IMPACT OF BOARD GENDER DIVERSITY, FOREIGN OWNERSHIP, AND OWNERSHIP CONCENTRATION ON CORPORATE FINANCIAL DECISIONS AND FIRM VALUE: EVIDENCE FROM THE TEXTILE SECTOR OF PAKISTAN

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Abstract. *This research examines how diversity on corporate boards, foreign ownership, and block holders' ownership affect business performance and financial decisions, including investment, financing, and dividends. This information is obtained from the annual reports of textile companies listed on the Pakistan Stock Exchange between 2016-2023. The findings were estimated using a panel data methodology, the pooled ordinary least squares method. The findings demonstrate a positive relationship betwen board diversity and investment in operational assets and a negative relationship between financing and business success. Investment in operational assets is inversely related to foreign ownership, but dividends and firm performance are positively related. Blockholders' ownership and dividends and the company's profitability have a positive relationship. The study's findings indicate that diversity on boards and ownership structure (including foreign and blockholder ownership) significantly impact financial decision-making and business performance. This research also found that agency theory, pecking order theory, and trade-off theory can explain Pakistani non-financial listed firms' financial behaviour. The study's results may aid firm management make crucial decisions.*

Key Words: *Board diversity, Investment, Financing, Dividend, Security Exchange Commision.*

1. Introduction

This research examines how Board gender diversity, foreign ownership, and concentration affect corporate financial decisions and firm value. Corporate finance focuses on investment, financing, and dividends. Finance managers should carefully make investment, financing, and dividend decisions to maximise shareholder value. The board of directors makes investment decisions for the company's shareholders as part of financial management [50]. Globalisation and financial market integration have made standards for corporate governance more important in developing countries like Pakistan. Pakistan's rising position and distinctive economic climate make it an appropriate framework for evaluating these concerns. Pakistani researchers have extensively studied business governance, recognising its importance. The SECP published the corporate governance code in 2002. Pakistan criticised the project for operational concerns such as conflicts of interest, short-term objectives over long-term goals, and corporate governance [32].

1.1. *Problem Statement*

Pakistan's Securities and Exchange Commission is a government body that improves corporate governance. SECP published the first Code of Corporate Governance (CCG) in 2002; an amended code was introduced in 2012. SECP continues to enhance governance across the Country. Women are becoming more prevalent and attracting authorities' notice. Under Section 154 of the Firms Act 2017, all public firms must include women on their boards. SECP proposed gender diversity in board composition and suggested female directors. All listed firms must have at least one female director per CCG Regulation 7. Does gender diversity on boards affect business finance decisions? The researchers should pay close attention to this topic since it is important. Foreign direct investment is crucial to economic growth; thus, studies must determine how foreign investor shares affect business financial decisions. To raise capital, a public limited corporation opens its doors to the public. This operation capitalises on the status of a public limited corporation and disperses ownership. The key concerns are how ownership concentration influences business financial choices and how distributed ownership structure is. In conclusion, little research on board diversity, foreign ownership, and ownership concentration on business financial choices suggests this empirical investigation is necessary.

1.2. *Objectives of Research*

This study aims at achieving three goals namely: to answer whether board gender diversity has any impact on financial decisions, to test whether foreign shares and block-held shares have any impact on financial decisions and lastly, to answer whether gender diversity, foreign ownership and ownership concentration have any impact on value of firms.

2. Literature Review

2.1. *Agency Theory*

The agency theory states that most organisational activity is motivated by self-interest. Shareholders can be selectively notified by the management in spite of an information asymmetry [1]. This kind of control over vital information makes the conflict between the managers (agents) and the shareholders (principals) harder. As [28] suggests, the board of directors in large companies gives credible information to owners of the respective firms, hence enhancing managerial control. Agency theory entails dividend payment, leverage, management equity income and board composition. According to the literature of the agency, the board of directors oversees the interests of shareholders and the management to ensure that they meet [7]. [44], use agency theory to examine the impact of the board gender diversity on corporate profitability. Successful companies employed diverse men and women that were positively linked with performance in finance. Their distinct cognitive processes made [44] determine that female directors were more successful in their monitor skills. Corporate boards that have women also facilitate managerial accountability. The agency theory also provides that when ownership is concentrated, it enhances monitoring and minimises the conflict of interests between the value-maximising shareholders in the firm and the self-interested management this is the alignment effect.

2.2. *Board Diversity*

The gender theory holds that women are economically successful due to their ethics and ideals. Women are more ethical, sensitive to social interaction and compliant to norms according to research in relation to men. Gender balance in boards has an impact on business risk taking and decision making. The role of the women on boards is more and more influential on the corporate governance, financial performance, and risk management. It has been found that

female directors enhance governance, risk-taking, and success in finances [9]. Female directors are better monitors of performance in management as they need more accountability and less opportunism than their male counterparts. [10], discovered that female board directors are more accountable and attend more meetings than their male counterparts. Directors and female managers bring more success to the business finances. An increased score in female board members enhances the public openness, management control, earnings quality, and informed decision making. [36] found that female board directors raise the efficiency of the firm credit rating. [35] and [13] found that having a women in the board of directors increases the dividend payout ratio. In addition, investment efficiency eases board diversity and dividend policy[34], and[43], found out that corporate board gender diversity in developing nations had a negative influence on cash dividend payouts. [37], informs that an investment made by a corporation is positively affected by the existence of female directors in the board. The efficiency of investments in organisations having multiple female directors is higher. [32], discovered that there is a significant negative correlation between financing and board gender diversity. This implies that gender diversity in a board can minimise the risks of default of microfinance institutions (MFIs) and reduce the costs of financing businesses. [27] and [44] discovered that women in the board can increase business performance except the performance of female CEOs in terms of return on assets. [20]. The statistically significant negative impact of the gender diversity of boards on ROA and ROE.

2.3. *Foreign Ownership*

Foreign ownership has been shown to significantly impact financial decision-making in several countries. According to [29], developing country investors generally consider foreign investors more knowledgeable. Their increased knowledge, expertise, and financial market experience may explain this opinion. [31], found that foreign-owned enterprises paid higher dividends. This study supports the assumption that significant foreign investors prefer incentivising or seeking dividends from firms to overcome the agency problem. In addition, research has indicated that companies are more likely to increase the size of dividend payments when foreign investors are involved [46]. When investors cannot effectively solve agency concerns, dividends are considered a way to reduce future risks and uncertainties. Since dividends are seen as a desirable source of income by investors worldwide, [24], found a positive relationship between foreign ownership and dividend disbursements. [49], analysis suggests foreign ownership negatively affects corporate investment efficiency. According to 8], and [49], foreign investors with a high-risk aversion prefer to tightly regulate management to guarantee that companies only engage in safe operations. Moreover, studies have shown that foreign investors have a higher likelihood of leading the firms to raise the amount of dividends paid [46]. In cases where investors are unable to efficiently resolve the issue of agency, dividends are taken to be one of the means of minimizing future risks and uncertainty. Given that dividends are perceived to be an attractive source of revenue to investors across the globe, [24], discovered that there is a positive relationship between foreign ownership and dividend payments. [49], an analysis indicates that foreign ownership has a negative impact on the efficiency of corporate investment. It is claimed that a foreign investor with a high-risk aversion would like to have tight control over management to ensure that the companies only venture into safe operations as per [8], and [49] [52], found a significant correlation between foreign ownership, investment efficiency, and financing choices when governments lose power and national governance institutions weaken. [26], found that foreign ownership improves risk propensity, working

capital value, and investment efficiency. Both [51] and [40], found that foreign ownership positively affects a company's financial performance. The favourable corelation between between performance and foreign ownership was shown [25]. [17], found that foreign ownership increases profits and productivity. Technology and human resource-intensive companies are significantly influenced by this trend. Foreign stock may improve the firm's informational dynamics. Dual-listed local enterprises adopt international principles after listing[38]. Due to improved country governance and commercial processes, local enterprises partially controlled by foreign corporations may perform better. Additionally, international managers may assist local enterprises independently.

2.4. *Ownership Concentration*

The degree to which investors own a disproportionate number of shares in a company is known as ownership concentration. 3], found a significant positive correlation between publicly listed companies' ownership concentration, dividend payment frequency, and size. According to [4], there is a negative correlation between dividends and concentration of ownership. This analysis supports agency theories that dividend policy helps shareholders oversee firm actions. Research conducted by [53], shows that ownership concentration is positively and statistically significantly affected by dividend distribution. [19], found that large-block ownership boosts a firm's investment and performance. This relationship is not influenced by the identification of the controlling stockholders. [48], significant positive relation between ownership and financing decisions was found. On the one hand, ownership structure influences the risk of bankruptcy, funding and valuation of the firm. [6], found a positive statistically significant relationship between ownership concentration and firm performance. This demonstrates that big owners have to intensify managerial incentives to accommodate shareholder interests.

2.5. *Firm Size*

The company size is calculated on the basis of the total value of assets. Access of high-growth firms to the capital market also has minor concerns, since such investors [23] prefer them [41] found out that the size of a firm positively affects the decision to pay dividend. The asset portfolio management and composition determine the decision-making process of investments. Investments are the ones that yield capital returns. The developing economy which is fast growing is offering several entry opportunities. Financial performance of any firm reflects the level of efficiency of the core business model in terms of its use of assets in generating revenue. In [30], the firm size has a negative and significant relationship with the investment decisions with larger companies being already in their later life cycles and thus, they do not need as much capital accumulation. The relevance of the business size in determining of financial decisions is not new. This observation was made by [30] who noted that financing decisions were negatively correlated with the size of the firm. The relationship with the financial decision-making was anticipated to be better in smaller businesses than in larger firms[41]. [18], it was found that there is negative correlation between the size of a business and the financing decisions. [2], through the research, the researcher established a positive relationship between overall assets, sales and workers in all three models. However, profitability is negatively associated with the size of firms [16]. [11], research has found out that there are no correlations between the size of businesses and the profitability.

2.6. *Liquidity*

The liquidity of a firm also determines its capacity to pay its financial obligations, settle debt and other unforeseen expenses, and this is a direct result of the company liquidity, which

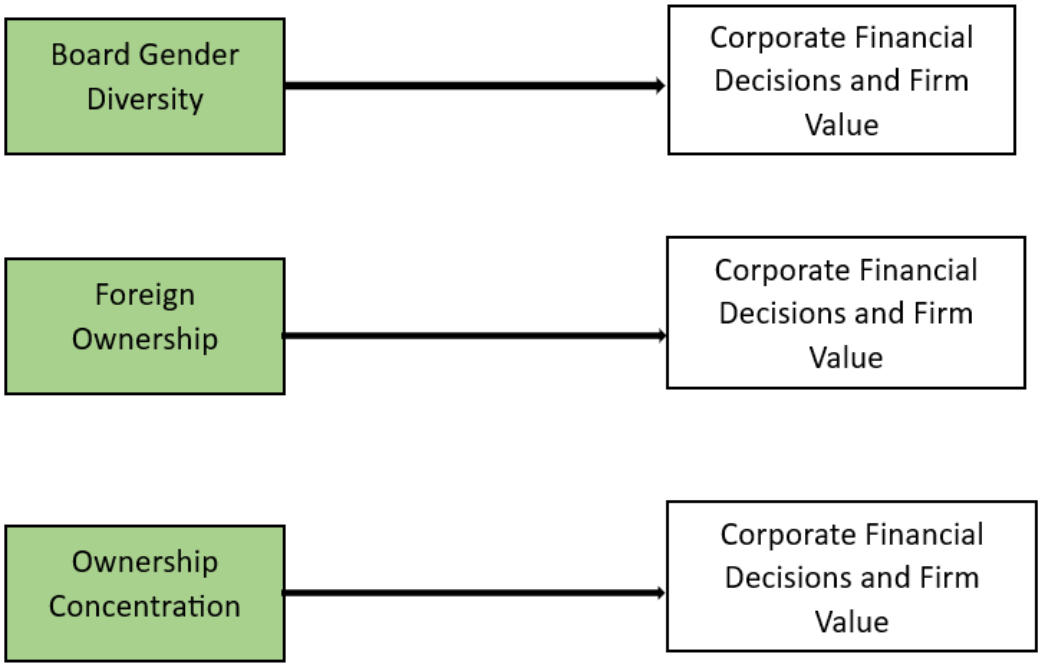
enlightens the stakeholders of the presence of cash within the company. The liquidity will indicate the ability of a company to meet the short-term financial obligations as they become due using the readily available liquid assets [15]. Liquid companies are better able to pay dividends. [22], it was reported that liquidity positively impacted on dividend policy. [45], it was reported that liquidity did not impact on dividend policy in a statistically significant way. [5], it used panel data, which comprised of a large sample of US-based enterprises to test the relationship between cash reserves and firm investment. This has been empirically demonstrated because the correlation between investment and cash holdings is low. The pecking order theory states that high liquidity organisations will have high profits which are able to fund projects and thus, the negative correlation between liquidity and financing decision is anticipated. The results of [6] indicated that the relationship between liquidity and financing is very negative. The liquidity indicates the way a business covers the short-term commitments. [47], they found out that working capital management would increase profitability.

3. Research Methodology

3.1. *Data*

The researchers examined the effects of ownership concentration, foreign ownership, and board diversity on corporate financial decisions and firm value using data from the State Bank of Pakistan's income statement and balance sheet. The researchers examined how these characteristics affect corporate finances. A time span spanning from 2016 to 2023 was used to construct the data. SBP does not collect data on corporate gender diversity, foreign ownership, or concentration. I obtained the businesses' annual reports from their websites within the time restriction to do this. As a result, I was able to get the necessary information. There are 816 observations and 102 textile companies in the sample.

3.2. *Framework*



3.3. *Variables and Operationalisation*

In Table 1, variables were defined from literature reviews for meaningful comparison.

Table 1: Variables' Operationalisation

Variable	Symbol	Definition
Investment	INV_{it}	Fixed operating assets divided by total assets.
Financing	FIN_{it}	Total debt to total assets.
Dividend	DIV_{it}	Dividend to outstanding common stocks.
Profitability	$PROF_{it}$	Profit before taxes to total assets.
Firm value	FV_{it}	Natural log of market capitalisation. The product of the current market price and outstanding common stocks is market capitalisation.
Board diversity	$BDIV_{it}$	Female directors to total directors.
Foreign ownership	$FOWN_{it}$	Foreign investors' shares to common stocks as a proportion of shares outstand.
Ownership concentration	$OWNC_{it}$	Five individual largest shareholders' shares to outstand common stocks.
Firm size	SIZ_{it}	Natural log of total assets.

3.4. *SMethodology*

It employed a panel data approach based on pooled OLS approach; this empirical study investigated the relationship between diversity on boards, ownership concentration and foreign ownership and the financial choices and the value of firms. The analyzed data are analyzed using STATA software. Estimating panel data is important and helpful when dealing with econometric data [14]. The panel data analysis also indicates that there are acceptable data points that are acceptable to the time series cross-section. It offers a diverse range of ways of estimating values and takes into account every individual in the cross-sectional data across various times. The set of matrices consists of panel data, which is pooled.

The following is a representation of the basic regression equations:

$$INV_{it} = \partial + \beta_1 BDIV_{it} + \beta_2 FOWN_{it} + \beta_3 OWNC_{it} + \beta_4 SIZ_{it} + \beta_5 PROF_{it} + \varepsilon_{it}$$

$$FIN_{it} = \partial + \beta_1 BDIV_{it} + \beta_2 FOWN_{it} + \beta_3 OWNC_{it} + \beta_4 SIZ_{it} + \beta_5 PROF_{it} + \varepsilon_{it}$$

$$DIV_{it} = \partial + \beta_1 BDIV_{it} + \beta_2 FOWN_{it} + \beta_3 OWNC_{it} + \beta_4 SIZ_{it} + \beta_5 PROF_{it} + \varepsilon_{it}$$

$$FV_{it} = \partial + \beta_1 BDIV_{it} + \beta_2 FOWN_{it} + \beta_3 OWNC_{it} + \beta_4 SIZ_{it} + \beta_5 PROF_{it} + \varepsilon_{it}$$

4. Results and Analysis

4.1. *Summary of Descriptive Statistics*

Table 2 provides a summary of descriptive statistics of variables in terms of 816 observations. The dataset is varied as the mean of the values is between 19.7908 of firm value and 0.4983 of investment. The standard deviations are high and financing has the highest value of 1.4645, which implies that there is a lot of variances in the financial performance. The dividend maximum value is 333.0000 and this shows existence of extreme outliers. Most of the variables have minimum values near to zero, the only exception being profitability that has minimum value of -0.6802. There is high standard deviation of 4.9660 indicating high variability in the liquidity of firms. These statistics show the heterogeneity and heterogeneity of the sample.

Table 2:

Descriptive Statistics summary

Variable	*Obs*	*Mean*	*Std. Dev.*	*Min*	*Max*
INV_{it}	816	0.4983	0.2521	0.0000	0.6698
FIN_{it}	816	0.8053	1.4645	0.0120	24.4783
DIV_{it}	816	3.2002	17.7504	0	333.0000
$PROF_{it}$	816	0.9170	2.4754	-0.6802	70.6301
FV_{it}	816	19.7908	1.7447	15.8949	25.2823
$BDIV_{it}$	816	0.1486	0.1488701	0.0000	0.7143
$FOWN_{it}$	816	0.0060	0.0430405	0.0000	0.5286
$OWNC_{it}$	816	0.6663	0.2026014	0.2110	2.7854
SIZ_{it}	816	14.899	1.6616	10.1536	18.9529
LIQ_{it}	816	1.5899	4.9660	0.0001	75.7608

4.2. *Correlation Analysis*

The correlation analysis shows that there are strong relationships between different financial as well as firm-specific variables. The INV and FIN show a negative correlation with INV and FV (-0.060 and -0.250) which indicates that the increased investment is associated with low financial performance and value of the firm. The correlation between PROF and FV (0.679***) is positive which shows that the greater the profitability of firms the higher the firm value can be. The two variables DIV and FIN are weakly related (-0.038), and DIV is also positively associated with FV (0.111***); however, the association is not that strong. LIQ is negatively correlated with INV (-0.217***) and SIZ (-0.184 -), which means that the greater the liquidity level, the lower the level of investment and firm size. Lastly, SIZ is positively related to FV (0.679***) and PROF (0.149**), which means that bigger companies have more chances to be more profitable and have a higher value of the company. These correlations indicate the important dynamics in the dataset, which demonstrate the complicated interrelationship between the variables

	INV_{it}	FIN_{it}	DIV_{it}	$PROF_{it}$	FV_{it}	$BDIV_{it}$	$FOWN_{it}$	$OWNC_{it}$	SIZ_{it}	LIQ_{it}
INV_{it}	1.000									
FIN_{it}	-0.06***	1.000								
DIV_{it}	-0.102***	-0.038	1.000							
$PROF_{it}$	-0.052	0.469***	0.003	1.000						
FV_{it}	-0.250***	-0.142***	0.111***	-0.030	1.000					
$BDIV_{it}$	0.0223***	-0.022	-0.071*	-0.004	-0.097**	1.000				
$FOWN_{it}$	-0.083***	-0.037	-0.012	-0.003	0.150***	-0.017	1.000			
$OWNC_{it}$	0.046	-0.044	-0.086**	-0.028	-0.039	0.169***	0.023	1.000		
SIZ_{it}	-0.175***	-0.218***	0.149***	-0.082*	0.679***	-0.205***	0.076*	-0.087**	1.000	
LIQ_{it}	-0.217***	-0.090**	0.033	-0.009	-0.009	0.248***	-0.013	0.019	-0.184***	1.000

4.3. *Regression Analysis*

Table 3 indicates it has a positive yet statistically significant effect (p = 0.000) on investment decisions of board gender diversity. Foreign ownership bodes ill with investment decisions. Liquidity influences the investment decisions adversely. Weak yet positive results indicate that there is no pattern on how ownership concentration relates to investment decisions. The negative relationship between company size and investment is an indication that asset income decreases investment. Model does have statistical significance.

Table 3: Impact on Board Gender Diversity, Foreign Ownership and Ownership Concentration on Investment Decisions

Variable	***Coeff.***	***Std. Err.***	***T***	***P> |t|***
$BDIV_{it}$	0.0255	0.0593	-0.4300	0.000
$FOWN_{it}$	-0.4272	0.1941	-2.2000	0.028
$OWNC_{it}$	0.0347	0.0418	0.8300	0.4070
SIZ_{it}	-0.0378	0.0535	-0.7100	0.000
LIQ_{it}	-0.0138	0.0017	-7.8600	0.000
FIN_{it}	0.0227	0.0066	-3.4100	0.001
$PROF_{it}$	-0.0012	0.0038143	-0.3300	0.000
_cons	1.0866	0.0899	12.0900	0.000
N	816	R2		0.1188
F (7, 808)	31.11	Adj R^2		0.1112
Prob > F	0.000	Root MSE		0.2377

In Table 4, board gender diversity is negative and statistically significant (p = 0.0366), demonstrating a moderate negative association with funding choices. Foreign ownership has no statistically significant effect on financing choices. Negative ownership concentration suggests

little effect. Larger organizations could be less reliant on external finance since company size adversely impacts financing choices. Financial decisions are negatively correlated with liquidity (-0.0429), implying that more liquidity lessens the requirement for external funding. Profitability is substantially correlated with financing choices (p = 0.0000), suggesting that more profitable businesses are more likely to get finance.

Table 4: Impact of Board Gender Diversity, Foreign Ownership and Ownership Concentration on Financing Decisions

Variable	***Coeff.***	***Std. Err.***	***T***	***P> |t|***
$BDIV_{it}$	-0.2813	0.3111	-0.9000	0.0366
$FOWN_{it}$	-0.9763	1.0209	-0.9600	0.3390
$OWNC_{it}$	-0.2797	0.2194	-1.27	0.2030
SIZ_{it}	-0.2069	0.0280	-7.3000	0.0000
LIQ_{it}	-0.0429	0.0098	-4.5100	0.0000
INV_{it}	0.6248	0.1832	-3.4100	0.0010
$PROF_{it}$	-0.2614	0.0177	14.71	0.0000
_cons	4.4782	0.4876758	9.1800	0.0000
N	816	R2		0.2814
F (7, 808)	4521	Adj R^2		0.2752
Prob > F	0.000	Root MSE		1.2468

The Table 5 tells that board gender diversity has an insignificant negative relationship, suggesting no substantial effect on dividend decisions. Foreign ownership has a positive insignificant relationship, indicating weak evidence of its influence on dividend decisions. Ownership concentration shows a positive but insignificant effect, suggesting a potential but weak impact. The effect of company size is notably positive, suggesting that larger business are more likely to provide dividends. Liquidity shows small positive but statistically insignificant results, implying limited influence on dividend policies. Profitability shows a positive but weak relationship with dividend decisions, indicating a slight tendency for more profitable companies to distribute dividends.

Table 5: Impact of Board Gender Diversity, Foreign Ownership and Ownership Concentration on Dividend Decisions

Variable	***Coeff.***	***Std. Err.***	***T***	***P> |t|***
$BDIV_{it}$	-5.8022	4.3641	-1.3300	0.1840
$FOWN_{it}$	10.9611	14.3185	-0.7700	0.0440
$OWNC_{it}$	5.5087	3.0785	-1.7900	0.0740
SIZ_{it}	1.4407	0.3933	3.6600	0.0000
LIQ_{it}	0.2006	0.13302	1.5100	0.1320

INV_{it}	-4.6479	2.5699	-1.8100	0.0410
$PROF_{it}$	0.0625	0.2492	0.2500	0.028
_Cons	-11.6764	6.8398	-1.7100	0.0880
N	818	R^2		0.0378
F (7, 808)	4.54	Adj R^2		0.0295
Prob > F	0.0001	Root MSE		17.487

Table 6 demonstrates board gender diversity adversely impacts profitability insignificantly. Positive statistically insignificant findings show foreign ownership has little influence on profitability. Ownership concentration positively affects profitability but not significantly. Firm size positively and statistically significantly affects profitability, showing bigger enterprises are more lucrative. A negative liquidity effect has minimal impact on profitability.

Table 6: Impact of Board Gender Diversity, Foreign Ownership and Ownership Concentration on Profitability

Variable	***Coeff.***	***Std. Err.***	***T***	***P> |t|***
$BDIV_{it}$	-0.0622	0.5469	0.1100	0.0090
$FOWN_{it}$	0.7917	1.7892	0.4400	0.0500
$OWNC_{it}$	0.0754	0.3859	-0.2000	0.8450
SIZ_{it}	0.0428	0.0494	0.8700	0.0386
LIQ_{it}	-0.0193	0.0162	1.1900	0.2360
FIN_{it}	-0.8107	0.0543	14.92	0.0000
Cons	-1.1934	0.8276	-1.4400	0.150
N	816	R^2		0.2226
F (7, 809)	38.61	Adj R^2		0.2168
Prob > F	0.000	Root MSE		2.1907

Table 7 demonstrates that the diversity in gender of boards has a positive insignificant relationship with the company value. Greater foreign ownership enhances business value as reported to significant positive results. Little positive impact on business value is also caused by ownership concentration. More significant enterprises mean more, which is reflected in a positive correlation. Liquidity has a positive correlation with company value with a correlation of 0.0491 indicating that organizations that are more liquid are highly valued.

Table 7: Impact of Board Gender Diversity, Foreign Ownership and Ownership Concentration on Firm Value

Variable	***Coeff.***	***Std. Err.***	***T***	***P> |t|***
$BDIV_{it}$	0.1587	0.31200	0.5100	0.6110
$FOWN_{it}$	4.0251	1.0207	3.9400	0.0000

$OWNC_{it}$	0.1405	0.2201	0.6400	0.5240
SIZ_{it}	0.7435	0.0281	26.39	0.0000
LIQ_{it}	0.0491	0.0093	5.2900	0.0000
FIN_{it}	-0.0363	0.0310	1.1700	0.0243
_cons	8.4645	0.4721	17.9300	0.0000
N	816	R^2		0.4907
F (7, 809)	129.91	Adj R^2		0.4869
Prob > F	0.000	Root MSE		1.2497

4.4. *Discussion*

This is an empirical research on how board and ownership have an impact on the financial decision of the firm (investment, financing, dividends) and business performance. The performance of the firms is determined using the accounting- and market-based criteria. Due to the shift in the corporate environment in 2017, the primary aim of this empirical research is to understand the role that board diversity (i.e., the proportion of female directors) is playing in corporate financial decision-making and performance of companies. Under the adoption of Section 154 of Firms Act 2017, any publicly traded company must hire women on the board. This led to several amendments on the Code of Corporate Governance in 2017. In regulation seven, there should be minimum number of women directors in the boards of listed companies. This paper discussed the effects that the foreign and blockholder ownership exert on financial decisions of the business and the performance of the business.

Board diversity is positively associated with the investment in the operations assets. It is a good relationship as the female directors are risk-averse. The investment that they would make would be the best as it would provide them with a percentage of returns to the level of risk that they will assume. The positive relationship that exists between board diversity and investment is a justification of [37] findings. The board diversity exhibits a negative correlation with financing decisions. Debt becomes cheaper than equity by way of deduction of interest payments. Debt enhances the possibility of default and therefore when the cost of bankruptcy (direct and indirect) is high the use of debt by the corporation should be minimal. Women directors do not strive to be excessively pressured and encourage sensible examples of debt management. This has negative effects on the relationship between board diversity and finance, which proves [12],[32]. Profitability has a high negative relationship with board diversity. In financial fields, it is perceived that investment and financing decision determine profitability. The members of the board are compelled to take more risks and make financial decisions to ensure that profits are maximised. Unnecessary pressure is not felt by the female board members and this does not affect the profitability of the corporation. Board diversity and profitability are negatively correlated; this fact supports [20].

The impact of foreign ownership on investment is adverse, and it is identified as being statistically significant. Availability of capital, cost according to finance, is dependent on investment. The high cost of money is a deterrent to putting the existing assets into the investment. The poor political and economic situation in the country and the impact of COVID-19 are also adding to the rising financing costs. All these discourage foreign investors to invest in

business whose value is less than the cost of capital. The result of [49] is confirmed by the outcome of the negative relation between foreign ownership and investment. Foreign ownership has a positive correlation with dividends and this correlation is found to be statistically significant. The successful enterprises would invest in fixed assets, pay off their debts or dividends. When there are no desirable investment opportunities, firms are able to pay out dividends to shareholders instead of doing the unexpected venture. A positive relationship confirms the results of [24] . The performance measures, accounting-based and the market-based performance, are positively correlated with the ownership of foreign individuals. Foreign investors are likely to make investment in an already established company that has a track record of success and low chances of default. They also desire not-monetary investments and representation in the board. There is a positive relationship between foreign ownership and performance, which is the reason to justify [51] and [40].

The percentage of shares of the five largest owners is known as concentration of ownership. Table 2 also shows that five investors have 66.63 percent of outstanding shares. A concentrated ownership is indicated in this ratio. A small number of influential shareholders determines the future of other investors. The poor political and economic situation in the nation may also contribute to the preference of more and less by the companies to invest which may be the reason of positive relationship between ownership concentration and dividends decisions So as to avoid the agency problem, firms would give preference to free cash. The ownership concentration has a positive relationship with dividends [3].

There is a strong negative relationship in the size of the firm in relation to investment. Rather, the size of business and investment relationship is negatively correlated as the opposite would be expected. The big and well established firms pay less to the current company when the ROI is low than that offered in the market. Also, existing businesses will hold less and remit more to stockholders in the effort to evade the conflict of interests with free cash flow. The negative correlation between investment and firm size is in favour of [30] results. The size is a significant variable and is negatively correlated with financing. The trade off theory is positively associated with the firm size and leverage. Trade-off methodology is interested in the cost of debt (bankruptcy) and benefits (tax advantage). It is worth pointing out that one can use debt in profitable businesses only. Different companies that report losses are not qualifiable to get tax reliefs. They also have high risk of default. Large corporations with poor profitability and high risk of default borrow less. The negative relationship between the size of the firm and financing justifies [30]. Dividends, profitability and firm value are positively related to the size of the firm. Due to the above reasons, the large corporations would lower their expenditures in the event that the returns on the operational asset are less than the market returns. Big companies desire to give away more and less. Therefore, the payment of dividends will provide market signals that growing profits will lead to an increase in the value of firms.

Liquidity and investment are associated with an inversely related relationship. The reverse is inbuilt since as one invests more in current assets, they reduce the financing of fixed operational assets. Liquidity influences negatively investment which proves [5]. Finance and liquidity have a negative association. The theory, based on the pecking order, shows that the corporations with an adequate amount of finances borrow less. The inverse of the association is equivalent to [21]. Generally, board diversity, foreign ownership as well as ownership concentration affects business financial decisions and business performance.

5. Conclusion

This study examines the effects that such factors as diversity in boards, foreign ownership, and ownership concentration would have on the financial decisions and performance of companies. To this end, we approximated the results through the use of the 20162023 annual report of non-financial firms listed in Pakistan Stock Exchange. As female directors are more risk-averse and adopt projects with returns that are directly related to the risk amount, the findings proved that a diverse board is positively related to investments into operational assets. A diverse board will just impact financing in the opposite way as debt is perceived to be cheaper than the equity due to tax deductions on interest payment. The investment is determined by the supply of and the price of capital, thus foreign ownership has a negative correlation with investment. Due to the increased cost of funds in the country, expensive funds discourage investment in the operation of assets. Since profitable companies can reinvest in fixed operation assets, clear debt, or pay dividends to shareholders, it is highly correlated between foreign ownership and dividends. The positive relationship between ownership concentration and dividends would hold as the companies rather than saving the money to invest in something, will pay out dividends considering the political and economic climate we have at present. Established and large companies will less likely invest in their existing businesses in case the ROI is below the market rate of return, and there is a negative dependence between the size of the companies and the investment. A positive relation between firm size and dividends, profitability and firm value exists in that larger companies are less likely to invest in an environment where their rate of return on the operational asset is less than the market rate. Liquidity has a negative relationship with investment because firms that have sufficient cash will access loans fewer frequently. Lastly, diversity in the board, foreign ownership and ownership concentration have significant influence on financial decisions and effectiveness of a company.

5.1. *Recommendations*

The literature review indicates the critical need to investigate how external governance measures and country-specific factors affect financial decisions and firm performance.

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