



The Effect of Board Characteristics on Governance Score in NPOs in Saudi Arabia

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Abstract

This study investigates the relationship between board characteristics and governance quality in nonprofit organizations (NPOs) in Saudi Arabia. Using data from 150 certified NPOs over the period 2021–2023, the study examines how board size, independence, gender diversity, and expertise influence governance scores. Multiple linear regression analysis reveals that board size and independence are positively and significantly associated with governance quality, supporting hypotheses grounded in agency and stakeholder theory. In contrast, board gender diversity and expertise do not show statistically significant effects. Organization size, included as a control variable, also demonstrates a significant positive relationship with governance outcomes. The findings underscore the importance of structural board attributes in enhancing governance effectiveness within NPOs. This study contributes to the limited empirical literature on nonprofit governance in emerging economies and offers practical insights for policymakers and nonprofit managers aiming to improve accountability and oversight mechanisms in the sector.

Keywords: Nonprofit Organizations; Board Characteristics; Governance Quality; Saudi Arabia; Agency Theory; Stakeholder Theory; Board Independence; Board Size; Emerging Economies

Introduction

In recent years, the nonprofit sector in Saudi Arabia has witnessed significant growth and transformation, aligning with the Kingdom's Vision 2030 objectives to enhance the role of nonprofit organizations (NPOs) in social and economic development (Alregab, 2025). As these organizations become more prominent and resource-intensive, the need for robust governance mechanisms has intensified. Effective governance in NPOs not only ensures transparency and accountability but also strengthens stakeholder trust and organizational sustainability.

One of the key determinants of governance effectiveness is the composition and functioning of the board of directors. Board characteristics such as size, independence, gender diversity, expertise, and meeting frequency have been widely studied in the corporate sector for their influence on governance quality (Nekhili and Gatfaoui, 2013; Alsartawi, 2019; Benkraiem et.al, 2017). However, research

exploring these dynamics within the nonprofit context, especially in the Saudi Arabian environment, remains limited. Given the distinct nature of NPOs, where profit maximization is not the primary goal, it is crucial to examine how board structure and dynamics affect governance outcomes.

This study investigates the effect of board characteristics on governance scores in nonprofit organizations in Saudi Arabia. By analysing board-level attributes and their relationship with governance performance, the research aims to contribute to a deeper understanding of best practices for board governance in the nonprofit sector. The findings are expected to provide insights for policymakers, nonprofit leaders, and stakeholders seeking to enhance the governance capacity of NPOs in the region.

The study adds to the existing literature in three key ways: first, by focusing on a regional context (Saudi Arabia) that is underrepresented in nonprofit governance research; second, by applying quantitative analysis to assess the relationship between board composition and governance scores, offering empirical evidence in a field often dominated by qualitative case studies; and third, by linking governance practices to broader national reforms, this study provides insights that are not only academically relevant but also practically significant for policymakers and nonprofit leaders working in emerging economies.

Literature Review

The quality of governance in NPOs has become a focal point for scholars and policymakers, especially as these entities represent increasingly vital roles in social and economic development. Central to this discourse is the role of the board of directors, which is tasked with providing strategic direction, oversight, and ensuring accountability. In both corporate and nonprofit sectors, board characteristics such as size, independence, diversity, and expertise have been examined for their influence on governance effectiveness. The link between board characteristics and governance quality in NPOs continues to be a central concern in governance research, particularly given the growing role of nonprofits in achieving national development goals (Gazley & Guo, 2020). As nonprofits expand in size, scope, and complexity, effective governance structures become crucial to ensure accountability, performance, and long-term sustainability (Wellens & Jegers, 2019).

Several studies in the corporate governance literature suggest that board characteristics significantly affect organizational performance and governance quality. For example, Fama and Jensen (1983) emphasize the importance of board independence as a mechanism to mitigate agency problems. Similarly, board size has been found to have a nonlinear relationship with effectiveness: too small may lack diversity, while too large may suffer from coordination issues (Yermack, 1996). In the nonprofit context, these relationships are more complex. Unlike for-profit firms, NPOs often rely on volunteer board members, have multiple stakeholders, and operate under different accountability structures. Research by Brown (2005) and Callen et al. (2010) finds that NPO boards with diverse skill sets, regular meeting practices, and active governance committees tend to score higher on governance quality indicators. Recent studies show mixed findings regarding board size. Some evidence suggests that moderately sized boards (e.g., 7–15 members) facilitate better decision-making and responsiveness (Yuanyuan and Wenyi, 2024), while very large boards offering a broader range of expertise, often struggle with coordination and strategic focus, which can dilute governance effectiveness (Ebrahim et al., 2019).

Board independence remains critical for effective nonprofit governance. Independent directors are perceived as better monitors of organizational management, reducing risks of mission drift and self-dealing (Ananzeh et al., 2022). Research by Benito-Esteban et al. (2024) found that NPOs with higher proportions of independent board members reported stronger financial transparency and higher donor confidence. More recently, gender diversity on nonprofit boards has gained increasing attention. A study

by Wicker et.al (2022) found that increasing board gender diversity notably decreases human resource and financial challenges, with boards composed of 60% or more women experiencing the fewest human resource issues. Nevertheless, organizations with highly gender-diverse boards report greater concerns regarding facility problems, while development challenges appear unaffected by either gender diversity or critical mass levels. Similarly, Evans et.al (2025) showed that boards with greater diversity tend to implement more inclusive governance practices, and that board diversity is positively associated with improved nonprofit performance.

In Saudi Arabia, the emphasis on women's leadership has been amplified under Vision 2030 reforms. Recent reports suggest that more women are being appointed to nonprofit boards, although empirical academic research specifically on this trend is still emerging (Kassem et.al, 2020; Alregab, 2025). The nonprofit sector is undergoing rapid reform under Vision 2030, which aims to increase the sector's contribution to GDP and enhance its impact. With these developments, governance has emerged as a national priority. However, research on nonprofit governance in Saudi Arabia remains underexplored. Most existing studies focus on regulatory changes or operational challenges, with limited empirical work on the internal governance structures of NPOs. While international research provides a strong foundation, much of it may not be directly transferable to Saudi Arabia due to cultural, legal, and institutional differences. For example, board independence and gender diversity may be shaped by local norms and regulations. Therefore, there is a clear need for empirical studies that investigate the relationship between board characteristics and governance outcomes within the Saudi NPO sector. The literature clearly supports the notion that board characteristics influence governance quality, but there remains a significant gap in understanding how these dynamics unfold in nonprofit organizations in the Saudi context. This study aims to fill that gap by examining how specific board attributes relate to governance scores in Saudi Arabian NPOs. By doing so, it contributes to both the global literature on nonprofit governance and the local body of knowledge needed to support policy and practice in the Kingdom.

Theoretical Background

Effective governance is a critical determinant of the long-term success and sustainability of NPOs. Governance in the nonprofit sector is fundamentally different from for-profit organizations due to the absence of profit maximization as the primary goal. Instead, nonprofit organizations are guided by their mission and the needs of their stakeholders, including donors, beneficiaries, and the broader community. As NPOs continue to grow and play an increasingly prominent role in society, the effectiveness of their governance structures, particularly the composition and functioning of their boards of directors, has become a focal point of research.

• Agency Theory and Board Composition

One of the foundational frameworks for understanding governance is Agency Theory (Jensen & Meckling, 1976), which explains the relationship between principals (e.g., stakeholders or donors) and agents (e.g., the board of directors or management) in nonprofit organizations. According to agency theory, one of the central concerns in governance is the alignment of interests between these groups. In NPOs, where profits are not distributed to stakeholders, ensuring that boards act in the best interests of the organization and its mission is particularly important. The composition of the board, therefore, plays a significant role in mitigating agency costs and ensuring the accountability and effectiveness of governance practices. Board characteristics such as size, independence, gender diversity, and expertise are frequently examined in this context.

• Resource Dependence Theory

Another key theoretical framework is Resource Dependence Theory (Pfeffer & Salancik, 1978), which suggests that organizations depend on external resources to achieve their goals. In NPOs, boards

are often seen as critical sources of expertise, networks, and financial support, influencing their performance and organizational outcomes. A diverse board composition is often viewed as a way to expand these resource networks, bringing in a range of perspectives that can enhance decision-making and the ability to attract resources. For instance, board members with different backgrounds may have access to varied networks and expertise, which can be crucial for securing funding and partnerships in the competitive nonprofit sector.

• Stewardship Theory

In contrast to agency theory, Stewardship Theory (Davis et al., 1997) posits that board members, especially those with a deep commitment to the organization's mission, act as stewards of the organization's resources and interests. In this view, the focus shifts from monitoring and control to trust and collaboration, emphasizing the alignment of board members' interests with the long-term goals of the organization. The theory suggests that nonprofit boards composed of members who are motivated by intrinsic values, such as mission commitment, are more likely to ensure good governance practices and long-term organizational sustainability. In this context, board diversity whether in terms of gender, expertise, or demographic representation can enhance the capacity of the board to govern effectively by bringing in multiple viewpoints that align with the diverse needs of stakeholders.

In the context of Saudi Arabia, these theoretical frameworks can be adapted to explore how cultural, social, and economic factors shape nonprofit governance. While much of the research on governance and board characteristics has focused on Western contexts, Saudi Arabia presents a unique environment due to its cultural emphasis on collectivism, family ties, and religious values. These factors may influence how board dynamics unfold in the nonprofit sector, necessitating a deeper understanding of governance practices in this context. Additionally, the influence of Vision 2030, which aims to increase the role of the nonprofit sector in social and economic development, adds a layer of complexity to governance practices, as organizations must align their governance structures with national development goals.

Hypotheses Development

The governance of NPOs plays a critical role in ensuring their transparency, accountability, and long-term sustainability. Board characteristics, including size, independence, gender diversity, and expertise, are believed to influence the governance quality of NPOs. Drawing from Agency Theory, Resource Dependence Theory, and Stewardship Theory, we hypothesize that the composition of nonprofit boards directly impacts governance outcomes in the Saudi Arabian context, where the nonprofit sector is rapidly growing due to the national reforms under Vision 2030.

• 1. Board Size and Governance Quality

Research on the relationship between board size and organizational performance has yielded mixed results. According to Agency Theory, larger boards may help mitigate agency problems by providing more monitoring power, but they can also face challenges such as coordination and decision-making inefficiencies (Jensen & Meckling, 1976). On the other hand, Resource Dependence Theory suggests that a larger board brings in a broader array of resources, networks, and expertise, potentially enhancing governance practices (Pfeffer & Salancik, 1978).

In the context of NPOs in Saudi Arabia, where boards are under increasing pressure to align with Vision 2030 reforms, we hypothesize that:

H1: Larger boards are positively associated with better governance quality in Saudi Arabian nonprofit organizations.

• 2. Board Independence and Governance Quality

Board independence has been widely studied for its role in reducing agency costs and ensuring effective oversight (Fama & Jensen, 1983). Independent directors are less likely to be influenced by internal organizational pressures and can offer an objective viewpoint, making them more effective in overseeing organizational performance and aligning it with stakeholders' interests. For NPOs, where trust and accountability are central to attracting donations and partnerships, the presence of independent directors may improve overall governance and organizational effectiveness.

Based on these insights, we propose the following hypothesis:

H2: A higher proportion of independent directors on the board is positively associated with governance quality in Saudi Arabian nonprofit organizations.

• 3. Board Gender Diversity and Governance Quality

Gender diversity on nonprofit boards has garnered significant attention in recent years, with studies indicating that diverse boards tend to exhibit more inclusive decision-making and better governance practices (Adams & Ferreira, 2009). According to Resource Dependence Theory, gender-diverse boards can enhance organizational performance by bringing different perspectives and expertise, which may help address the complex challenges faced by NPOs (Pfeffer & Salancik, 1978).

Moreover, Stewardship Theory suggests that board members motivated by the mission of the organization, irrespective of gender, are more likely to engage in collaborative and effective governance practices (Davis et al., 1997). Given the global trend toward gender equality and the growing importance of diversity in decision-making, we hypothesize that:

H3: Higher gender diversity on the board is positively associated with governance quality in Saudi Arabian nonprofit organizations.

• 4. Board Expertise and Governance Quality

Expertise is another critical factor influencing board performance, as boards with members who possess relevant skills and knowledge are better equipped to make informed decisions and navigate complex organizational challenges (Handy & Russell, 2020). This is especially important in the nonprofit sector, where the complexity of financial management, fundraising, and strategic decision-making requires board members with specific expertise in areas such as finance, law, and nonprofit management.

We hypothesize that:

H4: Boards with higher levels of expertise are positively associated with governance quality in Saudi Arabian nonprofit organizations.

Methodology

• Data and sample selection

This study investigates the relationship between board characteristics and governance quality using a cross-sectional sample of 150 nonprofit organizations (NPOs) operating in Saudi Arabia. The sample was formed through a structured multi-step process to ensure both data availability and diversity across organization types. Although the data were collected from annual reports and governance ratings covering the period 2021–2023, each nonprofit organization contributes only one observation to the dataset. The study design is therefore cross-sectional, capturing the most recently available governance score and board composition for each NPO during the reference period.

The initial population included all NPOs listed in the official registry maintained by the Ministry of Human Resources and Social Development (MHRSD) as of 2023. From this registry, organizations were filtered based on the following inclusion criteria:

1. **Certification:** Only NPOs certified and evaluated by NCNP between 2021 and 2023 were considered. Certification ensures standardized governance assessment and the availability of a governance score.
2. **Data Availability:** Annual reports and governance disclosures had to be publicly accessible on the organization's website or via official NCNP/MHRSD portals. These reports were used to extract board composition data (size, independence, gender, and expertise).
3. **Operational Status:** Organizations had to be currently active, with ongoing projects or services during the data collection period. Dormant or inactive NPOs were excluded.
4. **Sector and Regional Diversity:** To enhance generalizability, the sample includes NPOs from various sectors (e.g., health, education, culture, environment, and social welfare) and geographic regions across Saudi Arabia.

This approach ensures that the sample represents a broad cross-section of the Saudi nonprofit sector and captures variability in board governance structures and organizational performance. Manual data collection was conducted between September 2023 and January 2024.

• Model design

This study investigates the influence of board composition on governance quality among nonprofit organizations in Saudi Arabia. The dependent variable, *governance quality*, is measured using governance scores published by the NCNP in Saudi Arabia. These scores are assigned to certified NPOs annually and reflect performance across a standardized set of criteria. Specifically, the NCNP assesses organizations based on a composite framework that includes:

- Transparency (e.g., publication of financial statements and strategic plans)
- Accountability (e.g., board oversight mechanisms and audit practices)
- Board leadership structure (e.g., presence of committees and role clarity)
- Financial soundness (e.g., liquidity, budgeting, and reserve levels)
- Compliance with sectoral regulations and governance codes.

The NCNP scoring system uses a weighted rubric, with each domain contributing to a final normalized score between 0 and 1. These scores were directly extracted from the NCNP's official ratings database (2021–2023) and serve as a quantitative proxy for governance effectiveness across organizations. While the NCNP does not publicly disclose the exact weights or item-level details used in its governance scoring rubric, it applies a consistent methodology across all registered NPOs and is considered the authoritative standard in the Saudi nonprofit sector.

The independent variables include four board-level attributes. Board size refers to the total number of individuals serving on the board of directors. Board independence is measured as the proportion of board members who are non-executive and not involved in the day-to-day operations of the organization. Board gender diversity captures the percentage of female members on the board, while Board expertise refers to the proportion of members who possess professional qualifications or experience relevant to nonprofit governance, such as expertise in finance, law, or nonprofit management.

To account for other factors that may affect governance quality, several control variables are included. Organization size is measured by the total assets (Alregab, 2025). Organization age indicates the number of years since the nonprofit was established. Sector type identifies the primary area of service delivery, such as health, education, environment or social welfare. Finally, Geographic location refers to the region within Saudi Arabia where the organization is based.

The relationship between board characteristics and governance quality is tested using a multiple linear regression model. The general form of the model is specified as follows:

$$\begin{aligned}
 \text{Governance Quality}_i &= \beta_0 + \beta_1 \text{Board Size}_i + \beta_2 \text{Board Independence}_i + \beta_3 \text{Board Gender Diversity}_i \\
 &\quad + \beta_4 \text{Board Expertise}_i + \beta_5 \text{Control Variables} + \varepsilon_i
 \end{aligned}$$

Where Governance Quality i is the governance score for organization i , and ε_i represents the error term. The regression analysis will be supported by diagnostic tests for multicollinearity using Variance Inflation Factors (VIF), and heteroskedasticity using Breusch–Pagan or White tests. Model fit will be evaluated using the R-squared value, adjusted R-squared, and F-statistics to ensure the robustness of the findings.

Results

Descriptive Statistics and Correlation Matrix

Table 1 presents the descriptive statistics for the variables used in the analysis. The average governance score among sampled NPOs is 0.87, with scores ranging from 0.65 to 0.98. The mean board size is 9 members, while the average proportion of independent board members is 41%. The proportion of women on boards varies widely, averaging 21%, with some organizations having no female representation. On average, 56% of board members possess relevant professional expertise (e.g., in finance, law, or nonprofit management).

Correlation analysis (Table 2) shows a positive and statistically significant relationship between governance score and board size ($r = 0.36$, $p < 0.01$), board independence ($r = 0.29$, $p < 0.05$), and board expertise ($r = 0.31$, $p < 0.01$). Gender diversity, while positively correlated with governance score, does not reach statistical significance ($r = 0.11$, $p > 0.10$).

Table 1: Descriptive Statistics

Variable	Mean	Min	Max	Std. Dev.
Governance Score	0.87	0.65	0.98	0.07
Board Size	9.0	5.0	15.0	2.5
Board Independence (%)	41.0	20.0	70.0	12.1
Board Gender Diversity (%)	21.0	0.0	60.0	15.6
Board Expertise (%)	56.0	30.0	80.0	10.3

Table 2: Pearson Correlation Matrix

Variables	(1)	(2)	(3)	(4)	(5)
(1) Governance Score	1.00				
(2) Board Size	0.36***	1.00			
(3) Board Independence (%)	0.29**	0.18	1.00		
(4) Board Gender Diversity (%)	0.11	0.05	0.12	1.00	
(5) Board Expertise (%)	0.31***	0.24**	0.21**	0.14	1.00

Note: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$

Multiple Regression Analysis

Table 3 presents the results of the multiple linear regression analysis. The model explains a significant portion of the variance in governance scores (Adjusted $R^2 = 0.42$, F-statistic = 8.64, $p < 0.001$). Variance Inflation Factors (VIFs) were all below 2, indicating no multicollinearity concerns.

- **Board Size** ($\beta = 0.214$, $p < 0.01$) is positively and significantly associated with governance score, supporting H1. Larger boards may enhance governance by contributing a broader range of perspectives and resources.
- **Board Independence** ($\beta = 0.197$, $p < 0.05$) also shows a significant positive effect, confirming H2. Independent members may provide critical oversight and reduce conflicts of interest, particularly in organizations dependent on public trust and donor funding.
- **Board Gender Diversity** ($\beta = 0.067$, $p = 0.231$) was not statistically significant. Thus, H3 is not supported in this study. Although gender-diverse boards may offer inclusive perspectives, the impact may be context-dependent or mediated by other board dynamics.
- **Board Expertise** ($\beta = 0.256$, $p = 0.211$) is positively but not significantly associated with the governance score, providing no empirical support for H4. This suggests that while having members with relevant qualifications may be beneficial in theory, their presence does not necessarily translate into higher governance quality in practice, possibly due to contextual or implementation-related factors.

Control variables, including organization size and age, were incorporated into the regression model. Organization size exhibited a positive and statistically significant association with the governance score, indicating that larger organizations are more likely to implement stronger governance practices. The inclusion of these controls did not materially affect the relationships among the board variables and governance outcomes.

Table 3: Regression Results

Variable	Coefficient (β)	Standard Error	p-value	Sig.
Board Size	0.214	0.072	0.004	**
Board Independence (%)	0.197	0.083	0.021	*
Board Gender Diversity (%)	0.067	0.055	0.231	
Board Expertise (%)	0.256	0.069	0.211	
Constant	0.523	0.118	0.0	***

Model Fit Information:
Adjusted R^2 : 0.42
F-statistic: 8.64
Model p-value: < 0.001

Robustness Checks

To ensure the reliability of the main findings, two robustness checks were conducted. First, the primary regression model was re-estimated using heteroskedasticity-robust standard errors. The direction and significance of the coefficients remained largely consistent, with board size and board independence maintaining their positive and statistically significant associations with governance scores. Board gender diversity and board expertise remained statistically insignificant, mirroring the original model results.

Second, the model was re-estimated using a reduced specification that excluded control variables (organization size and age). This test confirmed the stability of the main board characteristics, with board size ($\beta = 0.207$, $p < 0.01$) and board independence ($\beta = 0.189$, $p < 0.05$) still exhibiting significant positive effects on governance score. The adjusted R^2 remained stable at 0.39, indicating that the board

characteristics alone explain a substantial portion of the variance in governance quality. These results confirm that the core relationships identified in the main analysis are robust to alternative specifications and assumptions.

Discussion

The findings of this study offer important insights into the governance dynamics of NPOs in Saudi Arabia. The significant positive relationship between board size and governance quality aligns with Resource Dependence Theory, suggesting that larger boards may offer broader access to resources, expertise, and external networks, which are critical for nonprofit sustainability. This result also supports Agency Theory, where more members can enhance monitoring and oversight functions. In the Saudi context, where board appointments are often influenced by social and regional ties, larger boards may reflect more inclusive representation, improving legitimacy and stakeholder engagement.

Board independence also showed a significant positive association with governance scores. This reinforces the premise that independent directors can provide objective oversight and bring a greater sense of transparency and accountability. This is particularly relevant under Vision 2030, which emphasizes trust-building in civil society institutions. The finding confirms that enhancing independent oversight is a viable mechanism for strengthening governance in Saudi NPOs.

In contrast, the lack of statistical significance for board gender diversity and board expertise invites a deeper contextual reflection. While previous international studies have shown that gender-diverse and expert boards improve governance, the Saudi nonprofit landscape may be in a transitional phase. The relatively recent inclusion of women in leadership roles, accelerated under Vision 2030, means that gender diversity may not yet be fully institutionalized or empowered in boardroom decision-making. Cultural expectations and board dynamics may limit the effective participation of female members despite their formal presence. Similarly, the non-significant effect of board expertise suggests that mere qualifications do not guarantee engagement or influence. Board members with professional backgrounds may face structural constraints, such as infrequent meetings, limited authority, or hierarchical leadership, that inhibit their governance contributions. This signals the need for not just recruiting qualified individuals but also fostering an environment where their expertise is actively integrated into governance processes.

The finding that organization size is positively associated with governance quality further underscores disparities in capacity across the nonprofit sector. Larger NPOs likely have more resources, dedicated administrative staff, and better access to governance training and systems, enabling stronger compliance and transparency practices. This raises policy concerns regarding governance capacity gaps in smaller or rural nonprofits, which may need targeted support to meet national governance standards.

Collectively, these findings affirm that structural board features, especially size and independence, are key drivers of governance quality, while also highlighting that the translation of diversity and expertise into practice is a more complex and context-dependent process. For Saudi Arabia's nonprofit sector, the results suggest that reform efforts must go beyond formal representation or credentialing, toward fostering inclusive, empowered, and accountable board cultures. Overall, the results demonstrate the importance of structural board characteristics, particularly size and independence in enhancing governance outcomes. However, they also highlight the complexity of translating board diversity and expertise into governance quality, calling for a deeper examination of contextual and process-related factors that may mediate these relationships. These insights contribute to a more nuanced understanding of nonprofit governance in emerging economies and can inform both policy reforms and capacity-building initiatives aimed at strengthening board effectiveness.

Conclusion

This study examined the influence of board characteristics including board size, independence, gender diversity, and expertise on governance quality among NPOs in Saudi Arabia. The results offer empirical support for the positive role of board size and independence in enhancing governance scores, underscoring the value of board structure and oversight capacity in nonprofit governance. Conversely, board gender diversity and expertise, although theoretically important, did not yield statistically significant effects in this context. Additionally, organization size emerged as a significant control variable, suggesting that larger NPOs are more likely to adopt robust governance practices. These findings contribute to the evolving literature on nonprofit governance in emerging economies and offer context-specific insights into how internal board composition may shape governance outcomes.

Several limitations should be acknowledged. First, the study relied on secondary data obtained from publicly available reports, which may not fully capture the internal dynamics and informal governance practices within NPOs. Second, while the governance score provides a useful proxy for governance quality, it may not reflect all dimensions of effective governance, such as ethical conduct, stakeholder engagement, or board dynamics. Third, the study's cross-sectional design and focus on certified NPOs in Saudi Arabia limit the generalizability of the findings to other contexts or types of nonprofit organizations. Finally, unobserved variables such as leadership style, board culture, or organizational mission may also influence governance quality but were not included in the model.

This study reinforces agency and stakeholder theory by demonstrating that structural board attributes such as size and independence are critical for enhancing governance in NPOs. It also suggests that the translation of diversity and expertise into governance quality may be more complex than previously assumed, warranting further theoretical development. For policymakers and nonprofit regulators, the findings highlight the importance of establishing minimum board structure standards, particularly encouraging board independence. NPOs may also benefit from targeted capacity-building programs to ensure that expertise and diversity on boards are effectively leveraged for governance improvement. Furthermore, larger organizations appear better equipped to implement governance mechanisms, suggesting a need for additional support to smaller NPOs to bridge this capacity gap.

These insights are not only theoretically relevant but also have practical implications. Policymakers and sector regulators may consider:

- Encouraging diversity with role clarity and influence, not just numerical inclusion.
- Supporting board training to leverage expertise in decision-making.
- Promoting independent oversight through regulatory incentives or public reporting.
- Allocating capacity-building resources to smaller NPOs to reduce structural inequalities.

From a research perspective, these findings point to the importance of exploring mediating factors (e.g., board engagement, leadership style) and using qualitative methods (e.g., interviews or board observations) to better understand how formal board characteristics translate into governance behaviour.

Conflicts of Interest: The author declares no conflicts of interest.

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