. While this sample may not statistically represent the broader DSE or Middle Eastern market, it provides a valuable exploratory platform for assessing the effects of governance attributes on firm performance, particularly in an emerging financial ecosystem like Dubai. Given the scope and constraints of the available dataset, findings from this study should be interpreted cautiously and contextualized as preliminary evidence. Nonetheless, the analytical rigor applied to the dataset—combined with its relevance to contemporary governance debates—ensures that the research contributes meaningful insights to the broader corporate governance literature.

3.3. ETHICAL CONSIDERATIONS

This study adheres strictly to ethical research standards as it is based exclusively on secondary data sources and does not involve any direct engagement with human participants. According to this definition, the notions of informed consent, privacy, or risk to the participant are not appropriate in such a context or situation. HCDR made available data is royalty-free, anonymized, and non-sensitive, and is used for this study. Thus, there is no potential for individuals to be identified or for the data to be used for any harmful purpose on the internet.

The theoretical basis of the research was respect for transparency, integrity, and methodological rigor. All sources of information were accessed using legitimate and verifiable avenues, trusting that the information used was legitimate and sufficiently referenced in the appropriate way. Further to this, the studies were analyzed without adjustments and biases in a way that could affect findings. The interpretation was handled objectively, and all efforts were made to ensure that results were representative of the empirical evidence. By holding these standards, the study is then in line with the ethical standards given by research authorities and is in line with the more general expectations of transparency and accountability for empirical science more generally (Resnik, 2020). The fulfillment of its mission will increase the credibility of the research funding process and the results of the research developed.

3.4. LIMITATIONS

Although the approach used in the methodological framework followed through this study is coherent and analytical, there is a need to acknowledge some of the inherent limitations.

First, the empirical findings are only robust to the rather small sample size ($n = 20$). According to Field (2018), small samples could give rise to higher risks of Type II error. Therefore, the statistical power of the research would be lower, which would translate to lower quality of the coefficient estimates. This limitation means that the generalizability of results should not be extrapolated to the larger population of firms (especially outside of the Dubai Stock Exchange).

Second, the study makes use of binary operationalization of some outputs of independent variables, specifically, such things as gender diversity and CEO-Chairman role separation. While this approach makes it easy to be clear and simple when specifying a model, it may fail to capture the nuisance of governance mechanisms. For example, the coding of gender diversity in a dichotomous way ('yes' or 'no') means that it is impossible to capture the degree of diversity, which could be modeled using ratios or indices. This simplification may give up some explanatory depth of the analysis.

Third, the model didn't include firm-specific control variables like industry classification, firm size, leverage, or age. Prior studies have proven that these variables have a significant level that influence on firm profitability and its strategic

orientation (Bhagat and Bolton, 2008). The omission of these factors could result in the fear of omitted variable bias, which could make the estimated effects of the governance variables inaccurate.

Fourth, the study takes a cross-sectional design, so that it restricts, per se, the ability to formulate causal inferences. While cross-sectional models permit the use of snapshot-based associations, there remains no consideration of change over time or the dynamics of governance reforms and outcomes of performance. Employing a panel data approach may be able to provide more insights as it would capture the temporal effects and increase the internal validity of the model.

Fifth, the analytical model assumes linearity between governance attributes and profitability, presupposing a straight-line relationship. However, governance-performance interactions in the real world may exhibit nonlinear dynamics, involving thresholds, diminishing returns, or interaction effects, which cannot be captured through simple linear estimation techniques. Despite these methodological constraints, the design employed in this research presents a structured and logical framework for evaluating the effects of corporate governance mechanisms using the available data. It serves as a credible foundation for empirical exploration and paves the way for more sophisticated future research, potentially incorporating larger samples, longitudinal designs, and multivariate control structures.

4. RESULTS AND FINDINGS

The regression results presented in Table 2 offer insights into the relationship between two independent variables, segregation and gender diversity, and the dependent variable, though the specific outcome variable is not explicitly mentioned. Regardless, the interpretation below focuses on evaluating the statistical significance, explanatory power, and practical implications of the model as presented. The intercept coefficient (β_0) in the regression model is found to be statistically significant ($p = 0.000$), indicating that when both governance attributes—segregation of the CEO and Chairman roles and gender diversity on the board are absent (i.e., both coded as 0), the predicted level of firm profitability is approximately 11.94 million USD. This estimate provides a foundational reference point, reflecting the average profitability of firms that do not adopt the specified governance mechanisms. In regression analysis, the constant term is critical for establishing the baseline condition of the dependent variable when all predictors are at their minimum or zero level (Wooldridge, 2013). Its statistical significance implies that the baseline model holds predictive value and supports meaningful interpretation of the marginal effects of the independent variables (Gujarati & Porter, 2009). Moreover, the result aligns with prior governance literature that underscores the relevance of baseline profit levels in evaluating how different corporate governance mechanisms influence firm outcomes (Bhagat & Bolton, 2008; Adams et al., 2010). Particularly in corporate finance and econometric modeling, a statistically significant intercept can signal the presence of structural profitability determinants independent of observable governance attributes (Baltagi, 2008).

The estimated coefficient for segregation of leadership roles ($\beta_1 = 0.2387$) is positive but statistically insignificant, as indicated by its p -value of 0.565 and a t -statistic of only 0.578. These results suggest that the variable does not exert a statistically meaningful influence on firm profitability within the current model specification. The magnitude of the standard error relative to the coefficient further reflects a high degree of estimation uncertainty, implying that the relationship between role segregation and profitability lacks precision. From a statistical perspective, this outcome implies insufficient evidence to conclude that separating the roles of CEO and Chairman has any systematic impact on profitability in the sampled firms. This finding contrasts with agency theory, which posits that role segregation enhances board independence and managerial accountability, thereby improving firm performance (Jensen & Meckling, 1976; Fama & Jensen, 1983). However, the lack of statistical significance aligns with recent empirical literature suggesting that the performance implications of leadership structure are often context-dependent and non-generalizable (Bhagat & Bolton, 2008; Adams et al., 2010). Moreover, the possibility of model misspecification or omitted variable bias cannot be ruled out. The absence of firm-level controls such as size, leverage, or industry effects may attenuate the observed association, leading to biased or imprecise estimates (Gujarati & Porter, 2009). As such, while the theoretical rationale for CEO-Chairman separation remains strong, the empirical evidence in this specific sample does not support a direct, statistically significant relationship between segregation and profitability.

The coefficient for gender diversity on the board ($\beta_2 = 0.305$) is positive but not statistically significant, as shown by its p -value of 0.490 and a t -statistic of 0.698. Although the direction of the coefficient implies a marginal increase in profitability for firms with gender-diverse boards, the lack of significance indicates that this relationship is not robust within the present sample and model specification. The relatively large standard error compared to the size of the coefficient further underscores the imprecision of this estimate. From an inferential standpoint, this finding does not provide statistical support for the argument that gender diversity independently contributes to firm profitability in this context. This result contrasts with many studies in corporate governance literature that have linked gender diversity with improved strategic decision-making, better risk oversight, and long-term financial performance (Carter et al., 2003; Adams & Ferreira, 2009; Terjesen et al., 2009). However, it resonates with more nuanced perspectives suggesting that the impact of gender diversity may be conditional upon firm-specific, cultural, or institutional factors, and may not manifest uniformly across all organizational settings (Farooq et al., 2024; Huseyin, 2023). Additionally, the binary operationalization of gender diversity in this study—measured only as the presence or absence of women on the board—may obscure more granular effects related to the proportion, influence, or seniority of female directors (Post & Byron, 2015). Scholars have highlighted that tokenistic representation may not yield meaningful outcomes unless women are fully integrated into leadership and decision-making roles (Torchia et al., 2011).

The R-squared value of 0.032 indicates that only 3.2% of the variation in the dependent variable is explained by the model. The adjusted R-squared, which corrects for the number of predictors relative to the sample size, is even lower at

0.007. These values suggest that the model has very weak explanatory power. The independent variables together do not account for a meaningful portion of the variation in the dependent outcome. With a relatively small sample size of 56 observations, the analysis may be underpowered, particularly for detecting subtle or moderate effects. Low statistical power can result in insignificant findings even when real relationships exist. That said, even in this limited sample, the direction and magnitude of the coefficients suggest that the relationships, if present at all, are likely weak.

Table 2: Regression Outcomes

Variable	Coefficient	Std. Error	t-Statistic	p-Value
Constant (β_0)	11.9442	1.274	9.373	0
Segregation (β_1)	0.2387	0.413	0.578	0.565
Gender Diversity (β_2)	0.305	0.437	0.698	0.49

5. CONCLUSIONS

This study examined the influence of two core corporate governance mechanisms—segregation of leadership roles and gender diversity on boards—on the profitability of firms listed on the Dubai Stock Exchange. The results from the regression analysis indicated that neither leadership role segregation nor gender diversity displayed statistically significant effects on profitability within the observed sample. While both variables showed positive coefficients, suggesting a potential directional link, their lack of significance highlights the limited explanatory power of these governance features in isolation. The very low R-squared values further confirmed that the model accounted for only a small proportion of the variance in profitability, underscoring the importance of other factors not captured in this study. The findings suggest that firm profitability in the Dubai Stock Exchange may be shaped more strongly by additional determinants such as industry structure, firm size, financial leverage, or macroeconomic conditions rather than by the governance mechanisms analyzed here. The significant constant term points to underlying structural drivers of profitability independent of the governance attributes under investigation, reinforcing the idea that corporate outcomes are influenced by a complex interplay of internal capabilities and external conditions. From a theoretical perspective, the results reflect the continuing tension between agency theory and stewardship theory regarding leadership structure. While agency theory predicts gains from separating the roles of Chief Executive Officer and Chair, the absence of a significant effect in this sample suggests that unified or segregated leadership may not by itself determine profitability outcomes. Similarly, while gender diversity is often assumed to enrich board decision-making, the results here point to the possibility that simple binary representation may be insufficient to influence financial outcomes meaningfully without deeper integration and substantive participation. The study is limited by its modest sample size, binary measurement of governance features, and omission of firm-level controls. These constraints may account for the weak explanatory power of the model. Nevertheless, the research contributes to the ongoing debate by offering context-specific evidence from Dubai's evolving financial market. Future studies with larger samples, sectoral controls, and longitudinal designs could provide more conclusive insights into how governance reforms translate into financial performance within this and similar emerging market contexts.

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