THE MODERATING EFFECT OF GENDER DIVERSITY ON THE RELATIONSHIP BETWEEN CORPORATE GOVERNANCE AND COMPANY PERFORMANCE: FINDINGS FROM THE TUNISIAN STOCK EXCHANGE

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ABSTRACT

Purpose: This research aims to argue that the inconclusive evidence of the relationship between corporate governance and performance may be due to the moderating effect of gender diversity on the board.

Design/methodology/approach: The study is based on a sample of 16 companies listed on the Tunisian Stock Exchange (BVMT) over the period 2009-2021. A moderating regression analysis inspired this research.

Findings: Specifically, corporate governance appears to have a positive effect on firm performance only in countries with above-average board diversity. The effect of corporate governance on performance decreases as board diversity decreases. The results are robust to different measures of board gender diversity and firm performance, changes in estimation methods, changes in sample structure, and tokenism.

Originality/value: This article extends the existing literature by examining the moderating effect of gender diversity on boards of directors on the relationship between corporate governance and firm performance.

Keywords: Corporate Governance, Company Performance, Feminine Behaviour, Board Diversity Gender, Tunisian Stock Exchange.

O EFEITO MODERADOR DA DIVERSIDADE DE GÉNERO NA RELAÇÃO ENTRE A GOVERNAÇÃO CORPORATIVA E O DESEMPENHO DAS EMPRESAS: CONCLUSÕES DA BOLSA DE VALORES DA TUNÍSIA

RESUMO

Objetivo: Esta pesquisa visa argumentar que as evidências inconclusivas da relação entre governança corporativa e desempenho podem ser devidas ao efeito moderador da diversidade de gênero no conselho.

Desenho/metodologia/abordagem: O estudo baseia-se numa amostra de 16 empresas cotadas na Bolsa de Valores da Tunísia (BVMT) durante o período 2009-2021. Uma análise de regressão moderada inspirou esta pesquisa.

Conclusões Especificamente: a governança corporativa parece ter um efeito positivo no desempenho das empresas apenas em países com uma diversidade de conselhos de administração acima da média. O efeito da governança corporativa no desempenho diminui à medida que diminui a diversidade do conselho. Os resultados são robustos a diferentes medidas de diversidade de gênero do conselho e desempenho da empresa, mudanças nos métodos de estimativa, mudanças na estrutura da amostra e tokenismo.

Originalidade/valor: Este artigo amplia a literatura existente examinando o efeito moderador da diversidade de gênero nos conselhos de administração sobre a relação entre a governança corporativa e o desempenho da empresa.

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EL EFECTO MODERADOR DE LA DIVERSIDAD DE GÉNERO EN LA RELACIÓN ENTRE GOBIERNO CORPORATIVO Y DESEMPEÑO EMPRESARIAL: HALLAZGOS DE LA BOLSA DE VALORES DE TÚNEZ

RESUMEN

Propósito: Esta investigación tiene como objetivo argumentar que la evidencia no concluyente de la relación entre el gobierno corporativo y el desempeño puede deberse al efecto moderador de la diversidad de género en la junta directiva.

Diseño/metodología/enfoque: El estudio se basa en una muestra de 16 empresas que cotizan en la Bolsa de Valores de Túnez (BVMT) durante el período 2009-2021. Un análisis de regresión moderadora inspiró esta investigación.

Hallazgos: Específicamente, el gobierno corporativo parece tener un efecto positivo en el desempeño de las empresas sólo en países con una diversidad de directorio superior al promedio. El efecto del gobierno corporativo sobre el desempeño disminuye a medida que disminuye la diversidad de la junta directiva. Los resultados son sólidos ante diferentes medidas de diversidad de género en la junta directiva y desempeño de la empresa, cambios en los métodos de estimación, cambios en la estructura de la muestra y simbología.

Originalidad/valor: Este artículo amplía la literatura existente al examinar el efecto moderador de la diversidad de género en las juntas directivas sobre la relación entre el gobierno corporativo y el desempeño de la empresa.

Palabras clave: Gobierno Corporativo, Desempeño Empresarial, Comportamiento Femenino, Diversidad de Género en el Directorio, Bolsa de Valores de Túnez.

1 INTRODUCTION

In the era of globalization and open markets, companies around the world are now exposed to more intense competition from other countries in the world. (Gomez & Baird, 2005) pointed out that the last two decades have seen significant transformations in corporate governance structures, which has increased scholarly interest in the role of the board of directors in improving corporate performance. Over the past two decades, the relationship between corporate governance and corporate performance has become a topic of interest to investors and has generated considerable interest in a broader field of corporate finance and among other stakeholders (Jian & Wong, 2003).

This was evidenced by the 1987 Treadway Commission report in the United States, which addressed the issue of fraudulent corporate financial reporting resulting from the Sarbanes-Oxley Act (SOX) due to the collapse of companies considered as Enron and WorldCom in the United States. This trend has been replicated worldwide as evidenced by the
collapse of Parmalat Company in Europe, Chuo Aoyama in Asia, JCI and Randgold in South Africa, Cadbury Company in Nigeria (Ongore & K’Obonyo, 2011, s. d.).

(Berk & DeMarzo, 2007) argued that the corporate governance framework aims to improve accountability and transparency to facilitate increased efficiency of a company and in its current form, it clearly lacks a system of oversight accountability to align the interests of the company owners, board of directors and managers towards the wealth creation of the company and the well-being of all stakeholders. The financial performance of the company depends primarily on the carefully designed strategic decisions of its owners.

In the Tunisian context, the country has experienced a turbulent period over the past two and a half decades in terms of corporate governance, which has resulted in generally poor corporate earnings across the economy, as evidenced by the spectacular business failures of companies such as Tunisia's national airline (TUNISAIR), as well as the systematic suspension of the listed companies from trading on the BVMT due to compromised financial results published by companies in Tunisia. This is supported by the study by (Nafula (2012), s. d.) on the relationship between corporate governance and the performance of listed companies and which found a less significant effect between corporate governance and company performance.

Corporate governance has become one of the most current issues in the world, and more particularly in Tunisia. Moreover, the latest research highlights the presence of various shortcomings in the methods of corporate governance, which occupied a dominant place in the poor performance of financial organizations after the subprime crisis which affected the subprime mortgage sector to United States in 2007 (Diamant and Rayan, 2009), s. d.). In the same vein, a report by the Organization for Economic Co-operation and Development (OECD) concludes that the financial crisis can to a large extent be attributed to failures and weaknesses in corporate governance arrangements (Kirkpatrick, 2009).

Corporate governance plays a decisive role in the development of the financial market and the value of the company all over the world (La Porta et al., 2000). In particular, in times of financial crisis, it is generally recognized that one of the main causes of triggering a financial crisis is a weak governance system (Choi, 2000). Corporate governance thus appears as a way to mitigate economic shocks.

Governance practices affect the way firms will increase their business activities (Illueca et al., 2009). This prompted them to take excessive risks which increased the level of systemic risk and increased financial difficulties and instability and triggered the 2008 financial crisis.

(Berger et al., 2005) indicate that banks with a better level of governance tend to change their portfolio allocations, and therefore have superior performance. In addition, (R. B. Adams
& Mehran, 2008) and (De Andres & Vallelado, 2008) find that better performance results from changes in governance. These studies suggest that counseling at a financial institution can not only reduce agency conflicts, but also monitor operations for better performance.

The objective of our research work is to examine the relationship between governance and the performance of companies. This, in the context of Tunisian firms, while emphasizing the importance of the moderating effect of the presence of women on the board of directors on the relationship between governance and the performance of firms.

The remainder of this paper is organized as follows. Section 2 provides the theoretical background. We discuss related performance research and development our predictions about the relationship between governance and firm performance, and how this relationship may vary with the level of BGD, in Section 3. In Section 4, we describe the measures of our main variables of interest and the research design. We discuss the main results in Section 5 and the results of the robustness checks in Section 6. In Section 7, we present our conclusions.

2 THEORETICAL FRAMEWORK

The founders of agency theory, (M. C. Jensen & Meckling, 1976), draw on the approach of Alchian and Demsetz to define the firm as a contracting node. The explanatory model of financing and ownership structures is based on assumptions of asymmetric information and conflicts of interest between the owner-manager, new shareholders and financial creditors.

For (M. C. Jensen & Meckling, 1976) an agency relationship exists when one person uses the services of another to perform a certain task. In other words, the agency relationship involves the shareholder and its agent. In effect, the agent's mission is to serve the interests of the shareholder.

This relationship gives rise to the notion of agency cost, which is the result of opportunistic behavior. The latter is accentuated by an asymmetry of information between the contracting parties.

In this context, the potential moderating effect of gender diversity on the board of directors on the relationship between corporate governance and firm performance has been the subject of much research in the recent corporate governance literature. The relationship between corporate governance and firm performance is not directly predicted by any theory (Carter et al., 2010). The two most popular theories used by financial economists to justify this relationship are agency theory and resource dependence theory (Carter et al., 2010). From the perspective of agency theory, which was advanced by Jensen and Meckling (1976), the board
of directors plays an extremely important role in mitigating principal-agent conflicts through its monitoring function. Therefore, it is suggested that gender diversity on the board can enhance its independence (Adams & Ferreira, 2009; Terjesen et al., 2015). In fact, it is emphasized that women and men compose differently and there is growing evidence that women compose more like independent directors (Adams, de Haan, Terjesen, & van Ees, 2015; Terjesen et al., 2015). To some extent, this implies that women directors differentiate themselves from their male colleagues, which may enhance board independence. Subsequent studies have also found confirmatory evidence in this regard, such as women directors being associated with greater control, greater board participation, and greater executive turnover in stock performance (Adams & Ferreira, 2009), less fraud (Capezio & Mavisakalyan, 2016), less financial statement manipulation (Kim, Jeong, Kang, and Lee, 2017), lower likelihood of internal control weaknesses (Chen, Eshleman, and Soileau, 2016), higher quality revenues (Srinidhi, Gul, and Tsui, 2011), greater oversight of investment decisions (Harjoto, Laksmana, and Yang, 2018), and better environmental management (Liu, 2018). On the other hand, the resource dependence theory (RDT) proposed by Barney (1986) was based on the premise of the firm's board of directors, and in particular the constitution of the nonexecutive element of a board of directors, suggests that the firm's key resources and the link between firms and their external environment can be secured and improved by increasing the size and diversity of the BOD (Goodstein, Gautam, & Boeker, 1994; Pfeffer, 1973. Pfeffer and Salancik (1978) also suggested that directors provide four benefits to organizations: information in the form of advice, access to information channels between the firm and environmental risks, preferential access to resources, and legitimacy. Significant empirical evidence supports the proposed benefits and suggests that board composition should focus on "resource rich" directors. Thus, it is not just the number, but the type of directors that matters. Early studies used resource dependence theory to examine boards, focusing on board size and gender diversity as indicators of the board's ability to provide critical resources to the firm. The implication is that female board representation should improve information processing, leading to higher quality decisions and ultimately better firm performance (Dezso & Ross, 2012; Rose, 2007). Although the process of information seeking and evaluation of the management team cannot be directly observed, the quality of this process can nevertheless be reduced by observing certain characteristics of the team. In this regard, gender diversity may be a valuable trait indicating the quality of the leadership team, as women are expected to have a different set of skills and perceptions than the cognitive abilities of the leadership team and the quality of the leadership team's decisions. Indeed, the representation of women in the leadership team would trigger the
process of innovation and problem solving (Welbourne, C cycyota, & Ferrante, 2007), sectorize the reputation of companies in those operating close to the end consumers, and induce strategic change (Triana, Richard, & Su, 2019).

Figure 1

The moderating effect of BGD on the relation

Source: by author

3 METHODOLOGY

3.1 DATA AND VARIABLES

To perform this analysis, we conduct a multivariate study in panel data from a sample of 16 companies listed on the Tunis Stock Exchange (BVMT) for a period from 2009 to 2021. The data on the composition of the board of directors are managed from the reports of the FinancialMarket Council (CMF), the DataStream data base and the guides of the Tunis Stock Exchange (BVMT), to perceive the regressions carried out with the help of the two software STATA and Eviews.

Our study is therefore within the framework of the panel data model, we will retain only the firms that publish their management information, namely the governance variables.

Our initial sample is longer than this sample, but due to the unavailability of the governance variables, we have avoided several firms to perform the analysis.
Table 1

 Variables measurement

<table>
<thead>
<tr>
<th>Variable name</th>
<th>symbols</th>
<th>Variables category</th>
<th>hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance: Return on ROE</td>
<td>ROE</td>
<td>Dependent variables</td>
<td></td>
</tr>
<tr>
<td>Equity Return on Asset</td>
<td>ROA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td>GOV</td>
<td>Independent variable</td>
<td>+</td>
</tr>
<tr>
<td>Board Gender diversity</td>
<td>BGD</td>
<td>Moderating variable</td>
<td>+</td>
</tr>
<tr>
<td>Firm size</td>
<td>FKSZ</td>
<td>Control variables</td>
<td>+</td>
</tr>
<tr>
<td>Board size</td>
<td>FSMA</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Ownership structure</td>
<td>OWTP</td>
<td></td>
<td>+</td>
</tr>
</tbody>
</table>

Source: By author

3.2 ESTIMATION MODELS

We specified two econometric models for estimation. The following two equations summarize the first panel data model.

Model 1:

\[
ROE_{it} = \beta_0 + \beta_1 GOV_{it} + \beta_2 FSKS_{it} + \beta_3 FSKS_{it} + \beta_4 OWTP_{it} + \\
year fixed effect_{it} + firm fixed effect_{it} + \epsilon_{it} \tag{1}
\]

\[
ROA_{it} = \beta_0 + \beta_1 GOV_{it} + \beta_2 FSKS_{it} + \beta_3 FSKS_{it} + \beta_4 OWTP_{it} + \\
year fixed effect_{it} + firm fixed effect_{it} + \epsilon_{it} \tag{2}
\]

Equation (1) and equation (2) estimate the main effects of corporate governance on firm performance. According to H1, we expect \( \beta_1 \) to be positive in model (1).

To examine the proposed hypothesis that the impact of corporate governance on performance is greater in firms with a BGD, we estimate two equations, which include the BGD. Consistent with H2, we estimate model (2) as described below.

Model 2:

\[
ROE_{it} = \beta_0 + \beta_1 GOV_{it} + \beta_2 BDG_{it} + \beta_3 GOV_{it} \times BDG_{it} + \beta_4 FSKS_{it} + \beta_5 FSKS_{it} + \\
\beta_6 OWTP_{it} + year fixed effect_{it} + firm fixed effect_{it} + \epsilon_{it} \tag{3}
\]
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\[
ROA_{it} = \beta_0 + \beta_1 GOV_{it} + \beta_2 BGD_{it} + \beta_3 GOV_{it} \times BGD_{it} + \beta_4 FSMA_{it} + \beta_5 FKSZ_{it} + \\
\beta_6 OWTP_{it} + year fixed effect_{it} + firm fixed effect_{it} + \epsilon_{it}
\] (4)

The equations are estimated using a panel data methodology, applying generalized least squares (GLS) regression.

4 RESULTS AND DISCUSSIONS

4.1 BENCHMARK REGRESSION ANALYSIS

Table 2 provides descriptive statistics for the regression variables such as the dependent and independent variables. The table provides descriptive statistics for the entire sample, including the mean, minimum, number of observations, maximum, and standard deviation.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROA</td>
<td>208</td>
<td>0.0351</td>
<td>0.0081463</td>
<td>0.015</td>
<td>0.049</td>
</tr>
<tr>
<td>ROE</td>
<td>208</td>
<td>0.4347</td>
<td>0.0695808</td>
<td>0.23</td>
<td>0.54</td>
</tr>
<tr>
<td>GOV</td>
<td>208</td>
<td>1.1233</td>
<td>0.0760311</td>
<td>1</td>
<td>1.25</td>
</tr>
<tr>
<td>BGD</td>
<td>208</td>
<td>0.7968</td>
<td>0.105764</td>
<td>0.52</td>
<td>0.98</td>
</tr>
<tr>
<td>FSMA</td>
<td>208</td>
<td>7.8894</td>
<td>1.949181</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>OWTP</td>
<td>208</td>
<td>0.8291</td>
<td>0.0983006</td>
<td>0.64</td>
<td>1</td>
</tr>
<tr>
<td>FKSZ</td>
<td>208</td>
<td>24.73</td>
<td>0.1588304</td>
<td>24.4</td>
<td>25</td>
</tr>
</tbody>
</table>

Notes: ROA, return on assets; ROE, return on equity; GOV is the corporate governance; BGD, board gender diversity: the percentage of female directors serving on a company’s board; FSMA, Board size, representing the number of directors seated on the board; OWTP, is a property type with a dummy variable taking 0 if the company is owned by the state and 0 otherwise; FKSZ, firm size measured as a log of total assets at year-end.

*,**,**,***Significant at the 0.10, 0.05 and 0.01 levels, respectively

Source: Data Stream

Before starting the multivariate analysis, we want to check for possible multi-linearity between the independent variables in our model. According to (Doiron-Leyraud et al., 2009), multi-linearity can distort the precision of the estimation of the regression coefficients and make the estimated values of the coefficients sensitive to small fluctuations in the data. To do this, we construct the correlation matrix.

We assume the presence of a serious multi-linearity problem, if the correlation value between the independent variables exceeds the threshold value of 0.8 (Kennedy, 2003). As shown in table 3, there is no problem of multicollinearity between the independent variables used in this research model, as it does not exceed the threshold value of 0.8.
Table 3

Pearson correlations for independent variables in Tunisia firms

<table>
<thead>
<tr>
<th></th>
<th>GOV</th>
<th>FSMA</th>
<th>OWTP</th>
<th>FKSZ</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOV</td>
<td>1.0000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSMA</td>
<td>0.3369</td>
<td>1.0000</td>
<td></td>
<td></td>
<td>1.14</td>
</tr>
<tr>
<td>OWTP</td>
<td>0.1789</td>
<td>0.3328</td>
<td>1.0000</td>
<td></td>
<td>1.28</td>
</tr>
<tr>
<td>FKSZ</td>
<td>0.1691</td>
<td>0.2636</td>
<td>0.3922</td>
<td>1.0000</td>
<td>1.25</td>
</tr>
</tbody>
</table>

Notes: ROA, return on assets; ROE, return on equity; GOV is the corporate governance; BGD, board gender diversity: the percentage of female directors serving on a company’s board; FSMA, Board size, representing the number of directors seated on the board; OWTP, is a property type with a dummy variable taking 0 if the company is owned by the state and 0 otherwise; FKSZ, firm size measured as a log of total assets at year-end.

*,**,***Significant at the 0.10, 0.05 and 0.01 levels, respectively

Source: Data Stream

4.2 REGRESSION RESULTS

We run regressions using panel data models to control for unobserved firm heterogeneity that remains constant over the study period. Thus, we test the validity of the fixed effects estimator using the Hausman test. The result shows that the Hausman test rejects the random-effects estimator and thus the fixed-effects models are preferred in the paper. Next, the residuals are tested for normality, autocorrelation, and homoscedasticity to ensure that the robustness of the errors is independently, identically, and normally distributed for the fixed effects model.

4.2.1 Test of H1.

In this section, we present the results of the H1 test, which examines the association between corporate governance and performance as measured by ROA and ROE. Table 4 presents the results of the regression of explanatory variables on the performance.
The purpose of running the regression models presented above is to test and validate the hypotheses that suggest the existence of relationships between corporate governance and firm performance. These results confirm the hypotheses that we have already investigated.

The regression results presented in Tables 4 and 5 show that the explanatory variable (GOV) has no significant effect on firm performance.

The control variables such as board size (FSMA), ownership structure (OWTP), and firm size (FKSZ) are statistically significant at the 5% level and have a statistically positive effect on both ratios that measure performance (ROA and ROE), meaning that larger firms earn better profits than smaller firms. This advantage is likely due to economies of scale and the larger market share held by large firms, which is consistent with the results of (Tomar & Bino, 2012).

4.2.2 Test of H2.

In this section, we investigate whether the presence of a female board member affects the relationship between corporate governance and firm performance. In H2, we examine the moderating role of BGDs. The results of our tests are presented in Table 5. The results indicate that the positive association between corporate governance and performance is accentuated in firms with a higher level of BGDs. In this area, the presence of a woman on the board encourages the demand for higher governance, which helps reduce opportunistic behavior by managers. The results presented in Table 5 indicate that the coefficient of the interaction...
between BGDs*GOV is positive and significant at the conventional level. This result can be explained by the fact that women on the board of directors need auditing specialization to ensure transparency and credibility of financial reports, which improves the performance of the firm. Firms with women on the board pay higher audit fees and are more likely to select specialized auditors compared to their peers (Lai et al., 2017).

Table 5

The relationship between corporate governance and corporate performance: the role of gender diversity on the board of directors

| Variables | ROA : Model2 | P>|z| | ROE : Model2 | P>|z| |
|-----------|--------------|---------|--------------|---------|
| Constant  | -0.1604673   | 0.059*  | -1.434966    | 0.044** |
| GOV       | -0.0736011   | 0.067*  | -0.6822078   | 0.043** |
| BGD       | -0.0917643   | 0.100   | -0.8476406   | 0.071*  |
| GOV*BGD   | 0.102755     | 0.038** | 0.9325411    | 0.025** |
| FSMA      | 0.0007872    | 0.003***| 0.0066576    | 0.003***|
| OWTP      | 0.014898     | 0.004***| 0.1345379    | 0.002***|
| FKSZ      | 0.0097368    | 0.002***| 0.0934738    | 0.000***|
| Firm fixed effects | Yes  | Yes | Yes | Yes |
| Year fixed effects | Yes  | Yes | Yes | Yes |
| R²        | 0.5          |         | 0.6          |         |
| Number of obs | 208 |        | 208 |        |

Notes: ROA, return on assets; ROE, return on equity; GOV is the corporate governance; BGD, board gender diversity: the percentage of female directors serving on a company’s board; FSMA, Board size, representing the number of directors seated on the board; OWTP, is a property type with a dummy variable taking 0 if the company is owned by the state and 0 otherwise; FKSZ, firm size measured as a log of total assets at year-end.

Overall, the results presented in Table 5 indicate that the positive association between corporate governance and firm performance is stronger when the BGD is higher.

4.2.3 Robustness Test

To check the robustness of our main results, we test whether the moderating role of BGD remains intact if we replace the dependent variables ROA and ROE with Tobin's Q which is measured by the ratio of the firm’s market value to the replacement value of fixed capital. Following Hanlon and (Hanlon & Heitzman, 2010), we re-estimate regressions (1) and (2) using Tobin's Q as a measure of firm performance. Table 6 shows that the results are similar to those presented previously, as displayed in Tables 4 and 5.
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Table 6

Robustness test

| Variables       | Model 1 Tobin’s Q | Coef. | P>|z| | Model 2 Tobin’s Q | Coef. | P>|z| | Model 3 Tobin’s Q | Coef. | P>|z| | \^p>|z| |
|-----------------|-------------------|-------|------|-------------------|-------|------|-------------------|-------|------|------|
| Constant        | -0.254472         | 0.0002*** | * | -0.086786 | 0.0002** | * | -2.008666 | 0.0002** | * | -0.480501 | 0.4263 |
| GOV             | 0.009392          | 0.0931* | - | 0.115558 | 0.0007 | 0.089090 | 0.0480** | -1.053461 | 0.00011 |
| BGD             | -0.141487         | 0.0028 | - | 0.1115558 | -1.293046 | 0.000011 |
| GOV*BGD         | 0.156913          | 0.0002 | - | 0.141487 | 1.409551 | 0.0001 |
| BDSZ            | 0.001047          | 0.0000** | * | 0.001010 | 0.00000746 | 0.00001010 | 0.0007513 | 0.000011 |
| OWTP            | 0.012991          | 0.0046** | * | 0.014471 | 0.0010 | 0.105609 | 0.0043** | 0.158337 | 0.000011 |
| BKSZ            | 0.0094505         | 0.0008** | * | 0.008227 | 0.0023 | 0.078917 | 0.0005** | 0.067697 | 0.000028 |
| Firm fixedeffects | Yes             | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| Year fixedeffects | Yes              | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| R2              | 0.424243          | 0.442599 | 0.418803 | 0.436130 |
| Number of obs   | 208               | 208 | 208 | 208 |

Notes: ROA, return on assets; ROE, return on equity; GOV is the corporate governance; BGD, board gender diversity: the percentage of female directors serving on a company’s board; FSMA, Board size, representing the number of directors seated on the board; OWTP, is a property type with a dummy variable taking 0 if the company is owned by the state and 0 otherwise; FKSZ, firm size measured as a log of total assets at year-end.

**,**,**,**Significant at the 0.10, 0.05 and 0.01 levels, respectively

Source: Data Stream

4.3 DISCUSSION

The findings of this study have important implications for policy makers, regulators, and practitioners in the Tunisian context. They highlight the importance of promoting gender diversity in corporate boards as a means to enhance the effectiveness of corporate governance practices and ultimately improve company performance. The study also contributes to the existing literature on the relationship between corporate governance and company performance by providing empirical evidence from an emerging economy.
5 CONCLUSION

This research focuses on publicly traded firms to provide empirical evidence of the relationships and consequences of corporate governance on firm performance.

The study used an econometric panel data analysis based on financial and non-financial data collected from 16 publicly traded firms operating from 2009 to 2021.

This study examined the effect of corporate governance on performance moderated by the BGD of firms. A moderating regression analysis was used in this study to examine the impact of BGD on the relationship between corporate governance and firm performance.

Using a one-year sample of observations from 16 Tunisian firms and estimation, we find that governance positively affects firm performance. This allows us to show the role of women on boards in improving relationship between corporate governance and performance. The current results add to a growing body of literature on the interaction between governance with BGD should be able to improve performance. This study has theoretical, practical and policy implications. The results focus on investigating the relationship between governance and performance in the presence of a woman on the board. This study shows that firms with higher levels of BGDs reduce agency conflicts between managers and shareholders. In addition, our study also opens the door to interesting future research questions. The present work can be extended to the international level by using two comparative samples that have two different systems (e.g., the Tunisian sample and the French sample).

REFERENCES


The Moderating Effect of Gender Diversity on the Relationship Between Corporate Governance and Company Performance: Findings from the Tunisian Stock Exchange


