

Gender Diversity, Managerial Competence, and Sustainable Opportunities in Iraqi Textile SMEs

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Abstract

The SME's performance has been observed to have a significant portion in the economic growth rate. In order to find the current status of SMEs in Iraq, this study has investigated the impact of gender diversity, managerial competence as independent and the managerial competencies for sustainable development as moderator on the SME's performance. quantitative study approach has been used to conduct this study, and the data was collected from 300 SME firms, and the collected data was analysed through the father of statistical analysis SPSS. The hierarchal regression model was used to calculate the results. The results have interpreted the positive association of gender diversity and managerial competence on SME performance, but the moderator shows no role in SME performance. This study has discussed its limitations, implications, and future directions in the last portions.

Keywords: gender diversity, managerial competence, SME performance, management cognition of sustainable opportunities.

1. Introduction

The financial performance of small and medium enterprises SMEs has been a topic of discussion and research for a long time. Financial performance has been called an absolute tool that helps managers maintain their position in a competitive market by adopting and installing new technologies, strategies for customers and owners and keeping awareness about upcoming trends (Gofwan, 2022). In Iraq, the SMEs have an alarming need for support in terms of unemployment and weak private sector and to provide opportunities to new graduates as the SMEs have been an efficient source of economic and social development as well as a significant portion of export and trade (Flayyih, Mohammed, & Talab, 2019).

The financial performance of the SMEs comprised of the availability of funds and loans as Iraq already possess a weak SME sector and the availability of loans for different projects like project financing, commodity financing and objective financing to increase the fund availability for getting higher financial performance from the SMEs (Jawad & Al-marzooge, 2022). Along with the deficit fund availability, the evolution of technology and digitalization have occurred as another significant challenge for businesses, and they have to focus on the IT-business alignment to overcome this obstacle in gaining high financial performance.

The financial performance of SMEs has been influenced by several factors that trigger the performance to the top, and others cause a rapid drop in it (Nkwabi & Mboya, 2019), like financial constraints, lack of technology, rules and regulations, gender diversity, lack of training and managerial competence. Studies have highlighted these different factors that define and integrate with the firm financial performance, Salloum, Jabbour, and Mercier-Suissa (2019) have investigated the role of gender diversity in the board of directors of the firm and its impact on the firm financial performance in the middle-east countries, and they provide significance of women and minority groups on the efficiency of firm's financial performance.

The role of managerial competencies, inventory management and financial performance with the importance of managerial competencies for financial performance has been tested by (Orobia et al., 2020). SMEs' financial performance has also been noticed to be influenced by managerial cognition as a moderator (Li et al., 2020); cognitive CEOs and managers contribute their efforts to the firm's value, incorporate the firm in CSR activities, and they mostly observed that state-owned enterprises focus on the cognitive managers, highlighting a gap for the SMEs in their high financial performance. The managerial skills, positive attitude and practical proficiency have been narrated as crucial factors for SME managers to proliferate the financial outcomes and progress of the SMEs (Loan, Nguyen, & Nam, 2023).

This study has investigated the impact of gender diversity and managerial competencies on the financial performance of SMEs with the mediation of managerial cognition of suitable opportunities in the relationship between managerial competencies and financial performance in Iraq. This study will provide both theoretical and practical contributions. For the practical implications, this study will enlighten the concepts, issues, and factors policymakers and the managers of SMEs should focus on to achieve high profits and performance of their firms. The theoretical contributions will provide the literature on the significance of gender diversity and managerial cognition and competencies for the financial performance of Iraqi SMEs.

The subsequent study will consist of the literature on the targeted variables, the methodology adopted for this study, the results of the collected data and their discussion in the last heading, conclusion, limitations, and future guide for further research will be written.

2. Literature Review

2.1. Theoretical Background and Conceptual Framework

SMEs are a crucial part of a country's economy because they are considered worthy drivers by providing sustainable development and reducing unemployment (Obi et al., 2018), specifically for developing economies (Ndiaye et al., 2018). However, despite their contribution to the economy, it is vital to understand the importance of some major factors, such as gender diversity, managerial competence, and management cognition of sustainable practices, to enhance the SMEs' performance, which is the concern of this study, i.e., to highlight the importance of these variables to attain profitable organizational outcomes. The study's framework is based on determining the direct influence of gender diversity and managerial competence on SMEs' performance, where management cognition of sustainable opportunities significantly mediates the association between independent and dependent variables. To support the research framework, the researcher has utilized the "Resource-based view theory (RBV)" (Barney, Wright, & Ketchen Jr, 2001), according to which the competency within an organization is based on the valuable and irreplaceable sources and abilities that are under the control of the company (Zhang, Xu, & Ma, 2022) and can be related with the framework in a way that it highlights the importance of competent SMEs based on their resources and the employee capability to work innovatively which is dependent on the competence and cognition of sustainable opportunities by the managerial staff and the gender diversity could be able to effectively participate in improving the SMEs' performance.

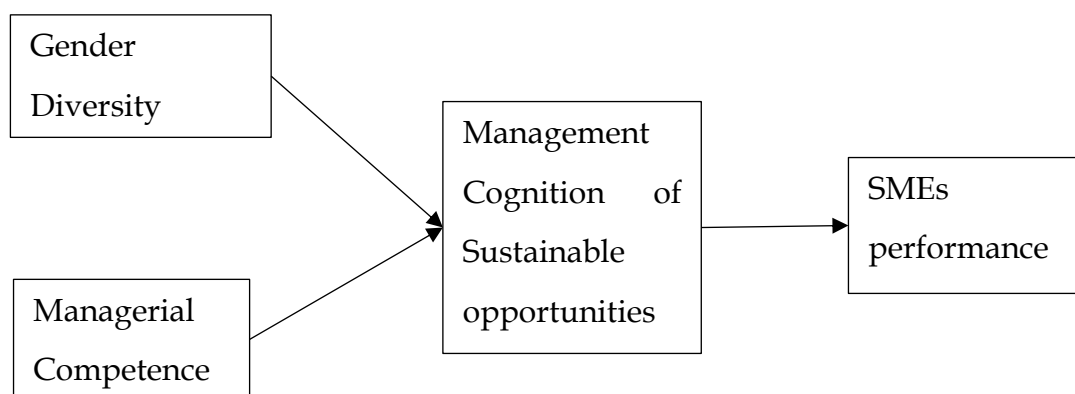
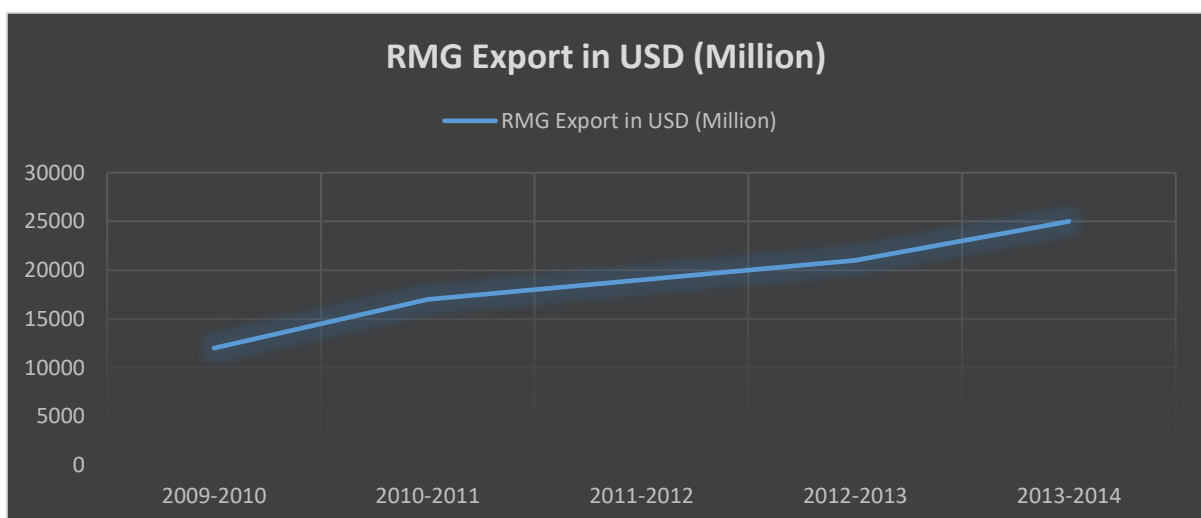


Figure 2.1: Conceptual Framework

2.2. Gender Diversity and SMEs' Performance

In this modern era, women are highly participating in career roles as they dominate the fields of education, which has significantly increased their employment rate. Research has elaborated that incorporating females as top management employees has enhanced excessively over the past few years (Chen et al., 2021). Therefore, this research has focused on studying gender diversity as it provides innovative and quality management for SMEs. Moreover, it has also been determined that women are practicing more reliably at leadership positions in SMEs as they have the capabilities of cooperation, building trust, and prefer to elevate the practices of command as compared to men, which creates an environment of mutual knowledge sharing within the enterprises thus resulting in desirable outcomes.

Furthermore, some studies have demonstrated a positive correlation between gender diversity and the financial performance of organizations because they believe that it enables a firm to express innovativeness, quality, productivity, creativity, and a great amount of problem-solving ways within the organization (Campbell & Mínguez-Vera, 2008; Levi, Li, & Zhang, 2014; Menicucci, Paolucci, & Paoloni, 2019; Song, Yoon, & Kang, 2020). However, the existing investigation has preferred the role of gender diversity in augmenting the performance of SMEs within the context of textile SMEs, which is the study's innovation. The importance of gender diversity could be understood from the increment in the ready-made garment exports in Bangladesh by employing women in their garment sector (as explained in Graph 2.1).



Graph 2.1: Increment in RMG exports of Bangladesh due to women's employment (Sharma, 2020)

The importance of gender diversity importance could also be highlighted by the *gender socialization theory* (Setó-Pamies, 2015), which explains that men and women show different responses regarding different conditions and situations thus occurring within the workplace even if they are working in the same job roles (Graafland, 2020). Consequently, these differences between the perceptions of people provide SMEs with different and innovative ideas that could be useful for enhancing their performance and achieving profitable outcomes. However, there is still a gap within the textile industries regarding the gender-diverse employment system, which according to the current research, is significant and crucial for desired and competent outcomes. Conclusively, the textile SMEs of Iraq should focus on hiring women employees along with men to ensure a gender-diverse work environment, which will eventually enhance their creativity and productivity and help to achieve a competitive advantage and enhance their performance.

H1: *Gender diversity significantly and positively influences the performance of SMEs.*

2.3. Impact of Managerial Competence in SMEs on the Performance of SMEs

The current research has focused on managerial competence as another construct to enhance the performance of small and medium-sized enterprises and achieve competitive advantages. According to previous research (McClelland, 1973), competence is defined as the capability of an individual to make sharp and abrupt decisions accordingly to attain excellence in their work (Loan et al., 2023). In addition, managerial competence is defined as the capability of the administrative staff within an organization to fulfill their managerial role and other responsibilities within their workplaces. The performance of small and medium-sized enterprises in terms of finance is highly crucial for their maintenance and betterment, which could be supported by some examples such as almost 70% of small and medium-sized enterprises in South Africa have been finished in their first five years (Solomon et al., 2013) and in Kenya 46% SMEs have been collapsed within a year and 15% in the next year (Kangethe, 2018). This highlights the importance of innovative and competitive small and medium-sized enterprises' performance, which depends on the managerial staff's knowledge and skills to gather the data and make it favorable for improving

the company's performance. Therefore, the current research has focused on improving SMEs' managerial competence, eventually enhancing organizational performance within small and medium-sized textile enterprises.

Moreover, managerial competence within small and medium-sized enterprises allows the organization's administrative staff to work, utilize, and devise resources crucial for the enterprise's growth. However, the managerial staff within small and medium-sized enterprises should be responsive to innovative opportunities because it will promote not only value creation and development. In other words, the managerial competence of small and medium-sized enterprises, when collaborated with responsiveness, will be a considerable boost for the performance of small and medium-sized enterprises (Zacca & Dayan, 2018). Consequently, it can be illustrated that the knowledge, skills, and attitudes of the managerial staff of small and medium-sized enterprises are crucial to enhance their competence, which eventually results in performance growth.

To summarize, small and medium-sized textile enterprises thus operating in Iraq should focus on improving the competency of their managerial staff, which is a significant and positive construct for achieving profitable outcomes, revenue, competitive advantage, avail the new opportunities, enhance sustainability, and efficiently compete for their rivals in the global and local business market, an ultimatum for sustainable economic growth in Iraq.

H2: *Managerial competence in small and medium-sized enterprises significantly and positively impacts the performance of SMEs.*

2.4. Moderating role of Management Cognition of Sustainable Opportunities

In this era of globalization, sustainable opportunities hold great importance in small and medium-sized enterprises because sustainability is the key to the effective performance and development of such organizations, thus operating at a small scale. Therefore, small, and medium-sized enterprises must have a managerial staff with the appropriate capability to determine and avail the opportunities effectively. Managerial cognition is one of the dynamic managerial capabilities and is defined as the beliefs and mindset of managers regarding the decisions thus make for their

organizations (Li et al., 2018). In addition, it is highly dependent on the knowledge and predictions of the managers regarding the organization's future development, and the decisions are made according to these predictions. However, the current research has focused on determining the mediating role of management cognition of sustainable opportunities between gender diversity, managerial competence, and performance of small and medium-sized enterprises.

This could be understood from the perspective of resource-based view theory because it influences the fact that the employees of the organization and their activities are the primary reason behind innovation in small and medium-sized enterprises, and the achievement of the sustainability goals could be easily achieved if the companies use their employees as their resources (Awwad Al-Shammari et al., 2022). Moreover, it has been researched that the employees who prefer to work in innovation are the reason behind attaining sustainable development goals, which eventually enhances the performance of small and medium-sized enterprises (Rehman et al., 2021). Therefore, the present study has utilized the managerial cognition of sustainable opportunities because when managers of an organization effectively perceive the sustainable opportunities that could enhance innovation in the organization, they can effectively deal with their employees and use them as innovative and sustainable resources to enhance the organizational performance.

To summarize, it can be illustrated that the higher the cognitive capability of the managerial staff of SMEs, the higher will be the relationship between gender diversity, managerial competence, and SMEs performance. Moreover, managers should perceive gender diversity and managerial competence as sustainable opportunities to achieve quality and innovation. Therefore, the textile SMEs of Iraq should train their administrative staff so that they can easily grab sustainable opportunities which will improve the performance of textile SMEs, which is the novelty of the present research.

H3: *The relationship between gender diversity and the performance of SMEs is significantly moderated by management cognition of sustainable opportunities.*

H4: *Management cognition of sustainable opportunities significantly moderates the nexus between managerial competence in SMEs and the performance of small and medium-sized enterprises.*

3. Methodology

3.1 Participants

The participants of this study consisted of managers from the selected SMEs in Iraq. More than 500 participants participated in this study. The participants consist of both males and females and their age range is between 35-45. The response from those participants is preferred who have managerial experience of more than five years. The questionnaire indicates the demographics of the respondents in which their age, experience, and occupation are highlighted. The selection of participants as a sample for this study was based on specific requirements thus, a stratified sampling technique is utilized. [Barratt and Kirwan \(2009\)](#) highlights that the stratified sampling technique refers to a group of sub-groups of the population that has similar characteristics. To collect data from the population, following the stratified sampling technique, the population is divided into strats on the basis of similar characteristics.

3.2 Procedure

Participation in this study was voluntary, as a consent form was signed by respondents before receiving the questionnaire. The consent form and survey include the background information related to the characteristics of the respondents. An email invitation has been sent to the respondents to fill the survey which is formulated in this study. The survey consists of significant questions related to the selected variables to collect the responses of the respondents. Initially, 500 responses were achieved by the researcher in a given time frame, i.e., four weeks. However, by excluding the unfilled and invalid responses, a total of 300 valid and reliable responses have been achieved by the researcher. The efficiency of responses has been recorded as 60%.

3.3 Questionnaire Design and Measurement Scale

Following the questionnaire-based survey method, this study formulates an efficient questionnaire to collect the responses of the participants. The questionnaire is a very useful survey tool that helps the researcher to reach a broader number of populations to collect data. However, despite the common notion that surveys are

easy to conduct, the formulation of a survey needs extensive time and planning (Misro et al., 2014). The design of the questionnaire for this study follows a structured and organized manner. The questionnaire is designed into two sections in which section 1 deals with the demographic information of respondents, while section 2 comprises the question related to the selected variables of the study. The pilot study was also conducted to evaluate the reliability and validity of the questionnaire and after revision of a few aspects final questionnaire was developed from Google Forms.

All the measurement scales were adopted from previous studies by prominent scholars. The survey used a five-point Likert scale to determine the answers. The Likert scale includes the following levels: Level 1-Strongly disagree, Level 2- Disagree, Level-3 Neutral, Level 4-Agree and Level-5 Strongly Agree. The items were adjusted to line up with the objectives of the study. The formulation of the questionnaire follows the consultancy of experts, and on the basis of their opinions, the relevant questionnaire was revised to get an efficient version. In this accordance, it can be stated that the questionnaire utilized in this research is valid and reliable. The measurement items used in the questionnaire are attached in the appendix.

3.4 Analysis Methods

In the analysis of the study, the KMO test was utilized to evaluate the appropriateness of the conceptual model and sample data for factor analysis. Furthermore, the factor analysis uses the principal component model and rotation variance method to analyze the validity of the measurement scales. The validity of the scales was ensured through exploratory factor analysis and reliability was established via Cronbach alpha values.

4. Results

4.1. Data screening and normality

The first step that comes after the data collection is data screening, the frequency test was used for this purpose to find any high and low values outliers from the data. The test revealed no values other than the settled high and low ones. The next step was the rectification of missing values if any, and this step was also done

according to the response trend of the other items. The descriptive analysis has provided the mean value of the constructs, and all the mean values were above than 3, stipulating the positive agreement of the respondents about the targeted and addressed variables. The normality of the data was assessed by conducting the skewness test, which has a threshold range about the normality concept which is -1 to +1, and all the calculated values were within this threshold range, it means the collected data has achieved the title of normality.

Table 1: The descriptive analysis result.

Descriptive Statistics							
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
GD	300	1.00	5.00	3.2841	1.01742	-.467	.141
SMP	300	1.00	5.00	3.2687	1.23838	-.247	.141
MCSID	300	1.00	5.00	3.4100	1.06294	-.298	.141
MCC	300	1.00	5.00	3.3100	1.25042	-.253	.141
Valid N (listwise)	300						

4.2. Correlation analysis

The correlation analysis to evaluate the level of interconnection of the targeted variables, and to find the significance of the variables in one model. The following table has displayed the correlation values of all the variables with their level of significance of two-stars at value $>.001$, regarding the association of the variables for each other.

Table 2: Correlation analysis

		Correlations			
		GD	SMP	MCSID	MCC
GD	Pearson Correlation	1	.773**	.525**	.321**
	Sig. (2-tailed)		.000	.000	.000
	N	300	300	300	300
SMP	Pearson Correlation	.773**	1	.445**	.218**
	Sig. (2-tailed)	.000		.000	.000
	N	300	300	300	300
MCSID	Pearson Correlation	.525**	.445**	1	.250**
	Sig. (2-tailed)	.000	.000		.000
	N	300	300	300	300
MCC	Pearson Correlation	.321**	.218**	.250**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	300	300	300	300

4.3. Sphericity and sampling adequacy

These tests have their significance in explaining all the queries related to the targeted population and the number of collected data. The KMO test has been performed to verify the sufficiency and adequacy of the targeted population for analysis. This test has a threshold range of 0.8 or above, and the following table provided the KMO test value of 0.921, showing that the decided sample size was appropriate for the model. The Bartlett's test has been run to evaluate the redundancy of the data and the significance value .000 has reflected the abundance of data to compute the results for this study.

Table 3: KMO and Bartlett's Test:

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.921
	Approx. Chi-Square	7279.189
Bartlett's Test of Sphericity	df	210
	Sig.	.000

4.4. Factor analysis

The factor analysis has been performed to calculate the factor loading of the selected items with their self-variable and cross variables, and the standard value has been used as a foundation to accept the factor scores was 0.6. The following table has presented there were no cross loading in the factors of constructs, and all the values were in their respective columns and above the minimum standard of the prescribed standard.

Table 4: Factor Analysis

	Rotated Component Matrix			
	Component			
	1	2	3	4
GD1		.816		
GD2		.777		
GD3		.720		
GD4		.699		
GD5		.717		
GD6		.845		
GD7		.843		
GD8		.618		

Rotated Component Matrix		
GD9		.634
MC1	.849	
MC2	.829	
MC3	.847	
MC4	.852	
MC5	.828	
MCSD1		.830
MCSD2		.847
MCSD3		.818
MCSD4		.792
SMPER1		.936
SMPER2		.939
SMPER3		.923

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

The reliability analysis of the data

The Cronbach alpha values were calculated to assess the reliability of the selected items and their supportive influence on the efficiency of the variable overall in measurement perspective. The Cronbach alpha value has a threshold range above 0.7 and close to 1 to prove the reliability of the items for relevant construct. After calculating all the Cronbach alpha values, the items have stipulated high Cronbach alpha values for the variables and have been accepted to be the best fit for the constructs.

Table 5: Cronbach alpha values of the variables:

Variable	Items	α
GD	9	.951
MCC	5	.963
MSCD	4	.891
SMP	3	.949

Hypothesis Testing

When the researchers use SPSS for the regression analysis, the best approach to get the best and authentic results is to use the hierarchal

regression model for getting desired outcomes. This approach has been used by the researcher and the results have been interpreted. For the first hypothesis, the model summary has computed and revealed the regression or degree of change value as .599 with the significance of .000, means the independent variable has caused a 59.9% change and influence on the dependent variable SMEs performance. The following tables have provided the regression value and its significance.

Table 6: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774 ^a	.599	.596	.78680

a. Predictors: (Constant), MCC, GD

Table 7: ANOVA

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	274.686	2	137.343	221.860	.000 ^b
1	Residual	183.859	297	.619		
	Total	458.545	299			

a. Dependent Variable: SMP

b. Predictors: (Constant), MCC, GD

While using the hierarchal regression model, the analysis is done in steps named as models, the researcher has included the moderator in the second model, and the analysis has computed the value of MSCD as .069 with no significance and the total degree of change of only .003, indicating no role of moderator on the relationship between independent variable and SMEs performance. So, the hypothesis of moderation was rejected. Moreover, the third model has included the interaction terms of gender diversity, managerial competence, and the managerial competences for sustainable development, and the output of the results has depicted the highest amount of R square of 97.4% overall on the SMEs performance, and 37.2% impact of only these interaction terms on the dependent variables.

Table 8: Regression Coefficients

		Coefficients				
Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
	(Constant)	.245	.172		1.424	.155
1	GD	.955	.047	.784	20.210	.000
	MCC	-.034	.038	-.034	-.875	.383

a. Dependent Variable: SMP

Table 9: Moderation Analysis

	M1	M2	M3
INDEP			
MC	.955***	.919***	.989***
GD	-.034	-.039	-.033**
R ²	.599		
MODERATOR			
MCS D		.069	-.024
R ²		.602	
ΔR^2		.003	
INTERACTION			
GDXMCS D			-.249***
MCXMCS D			.257***
R ²			.974
ΔR^2			.372

5. Discussion

The present study was aimed at analysing the role played by gender diversity and managerial competence on small and medium enterprises in the context of Iraq's textile sector. Moreover, the mediating effect of management's cognition of sustainable opportunities was also investigated. Based on the research objectives, the first hypothesis was formulated that gender diversity has a significant and positive influence on the performance of SMEs. The findings of the study support this hypothesis. Various previous studies have also reported a positive relationship between gender diversity and the performance of an organisation, as a diverse workforce offers multiple creative and innovative ways for problem-solving and it brings together a talented pool of employees belonging to diverse backgrounds

(Brahma, Nwafor, & Boateng, 2021; Campbell & Mínguez-Vera, 2008; Levi et al., 2014; Li & Chen, 2018; Menicucci et al., 2019; Zhang, 2020) . However, some studies have also reported that gender diversity has no significant influence on the performance of an organisation (Marinova, Plantenga, & Remery, 2016). The second hypothesis, formulated based on the research objectives, was that managerial competence in small and medium-sized enterprises significantly and positively impacts the performance of SMEs. However, the findings of this research do not support this hypothesis. Thus, H2 is rejected. However, various studies have reported a significant positive relationship between managerial competence and organisational performance (Bouazza, Ardjouman, & Abada, 2015; Fatoki, 2011). The third hypothesis based on the research objectives was that the relationship between gender diversity and the performance of SMEs is significantly mediated by management cognition of sustainable opportunities. The findings indicate a significant mediating effect of management's understanding of sustainable opportunities, which supports the third hypothesis. Moreover, the fourth hypothesis based on the research objectives was that management cognition of sustainable opportunities significantly mediates the nexus between managerial competence in SMEs and the performance of small and medium-sized enterprises. The findings of the study support the fourth hypothesis as well.

5.1. Conclusion

In conclusion, the present study offers multiple insights into the multifaceted impacts of gender diversity and managerial competence on the performance of small and medium enterprises within the textile sector of Iraq. Moreover, the study has also investigated the significant mediating impact of management's cognition of sustainable opportunities on these dynamics. The findings of this research report show that gender diversity has a significant positive influence on the performance of SMEs. However, managerial competence has no significant impact on the performance of SMEs, according to these findings. Gender diversity in a textile enterprise brings forward diverse and innovative perspectives, which lead to creative ways of problem-solving. Thus, it ensures efficient performance in the SMEs. This also points towards the importance of promoting gender diversity within an organisation.

Gender diversity is a primary determinant of the performance and resilience of an SME in the textile sector of Iraq. However, managerial competence does not appear to have a significant impact on the performance of SMEs, according to this research. Moreover, the study has emphasised the crucial role of management's cognition of sustainable opportunities in ensuring the long-term performance of SMEs. Managers who are aware of sustainable practices and options can design sustainable strategies. An organisation's sustainability goals provide its adherence to corporate social responsibility and positive relationships with all the stakeholders. This can enhance the stakeholder's engagement in decision-making processes within the SMEs. Thus, SMEs which incorporate sustainability in their practices show better performance.

5.2. Research Implications

The present study has both theoretical and practical implications. From a theoretical perspective, the present study contributes to the literature, which validates the application of the resource-based view theory to study the impact of gender diversity and managerial competence on the performance of SMEs in the context of Iraq's textile sector. RBV theory proposes that an organisation's sustainable competitive survival is based on its valuable resources. The present study indicates that gender diversity is a valuable resource for an SME and positively influences its performance. The research further enriches the RBV theory's notion of the role of gender diversity as an intangible and asset. The study highlights the importance of gender diversity in the decision-making and problem-solving processes. This enriches the scope of the theory. Thus, the research highlights the importance of intangible assets of an organisation within the framework of RBV theory. From a practical perspective, the study reinforces the importance of establishing gender diversity within SMEs in the context of Iraq's textile sector. Selecting a diverse and inclusive workforce can bring talented employees from diverse backgrounds. A diverse workforce can introduce innovative and unique approaches to effective decision-making and problem-solving. To achieve this goal, organisations should design effective gender diversity policies that eradicate gender discrimination from the workplace and ensure an inclusive environment. Thus, the study implies that SMEs

in the textile sector should make investments in diversity training programs. These programs can make the employees aware of the importance of gender diversity in the workforce. They can also help in mitigating problems of gender bias and discrimination in the workplace. These training programs can train the managers to design strategies which promote gender diversity and erase gender bias from the organisation. This can ensure professional development and inclusive opportunities for each gender in an organisation. Moreover, the present study implies that SMEs should emphasise the cognition of sustainable possibilities and practices at the management level. By adopting sustainable practices, SMEs can ensure long-term success and build high trust with their stakeholders. Thus, sustainability training of the managers is crucial to ensure an SME's sustainable growth.

5.3. Limitations and Recommendations

The present study offers valuable insights into the role of gender diversity and managerial competence on the performance of SMEs in the context of the textile sector in Iraq. The study also explores the mediating impact of management's cognition of sustainable opportunities. However, the present study has its limitations. First, the study is focused on the SMEs in the textile sector of Iraq. Using a stratified sampling does not allow the study's findings to be generalised for other regions and industrial sectors. Future studies could explore the role of gender diversity, managerial competence and sustainability cognition in SMEs belonging to other industrial sectors and areas. This would give more comprehensive and generalisable results. Furthermore, the research relied on self-administered responses to an online questionnaire. This could have introduced bias in the answers as the respondents often do not respond honestly. In future studies, the researchers could incorporate various other variables such as organisational culture, leadership styles, Corporate Social Responsibility, supply chain sustainability and employee engagement to obtain a more comprehensive view of the impact of gender diversity and managerial competence on the performance of SMEs.

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Appendix

Table 1 Measurement Items and citation sources

SR.	Dimensions	Measuring Items	Citation Sources
1	Gender Diversity	"The proportion of women directors in the board positively affects the performance of firms."	(Ibrahim, Ouma, & Koshal, 2019)
2		"Firms with more female directors will perform better than those with more male directors."	
3		"Female directors are more objective than male directors."	
4		"Female directors are less susceptible to conflict of interest than male directors."	
5		"Female directors are more independent-minded than the male directors."	
6		"Female directors are more likely to protect the interests of all stakeholders than male directors."	
7		"Boards with more female directors are more likely to be more transparent than those with more male directors."	
8		"Boards with more female directors are more likely to provide complete corporate disclosure than those with more male directors."	
9		"The law should specify the minimum representation of female directors in corporate boards."	
10	Managerial Competence	"Meeting the objectives/ goals of the business."	Orobia et al. (2020) developed a scale of managerial competence, including managerial knowledge, managerial ability, and managerial skills. To remain aligned with the objectives of this study, this paper adopted items of managerial ability.
11		"Upholding work procedures and standards."	
12		"Taking timely decisions."	
13		"Helping the employees to come up with new ideas."	
14		"Getting things done as expected."	
15.	Managerial cognition of sustainable development	"I am very knowledgeable about environmental/sustainability issues."	Adopted from sustainability awareness items of Oriade et al. (2021).
16.		"I understand the Corporate Social Responsibility (CSR) concept."	
17.		"I understand that sustainability is mainly about the physical environment."	
18.		"I know that contribution to the community is part of corporate social responsibility."	
19.	SME's Performance	"My firm is usually satisfied with the return on investment."	Adopted from Sadiku-Dushi, Dana, and Ramadani (2019) from which, items of efficiency in SEM's performance are taken.
20.		"My firm is usually satisfied with the return on equity."	
21.		"My firm is usually satisfied with the return on assets."	