

When

Friday,
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Where

<https://carleton-ca.zoom.us/j/94291013048>
(contact: parg@sprott.carleton.ca)

Is Gender Diversity on the Board Committees a Performance Catalyst? Answers from Canadian Capital Market

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ABSTRACT

With financial scandals, environmental challenges and social issues, firm environmental, social and governance (ESG) performance is no longer to be neglected. ESG performance can be as important as financial performance for investors and stakeholders. One of the main factors proven in the literature to influence both financial performance and ESG performance is the gender diversity of the board of directors. Several studies show that board diversity can be associated with financial performance as well as with the ESG performance of the company (Nekhili et al. 2020; Ouni et al. 2020; Chams and García-Blandón, 2019).

Although diversity on boards of directors and its impacts have been the subject of many studies, the results of studies are not always conclusive when it comes to the influence of diversity on the different types of performance. This difference in results can be explained by the fact that diversity on the board can be conditioned by a more active and more effective diversity, which is the diversity of board committees (Khemakhem et al., 2022). The committees play an active role when it comes to board decisions. The significant parts of the board's work and decisions are discussed, prepared and recommended by the committees to the board. Although, the board depends on the committees to carry out the respective work and suggest resolutions and decisions for approval.

Investigating the influence of committee diversity on board decisions and their impact on business is increasingly studied in the literature (Khemakhem et al. 2022; Tingbani et al. 2020). However, very few studies have examined the influence of committees' gender diversity on both ESG and financial performance.

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Therefore, this study investigates the influence of gender diversity of the board committees on both financial and ESG performance and the moderation role of ESG performance on the relationship between gender diversity on committees and financial performance.

Our results show that while female representation on the committees is positively related to ESG performance, it can be positively and negatively related to financial performance depending on the committee. While female representation on the CSR committee has positive relationship on financial performance, the same representation on risk committee has a negative influence on financial performance. Our analysis also includes the mediation effect of ESG performance on the relationship between female representation on the committees and financial performance. Despite the positive relationship between female representation and ESG performance, the join effect on the financial performance is negative.

This indicates that firms can benefit from more female representation on the committees by having a better ESG performance. However, the effect of this representation might not be perceived on financial performance in the short term. Our study can help companies, regulators and stakeholders to identify the advantages of committees' gender diversity.

ABOUT THE PRESENTERS

Paulina Arroyo is a full professor at the School of Management Sciences at the University of Quebec in Montreal (ESG UQAM). Her research interests concern environmental accounting, whistleblowing, and emergency responses to natural disasters. She mostly conducts her studies on non-profit organizations and non-governmental organizations. She has published research articles in the Journal of Business Ethics, Journal of Cleaner Production, and Journal of Management and Governance, among others.

Hanen Khemakhem is a professor at the accounting department of the Université of Québec in Montréal. She holds a Ph.D. in administration from the joint program in Montréal (UQAM). She teaches accounting and governance at graduate and undergraduate levels. Her research focuses on corporate governance and audit committees. Her main fields of interest are governance mechanisms, in particular the board of directors structure and diversity.

Julio Montecinos is an operations management and logistics professor at École de Technologie Supérieure (ÉTS) in Montreal, Canada. He completed his bachelor's degree in electronic engineering from the Universidad Técnica Federico Santa Maria in Chile. He then pursued an MSc in Computer Sciences from the University of Montreal and a Ph.D. in Industrial Engineering from Ecole Polytechnique. As a part of the Systems Engineering Department at ÉTS, he has researched various fields such as operations, transportation, and logistics engineering to contribute towards freight transport, agri-food, walk-in medical clinics, intelligent cities, and forestry projects.

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