EFFECT OF CORPORATE DIVERSITY STRATEGY AND CORPORATE SIZE ON EQUITY VALUE DURING THE COVID-19 PANDEMIC

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Abstract

The effect of firm size and diversity strategy on equity value during COVID-19 is examined in this study. This objective was pursued following the quantitative approach and controlling for corporate entities' marketing expenses, age, and leverage. Data from the top 100 companies prospering in the pandemic, listed by the Financial Times, was quantified. Using a purposive sampling technique, we drew a sample of 74 global companies and collected secondary data from the financial years 2019 to 2021. Diversity did not significantly impact equity value, but firm size did ($p < 0.05$). The research contributes new insights to business resources management and corporate diversity literature and provides recommendations for lawmakers regarding diversity and inclusion policies in the workplace. Moreover, this study is an eye-opener to those involved in planning for equity value generations to consider business environments seriously. To improve the flexibility of individual firms in times of crisis, tailored solutions are required (Dejardin et al., 2023). Practical results from the research emphasise the necessity of size-specific policies and diversity alignment to increase firm resilience.

Keywords: Competitive Advantage, Corporate Diversity, Equity Value, Firm Size, Pandemic, Resource-Based Theory

1. INTRODUCTION

Globally, the COVID-19 outbreak has caused massive deaths and property devastation. Authorities used lockdowns, housing quarantines, travel restrictions, entertainment venue closures, and public gathering bans to fight the highly contagious coronavirus (Li et al., 2021). These anti-epidemic measures upended

the citizens' consumption of goods and services (Chen et al., 2024). To survive and thrive during a crisis, businesses must be innovative and provide products and services that meet the ever-changing customer demands.

There are many strategies that businesses employ to sustain and grow sales revenue to maximise shareholder value, and one of them is the implementation of diverse human resources (Sinicropi & Cortese, 2021). The increase in competition to reach homebound consumers and to re-penetrate the firm's existing markets is a vital source for competitive advantage. In today's fast-paced, competitive economy, Hamadamin and Atan (2019) argue that a company's nonphysical, varied people resources, not its physical resources, provide sustainable competitive advantage. Their view is corroborated by Wikhamn and Wikhamn (2020), who argued that a diverse workforce would enable companies to match the diversity apparent in the market and their external stakeholders, with a similarly diverse offering produced by a heterogeneous group of employees. This would, in turn, assist businesses in attaining sustainable success over their competitors and maximizing shareholder value.

Scholars and businesses have adopted corporate diversity as a source of systemic stability, resilience, and an enhancer of organizational competitive advantage. Michie and Oughton (2022) acknowledge that firms with a diverse workforce would appeal to today's diverse customer base and hence increase firm performance. Kim et al. (2021) claim that varied worker groups make a corporation more robust to global economic challenges. The intense relationship problems caused by workers' differences make business diversity seen as damaging to performance. Moon and Christensen (2020) argue that corporate diversity helps us understand a market phenomenon that, compared to homogeneous groups, is more likely to provide task-relevant resources like knowledge, abilities, and fresh perspectives that improve corporate results. Companies without diversity risk losing out on innovation, creativity, and competitive advantage.

Research offers varied results on how corporate diversity affects equity value. In studies by Brahma et al. (2021), Chijoke-Mgbame et al. (2020), Fernando et al. (2020), Kabara et al. (2022), Hosny and Elgharbawy (2022), and Sameer (2021), some found a positive association, while others found a negative or no significant relationship. Theoretical lenses and diversity categories may lead to empirical ambiguity. The corporate diversity and equity value study has disregarded firm size, which may explain the inconsistent results.

To survive future economic storms like COVID-19, companies need data to sustain equity value. No study has examined how firm size and diversity influenced equity value until COVID-19.

Post-COVID-19, there has been little talk about diverse workplaces and success. Diversity and equity values during crises are hardly studied despite the plethora of material on stable situations.

The purpose of this study was to explore how diversity and firm size influenced equity value throughout the pandemic to bridge this information gap and demonstrate how companies survived.

This study examines firm size and diversity to better understand crisis-related corporate performance. The strategic relevance of diversity management as a catalyst for innovation, organisational resilience, and sustained competitive advantage supports the premise that corporations should encourage diversity to defeat their competitors (Gorsky, 2019). This study contributes to the knowledge on diversity and equity during crises and may influence policy and practice. Diversity-focused techniques and company-specific resilience planning are stressed. Organisational performance depends on this integration. The findings assist companies in preparing for global disruptions and promoting data-driven socioeconomic policy. Following the preceding introduction, this study examines how firm size and diversity affected equity value during the COVID-19 pandemic. Hence, the research question, in line with the purpose of this study, was:

RQ: Does the corporate diversity strategy and corporate size positively affect the firm's equity value during the COVID-19 pandemic?

The structure of the paper is as follows. Section 2 reviews the relevant literature. Section 3 analyses the methodology that has been used to conduct empirical research on the relationship between corporate diversity strategy, corporate size, and equity value. Sections 4 and 5 discuss the analyses of the results, and Section 6 concludes the paper.

2. LITERATURE REVIEW

Few studies have examined business diversity and firm performance during crises like COVID-19. To address that gap, this study examines how diversity and firm size influenced equity value during the epidemic. Using resource-based view and dynamic capacities theory, the research highlights resilience's contextual complexities in a resource-constrained world. The study's evidence-based suggestions may improve scholarship and policy.

We shall discuss the theoretical framework and the related literature reviewed here. This research uses Teece et al.'s (1997) dynamic capabilities hypothesis and resource-based view as a theoretical foundation. In the resource-based approach, Barney (1991) believes that an organization's competitive advantage comes from its ability to govern its resources that are difficult for competitors to copy. A corporate diverse workforce is one of the resources that assists firms to solve problems and support innovative decision-making with their varied viewpoints, talents, culture, and experiences (Saha et al., 2024), as alluded to by Barney (1991). However, according to Teece et al. (1997), the resource-based view does not include how businesses can adapt to changing environments or how strategic management might use these abilities to address changing environmental demands. This deficiency prompts dynamic capabilities theory (Sahebalzamani et al., 2023) to recommend that organisations emphasise resource allocation flexibility in the face of unanticipated occurrences like the COVID-19 pandemic. According to the concept, competitive advantage requires adaptability and resilience. As corporations must adapt to a changing business environment, scholars have embraced dynamic capabilities theory. According to Dejardin et al. (2023), the concept helps companies understand how their dynamic, diverse talents boost economic performance during crises like COVID-19. Dynamic capabilities allow a corporation to modify its internal and external resources to meet the changing business environment via competence renewal, adaptation, integration, and reconfiguration

(Dias et al., 2021). Thus, to optimise equity value, firms must be able to modify and reconfigure resources, including organisational diversity, to maintain a competitive advantage in response to the COVID-19 crisis. Therefore, this study employs the resource-based view and dynamic capabilities theory to describe the relationship between corporate diversity strategy and equity value of firms during crisis times.

Academics have not defined business diversity despite its rise. Some scholars have defined corporate diversity from a narrow perspective, while others have taken a broader view (Yadav & Lenka, 2020). Understanding corporate diversity from one narrow perspective is very different from the concept of diversity based on broader perspectives. According to Otike et al. (2022) and Leslie and Flynn (2024), narrowly defining diversity would imply that only one dimension (e.g., cultural diversity) is studied at a time, and that would not be beneficial. Hence, Gross-Gołacka et al. (2022) propose the use of a broader definition that integrates diversity dimensions in order to understand the dynamics of a heterogeneous workforce. This study defines corporate diversity as a staff mix of ages, ethnicities, genders, and education levels. Firm variety is seen as a system stabiliser.

Different empirical studies exist on how workplace diversity influences equity value (Li et al., 2021). Some studies reveal a favourable correlation, while others find negative or insignificant effects due to contextual variables including country, industry, and economy (Plečnik & Wang, 2024; Azeem, 2023; Saha et al., 2024; Shamsudin et al., 2022; Paolone et al., 2024). Plečnik and Wang (2024) reported that diverse top management teams positively affect firm performance during the COVID-19 pandemic. While Fernando et al. (2020) showed that gender diversity promotes equitable value during crises in United States (US) firms, Sameer (2021) found a significant negative correlation in European football leagues. Similarly, Fakhrul (2022) found no statistical significance between gender and share value of FTSE 100 companies across the period 2011 to 2020. It is further pointed out that high gender diversity delays the recovery time of firms' share prices after the shock (Azeem et al., 2023). Based on the inconsistency in the results from prior studies and that the literature has not extensively studied the influence of corporate diversity strategy on equity value during the COVID-19 pandemic, this study aims to contribute to the pre-existing discussion within the context of the 100 global corporations that prospered during the COVID-19 pandemic.

The association between diversity and equity value is significant, but company scale moderates it. Studies show that larger organisations may exploit diversity better due to organisational flexibility and greater resources (Arvanitis et al., 2022). Managing resources and achieving diversity is tougher in larger firms (Magnanelli et al., 2021). COVID-19 and business size, diversity, and equity value are examined in this study to help organisations leverage their strategic advantages to survive and thrive. Therefore, it can be expected that company size and diversity strategy will positively impact the equity value of firms. Consequently, the following hypothesis and conceptual framework are developed.

H1: Corporate diversity strategy and corporate size positively affect equity value during the COVID-19 pandemic.

Figure 1 shows how the literature review underpins our study. For pandemic business performance analysis, marketing expenses, firm age, and leverage are measured as control variables, while equity value measures results, company size, and diversity explain them.

Figure 1. Conceptual framework
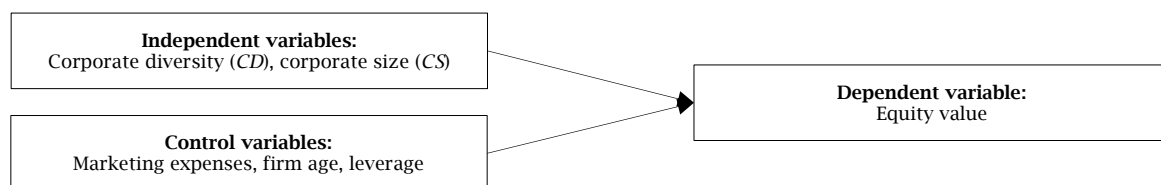
Source: Authors' elaboration.

3. RESEARCH METHODOLOGY

3.1. Research design, population, and sample

Research on business variety, size, and *Equity value* during the COVID-19 crisis was quantitative. This research samples global companies that survived the COVID-19 pandemic. Researchers employed non-probability purposive sampling to choose a sample for in-depth research to achieve the study's purpose (Etikan et al., 2016).

In order to complete the analysis, the researchers used the Financial Times' 2020 list of the top 100 corporations that prospered during the COVID-19 pandemic. Our sample included only organisations with current, online data from 2019–2021. The final sample of 74 enterprises, or 219 observations, was over 70% of the ranking businesses. This big sample ensures the study's validity and applications to a wider population.

3.2. Research data

Corporation annual reports were the main source of information since they provide a firm's *Equity value*s and other financial and non-financial data. According to Hussain and Waheed (2019), yearly reports are a reliable resource for company diversity research. So, we got financial statement data from audited reports on our sample businesses' websites. Refinitiv Eikon and Financial Times diversity rankings provided firm diversity statistics. Famous ranking methods reduced prejudice, according to Demers et al. (2021).

3.2.1. Dependent variable

Tobin's Q quantifies equity in this research (Brahma et al., 2021; Oza & Patekar, 2024). Popular business success measures include *Tobin's Q* (Fernando et al., 2020). Due to its broad usage in empirical finance research, independence from industry, and decreased accounting standard influence, the Q ratio is a desirable variable (Mohsni & Shata, 2021). Following Song et al. (2020), *Tobin's Q* is derived by dividing asset book value by equity market value.

3.2.2. Independent variables

The result depends on corporate size (*CS*) and corporate diversity (*CD*) (Conti et al., 2024). *CD* is "the distribution of differences among the members of a unit with respect to a common attribute" (Harrison & Klein, 2007, p. 1200). A binary variable was employed to avoid the problems of getting precise diversity statistics: corporations in the Refinitiv Eikon or Financial Times diversity rankings were given the value "1", whereas those that did not were given "0" (Foster et al., 2021). Previous study (Kuncová et al., 2016; Utomo & Machmuddah, 2024) suggests using the natural logarithm of total assets and sales revenue to measure business size, which indicates resource capacity and capability.

3.2.3. Control variables

Control factors in business diversity studies include marketing spending, financial *Leverage*, and *Firm age*. The study utilises these to strengthen the model. Company value may increase due to *Marketing expenses*, such as selling and distribution charges (Mirza et al., 2022). A company's financial *Leverage* — long-term debt divided by total assets — indicates its ability to attract outside capital (Danso et al., 2021). A firm's age is its information-gathering year minus its inception year, which indicates organisational maturity (Huang et al., 2021). Table 1 presents a summary of the variables and their sources.

Table 1. Variables: Descriptions and sources

Variables	Description	Source
Dependent variables		
Tobin's Q	*Tobin's Q* is measured as the book value of assets plus the market value of equity divided by the book value of assets.	Financial statements
Independent variables		
CD	A dummy variable for *CD*, that is, "1" is assigned when a firm is listed on the diversity ranking list of Refinitiv Eikon or Financial Times-Statista, otherwise "0".	Refinitiv Eikon and Financial Times databases
CS	Total asset value.	Financial statements
Control variables		
Marketing expenses	Marketing variable is defined as the marketing, selling, and distribution expenditures of a firm.	Financial statements
Firm age	Current year minus the firm's established year.	Financial statements
Leverage	Firms' long-term debt divided by total assets.	Financial statements

Note: Further, each variable's average value from 2019–2021, COVID-19, is analysed. In the model below, all variables except CD are logarithmic.
Source: Authors' elaboration.

3.3. Data analysis

To address our research objectives, therefore, the researchers employed cross-sectional data analysis because data for this study were collected for the period during the COVID-19 pandemic. Unlike the process in panel data studies, in a cross-sectional study, the researcher measures the relationship between the individual variables of interest and the outcomes of this study's sampled companies at the same time as the COVID-19 pandemic. This technique is appropriate for analysing multiple units over the same time period. As a result, the following general specification of the cross-sectional regression is modelled:

Model 1

$$y_i = \alpha + \beta_1 x_{1,i} + \beta_2 x_{2,i} + \ldots + \beta_k x_{k,i} + \varepsilon_i \quad (1)$$

where, y represents the financial performance metrics for company i. The k variables, $x_1, \ldots, x_k$ are explanatory variables and $\beta_1, \ldots, \beta_k$ are the estimated coefficients of the explanatory variables 1 through k. The subscripts α and ε represent the intercept and error term, respectively. Model 1 is deconstructed into Model 2, where y depicts *Equity value*, *CD* represents corporate diversity, and *CS* represents corporate size.

Model 2

$$y_i = \alpha + \beta_1 CD_i + \beta_2 CS_i + \beta' x'_i + \varepsilon_i \quad (2)$$

The data for this study were collected for the period 2019 to 2021, during the height of the COVID-19 pandemic. Aside from the dummy variables, some variables were averaged to generate a single quantitative COVID-19 figure. For example, the COVID-19 *Marketing expenses* figure was calculated by averaging the *Marketing expenses* of a specific firm for the period 2019 to 2021.

3.4. Methodological rationale

Company diversity and financial performance are linked in several studies; these studies use *Tobin's Q* as the dependent variable (Fernando et al., 2020; Brahma et al., 2021; Duppati et al., 2020). We included marketing expenditures and financial *Leverage* as control variables to ensure the model contains all relevant *Equity value* components. Through dynamic capacities theory, the study contextualises firm performance under resource constraints and gives a comprehensive picture of *Equity value* dynamics during crises.

4. RESULTS

4.1. Descriptive statistics

The descriptive statistics presented in Table 2 for all the variables used in this study are applicable to the sampled companies during the COVID-19 period (2019–2021). Therefore, the total observations were 219. Minimum, mean, maximum, and standard deviation maximum statistics are of particular interest.

• *Tobin's Q*: The dependent variable values ranged from US $0.09 to US $23,963.60, with an average of US $642.26. Its standard deviation is US $3,184.10.

• *CS*: The size of these companies, in terms of total asset value, ranged from US$49.93 million to US $1,320000.00 million, with an average of US $80,977.63 million and a standard deviation is US $196,398.84 million.

• *Marketing expenses*: The sampled companies reported an average *Marketing expenses* of US $7,355.77 million, ranging from US $4.98 million to US $1245 million. The standard deviation is US $17,286.24 million.

• *Firm age*: The sampled companies had been in operation for 36.27 years on average, with the youngest for a mere five years, and the oldest having been in continuous operation for 154 years, with a standard deviation of 35.27 years.

• *Leverage*: Financial *leverage* may be 0 to 1.5. According to the mean of 0.54, listed firms have 54% debt. The standard deviation is 0.26.

Table 2. Descriptive statistics of the sample companies

Variables	Number of observations	Mean	Std. dev.	Median	Min	Max	SE
Tobin's Q	74	642.26	3184.10	5.64	0.09	23963.60	370.14
CD	74	0.78	0.41	1	0	1	0.05
CS	74	80977.36	196398.84	21799.75	49.93	1320000.00	22830.90
Marketing expenses	74	7355.77	17286.24	1245.00	4.98	124000.00	2009.48
Firm age	74	36.27	35.27	22	5	154	4.10
Leverage	74	0.54	0.26	0.51	0.00	1.31	0.03

Note: CD is a dummy variable. CS and marketing expenses variables are expressed in million US dollars.
Source: Authors' elaboration.

4.2. Correlation analysis

Like Provasi and Harasheh (2021), this study examines firm diversity, size, and equity value using Pearson correlation. The regression analysis of Gregorich et al. (2021) assumes multicollinearity when the correlation coefficient of the variables is at least 0.8. According to the correlation analysis, each variable in Table 3 has a correlation coefficient below 0.8. In this approach, poor correlation between variables prevents multicollinearity.

Table 3 indicates that the relationship between *Tobin's Q* and *CD* is positive, albeit statistically insignificant. *Tobin's Q* has a negative and statistically significant relationship with *CS*.

In addition, *Tobin's Q* has a positive and statistically significant correlation with *Firm age*, whereas the correlation between *Tobin's Q* and *Marketing expenses* and firm *Leverage* is negative and statistically significant.

While these findings serve a purpose in answering the study's research questions, they are, on their own, inadequate because correlation does not imply causation. As a result, the impact of *CD* and *CS* on *Equity value* must be determined while controlling for other fundamental variables, as demonstrated in Model 2 (in the research methods section). This analysis is carried out in the section that follows.

Table 3. Pearson correlation matrix

	Tobin's Q	CD	CS	Marketing expenses	Firm age	Leverage
Tobin's Q	1					
CD	0.03	1				
CS	-0.29***	0.07	1			
Marketing expenses	-0.42***	-0.03	0.7***	1		
Firm age	0.36***	0.15	0.05	-0.2*	1	
Leverage	-0.31***	0.19	-0.16	0.25**	-0.13	1

*Note: ***, **, and * represent significant levels at 1%, 5% and 10% respectively. All variables are logarithmically expressed.*
Source: Author's computation using the rcorr function in the Hmisc package in R.

4.3. Regression analysis

Table 4 shows *Tobin's Q* calculations for *Equity value*. The association between *CD* and *Tobin's Q* is not mentioned here since it is not statistically significant. The model predicts statistically significant characteristics, including *CS*, *Firm age*, and *Leverage*. Growth and *Leverage* during COVID-19 hurt the investigated enterprises' *Equity value*s. Due to age, firms' *Equity value*s increased during COVID-19. Marketing expenditure did not significantly affect the *Equity value* of listed enterprises during COVID-19, according to the marketing variable coefficient.

When using cross-sectional datasets, linear regression model integrity requires constant variance, uncorrelated, and appropriately distributed residuals. These requirements are met as shown by the diagnostics in Table 4 and Figures 2–3. The diagnostic tests in Table 4 show that these findings are robust to autocorrelation and heteroscedasticity. Furthermore, the diagnostic plots in Figures 1–2 show that the residuals are independent, normally distributed, and have a constant variance. The diagnostic plots also confirm the absence of autocorrelation and influential outliers.

Table 4. Cross-sectional model on *Equity value*

Variables	Model 2
Coefficients and standard errors	
Intercept	8.995 ***
	3.124
CD	0.361
	0.596
Ln(CS)	-0.392 *
	0.210
Ln(Marketing expenses)	-0.067
	0.187
Ln(Firm age)	0.862 ***
	0.298
Ln(Leverage)	-0.755 ***
	0.296
Adjusted R-squared	0.274
F-statistic	6.501
p-value	< 0.001
Diagnostics test	
Heteroscedasticity	
Studentized Breusch-Pagan (BP) test up to order 5	7.15
p-value	0.17
Autocorrelation	
Breusch-Godfrey (BG) test for serial correlation of order up to 1	2.89
p-value	0.07

*Note: *** means 10% importance, * 1%. With the data are standard errors. The BP and BG tests have null hypotheses of model residuals with constant variance (homoscedasticity) and no autocorrelation. Autocorrelation and homoscedasticity are absent when the p-value is larger than 0.005.*
Source: Authors' elaboration.

Figure 2. Diagnostic plots for Model 2 specification
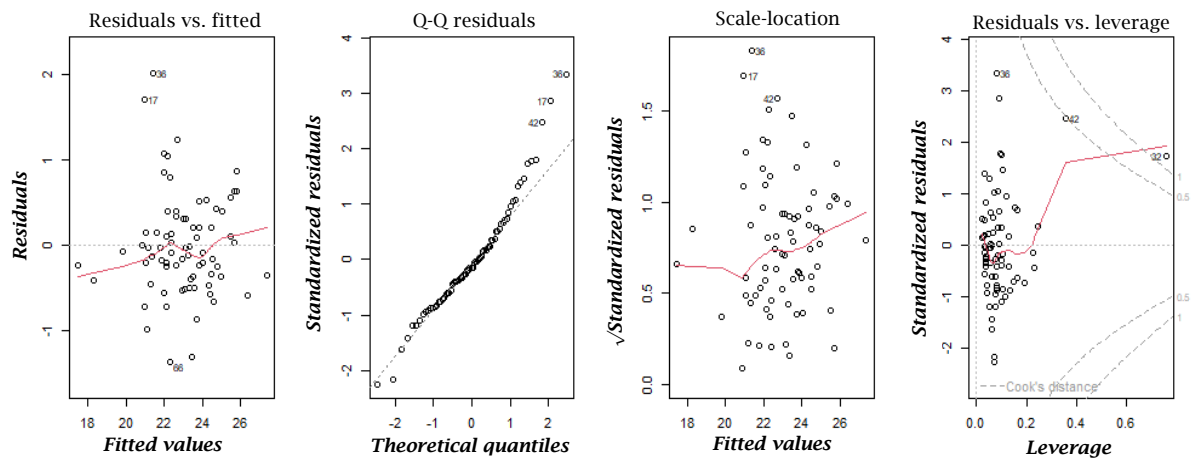
Source: Authors' elaboration.

Figure 3. Normality and autocorrelation tests of the Model 2 specification
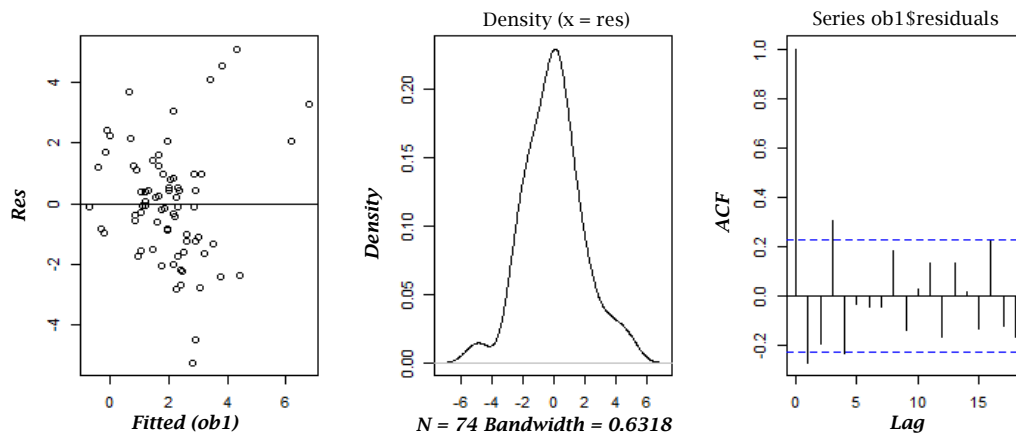
Source: Authors' elaboration.

5. DISCUSSION

The findings of this paper are anchored on the theoretical foundation and on the literature upon which this paper is based. In tandem with the resource-based theory, companies with sufficient resources are more likely to take advantage of their intellectual resources to navigate the undulating terrain of the business environment. Furthermore, the resource advantage is more pronounced when the corporation achieves a diversification of its resources, which assists in building dynamic capabilities that nurture and instill resiliency and longevity. Hence, the dynamic capability theory is equally brought to the fore in substantiating the findings of this paper. This is chiefly because the attendant longevity which ensues from dynamic capabilities offers resilient grounding for companies' achievement of long-term, hence the age advantage in enduring catastrophic events such as COVID-19 with corporate equity enhancements.

5.1. Impact of corporate diversity on equity value

The correlation results in Table 3 show that the relationship between *CD* and *Tobin's Q*, as a proxy for *Equity value*, is weak, positive, but insignificant. This can be explained using the resource-based theory's predictions. Likewise, Table 4 shows that the impact of *CD* on *Equity value* is positive, albeit statistically insignificant. This finding lends support to the empirical findings of Sieweke et al. (2023) and Hosny and Elgharbawy (2022), who discovered that *CD* does not provide a competitive advantage during a crisis. Table 4 regression results suggest that business diversity increases *Equity value*, albeit not significantly. Diversity has a complicated and often unclear influence on organisational performance, as shown by previous research (Sameer, 2021). Diversity may be too simplistically quantified as a single variable to accurately depict its diverse character in business situations (Yadav & Lenka, 2020). This also emphasises the need for firms to rethink their diversity policy, especially during crises. Due to the absence of relevance, strategic decision-making methods may not integrate current diversity policies to affect *Equity value* during atypical periods like the COVID-19 pandemic. To further understand its role in organisational resilience, future research should use board-level or intersectional diversity metrics.

Evidence of statistically insignificant results may not indicate the absence of a positive influence of *CD* on firm *Equity value* during a crisis, but may be intrinsic to the *CD* proxy used in this study (Sieweke et al., 2023). Dynamic capacities theory indicates that resilience requires flexible resources, which the findings corroborate. Size hinders resource reallocation at scale for larger enterprises. As binary diversity indicators appear to have no effect, they may not completely capture the nuanced benefits of variation. To address this, future research should employ multidimensional diversity indexes.

Another possible explanation is that the cross-sectional research design used in this study implies that a factor not included in the analyses may yet determine whether a firm experiences a statistically significant relationship. Significant positive effects of *CD* predicted by dynamic capabilities theory may materialize for firms used to continuously managing and reconfiguring their diverse human capital, even during unexpected crisis times (Engelen et al., 2012).

5.2. Impact of corporate size on equity value

Company size was negatively correlated with *Equity value* during the COVID-19 pandemic (Table 4). The coefficient of $\beta = -0.392$ (p < 0.05) indicates that larger businesses with higher total asset values struggled to maintain *Equity value* throughout the crisis. This study found that larger organisations have more money, but they struggle to be flexible and allocate resources during times of turmoil. Concurrently, Li and Chen (2018) discovered that *Equity value* declined when firm size rose during crises. In fast-changing environments, diseconomies of scale may reduce the advantages of large enterprises' resource capacity. In contrast, Kuncová et al. (2016) and Arvanitis et al. (2022) found that larger enterprises had more organisational structures and resources to weather crises. This discrepancy suggests that bigger research is needed to understand how firm size, organisational agility, and crisis-specific responses affect *Equity value*.

5.3. Impact of firm age and leverage on equity value

5.3.1. Firm age

Tobin's Q is positively and statistically substantially connected to *Firm age*, according to Table 4, cross-sectional data. Research indicates that older companies have a higher *Equity value* ($\beta = 0.862$, p > 0.05) and can better maintain it during challenging times. According to this study, established procedures, considerable expertise, and organisational flexibility assist older companies in weathering economic storms like the COVID-19 pandemic.

Given their reputation, competence, and adaptability, long-standing firms can handle crises better. These results agree with Huang et al. (2021) that mature companies perform better and are more financially resilient when a disaster occurs. While this study did not seek to resolve theoretical issues concerning business age, the evidence shows that it helps preserve *Equity value* in challenging times.

5.3.2. Firm leverage

Financial *Leverage* substantially decreased *Equity value* with a beta coefficient of -0.755 and a p-value below 0.05. In crises, highly leveraged companies have considerable financial constraints, according to Danso et al. (2021). The findings showed that debt-laden companies were less able to concentrate and maintain operations during the COVID-19 pandemic. Since they have set financial obligations, heavily leveraged companies may suffer during economic crises. This supports Ali et al.'s (2022) findings that excessive *Leverage* hurts businesses' performance. Companies with less debt were more adaptable and resilient to the epidemic.

According to studies, *Leverage* decreases stock value; hence, smart debt use and financial management are crucial, particularly during crises. To reduce the negative consequences of debt on enterprises during recessions, future research may examine capital allocation strategies.

Future research should examine multicollinearity among *Firm age*, *CS*, and *Leverage*. Structural equation modelling and variance inflation factors may improve findings presentation.

6. CONCLUSION

This study examined how COVID-19 affects firm size and diversity on equity value. We examined 74 enterprises' 2019–2021/2 financial reports that the Financial Times had deemed successful during the COVID-19 epidemic. Later, a cross-sectional analysis was done. Companies were sized by their total asset value and ranked by equity value using Tobin's Q. The dichotomous variable used to measure corporate diversity was "1" if a business was on Refinitiv Eikon or Financial Times-Statista's diversity ranking list and "0" otherwise. The empirical results discussed above provide support for the positive effect of corporate diversity strategy on equity value, as corporate diversity strategy increased equity value somewhat. The answer to the research question is "yes". Although diversity in the workplace did not significantly increase firm value during the COVID-19 pandemic, it may be a starting point for future resource management assessments. Previous research has shown that diverse workforces increase equitable values (Sieweke et al., 2023; Hosny & Elgharbawy, 2022).

The answer to the question regarding the influence of corporate size on equity value indicates that company size has a negative and statistically significant link with equity value during the COVID-19 pandemic, as reported in Table 4. Meanwhile, Li and Chen (2018) discovered a negative association. Bonus is that Tobin's Q is positively and statistically correlated with company age. Huang et al. (2021) obtained the same results. Established companies may survive economic disasters and boost equity value, according to their results.

The current study indicated the vital role corporate diversity strategy plays in supporting the firm's competitive advantage. The current study, therefore, contributed information that businesses can use to plan and structure their recovery strategy for global disruptions and promote data-driven socioeconomic policy teaching of the topic. Additionally, this study contributes more empirical data to the few studies on corporate resources and equity value during the COVID-19 crisis. Moreover, this study confirmed the resource-based view as a suitable theory for examining the corporate resources utilisation during crises, but also brought attention to the usefulness of the dynamic capabilities theory during crises.

This study has some limitations. First, the sole approach utilised in this study is statistical. It also employed cross-sectional research. This design's single-time data collection restricts its capacity to find patterns and insights that longer-term research

might. Budgetary restrictions prevent us from doing as much long-term research, which needs more resources. For more accurate results, future research may employ longer time frames or successive time periods.

Return on equity, earnings per share, Tobin's Q, and others may assess company equity. The second limitation of this study concerns the equity value measure. This study evaluated equity value using Tobin's Q alone. Another challenge encountered in this study was that the study's population was restricted to the companies ranked by the Financial Times as having prospered during the COVID-19 crisis, and these firms are geographically dispersed. The sample size and their residence in multiple socioeconomic and political jurisdictions limit the validity of generalisations. It would be interesting to include smaller, regional companies that also prospered during the COVID-19 crisis, or in another context, in future research.

Based on the limitations of this study, there are several recommendations for future research, such as the use of a mixed-method approach to combine quantitative and qualitative methods. Moreover, a possible avenue for qualitative research would be to survey firm managers to understand which internal intangible resources are more important in driving the firms' competitive advantages and performance during times of crisis. In this study, equity value was only measured by Tobin's Q. For the future, researchers can also try other measurements, such as earnings per share and return on equity, as they may result in different findings.

While this study is based on international companies, the sample was limited to the top 100 companies (as ranked by the Financial Times) that prospered during the COVID-19 crisis, and even so, not all of these companies were included in the sample because some had missing data. If the missing data could be made available, it would be possible to re-run the study with the entire population of companies ranked by the Financial Times, and this could test the robustness of the current findings. Moreover, future studies may consider employing gradient boosting or panel regression analysis to analyse the influence of corporate diversity strategy on firm performance.

During COVID-19, corporate size affected equity value more than diversity. Policymakers should promote diversity frameworks for companies of various sizes that need diverse resilience techniques. This cross-sectional study makes causal inference problematic; hence, longitudinal research is needed to properly understand resilience across time. Multidimensional diversity indicators should be studied to determine their influence on firm performance for the future, and with possible multicollinearity challenges, more research could be warranted to verify the robustness.

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