

NEXUS BETWEEN CEO ATTRIBUTES, CORPORATE REPUTATION, FINANCIAL PERFORMANCE, AND CORPORATE SUSTAINABLE GROWTH IN FINANCIAL AND NON-FINANCIAL FIRMS OF PAKISTAN

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ABSTRACT

The study examined the nexus between CEO attributes, corporate reputation, financial performance, and corporate sustainable growth across financial and non financial firms listed on the Pakistan Stock Exchange. Using fixed effect and pooled OLS models, the findings revealed mixed associations between CEO characteristics and firm performance indicators (ROA, ROE, and Tobin's Q). For non financial firms, CEO diversity, duality, tenure, age, and compensation generally showed negative relationships with profitability, while corporate sustainable growth, CEO busyness, and firm size were positively associated. In contrast, financial firms exhibited positive effects of CEO diversity, duality, and sustainable growth on ROA, though CEO compensation and tenure remained negatively linked. ROE analysis indicated stronger explanatory power, with CEO diversity, duality, tenure, age, and sustainable growth positively influencing profitability in non financial firms, while financial firms showed positive impacts of diversity, compensation, and sustainable growth but negative effects of duality and tenure. Tobin's Q results suggested weaker and inconsistent relationships, with sustainable growth and firm size showing some positive influence. Overall, the results highlight that CEO attributes exert heterogeneous effects across sectors, with corporate sustainable growth consistently emerging as a significant positive driver of firm performance.

Keywords: Nexus, Attributes, CEO, Corporate, Growth, Sustainable, Pakistan

INTRODUCTION

Corporate governance has become a controversial issue that is discussed by scholars all over the globe. Numerous businesses have collapsed in the last ten years leading to policymakers improving the way businesses are governed and altering the different regulations that govern the companies. Corporate governance incorporates the ownership, the structure of the board and the personalities of the CEO that has a direct impact on the financial performance. The major criteria are the size of the board, the characteristics of the

CEO, and the ownership structure (Boadi and Osarfo, 2019). The personalities of the CEO play a critical role, as they are able to produce a significant influence on the performance of firms (Bandieri et al., 2020).

The success or failure of enterprises is dependent on the performance of the CEO since this executive leader guides the growth and responds to the challenges encountered by the organization (ASON, BUJANG, JIDWIN, and SAID, 2021). The current international meltdown has raised the issue of corporate governance effectiveness which is mainly

because of the actions of the top management who manage activities of a company. The senior management role has become a critical one with the executives focusing on the growth of the company and leading the organisation through the process of change. A CEO with a large share ownership in the company is bound to exhibit a dominant and pushy approach to decision-making and subsequently ensure that the corporation functions at an optimal level.

CEOs are often highly ranked in all kinds of corporate firms and non-profit seeking firms. Their expertise and acumen make the companies to perform well and to attain new heights. Most importantly their characteristics are playing pivotal significant role to uplift the business performance of firms. Therefore, in today's global competitive environment firms heavily invest in CEOs for obtaining their experience, education and dynamism to capture the growth in corridors. The head of the board of directors of any firm in today's businesses environment spend considerable time for possible restructuring, designing activities, adding products, novelty in operations and procedures (Lavoie, 2009). However, the success or failure of any firm cannot be tagged to CEO only. Hambrick(2007) argued that CEOs are vital to influence other employees and to enhance the functionality and reliability of the system.

The nationality of the chief executive officer (CEO) is gradually becoming an increasingly important factor in the setting of the corporate world, as indicated by some of the empirical data. In the realm of corporate governance, there exist views that are in direct opposition to one another, which is the reason for this finding. There is a school of thought that holds that non-national CEOs are important for the development and progression of the whole organization. There is a school of thought that, in addition to Brodie, Kane, and Clark (2012), holds the belief that the chief executive officer of the home nation has the ability to better understand the behavior of the employees and the business culture of the country, which makes decision making much simpler (Jinia, 2016).

Companies that are solely focused on short-term financial business success are vulnerable to growing larger business risks, which they are

required to handle frequently and in novel ways. This is because the world we live in is constantly shifting, and the business environment is both uncertain and complex. Consequently, numerous businesses, in addition to including financial indicators, also incorporate non-financial ones into their strategic goals in order to forecast the viability of their organization over the long term.

The corporate reputation, which already today represents one of the essential intangible assets for establishing an added value of a firm, is one of the most crucial ones, but it is also a very sensitive non-financial construct. These are the things that make up the corporate reputation. On the one hand, reputation is a representation of value, while on the other hand, it is the source of value for a company. On the other hand, due to the delicate nature of it, even though it takes years to develop it, it may be destroyed in the blink of an eye.

The nexus of CEO characteristics and firm performance portray different mixed sort of results. As part of CEO different characteristics to explore, the literature offer palpable volume of research, including gender diversity relationship with financial performance(Ricotta *et al.*, 2021; Buchdadi *et al.*, 2023; Bennouri *et al.*, 2018), likewise age and financial performance has also been explored (Ahmad *et al.*,2022; Ricotta *et al.*, 2021), the footprints of CEO tenure and financial performance also explored by numerous researchers (Pham, 2023; Suherman *et al.*, 2021b).

The educational background and financial performance has also been explored (Ahmad *et al.*, 2022; Naseem *et al.*, 2020;Wang *et al.*, 2016), the CEO nationality and firm performance is also stem from the body of literature (Ahmad *et al.*, 2022; Chuah and Foong, 2019). The context of CEO duality has also traces in the body (Pham, 2023; Ahmadi *et al.*, 2018; Kaur and Singh, 2018), ownership and firm performance (Siregar *et al.*, 2023; Saidu, 2019;). The attribute of CEO origin and firm performance (Siregar *et al.*, 2023; Saidu, 2019). CEOs are amongst the influential figures (Peni, 2014). You *et al.* (2020) assert that CEOs attributes i.e. demographics dimension, experience profile and

compensation can affect a firm's innovation and performance.

Bertrand and Schoar (2003) are of the opinion that CEOs main attributes are majorly influencing the firm's performance. In Pakistani context the relationship of these variables in this title is not found in the body of knowledge. Due to this prevailing understanding and existing gap and perhaps this particular research gap motivated and encouraged to unravel the nexus of CEO characteristics with firm's financial performance, corporate reputation and corporate sustainable growth in Pakistani listed Firms, especially to evaluate the relationship of these variables in the paradox of financial and non-financial firms to portray a conclusive understanding of that how CEO attributes impart in the financial performance, reputation and sustainable growth of Pakistani firms. This study underscores the magnitude of difference in Pakistani firms in regard to the main variables of this study, as it is not yet known.

LITERATURE REVIEW

According to the theory put forth by Sani (2022), a manager who has achieved a higher level of education is more likely to demonstrate superior technical and managerial skills. This study will go on to evaluate whether or not CEOs who have received such a high level of education are able to implement the best decisions that have a positive impact on the performance of the company. It is impossible to overstate the significance of a manager's experiences, given that these events have the potential to influence their intuition. Additionally, Robinson and Sexton (2021) expressed their opinion that education and experience are two attributes that cannot be separated from a strong manager who possesses a high level of entrepreneurial impetus. As a result, this study will, in addition to CEO ownership, which the majority of the previous studies investigated, include CEO educational level and CEO experience in the organization in order to investigate its effect on corporate performance.

This is because education is power, and it is presumed that when better education and experiences are combined, there is a high tendency of acquiring a greater managerial skill

and, as a result, delivering the organization even during the most difficult times. Additionally, to the best of our knowledge, there is no known study that has investigated CEO attributes using these variables combination (CEO educational level, CEO experience, and CEO Share Ownership) in assessing corporate performance and also with reference to companies that are quoted under the consumer goods sector of the Nigerian Exchange Groups (NGX).

However, Badru and Raji (2016) found that there is a positive connection between the nationality of the CEO and the performance of the company, which highlights the fact that the resource dependency model has a very strong empirical foundation. However, Ujunwa (2012) also demonstrated that the nationality of a company's CEO has a positive effect on the performance of the company as a large corporation. Some of the research, however, anticipated that non-national CEOs would perform poorly in comparison to CEOs of national origin. This was attributed to a lack of understanding on the environment and the feelings of stockholders (Masulis, Wang, & Xie, 2007). Kabbani (2018), who conducted a study not too long ago, also stated that non-national CEOs have a poor performance when it comes to capturing the appropriate pace for growth and value generation in their companies.

It is common practice for the majority of businesses to adopt CEO duality, which enables the chief executive officer to simultaneously serve as both the chief executive officer and the chairwoman of the board of directors. It is necessary to fulfill both duties in order to verify the control and authority that the CEO has. According to Finkelstein, Lazarov, Cagnano, and Halevy (1994), it is a weapon that has both beneficial and harmful aspects, making it a dual-faceted weapon. There is a further feature of agency theory that proposes that the evaluation process will be hampered if the chief executive officer also holds the position of chairman at the same time. It is also possible that other board members would have reservations and worries about the performance of the CEO, which will have an effect on the success of the firm (Kaur & Singh, 2019).

Studies by Faccio et al. (2016) and Sun and Zou (2021) indicate that firms with female CEOs

outperform those with male CEOs across all operational parameters. This is the case regardless of the kind of business management. The findings of the study conducted by Loukil et al. (2019) suggest that the presence of female chief executive officers is associated with a reduction in information asymmetry, particularly within family businesses. According to Mobbs et al. (2021), the presence of female chief executive officers (CEOs) may reduce the likelihood of financial restatement and minimize the adverse effects of irregular CEO salaries. By providing effective management, female chief executive officers (CEOs) have the potential to reduce agency-related problems and

boost business innovation (Ain et al., 2020; Chen et al., 2018). Research conducted by Vo et al. (2020) reveals that chief executive officers who have received training or education have a higher level of performance compared to those who do not possess such credentials. On the other hand, the performance of the business that was managed by persons who had postgraduate degrees seemed to be less outstanding. Shen et al. (2022) provide evidence that chief executive officers who possess master's and doctoral degrees have a beneficial impact on the success of their companies in regard to debt and equity.

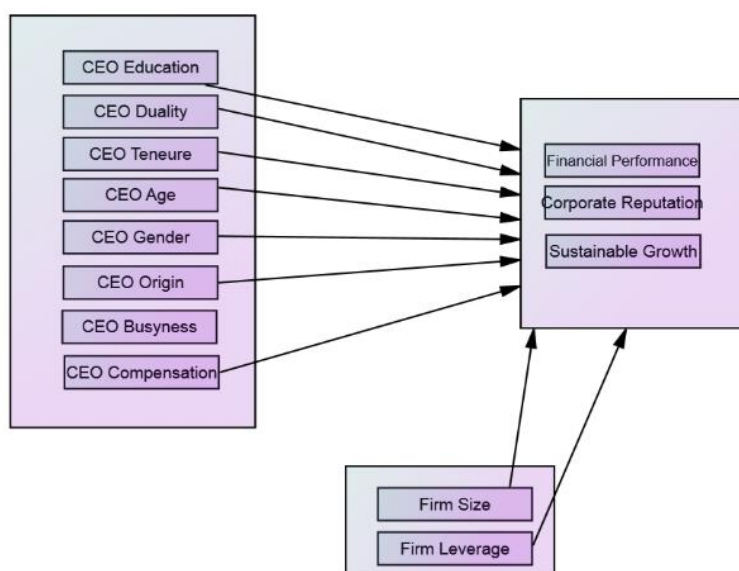


Figure: 1

RESEARCH METHODOLOGY

The research methodology for the study on the nexus between CEO attributes, corporate reputation, financial performance, and corporate sustainable growth in Pakistan was defined by a specific and deliberate typology. The study adopted a quantitative approach, which was deemed essential for objectively measuring the relationships between the variables and for ensuring that the findings were based on statistical evidence rather than subjective interpretation. The core of the investigation was explanatory in nature, as it sought to explain the causal mechanisms and

pathways through which CEO characteristics ultimately influence a firm's capacity for sustainable growth, moving beyond a simple description of associations.

Population plays a key role in the research as inferences are drawn from population. Population represents the entire group of unit/people/ things that are to be investigated by the researcher (Sekaran & Bougie, 2003). In this study the case of all listed firms in Pakistan stock exchange will be the population of the study. So, the total listed firms having trading turn over on the stock exchange will be the population of the study. Sampling represents to

select a portion from population as a statistical inference. Sample is taken to generalized, results on the basis of population and it truly represent the population (Sekaran & Bougie, 2003). This study will analyze 100 firms listed on Pakistan stock exchange from financial and non-financial sectors. This study will use those 100 firms which would have continuous data from 2015 to 2024.

Data on CEO characteristics including tenure, age, educational qualification (e.g., Master's, MBA, PhD), and functional background (e.g., finance, operations, marketing) were manually extracted from the 'Directors' Report' and 'CEO & CFO Certification' sections of the annual reports of each sampled firm. Data for financial performance indicators were collected from the

audited financial statements within the annual reports. Standardized accounting-based and market-based measures were used. Return on Assets (ROA) was calculated as Net Income divided by Total Assets, ROE, and Tobin's Q was approximated by the ratio of the firm's market value to the replacement value of its assets (using year-end share price and total assets). The sustainable growth rate was calculated using the Higgins' Sustainable Growth Rate (SGR) model. The required data for the formula $SGR = \text{Retention Ratio} * \text{Return on Equity}$ were extracted from the financial statements. The Retention Ratio was calculated as $(1 - \text{Dividend Payout Ratio})$, and Return on Equity (ROE) was calculated as Net Income divided by Shareholders' Equity.

RESULTS & DISCUSSIONS

Table 1 *Return on Assets-ROA (Fixed Effect)*

	Non-Financial	Financial	Overall
	<i>Coef (t-value)</i>	<i>Coef (t-value)</i>	<i>Coef (t-value)</i>
const	-0.083(-0.82)	-0.20(-1.2)	-0.11(-1.34)
CEODiversity	-0.001(-0.06)	0.010(0.43)	-0.006(-0.39)
CEODuality	-0.008(-1.07)	0.009(0.44)	0.002(0.27)
CEOTenure	-0.0001(-0.03)	-0.002(-0.53)	-0.0007(-0.25)
CEOAge	-6.73(-0.07)	-0.0002(-0.17)	-0.0002(-0.28)
CEOBusyness	0.01(1.26)	-0.001(-0.07)	0.01(0.99)
CEOCompensation	-5.81(-0.58)	-1.29(-0.28)	-6.2(-0.63)
CorpSusGrowth	2.12(7.2)	7.50(0.36)	1.75(2.3)
CorRepuAge	0.0002(0.18)	0.0005(0.40)	0.0002(0.26)
Leverage	-8.21(-0.39)	0.0002(0.37)	-4.5(-0.25)
Size	0.007(1.03)	0.016(1.32)	0.010(1.4)
R-Square	0.329125	0.261462	0.302258
F-value	127.248	88.6796	67.30609
P-value	0.00000	0.000024	0.237745

NON-FINANCIAL

The above table shows the results of fixed effect model used in the current study among the CEO characteristics and firm return on assets (ROA). The value of R-square in the table is 0.32 which means that CEO diversity, CEO duality, CEO tenure, CEO age, CEO busyness, CEO compensation, corporate sustainable growth, corporate reputation, leverage and size showed combined effect of 32 percent on firm's profitability (ROA). The f-value of the model is 5.78 which has been found statistically higher than the standard value i.e. 4. The p-value was also found significant lower than .05.

The findings suggested that the CEO diversity (-0.001) showed the negative association with ROA. The negative coefficient explained that any single unit change in the CEO diversity will lead to decrease the ROA by 0.001 units. The results showed that CEO duality (-0.008) has also the negative coefficient and the negative coefficient explained that any single unit change in the CEO duality will lead to decrease the ROA by 0.008 units. The coefficient value of CEO compensation is found -5.81 and it suggests that these two factors are negatively associated.

The negative coefficient explained that any single unit change in the CEO compensation

will lead to decrease the ROA by 5.81 units. The value of coefficient of corporate sustainable growth is 2.12 shows the positive relationship with the profitability (ROA). The positive coefficient explained that any single unit change in the corporate sustainable growth will lead to increase the ROA by 2.12 units. The findings further added that the one change in the CEO diversity, CEO duality, CEO compensation and corporate sustainable growth will lead to have CEO diversity (-0.001), CEO duality (-0.008), CEO compensation (-5.81) and corporate sustainable growth (2.12) units change in ROA among the non-financial firms. The findings showed that CEO diversity, CEO duality, CEO compensation are negatively associated and corporate sustainable growth showed positive relation with ROA. Similarly, the negative coefficient values of CEO diversity always challenge any assumption that the CEO diversity will lead to improve the short-term financial performance of the non-financial firms. The statistics in the table further added that CEO tenure (-0.0001) and CEO age (-6.73) showed negative relation with ROA.

The results further added the CEO tenure increase will lead to have negative change in ROA, stability provided by a long-serving CEO may negatively contribute and give negative signals to the market and investors. The results further explained that the CEO busyness (0.01) and firm size (0.007) showed the positive relation with ROA. This concluded that the CEO most busy schedule mean that the CEO has a lot of work to do which will have positive relation with firm's profitability.

FINANCIAL FIRMS

The above table shows the results of fixed effect model used in the current study among the CEO characteristics and firm return on assets (ROA). The value of R-square in the table is 0.26 which means that CEO diversity, CEO duality, CEO tenure, CEO age, CEO busyness, CEO compensation, corporate sustainable growth, corporate reputation, leverage and size showed combined effect of 26 percent on firm's profitability (ROA). The f-value of the model is 127.2 which has been found statistically higher than the standard value i.e. 4. The p-value was also found significant lower than .05.

The findings suggested that the CEO diversity (0.01) showed the positive association with ROA. The positive coefficient explained that any single unit change in the CEO diversity will lead to increase the ROA by 0.01 units. The results showed that CEO duality (0.009) has also the positive coefficient and the positive coefficient explained that any single unit change in the CEO duality will lead to increase the ROA by 0.009 units. The coefficient value of CEO compensation is found -1.29 and it suggests that this factor is negatively associated. The negative coefficient explained that any single unit change in the CEO compensation will lead to decrease the ROA by 1.29 units. The value of coefficient of corporate sustainable growth is 7.50 shows the positive relationship with the profitability (ROA). The positive coefficient explained that any single unit change in the corporate sustainable growth will lead to increase the ROA by 7.50 units. The findings further added that the one change in the CEO diversity, CEO duality and corporate sustainable growth will lead to have positive relations with ROA. CEO diversity (0.010), CEO duality (0.009), CEO compensation (-5.81) and corporate sustainable growth (2.12) units changes in ROA among the financial firms.

The findings showed that CEO diversity (positive), CEO duality (positive), CEO compensation (negative) and corporate sustainable growth (positive) are associated with ROA. Similarly, the positive coefficient values of CEO diversity always challenge any assumption that the CEO diversity will lead to improve the short-term financial performance of the financial firms. The statistics in the table further added that CEO tenure (-0.0002) showed negative; CEO age (-0.0002) showed negative relation with ROA.

The results further added the CEO tenure increase will lead to have positive change in ROA, stability provided by a long-serving CEO may contribute to better asset utilization. The results further explained that the CEO busyness (-0.001) has negative and firm size (0.016) showed the positive relation with ROA. This concluded that the CEO most busy schedule mean that the CEO has a lot of work to do which will have negative relation with firm's profitability.

Table 2. *Return on Equity-ROE*

	Non-Financial	Financial	Overall
	Coef (t-value)	Coef (t-value)	Coef (t-value)
const	-2.73(-1.7)	-1.6(-1.3)	-2.7(-2.0)
CEODiversity	0.08(0.64)	0.28(2.1)	0.06(0.63)
CEODuality	0.19(1.8)	-0.23(-1.0)	0.19(1.6)
CEOTenure	0.07(1.2)	-0.04(-1.4)	0.018(0.32)
CEOAge	0.004(0.59)	0.01(1.7)	0.011(1.4)
CEOBusyness	0.10(0.85)	-0.14(-1.0)	0.03(0.31)
CEOCompensation	-3.8(-0.53)	7.5(1.6)	-1.1(-0.18)
CorpSusGrowth	3.78(3.5)	5.2(1.6)	2.2(2.0)
CorRepuAge	0.007(1.1)	0.01(1.2)	0.007(1.5)
Leverage	-0.09(-3.5)	0.04(0.91)	-0.07(-2.8)
Size	0.13(1.5)	0.016(0.15)	0.12(1.8)
R-Square	0.714651	0.726329	0.554216
F-value	12.83561	11.26603	5.76854
P-value	0.000008	0.00000	0.00000

NON-FINANCIAL

The above table shows the results of fixed effect model used in the current study among the CEO characteristics and firm return on assets (ROE). The value of R-square in the table is 0.71 which means that CEO diversity, CEO duality, CEO tenure, CEO age, CEO busyness, CEO compensation, corporate sustainable growth, corporate reputation, leverage and size showed combined effect of 71 percent on firm's profitability (ROE). The f-value of the model is 12.83 which have been found statistically higher than the standard value i.e. 4.

The p-value was also found significant lower than .05. The findings suggested that the CEO diversity (0.08) showed the positive association with ROE. The positive coefficient explained that any single unit change in the CEO diversity will lead to increase the ROE by 0.08 units. The results showed that CEO duality (0.19) has also the positive coefficient and the positive coefficient explained that any single unit change in the CEO duality will lead to increase the ROE by 0.19 units. The coefficient value of CEO compensation is found -4.8 and it suggests that the factor is positively associated. The positive coefficient explained that any single unit change in the CEO compensation will lead to decrease the ROE by 4.8 units.

The value of coefficient of corporate sustainable growth is 3.78 shows the positive relationship with the profitability (ROE). The positive coefficient explained that any single

unit change in the corporate sustainable growth will lead to increase the ROE by 4.8 units. The findings further added that the one change in the CEO diversity, CEO duality, CEO compensation and corporate sustainable growth will lead to have variances CEO diversity (0.08), CEO duality (0.19), CEO compensation (-4.8) and corporate sustainable growth (3.78) units change in ROE among the non-financial firms. The findings showed that CEO diversity, CEO duality and corporate sustainable growth are positively associated with ROE.

Similarly, the negative coefficient values of CEO compensation always challenge any assumption that the CEO compensation will lead to improve the short-term financial performance of the non-financial firms. The statistics in the table further added that CEO tenure (0.07) and CEO age (0.007) showed positive relation with ROE. The results further added the CEO tenure increase will lead to have positive change in ROE, stability provided by a long-serving CEO may contribute to better asset utilization. The results further explained that the CEO busyness (0.10) and firm size (0.13) showed the positive relation with ROE. This concluded that the CEO most busy schedule mean that the CEO has a lot of work to do which will have positive relation with firm's profitability.

FINANCIAL FIRMS

The above table shows the results of pooled OLS model used in the current study among

the CEO characteristics and firm return on assets (ROE). The value of R-square in the table is 0.72 which means that CEO diversity, CEO duality, CEO tenure, CEO age, CEO busyness, CEO compensation, corporate sustainable growth, corporate reputation, leverage and size showed combined effect of 72 percent on firm's profitability (ROE). The f-value of the model is 11.26 which have been found statistically higher than the standard value i.e. 4. The p-value was also found significant lower than .05. The findings suggested that the CEO diversity (0.25) showed the positive association with ROE. The positive coefficient explained that any single unit change in the CEO diversity will lead to increase the ROE by 0.25 units. The results showed that CEO duality (-0.23) has also the negative coefficient and the negative coefficient explained that any single unit change in the CEO duality will lead to decrease the ROE by 0.23 units. The coefficient value of CEO compensation is found 0.23 and it suggests that these two factors are negatively associated. The positive coefficient explained that any single unit change in the CEO compensation will lead to increase the ROE by 7.5 units. The value of coefficient of corporate sustainable growth is 5.2 shows the positive relationship with the profitability (ROE). The positive coefficient explained that any single unit change in the corporate sustainable

growth will lead to increase the ROE by 5.2 units. The findings further added that the one change in the CEO diversity, CEO duality, CEO compensation and corporate sustainable growth will lead to have CEO diversity (0.25), CEO duality (-0.23), CEO compensation (7.5) and corporate sustainable growth (5.2) units changes in ROE among the financial firms.

The findings showed that CEO diversity (positive), CEO duality (negative), CEO compensation (positive) and corporate sustainable growth (positive) are associated with ROE. Similarly, the positive coefficient values of CEO diversity always challenge any assumption that the CEO diversity will lead to improve the short-term financial performance of the financial firms. The statistics in the table further added that CEO tenure (-0.04) showed negative and CEO age (0.01) showed positive relation with ROE. The results further added the CEO tenure increase will lead to have positive change in ROE, stability provided by a long-serving CEO may contribute to better asset utilization.

The results further explained that the CEO busyness (-0.14) and firm size (0.016) showed the positive relation with ROE. This concluded that the CEO most busy schedule mean that the CEO has a lot of work to do which will have positive relation with firm's profitability.

Table 3. Tobin's Q-TQ

	Non-Financial	Financial	Overall
	Coef (t-value)	Coef (t-value)	Coef (t-value)
const	-7.1(-0.89)	3.0(0.31)	-5.6(-0.76)
CEODiversity	-0.47(-0.79)	0.02(0.03)	-0.35(-0.7)
CEODuality	-0.06(-0.14)	0.34(0.65)	0.09(0.24)
CEOTenure	-0.026(-0.15)	0.22(0.72)	0.05(0.33)
CEOAge	0.007(0.18)	-0.06(-0.60)	-0.03(-0.74)
CEOBusyness	-0.30(-0.78)	0.71(0.81)	0.10(0.26)
CEOCCompensation	1.7(0.92)	2.29(0.16)	1.6(0.77)
CorpSusGrowth	1.28(1.9)	-2.67(-1.2)	2.9(0.31)
CorRepuAge	0.021(0.56)	0.16(1.8)	0.05(1.3)
Leverage	-0.005(-2.1)	0.09(2.8)	0.0041(0.33)
Size	0.78(1.4)	-0.09(-0.15)	0.77(1.5)
R-Square	0.606708	0.553210	0.597833
F-value	22.90242	13.2221	19.828281
P-value	0.000001	0.000004	0.000021

NON-FINANCIAL

The above table shows the results of fixed effect model used in the current study among the CEO characteristics and firm return on assets (TQ). The value of R-square in the table is 0.60 which means that CEO diversity, CEO duality, CEO tenure, CEO age, CEO busyness, CEO compensation, corporate sustainable growth, corporate reputation, leverage and size showed combined effect of 60 percent on firm's market value (TQ). The f-value of the model is 22.90 which has been found statistically higher than the standard value i.e. 4. The p-value was also found significant lower than .05. The findings suggested that the CEO diversity (-0.47) showed the negative association with TQ. The negative coefficient explained that any single unit change in the CEO diversity will lead to decrease the TQ by 0.47 units.

The results showed that CEO duality (-0.06) has also the negative coefficient and the negative coefficient explained that any single unit change in the CEO duality will lead to increase the TQ by 0.06 units. The coefficient value of CEO compensation is found 1.7 and it suggests that the factor is positively associated. The positive coefficient explained that any single unit change in the CEO compensation will lead to increase the TQ by 1.7 units. The value of coefficient of corporate sustainable growth is 1.28 shows the positive relationship with the market value (TQ). The positive coefficient explained that any single unit change in the corporate sustainable growth will lead to change the TQ by 1.28 units.

The findings further added that the one change in the CEO diversity, CEO duality, CEO compensation and corporate sustainable growth will lead to have variances CEO diversity (-0.47), CEO duality (-0.06), CEO compensation (1.7) and corporate sustainable growth (1.28) units change in TQ among the non-financial firms. The findings showed that CEO diversity, CEO duality and corporate sustainable growth are positively associated with TQ. Similarly, the negative coefficient values of CEO compensation always challenge any assumption that the CEO compensation will lead to improve the short-term financial performance of the non-financial firms.

The statistics in the table further added that CEO tenure (-0.026) has negative and CEO age

(0.007) showed positive relation with TQ. The results further added the CEO tenure increase will lead to have negative change in TQ, stability provided by a long-serving CEO may contribute to better asset utilization. The results further explained that the CEO busyness (-0.30) and firm size (0.78) showed the positive relation with TQ. This concluded that the CEO most busy schedule mean that the CEO has a lot of work to do which will have positive relation with firm's market value.

FINANCIAL FIRMS

The above table shows the results of pooled OLS model used in the current study among the CEO characteristics and firm return on assets (TQ). The value of R-square in the table is 0.55 which means that CEO diversity, CEO duality, CEO tenure, CEO age, CEO busyness, CEO compensation, corporate sustainable growth, corporate reputation, leverage and size showed combined effect of 55 percent on firm's market value (TQ). The f-value of the model is 13.22 which has been found statistically higher than the standard value i.e. 4. The p-value was also found significant lower than .05.

The findings suggested that the CEO diversity (0.02) showed the positive association with TQ. The positive coefficient explained that any single unit change in the CEO diversity will lead to increase the TQ by 0.02 units. The results showed that CEO duality (0.34) has also the positive coefficient and the positive coefficient explained that any single unit change in the CEO duality will lead to change the TQ by 0.34 units.

The coefficient value of CEO compensation is found 2.29 and it suggests that these two factors are positively associated. The positive coefficient explained that any single unit change in the CEO compensation will lead to increase the TQ by 2.29 units. The value of coefficient of corporate sustainable growth is -2.67 show the negative relationship with the market value (TQ). The negative coefficient explained that any single unit change in the corporate sustainable growth will lead to increase the TQ by 2.67 units.

The findings further added that the one change in the CEO diversity, CEO duality, CEO compensation and corporate sustainable growth will lead to have CEO diversity (0.02), CEO

duality (0.34), CEO compensation (2.29) and corporate sustainable growth (-2.67) units changes in TQ among the financial firms. The findings showed that CEO diversity (positive), CEO duality (positive), CEO compensation (positive) and corporate sustainable growth (negative) are associated with TQ. Similarly, the negative coefficient values of CEO diversity always challenge any assumption that the CEO diversity will lead to improve the short-term financial performance of the financial firms.

The statistics in the table further added that CEO tenure (0.22) showed positive and CEO

age (-0.06) showed negative relation with TQ. The results further added the CEO tenure increase will lead to have positive change in TQ, stability provided by a long-serving CEO may contribute to better asset utilization. The results further explained that the CEO busyness (0.71) and firm size (-0.09) showed the negative relation with TQ. This concluded that the CEO most busy schedule mean that the CEO has a lot of work to do which will have positive relation with firm's market value.

Table 4 *GMM results*

	ROA		ROE		TQ	
	Coeff	Std. Er	Coeff	Std. Er	Coeff	Std. Er
L.ROA	0.45**	0.032				
L.ROE			0.38**	0.041		
L.TQ					0.512**	0.028
CR (Age)	0.001	0.002	0.003	0.003	0.015	0.012
Leverage	-0.021**	0.009	-0.045**	0.018	-0.102*	0.055
Size	0.008	0.004	0.012	0.006	0.034	0.021
CEO diversity	0.100**	0.007	0.011	0.010	0.242**	0.035
CEO Education	0.003	0.006	0.00	0.008	0.025	0.029
CEO Origin	-0.004	0.005	-0.009	0.007	-0.031	0.024
CEO Duality	-0.115**	0.005	-0.212**	0.008	-0.038	0.027
CEO Tenure	0.001	0.001	0.002	0.002	0.006	0.006
CEO Age	-0.000	0.000	-0.000	0.000	-0.001	0.001
CEO Busyness	-0.002	0.004	-0.005	0.006	-0.018	0.020
CEO Compensation	0.017	0.001	0.022	0.002	0.018	0.019
Crp Sus Grwoth	0.071	0.002	0.064	0.007	0.023	0.029
Constant	-0.050	0.045	-0.110	0.072	-0.350	0.240
Observation	1000		1000		1000	
No of Firms	100		100		100	
AR (2) p-value	0.214		0.18		0.301	
Hansen p-value	0.345		0.412		0.278	

The Generalized Method of Moments (GMM) estimation gives a strong look at the changing connections between a company's performance and the things that affect it, while also taking into account the fact that performance stays the same over time. Diagnostic tests show that the model is correct. The Arellano-Bond test for AR(2) serial correlation yielded p-values of 0.214 for ROA, 0.18 for ROE, and 0.301 for TQ. These values show that there is no second-order serial correlation in the first-differenced errors, which is a necessary condition for accurate estimate. Also, the Hansen J-test p-values (ROA: 0.345, ROE: 0.412, TQ: 0.278)

show that the instrument sets are valid because we can't deny the null hypothesis that the instruments are external.

This foundation makes it possible to understand the coefficients in a reliable way. The positive and statistically significant coefficients of the lagged dependent variables are one of the most important results (L.ROA: 0.45, L.ROE: 0.38, L.TQ: 0.512). This shows one of the most important things about company performance: it is naturally persistent. The study of CEO traits shows that diverse leadership is linked to better management of internal resources and a good outlook from the

market, as shown by the positive and significant coefficients on ROA (0.100) and Tobin's Q (0.242). On the other hand, CEO duality has a strong and negative relationship with both ROA (-0.115) and ROE (-0.212). Leverage has a consistently negative and significant effect on all performance measures when looking at financial and structural factors (ROA: -0.021, ROE: -0.045, TQ: -0.102).

CONCLUSION

The strong presence of corporate reputation, CEO duality, CEO diversity, leverage and firm size in relation to profitability of a firm has strong theoretical foundation in various paradigms of management and the economy. All these variables reflect key aspects of the intangible assets of a firm, its governance structure, the composition of its leadership, the financial strategy, and the size of its operations, all of which in theory were connected to performance via different but complementary mechanisms.

The influence of corporate reputation on the profitability is consistent with the resource-based view (Barney, 1991), which assumes that sustainable competitive advantage is attained by firms based on valuable, rare, inimitable, and non-substitutable (VRIN) resources. Positive reputation is exactly this type of intangible asset, which makes it cheaper to conduct business with stakeholders, charged a high price, and resilient in times of crisis. This relationship is also explained by stakeholder theory (Freeman, 1984), which implies that good reputations can help establish cooperation and trust between customers, suppliers and communities to increase the stability of revenues and the growth. This is supplemented by signaling theory (Spence, 1973) that puts reputation as a market signal that minimizes the information asymmetry so that high-quality firms can differentiate themselves and can resource on favorable conditions.

The agency theory is a classic field of study in the effect of CEO duality wherein the CEO is board chair as well (Jensen and Meckling, 1976). This school of thought brings to the fore the conflict of interest that exists between the managers (agents) and the shareholders (principals). Duality creates concentration of power and may undermine the effectiveness of

board oversight to the extent that decisions are made on behalf of the managers rather than shareholders value maximization. Unfortunately, a contradictory approach is provided by the stewardship theory (Donaldson and Davis, 1991), which implies that cohesive leadership may lead to more efficient decision making, as well as, offer clear strategic direction, especially in cases of complex or rapidly changing environment.

The overall implication on profitability therefore is that which theoretical mechanism is dominant in a particular situation and that the institutional and contingency factors will make the difference between whether the agency costs will overwhelm the stewardship benefits. The connection of CEO diversity to performance can be eloquently explained by the upper echelons theory (Hambrick and Mason, 1984) according to which organizational results are conditioned by values, experiences, and cognitive foundations of the top-most executives.

The multiplicity of backgrounds that include gender, ethnicity, nationality, and career path increase the available cognitive resources and thinking capacities in strategic decision-making. This variety contributes to the reduction of groupthink and helps to be more creative in solving problems, which results in more innovative strategies and adaptation to heterogeneous markets. This knowledge is further expanded by the resource dependence theory (Pfeffer and Salancik, 1978) that different leadership forms the link between the firm and a widened pool of external resources and networks that, possibly, will enhance access to information, capital, and talents that are essential inputs to profitability.

The correlation between leverage and profitability is theorized in terms of the trade-off theory of capital structure (Kraus, and Litzenberger, 1973) in which the financing choice is modelled as a trade-off between the tax advantages of debt and the expenses of financial distress. In moderate amounts, debt may increase returns to equity holders with leverage effect besides offering tax shields and management discipline. Agency theory however shows that high leverage may create a conflict between the shareholders and the debt holders, which may entice them to take excessive risk or

to under invest. Another explanation is the pecking order theory (Myers and Majluf, 1984) which posits that profitability is the factor which dictates capital structure because firms would rather receive internal capital and can take up debts because of the necessity to finance themselves and not necessarily because these structure is optimal. The relationship between firm size and profitability is based on a number of economic traditions.

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