Vol. 24(2), 2024, pp.347-366, ISSN: 2072-0394(Print), ISSN: 2663-8886(Online)

The Moderating Role of Women Directors by the Performance of Pakistani Commercial Banks

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Abstract

This study looks at the relationship between the board makeup and corporate performance of Pakistan's commercial banks. This study provides fresh insight into the relationship between board composition and corporate performance, specifically focusing on how gender diversity affects firm value. The purpose of this study is to investigate utilizing panel data, which is collected from individual bank annual reports between 2015 and 2022. By making the outcome efficient, unbiased, and free from endogeneity, we have employed the Generalized Method of Moments system estimate model (Arellano & Bond, 1991). According to our research, board size, meetings, and busyness, all have a direct impact on company success (as measured by Return on Equity, Net Interest Margin and Return on Assets). The study's conclusions show that productivity and profitability are greatly increased by both board size and leverage. Additionally, the results imply that the majority of gender diversity indicators greatly enhance bank performance. On the other hand, ownership structure raises banks' profits per share considerably. This study provides more evidence that the performance of banks is not much impacted by board independence. This conclusion is valid for every performance metric taken into account in this research. The favorable relationship between gender diversity and business value is moderated.

Keywords: Corporate Governance, Companies Act, Financial Performance, Board Gender Diversity, Moderating Effect, Profitability

Introduction

Corporate governance (CG) is an integrated system that aims to guarantee the stability of multiple stakeholders in the business sector while providing a transparent and equitable return on their investments, according to Shleifer and Vishny (1996). The capacity of corporate business entities to carry on operations in a stable market environment and the ease with which they can secure outside funding are important aspects of corporate governance. It comprises building a bridge between organizations and the accomplishment of goals such as overcoming financial risk aversions or other repercussions to manage stakeholder concerns and reduce costs associated with doing business (Milosevic, Andrei & Vishny, 2015). Market expansion is a result of corporate

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governance, which also improves the financial stability of corporate entities (Mateos de Cabo et al., 2022). Akbar (2015) concluded that the CG's features and the board structure have an impact on causal relationships that increase the firm's value. The identical results were found (Goel et al., 2018). In emerging economies, Jackling & Johl (2009) stated that there is considerable uncertainty regarding the relationship between corporate values.

Gender diversity is one of the most important aspects of organizational diversity. Gender diversity has a direct impact on corporate governance returns; alternatively, it can be argued that the inclusion of women improves company gains and financial performance without affecting stakeholder returns. Limbasiya & Shukla (2019) found that gender diversity has a significant influence on corporate governance. Gender diversity has a direct impact on corporate performance. The results showed that the presence of female representatives increases financial return without depleting shareholder equity. In terms of corporate governance, stress levels have an impact on business returns in terms of economies of scale (Campbell & Minguez-Vera, 2008). According to Singh, Vinnicombe & Terjesen (2007), there is a global underrepresentation of female directors in corporate business companies. Singh & Gaur (2020) investigated the idea that gender diversity and corporate board disparity are indicators of unfair treatment. Because of the traditional, male-dominated nature of huge corporate sectors, equal opportunities are not extended to female employees. One of the elements of fear is having a powerful opponent. Various parameters are also examined to address the differences.

The impact of corporate governance on financial performance is a topic of discussion. To remove the stigma, (Singh, Vinnicombe & Terjesen, 2007) research states that female directors on corporate company entities are authorized. Canadian corporate boards from 2006 to 2007 and found that women make up 50% of the strength in these corporate business entities. Reservations are made in Iceland and France, but 40% of female representatives are required in the corporate sector in Norway. Terjesen et al. (2016) looked at a study that showed women's participation on corporate boards increased for the first time in Spain and other European nations in 2007. By the end of 2015, 40% of the recommended gender diversity had been attained. Because the goal was not required in the European economy between 2008 and 2012, Spain was unable to meet it at that time. Proença et al. (2020) looked at the relationship between corporate and government resistance to gender diversity.

Businesses trying to maintain their long-term viability may regard gender diversity on boards as one of the major factors influencing the market's shifting dynamics. The aim is to interact with diverse stakeholders, including shareholders, clients, staff, and community members who appreciate openness and diversity in governance and have an impact on the business's overall performance. This move incites regulatory agencies whose goal is to improve the relationship between gender diversity and political affiliations through well-informed governance decisions. As a result, markets understand the importance of corporate social responsibility (CSR) (Wu & Jin, n.d.). Our investigation to quantify gender diversity and its effect on a strong market image is accelerated by this methodology. Analyzing panel data to determine how gender diversity affects political linkages with specific corporate attributes that indicate economic performance overall. Hashmi et al. (2020); Sani (2020) claim that

there is no agreement on how political ties affect a firm's performance. According to Li & Jin (2021), there is a direct correlation between political exchanges that are harmful to businesses and their performance.

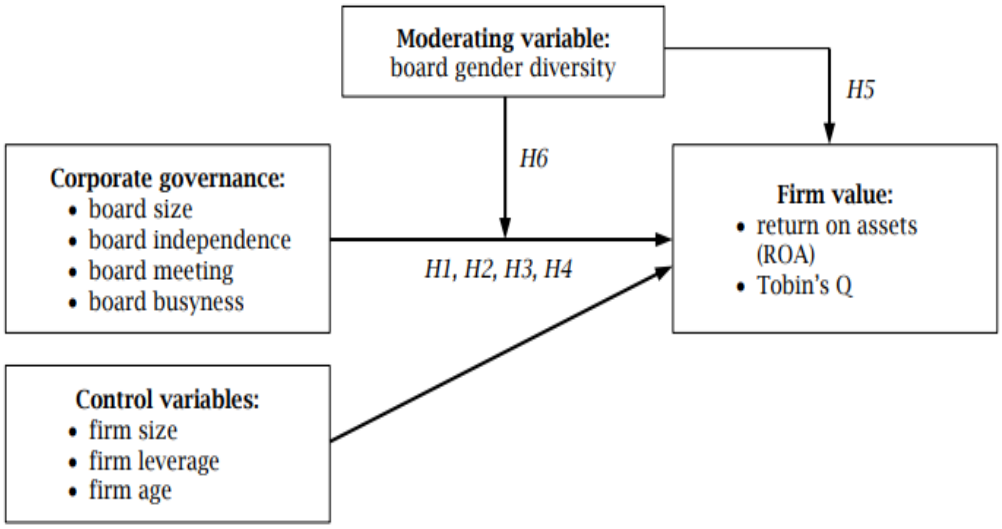
The aforementioned analyses have taken a specific tack in reducing the influence of female directors on corporate boards and their effectiveness. In addition to examining the relationship between corporate structure, performance, value, and the growth rate of female directors in corporate business entities, this paper also explores the research gap and looks at the impact of female directors on corporate boards and their performance in Pakistan's economy. Other topics covered include diversification, sustainability, stability, gender diversity, firm size, meetings, and independence (Terjesen, Sealy & Singh, 2009).

Review of the Literature

Theoretical Framework

Political affiliation suggests that businesses have the advantage of approaching government relations and supporting rivalry defense. One measure of inclusion and equal opportunity on a global scale is gender equality. Prejudices in corporate settings are accelerated by the impact of gender diversity on political associations and company performance. The current study has determined that the primary determinants of board structure and features include political board size (BS), board independence (BI), board meetings (BM), board busyness, and board gender diversity (BGD).

Figure 1. Conceptual framework



Corporate Governance Forces:

Board Size and performance

The body of research indicates a clear correlation between the size of the board and several financial success indicators. The claim that more diverse and larger boards aid in strategic decision-making lends credence to these findings. The board of directors makes sure that the company is managed effectively, protecting the interests of stakeholders and serving as a control mechanism to limit conflicts of interest and potential conflicts between shareholders and management (Guluma, 2021). A large board of directors has a dominant role in motivating employees and stabilizing the value of corporate business entities. Researchers found similar outcomes. Using return on assets and Tobin's Q, (Cancela et al., 2020) came to the indirect impact of board size on corporate business performance conclusion. The beneficial effects of political performance and affiliation, which eventually benefit businesses. The favorable correlation between firm size and financial performance has been the subject of numerous research, Arosa et al. (2013) board size and business performance. Similar findings were made by Van den Berghe & Levrau (2004). Two key factors that are used to evaluate various options for the expansion of the company and its success are efficiency and competency and it leads to a direct and significant relationship between firm size and business entity performance. The substantial and favorable impact that total assets had on US financial performance. Smaller firms are more efficient than larger ones (Farhan et al., 2020).

H_1: The size of the board has a big influence on the company's financial results.

Board Independence and Performance:

The numerous international CG standards stipulate that the board should have an ideal balance of internal and external directors. Firms engage with many influences that are associated with the political and governmental sphere. The vast spectrum of political connections, which is the most widely accepted idea that stems from working for the governmental sector. General Motors (GM) corporations have political ties that expedite them to suggest fewer financial constraints and are viewed as less hazardous to withstand competition pressure and this strategy gives one a competitive advantage (Aithor., (2024). Political associations confer tax benefits on corporate business organizations. The government settlement tends to favor preference and the regulatory structure favors protection against the pressures of a more tightly linked, competitive market.

The agency theory, which looks at the asymmetric information-related indirect relationships that exist between creditors, stakeholders, and management. Political ties typically result in weak matches in certain capacities. Business relationships between corporations and politicians who have a political affiliation have an impact on performance and are the cause of a generally poor state of business performance (Hendrastuti & Harahap, 2023).

The hypothesis put forth is:

H_2: Board independence has a major effect on the company's financial performance.

Board Meeting and Performance:

The board of directors meeting is one method of keeping an eye on the agency. As noted in earlier studies, one useful method for assessing the effectiveness of the board's attributes is to evaluate board meetings (Conger et al., 1998). Board meetings are a useful tool for gathering information and data to carry out firm-wide initiatives, Eluyela et al. (2018) claims. According to a study by Brick & Chidambaran (2010), the unusual board monitoring points to the company's subpar performance from the prior year, which will boost the company's performance the following year. One key indicator of the board's efficacy is the number of meetings it holds each year (Javaid & Saboor, 2015). Previous studies have demonstrated that a company with more scheduled board and committee meetings has fewer earning management issues. Using data from 307 firms between 1990 and 1994, Vafeas (1999) evaluated research on the impact of board meetings on business performance (Chaudhry, Roomi & Aftab, 2020). The results showed an indirect relationship between the number of board meetings and the firm's value. Furthermore, Petchsakulwong & Jansakul (2018), found that holding board meetings raises management expenses, which negatively impacts the company's profitability ratio and performance. Conversely, Gafoor et al. (2018) concluded that board meetings in India have a direct impact on the performance of the organization. Additionally, it is said that 36 Indian commercial banks have improved their business worth. Eluyela et al. (2018) looked at how board meetings helped fifteen Nigerian commercial banks perform between 2011 and 2016. The performance of Taiwan's corporate sector is enhanced when board directors attend board meetings. Researchers Buchdadi & Chou (2017); Gafoor et al. (2018); Liang & Jiraporn (2013); Eluyela et al. (2018) discovered that board meetings have a beneficial effect on business performance. This study looks at the connection between a company's performance and board meetings. The investigation of the regulatory agency in the Pakistani government that calls board meetings makes this study even more important. Investigating the impact of board meetings in Pakistan's corporate sector is a pioneering endeavor that will also showcase the government's implementation in emerging nations.

The hypothesis that is put forth is:

H_3: Board meetings have significant implications on the company's financial results.

Board Involvement and Company Output:

The impact of a busy board on the company's performance has long been a topic of discussion in corporate governance research. There are two possible relationships between busy boards and company performance. One argument would be that busy boards should perform better for the company since their directors have more expertise and are better connected. There is also the argument that too-active boards hurt company success since their directors lose their

effectiveness as a result of being appointed frequently. Fama & Jensen (1983) state that the influence of a few directorships on the success of the company as a whole may suggest greater notoriety, remarkable talent, and ability. There is little chance of fraud against the company enterprise by directors or commissioners who have positions with other employers. Furthermore, the additional experience of the busy directors will be crucial in helping the newly formed firms (younger corporations) propose the control and supervision functions of an organization. Due to the endogenous selection process for board appointments, the influence of a director's skill and workload are intertwined, as highly qualified directors tend to be busier than less busy ones. According to Fama & Jensen (1983), there is a significant demand for qualified administrators, who are sought after by numerous companies due to their superior qualifications. Furthermore, companies that select inactive directors may also require accurate director knowledge in addition to director time. An unobservable variable issue emerges from the fact that a director's entire history of time-consuming sports is unknown. Directors may choose to refuse board appointments due to prior obligations, even though their "busyness" is typically proxied by the variety of board seats (or some aspect of that vast variety). As a result, it does not appear that administrators who hold more board seats are less available for personal use than those who do not (Adams et al., 2010). The following study has demonstrated a negative relationship: (Fich & Shivdasani, 2006).

H4: Business performance is impacted by board busyness.

Gender Diversity:

Men and women differ from one another in both biology and psychology, according to behavioral finance literature, since each gender has distinct traits. According to Sengupta & Mitra (2024), the conclusion in behavioral finance reveals that women are becoming more nervous, unconfident, argumentative, and risk-averse. This demonstrates an ethical sense that leads to a cautious attitude, which in turn reduces the likelihood of fraud. The resistance to fraud that affects corporate business performance is a combination of risk aversion and ethical sensitivity. According to Isabel Gallego-Álvarez et al. (2019), there is a slender correlation between gender diversity and company performance, meaning that fewer women are selected for corporate sector positions when male representatives predominate. Simionescu et al. (2021) concluded that gender diversity and corporate performance are positively correlated. The same conclusions were reached by Campbell & Minguez-Vera (2008), gender diversity is essential for increasing organizational performance. According to Hoogendoorn, Oosterbeek & van Praag, (2013), gender diversity has a favorable impact on corporate business performance because better market conditions encourage society to view a company as knowing the external world. The presence of women is generally linked to information transparency to achieve sustainability. There is a straight link between the number of women and the performance of corporate entities because they contribute to diversification, innovative perception, and the promotion of the firm's value and image with a competitive edge (Kılıç & Kuzey, 2016). According to studies by Brahma et al. (2021), at least 30% of women's presence on a broad scale has an indirect impact on profitability.

The hypothesis being put forth is:

H5: Diversity in gender has an impact on business performance.

Role of Women Directors:

According to Kirsch's (2018) research, women tend to be better at monitoring corporate management, which helps to lower agency costs that arise from regulatory relationships. The political ties frequently result in asymmetric information, meaning that regulatory links give rise to multiple differences in opinion. Proença et al. (2020), found the same outcomes. A firm's agency cost is impacted by its political relationships. Corporate commercial organizations establish political relationships to achieve specific goals because it would be impossible to maintain a competitive rivalry and because it adheres to questionable conditions from other ethical viewpoints. It is more dangerous to attribute these traits to women. Ku Ismail & Abdul Manaf (2016), noted that strong moral convictions result in political connections that help overcome gender diversity and increase a firm's value. The hypothesis that has been put forth is:

H6: The effect of political affiliation on company performance is mitigated by gender diversity.

Academic Board Directors:

Boadi & Osarfo (2019), concluded that a board of directors' educational background affects the company's success. The results of Ochotnický et al. (2019), were the same. Higher educational credentials encourage new perspectives on human and social equity, which boosts business profitability, according to Ochotnickys et al. (2019). Conversely, Boadi & Osarfo (2019) concluded that board directors with better education backgrounds carry a higher risk because of the potential for a detrimental impact on company performance. The board directors' exposure and diversity cause them to be divided into several groups based on their qualifications; as a result, obstacles to differing viewpoints are created, which negatively impacts the company's performance. Fernández-Temprano et al. (2020) concluded that, by erecting barriers between the various groups and impairing business performance, the diversification of board members' academic backgrounds may cause the board to become divided into multiple groups based on qualification levels.

Company's Character

Size of Company

According to Goddard et al. (2005), performance suffers in large companies because managers have less control over their actions and are more likely to use corporate resources for personal gain. Nunes & Serrasqueiro (2008) found that huge businesses create economies of scale, reduce costs, and increase the value of businesses.

Leverage

Cancela et al. (2020) studied the positive influence of debt ratio on the financial performance of corporate business entities and require more outflows. Debt and performance have a positive relationship, according to trade-off theory. Pecking order theory shows a negative correlation between external funding and the exhaustion of domestic sources, while companies take on additional debt to lower taxes and interest rates and increase returns. While Graham (2000) came to the conclusion that leverage has a favorable impact on corporate performance, whereas, Mathur et al. (2021) discovered similar outcomes.

Research Methodology

Sample

In order to achieve the objective of this research we have selected 24 listed commercial banks in Pakistan covering the years 2015–2022 make up the sample. Based on their listing on the Pakistan Stock Exchange (PSX), Pakistani banks were chosen. The financial data from Pakistani banks is taken from the banks' annual reports. The annual reports were gathered from reputable secondary data sources, which are the official websites of different banks. These reports include extensive details on the composition and qualities of the board, as do the biographies and directors' reports that are part of the yearly reported financial statements.

Econometric Model

$$ROE_{it} = \beta_1 + TQ_{it} + Size_{it} + Leverage_{it} + BS_{it} + IB_{it} + BB_{it} + BSD_{it} + BM_{it} + U_{it}$$
- - - -
- eq (1)

$$ROA_{it} = \beta_1 + TQ_{it} + Size_{it} + Leverage_{it} + BS_{it} + IB_{it} + BB_{it} + BSD_{it} + BM_{it} + U_{it}$$
- - - -
- eq (2)

$$NIM_{it} = \beta_1 + TQ_{it} + Size_{it} + Leverage_{it} + BS_{it} + IB_{it} + BB_{it} + BSD_{it} + BM_{it} + U_{it}$$
- - - -
- eq (3)

$$ROE_{it} = \beta_1 + TQ_{it} + Size_{it} + Leverage_{it} + BS_{it} + IB_{it} + BB_{it} + BSD_{it} + BM_{it} + BS * BSD_{it} + IB * BSD_{it} + BM * BSD_{it} + BB * BSD_{it} + U_{it} - - -$$ - eq (4)

$$ROA_{it} = \beta_1 + TQ_{it} + Size_{it} + Leverage_{it} + BS_{it} + IB_{it} + BB_{it} + BSD_{it} + BM_{it} + BS * BSD_{it} + IB * BSD_{it} + BM * BSD_{it} + BB * BSD_{it} + U_{it} -$$ - eq (5)

$$NIM_{it} = \beta_1 + TQ_{it} + Size_{it} + Leverage_{it} + BS_{it} + IB_{it} + BB_{it} + BSD_{it} + BM_{it} + + BS * BSD_{it} + IB * BSD_{it} + BM * BSD_{it} + BB * BSD_{it} + U_{it} - - -$$ - eq (6)

Where ROE, ROA, and NIM represent dependent variables (return on assets, return on equity, and net interest margin); is the constant; to are coefficients; board size, board independence, board meeting, gender diversity, and board busyness are the explanatory variables; firm age, firm leverage, and firm size are the control variables; is the error term; it is cross sections and time respectively.

Econometrics Technique

To skew the results objectively, it is necessary to analyze the explicit and transparent assumptions. When there are problems with autocorrelation, heteroscedasticity, and multicollinearity, the results become skewed. Several strategies are applied to tackle these issues. Random and fixed models are appropriate to discover consistent parameters to handle the problems of heteroscedasticity and multicollinearity; nevertheless, because of the endogeneity problem, these models are biased to find consistent findings (Wasim et al., 2023). In this study, endogeneity, multicollinearity, autocorrelation, and heteroscedasticity will all be predicted by the true values of the parameters.

Two-Step System Generalized Method of Moments (GMM)

Since the dynamic nature of the data on the current scenario is more of our focus in this study, a dynamic panel model is required to address the hypothesis that has been put out. Numerous flaws in the Ordinary Least Square (OLS) approach have been documented in the literature. Specifically, our results could be skewed and inconsistent as a result of the correlation between the lagged dependent variable and the unobserved panel-level effects (Iftikhar & Iftikhar, 2018; Iftikhar et al., 2022). In addition, the panel least square, fixed effect, and random effect models are unable to resolve the issues. Consequently, Arellano & Bond (1991) addressed the issue of endogeneity, which produces biased results, and unobserved heterogeneity between banks, which is impossible to measure accurately, by introducing a new generalized method of moments (GMM) estimator for the dynamic panel model. They suggested utilizing various transformations and adding more instruments to the dynamic panel model. Afterward, by placing more limitations on the beginning conditions, (Arellano & Bover, 1995) suggested an enhancement of the Arellano estimator that permits the inclusion of more instruments to increase efficiency. Consequently, the link between the explanatory and dependent variables under investigation was examined in this study using System GMM. GMM is a diagnostic tool that does not require diagnostic testing because endogeneity, autocorrelation, and heteroscedasticity are inherent issues that it is intended to address. We did, however, test for endogeneity in our data.

Definition of Variables:

Explanatory Variables

In this study, business performance serves as an explanatory indicator while corporate governance serves as an explanatory indicator.

Every policy, legislation, regulation, and governance practice has been put in place by the Ministry of Corporate Affairs to guarantee open and honest operations. The study's independent variables are the following corporate characteristics: board size, gender diversity, board meetings, and board workload. Board gender diversity has been selected as a moderating variable in this study since one of its aims is to examine the moderating effect of this variable on the association between CG and a firm's performance. I market-based (external) and (ii) accounting-based (internal) approaches are the two primary ways in which a company's performance is evaluated. Academics evaluated businesses by looking at their profit margin, equity return, and asset return, all of which are based on accounting principles. To make industry effect estimates look better when compared to other industries, a strategy is used (Wernerfelt & Montgomery, 1988). To find the real measures of business success, however, a market-based approach is used. Tobin's Q, also known as the Q ratio, is a critical indicator of market health. The whole market value divided by the entire assets yields Tobin's Q. This parameter deals with the issue of the relationship between corporate performance and the market approach (Tobin's Q), which is measured by Farhan et al. (2020), and the accounting technique (Return on Assets), which is employed by (Arosa et al., 2013).

Control Variables

Based on its capital structure, market niche, exposure, and production level, every company is unique from the others. This business heterogeneity suggests that putting all the companies in one basket wouldn't be a just choice. According to the literature, several other factors, such as firm age, firm size, and leverage, affect how well a company's governance affects performance (Field et al., 2013; Meah & Chaudhry, 2019; Arosa et al., 2013). To lower the likelihood of unmeasured factors, some indicators, such as company age, leverage, and size, have been controlled in the literature about the relevance of corporate performance.

Variables and proxy measures under study

Variables	Definition	Acronym	Reference
Panel A: Explained Variable (Dependent Variable)			
Return on Asset	Percentage of net income/Total Assets	ROA	Akbar (2015), Gulzar et al (2020)
Return on Equity	Company's net income by its average shareholders' equity.	ROE	Iftikhar & Iftikhar (2018)
Net Interest Margin	Difference between interest income and interest expense.	NIM	Farhan et al (2020)
Panel B: Explanatory (Moderating Variable) Independent Variable			
Board size	Total number of directors serving the company’s board during the financial year	BS	Akbar (2015), Datta (2018)
Q Ratio	Ratio between firm market assets and total assets	Tobin’s Q	Gulzar et al (2020)

Board Independence	Number of independent director in the board/board size*100	BI	Datta (2018), Goel (2018)
Board meeting	The total number of meeting held during the financial year	BM	Vishwakarma and Kumar (2015), Datta (2018)
Board busyness	Number of busy director in the board/board size*100	BB	Sarkar et al (2012)
Board gender diversity (Moderating Variable)	Number of female director in the board/board size*100	BGD	Vo and Bui (2017), Vishwakarma and Kumar (2015), Goel (2018)
Panel C: Control Variable (Firm Specific Variable)			
Firm Age	The number of years since the firm was incorporated/ registered	Fage	Field et al. (2013)
Firm Size	Natural log of total assets during the financial year	Fsize	Meah & Chaudhory (2019)
Firm Leverage	The ratio of long-term debt with the total assets	Flev	Arosa et al. (2013)

Result

Table 1 Descriptive Analysis

Variables	Observations	Mean	Standard Deviation	Minimum	Maximum
ROE	168	3.5	0.15	-2	8.5
ROA	168	3.01	0.48	1.5	9.5
NIM	168	2.93	1.07	-1.3	6.7
Tobin Q	168	4.5	1.87	3.25	7.25
Size	168	8.5	0.5	7.2	9.6
Leverage	168	2.35	0.15	1.5	3.25
Board Size	168	8	0.15	7	13
Ind board	168	1.5	0.2	0.07	0.42
Board meeting	168	2.29	0.87	3	7
Board gender diversity	168	0.85	0.12	0	0.28
Board Busyness	168	0.47	0.115	0.2	0.95

Table 2 Pairwise Correlation

	Tobin Q	Size	Leverage	Board Size	Ind board	Board meeting	Board gender diversity
Tobin Q	1						
Size	0.49	1					
Leverage	0.51	0.41	1				
Board Size	0.39	0.15	0.29	1			
Ind board	0.15	0.19	0.15	0.24	1		
Board meeting	0.1	0.01	0.04	0.04	0.01	1	
Board gender diversity	0.09	0.05	0.011	0.01	0.02	0.004	1
Board Busyness	0.07	0.024	0.15	0.017	0.25	0.38	0.21

Table 3 Regression Analysis

	ROA		**ROE**		**NIM**	
Variables	**Model 1**	**Model 2**	**Model 1**	**Model 2**	**Model 1**	**Model 2**
Lag dependent	0.90 0.045***	0.65 0.051***	0.088 0.052***	0.71 0.359**	0.61 0.024**	0.45 0.021*
Tobin Q	2.45 0.59	1.21 0.45	0.59 0.041*	1.19 0.058*	1.39 0.039*	2.45 0.042*
Size	3.45 0.119*	2.98 0.154**	3.45 0.359*	5.59 0.062*	1.21 0.045*	6.54 0.521*
Leverage	-1.45 0.145	-1.17 0.015***	-0.98 0.454	-1.05 0.023	-0.95 0.015	-1.26 0.358
Board size (BS)	1.2 0.98*	0.98 1.54	2.1 1.54	0.56 1.84	0.2 0.78	0.17 0.15
Ind board (IB)	0.59 0.041*	0.34 0.0105*	0.87 3.21	0.58 0.325	0.89 0.098	0.45 0.015
Board meeting (BM)	1.75* 0.42	0.52 1.25	0.45* 0.19	0.39 1.95	0.41 0.24*	0.35 0.12

Board gender diversity (BGD)	0.95 0.01*	1.21 0.065*	0.87 0.0047	1.03 0.217	0.55 0.014	0.68 0.012
Board Busyness (BB)	-1.25 0.01**	-4.15 0.02**	-3.42 0.05*	-2.35 0.04*	-1.54 0.04*	-1.21 0.01*
BS*BSD	-	1.21 1.62	-	1.24 0.54	-	1.65 0.95
IB*BSD	-	1.57 0.047**	-	1.65 0.324	-	1.41 0.54
BM*BSD	-	2.45 0.145	-	2.15 0.23	-	2.98 0.34
BB*BSD	-	3.14 0.41	-	4.54 0.95	-	2.54 0.84
no of observation	168	168	168	168	168	168
Ar (1) p-value	0.04	0.031	0.01	0.021	0.03	0.012
Ar (2) p-value	0.55	0.95	0.85	0.94	0.91	0.51
Sargan	0.98	0.99	0.96	0.85	0.96	0.99

Discussion

Table 1 displays the descriptive statistics, which include the average, standard deviation, minimum and maximum values, and 168 observations. Moreover, Table 2 reveals a correlation matrix between the moderating role of women directors in politically connected enterprises on the performance of Pakistani companies with independent metrics. To address the issue of multicollinearity, we eliminated the firm age variable. Afterward, our results demonstrate that there is no multicollinearity in the values.

It is supported by previous research that boards of directors with diversified market expertise in various interactions, a large number of stakeholders, and investor trust make better decisions. The Q-value of Tony. Gulzar et al. (2020); Vo & Bui (2017), all found comparable results. This article explains the causal link between gender, board meetings, and ROI. Because there is a positive association between board gender and meeting frequency and return on assets, the results show that the quantity of meetings is more efficient than the quality of argument when it comes to financial decisions (De Andrés, Gimeno & de Cabo, 2021). The financial results are improved with an increase in the frequency of meetings. Previous studies have also shown that meetings are ineffective unless important matters are thoroughly debated and useful conclusions are made.

There is a favourable correlation between the gender of the board and the return on assets. Businesses in underdeveloped countries do better when women are present in corporate settings, such as commercial banks, according to the study. At least three female

representatives are needed to impact corporate decision-making (Huse et al., 2011). According to the findings, to ensure the idea among the majority. Gender diversity on boards moderates the association between board size, corporate performance, and the frequency of board meetings. According to studies, a company's worth rises in correlation with the size of its board and the outcomes it achieves, and a low number of female directors has a direct impact on market performance. The group's overall performance is enhanced by the fact that there are more women in it, which makes them more productive in meetings. When more women have directorships in corporations, it diversifies the board and boosts the company's value (Wasim et al., 2022). No longer are women's achievements and contributions to society to be ignored. Appointing at least one female director is now required by law for all types of corporate enterprises (Singh & Pillai, 2022). A lot of companies have nominated one woman director, either independent or non-independent, just to satisfy the bare requirements, but it's worth noting that certain businesses might not be able to pull this off (Terjesen, Couto & Francisco, 2016). A company's performance is affected by the overall strength of its board. There has been a remarkable surge in the percentage of female executives in recent years. The proportion of female directors increased from 9.28% in 2015 to 16% in only five years.

Conclusion

Organizations uphold strong, well-founded corporate governance, which includes maximizing shareholder wealth, enhancing business performance, and making greater contributions to the economy and society. Businesses can use capital structures that maintain and increase investment reliance and boost company value when they adopt a prudent and balanced strategy. This study confirms the correlation between market success and the accounting-based method (Tobin's Q and Return on Assets), as well as the variables of board independence, busyness, and meetings. Evaluate how gender diversity on the board affects corporate governance, business value, and corporate governance. The involvement of directors in the corporate sector broadens the experience in the market, and the board's workload directly affects the value of the company. The gender diversity of the board and board meetings have a big impact on business performance. Increasing the number of board meetings can have negative effects, therefore company executives should avoid calling unneeded meetings and make sure that all significant problems have been adequately covered during those that are held. The outcome of a board meeting is more important than the quantity of sessions held. Over the past few decades, the number of women working for companies has increased dramatically. Gender diversity also moderates board size and meetings, which raises the firm's worth and boosts corporate performance. The presence of female representatives on corporate boards improves Tobin's Q, board meetings, and asset return. Understanding the policy and the significance of board gender diversity is greatly impacted by this study. The incorporation of female directors into corporate boards, particularly those with more vulnerable positions, enhances the performance of the companies. Research indicates that in both industrialized and emerging economies, between 30% and 40% of female board representatives are appointed. The

impact of firm age, firm size, and firm leverage on corporate performance is also estimated in this research. The strong results are analyzed using a panel data approach.

This research study contributed to the current body of literature in several ways. Initially, it investigated how the features of composite boards influence the performance of banks. Secondly, we conducted a longitudinal study by analyzing eight years of data to assess the relationship between cooperate governance variables and bank performance. Moving forward, further research should delve into additional board structure factors such as ownership structure, director attendance at meetings, and the number of agenda items in meetings to evaluate their effects on business performance in developing economies.

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