



Board Gender Diversity and Dividend Policy in SMEs: Moderating Role of Capital Structure in Emerging Market

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Abstract

Given the mix findings in literature regarding gender diversity and dividend policy, we suspected that capital structure is an intervening variable to moderate the relationship. This paper therefore examines the joint role of board gender diversity and capital structure of a firm; does it improve or weaken dividend policy. The study analyzed 2015 year data from 1,011 unlisted firms from Ghana. Structured questionnaire and published annual reports were used to obtain the required data for the study. The results indicate that the relationship between the interaction term and dividend policy is insignificant, hence capital structure does not moderate the relationship between board gender diversity and dividend policy. Policy makers should not blindly adopt initiative of gender equality from another country; instead they should carefully examine the influence of capital structure and the causality of relation before appointing more or less of females on corporate boards.

Keywords: Capital Structure; Gender Diversity; Dividend Policy; Moderation.

1. Introduction

In recent times, the board and its decisions like capital structure and dividend policy are issues that shareholders, regulators and researchers have increasingly shown concern about. This is on account of board of directors being responsible for the determination of capital structure and dividend policy of a firm (Norazlan et al., 2014). They also added that board structure determines capital structure and subsequently performance. On the other hand, policy makers, governments and gender activists are calling for gender balance in the corporate boardrooms. What then is the joint role of board gender diversity and capital structure in influencing dividend policy of a firm? This study is motivated by the recent efforts of policymakers, regulators, lawmakers and women activists championing women representation on corporate boards through persuasion, legislative quota and affirmative action coupled with growing debt market. Besides, following the global financial crisis many countries are now introducing or have introduced new corporate governance codes that shake up the structure of the boards in essence, bring it to light presence of women on corporate boards are essential to the survival of firms. There is this long standing belief that most men being risk lovers, literature suggests that women are naturally risk averse and wouldn't take on debt that potentially affects performance of the firm (Ball et al., 2010). In the light of above, even though debt holders have a fixed claim on the income of the firm, are boards of directors seriously representing the interest of shareholders by ensuring that shareholders get their due from the firm's income? It is believed that women on a board better represent shareholders' interests. Dividend decision is a major financial decision of a firm which is the responsibility of a board and by far has been associated with firm's profitability. Norazlan et al., (2014) opined that from shareholders' perspective, profitability is not necessarily value addition to wealth unless profit is translated into price appreciation and payment of dividend. It is therefore of much importance to know the direct and interaction path effects of boards in terms of its diversity and the decision made through its capital structure on dividend payments. With almost non-existence of such interaction study in the context of Africa, we carry out this study in the context of sub-Sahara Africa where women are being encouraged through persuasion to take up board's role as confirmed by Frimpong and Kuutol (2017) where they posit that women in corporate boards have increased overtime in Africa.

Capital structure is one such decision women on corporate boards appear to be particularly concerned of, to protect interest of shareholders in a firm by committing to right mix of capital structure. Deloitte (2013) believe that globally, women are under-representation on corporate boards. He further observe that in the context of Africa, there is consistent increase in women representation on boards as a result of governments, policymakers and legislators' encouragement through persuasions, affirmative actions and to some extent legislative quota. This might bring about firm getting the right mix of capital. We are of the opinion that board gender diversity do not have a direct link to performance but operate through right mix of capital structure as boards are able to influence the decision of capital structure to assert shareholders' interest. In theory, board gender diversity can have positive consequences on firms. Boardroom diversity brings about different perspective of thoughts into consideration (Zahra and Pearce,1989) and also can attract best talented employees into the firm hence bring about soaring the external legitimacy of the firm (Hambrick et al., 2008). On the contrary, diversity can also bring about weak communication, increased conflict, and reduce trust (The Downside of Diversity, 2014). Results from empirical studies show that the impacts of boards' gender diversity on performance have been inconclusive and mixed. Empirical evidence obtained show that any relationship between performance and board diversity has both public policy and governance implications (Strobl et al., 2016). Their study therefore proposes that given any increase in corporate performance in the form of dividend per share is because of embracing best governance -diversity practices and capital structure practices. As argued by Frimpong and Kuutol (2017), a direct relationship between firm performance and board gender diversity, then there is a case for firm board diversity. They further stated that absence of such evidence leading to inverse relationship, then diversity leads to lower performance; hence costs of diversity must be well thought-out in any discussion about making boards more diverse. Therefore, using capital structure as an intervening variable might explain why studies that examine the relationship between board gender diversity and performance remain inconclusive and might provide new insight.

We observed that studies on the interaction between gender diversity and capital structure in developed markets are based on listed firms and almost non-existence in Africa. However, most firms in Africa are non-listed; thus, capital market is still developing hence over concentration of findings from such studies will not account for how African market operates. For example, in Ghana, less than 1% of firms are listed. Excitingly, corporate governance in the developing markets has received attention within the last decade. For instance, the development of corporate governance in Ghana took an interesting trend following the introduction of Code of Corporate governance best practice by the Security and Exchange Commission of Ghana in 2010 just after the global financial crisis. One major interesting issue about the Code is the non-mentioning of gender diversity and this has raised concern as to whether this might weaken the call for more women representation on corporate boards. It will also be interesting to know that within the unlisted firms, at what level of capital structure moderates the relationship between gender diversity and performance, if any significant association exists. This study contributes to elevate the discussions on corporate boards and capital structure in diverse ways. In the first instance, as we examine women in board structure and decisions made by boards of directors involving capital structure and dividend policy, we are able to observe how women on boards influence capital structure decisions and its eventual effect on the wealth of shareholders (through dividend payment) by integrating key financial decisions as a moderating variable.

In effect, this study focuses on dividend per share as a measure of performance but not the usual stock price appreciation. Secondly, critical literature review shows that most studies consider capital structure and dividend policy as a separate variable against governance variables without recognizing that capital structure can be a moderating variable, we therefore interact capital structure with board gender diversity to share new light on ongoing discussion of corporate governance debate on the call to increase women representation on corporate boards. In addition, we examine the impact of board gender diversity on dividend policy and capital structure following waves of governments' reforms and encouragements to increase female representation on boards, be it legislations, quotas or affirmative action in several countries. This paper is seen as the first to consider gender diversity interacting with capital structure within the context of Sub-Saharan Africa and by extension using unlisted firms. The rest of the paper proceeds as follows; Section 2 discusses the theoretical foundation, Section 3 accounts for empirical literature review and hypothesis. Section 4 considers methodology and finally, section 5 discusses empirical results and conclusions.

2. Theoretical Review

2.1 Agency Theory and Free Cash Flow Theory

The agency paradox is traditionally associated with corporate governance and agency theory gains its roots in economic theory. Jensen and Meckling (1976) argue that shareholders who are the owners of the firm, delegate their powers of running the firm to managers who are expected to act and make decisions that lead to enhancement of owners interest but however the opposite decision may occur due to separation of ownership from control and the resultant effect is agency problem. This might be as a result of misalignment of ownership interest and subsequently creation of agency cost. The board role to control and monitor managers is a key concept of the theory of agency (Carter et al., 2003). This theory suggests that a board which is diverse normally increases its independence and by extension give room for the ability of the board to monitor management activities of the firm efficiently, thereby, bringing about positive effect on firm

performance. However, agency theory does not provide clear linkage between board gender diversity and firm performance according to Human Capital Theory and Resource Dependency Theory (Carter et al., 2003). The free cash flow theory, according to Jensen (1986), leverage itself can only act as a monitoring tool thereby reducing agency problem resulting in reduction of agency cost of free cash flow. Additionally, leverage might not necessary reduce agency cost of free cash flow; instead boost the efficiency of managers. This might be as a result of the effective functioning of capital market serving as a monitoring tool to managers because before managers can obtain debt financing they must show the ability to manage the firm efficiently. On the contrary, employing high leverage, managers cannot be in position to invest in unprofitable new projects, since cash flow will be affected negatively if such projects are undertaken. This might create inability to honor fixed interest earners on debts or the principal when it fall due. It might further generate a situation where no profit is made in certain financial years that might result in non-payment of dividend to shareholders. It has been proven in empirical studies that leverage proxy by bank lenders is most likely to be a substitute to monitoring tool in a firm where corporate governance is weak but not merger active environment (Okiro, 2015).

Where there is high agency cost of free cash flow, corporate board can play an important role of impacting on corporate performance through dividend policy. The board holds and is given the authority and power to act on behalf of shareholders to control and oversee top management and their decision and actions (Fama, 1980). Firms can reduce agency cost by putting in place appropriate monitoring systems and structure through the board of directors which has the power to effectively supervise managers (Sulong et al., 2007). In literature, there are several rules for governance reforms and recommendations (The Cadbury Committee, 1992) but other studies suggest that having the right board structure brings about effectiveness (Norazlan et al., 2014). Empirical evidence has shown that there is a direct effect of board composition and structure on performance (Hossain et al., 2001) and also board composition affects dividend policy (Scellenger et al., 1989). Adjaoud and Amar (2010) assert that firms with stronger corporate governance have higher dividend payout ratio following their finding that board composition positively related to dividend payout ratio. We stand to argue that right board structure with gender diversity creates right mix of capital structure and eventually leads to increase in performance.

2.2 Link Between Board Gender Diversity, Capital Structure and Performance

One of the key decisions boards of directors make is capital structure and this decision has long been linked to firm's performance (Abor, 2005; Chakraborty, 2010). The board has different characteristics like board diversity as firm's governance mechanism with some having more controlling mechanism than others (Emoni et al., 2017). Gulamhussen and Santa (2010) stated that research in accounting management and economics agree that diverse board is significant to exercising financial decision like capital structure, strategic control and tougher monitoring in companies. While boards monitor from agency theory perspective, diversity of skills and gender are often needed for effective management of a firm (Emoni, 2017). From resource dependency theory, diversity is needed for better decision making (Hillman et al., 2007). Generally, female board members are more independent based on the fact that they are always outside the network (Carter et al., 2003). These make female directors more commitment to attending board meetings and are in position to put in more effort to observe executive directors actions (Adams and Ferreira, 2009). Some studies like Ujunwa (2012) and Ren and Wang (2011) examine the influence of gender diversity and performance while others like Campbell and Vera (2007) examines the impact of females' presence on corporate board on firm's value.

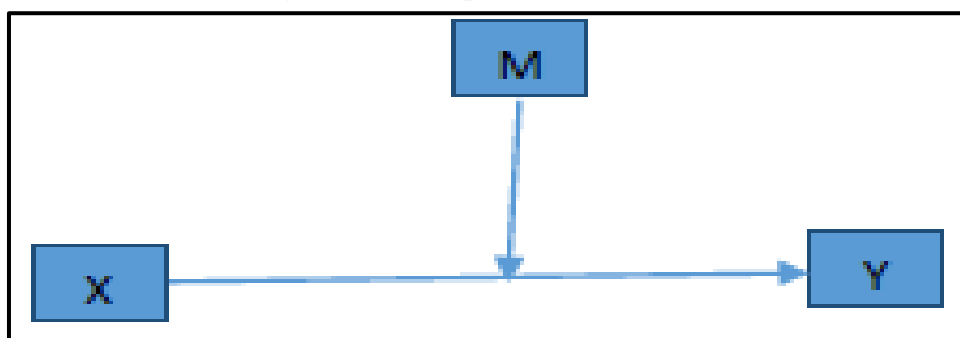
Alves et al. (2014) concluded that the more gender diverse a firm is, the more the board is able to increase its efficiency and reduce information asymmetry between managers and owners. Thus, making the board to be more long-term debt oriented than short term. Since performance of a firm is directly linked to capital structure decision of its board, the use of capital and successful selection is a key financial strategy (Niresh and Velnampy, 2012) and a proper diverse board creates enabling environment for debt management of firms. According to Murray (1989) gender diversity provide merits as well as demerits, particularly on account of long-run performance of a firm. This is consistent with empirical findings in different countries, as there is both positive and negative relationship between gender diversity and firm performance. These conflicting results include studies that do not find any significant results, makes it quite difficult to draw conclusive link between women on corporate boards and firms performance. Several studies have found that there is significant positive relationship between board gender diversity and performance (Vafaei et al., 2015; Dezso and Rose, 2012; Martin-Ugedo and Miguez-Vera, 2014; Low et al., 2015). On the contrary, other studies have found negative and significant association between board gender diversity and performance (Abdullah, 2016; Boubaker et al., 2014; Damardi, 2013). Other studies have reported neither positive nor negative relationship between board gender diversity and firm performance (Ujunwa et al., 2012; Rose, 2007). The three scenarios above in analyzing gender diversity and performance studies could be accounted for by several reasons for the inconclusiveness of the findings. Adams and Rangunathan (2015) noted that the mixed findings can be attributed to "differences across studies in measures of performance, methodologies, time horizons, omitted variable biases and other contextual issues." Following the finding of Ujunwa (2012) in African context where no significant association was found between board gender diversity and financial performance, we presume that no significant relationship would be found. Furthermore, following the suggestion by both the human capital theory and resource dependency theory that, the relationship between gender

diverse boards can be positive or negative and depend on diverse factors. On one hand the limitation in empirical evidence for not providing clear support to the direction of the board gender diversity-performance relationship, give evidence to the fact that there are intervening variables that influence the direction between board gender diversity and performance and one of such intervening factors is capital structure, a decision which is made by corporate board. We therefore propose that given a board with well-resourced female human capital will make capital structure decision as an intervening variable that would influence dividend payment. Therefore the hypotheses for this study are:

H₁: Capital structure positively moderates relation between proportion of female on corporate board and dividend policy.

H₂: At a very low level of debt to equity ratio, capital structure positively moderates relation between proportion of female on corporate board and dividend policy.

Figure 1: Conceptual Framework



3. Methodology

The samples of the paper consist of unlisted firms from across Ghana and the focus is on Small and Medium Scale Enterprises (SMEs). This study adopts 2015 year data for unlisted SMEs in Ghana. The annual observation of firms for a total 1,011 sample firms out of 1,526 contacted were used for the study. These firms were selected based on data availability during the period of study. Both well-structured questionnaire to obtain data and data published in annual reports were used to obtain the required data for the study. Some firms were also eliminated because of data availability and others like banks and financial institutions in general were eliminated from the data set due to specific rules in the financial service sector. This is because other industries and financial service sector presents different information asymmetry problems. The variables used in the study are described in Table 1 below:

| Table I: Description of Variables | | | |
|-----------------------------------|-------------------------------|---|--------------|
| Acronym | Variables | Description and measurement | Expectations |
| DPS | Dividend Policy decision | Dividend per share (DPS) is measured by total dividend declared divided by shares outstanding at time t | |
| GEN | Female Board Gender diversity | This is measured as percentage of female board members divided by total board members at time t | Positive |
| CSD | Capital Structure decision | This is measured as book value of total debt divided by book value of total equity at time t., the ability to distribute dividend might depend on the debt-equity ratio. Lesser debt-equity ratio would reduce interest expense and thus make distributable income available to shareholders. | Negative |

3.1 Model Specification

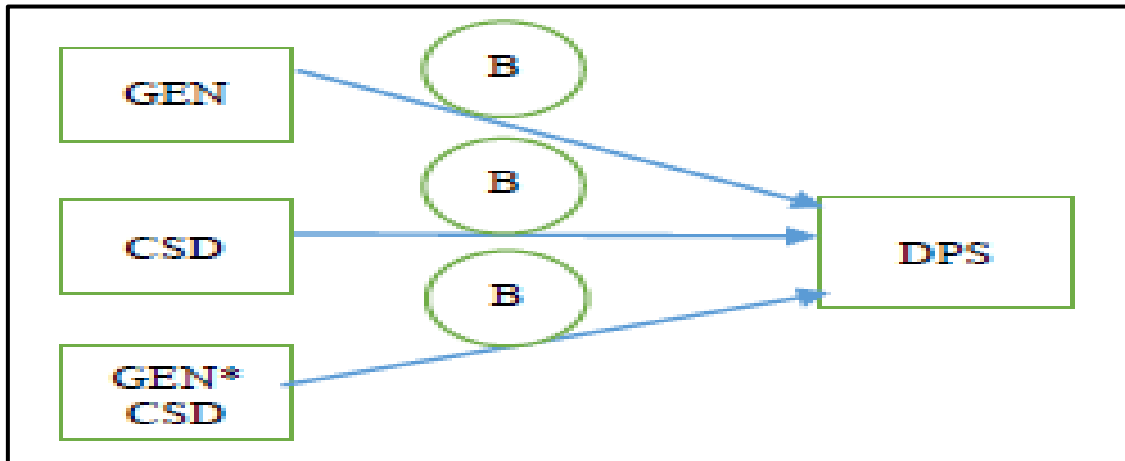
To address the hypotheses above, capital structure was examined as a simple moderator in the regression model below. Within the PROCESS Macro, “Model 1” was used to test simple moderation. Dividend policy (Y) was entered as the outcome variable and proportion of gender diversity(X) as independent variable, and capital structure decision as moderator (M). Again, 5000 bias corrected bootstrap samples were requested and covariates in the model were entered as covariates of both M and Y variables. The analysis tested the conditional effect of capital structure decision on the link between dividend policy and proportion of gender diversity based on the following equation;

$$Y = B_0 + B_1X + B_2M + B_3X*M + e_y \dots \dots \dots (1)$$

Where B_0 is the intercept of the regression line, e_y is the error in the estimation and the B_1, B_2, B_3 are the regression coefficients for each in the model. The equation (1) above can be converted into specific variables for the model as in equation (2) below:

$$DPS = B_0 + B_1 GEN + B_2 CSD + B_3 GEN * CSD + e_y \dots\dots\dots (2)$$

Figure 2: Statistical Diagram



4. Results

Table 2: Descriptive Statistics

| Variable | Mean | Std Deviation | Minimum | Maximum |
|----------|-------|---------------|---------|---------|
| DPS | .235 | .0658 | .0000 | .9200 |
| CSD | .5207 | .2898 | .0000 | 2.1000 |
| GEN | .1399 | .1611 | .0000 | .7000 |

The dividend policy decision of the sampled firms as per the variables used in this study shows that the mean value of dividend per share is GHS 0.235 with the maximum of GHS 0.920 per share. This is relatively encouraging among the unlisted firms. Dividend per share is relatively high just to compensate the risk that investors have taken given the macroeconomic environment in Ghana. Analysis of the firms indicates that firms in the pharmaceutical and Oil and Gas industries are able to pay dividend better than those in other industries (see appendix I). It is observed from the study that 68.50% of the firms were able to pay dividend in an unreported result, this signifies that firms in Ghana are able to pay dividend (which signal confidence to investors) and this could drive more investors into the economy. This might be resulting from management wish to signal shareholders that their interests are being served as a means of reducing agency conflict. Notwithstanding the fact that the growth rate of Ghana’s economy has been reducing since 2012, firms are still better placed to add value to shareholder wealth. This could be attributed to efficient monitoring efforts of the boards.

The study further revealed that, debt to equity ratio (CSD) as a measure of capital structure average around 52%. Capital mix is quiet reasonable since firms are not highly geared that could threaten their survival and could be assume at optimal. With regards to the presence of women on corporate board (GEN), about 60% of the firms have women representation on their board. This is reasonably good since government and women activists are constantly pursuing and encouraging women presence on corporate boards. However, a further analysis shows that about 14% of board members of the sample firms are women. Early finding by Frimpong and Kuutol (2017) suggested that firms in Ghana have about 33% women representation using listed firms. The difference could be explained from the point that listed firms are increasing women representation on board and appreciate women role in boardroom than of unlisted firms. Linearity for all the variables was found to be acceptable based on the scatter plots and bivariate correlations. From table 3 below, the correlation matrix coefficients are used to examine whether multi-collinearity exist among the independent and moderator variables, and further the matrix among the variables do not present any high coefficient to warrant justification of possible multi-collinearity. However, data was non-stationary and normality of data is regarded as the least essential of assumptions needed for linear regression (Hayes, 2013), and severe normality violations only impact on statistical inferences in small samples.

Table 3: Correlation Matrix

| | DPS | CSD | GEND |
|------|--------|---------|-------|
| DPS | 1.000 | | |
| CSD | -.130* | 1.000 | |
| GEND | .208** | -.394** | 1.000 |

** denotes significance at 0.01 level and, * denotes significance at 0.05 level

Dividend policy is positively correlated to proportion of women on corporate board at 1% level of significance. However, capital structure is negatively correlated to dividend policy at 5% significant level. Additionally, we further observed that the correlation between capital structure and the proportion of female on the board is negative at 1% significant level. Suggesting that the more women representation increase on corporate board, less debt is acquired to finance investment than equity. Hence, women representation increases equity financing than debt financing.

Table 4: Andrew F. Hayes Process Regression

| | COEFF | SE | Z | P | LLCI | ULCI |
|----------|----------|-----------------------|---------|----------|-------|-------|
| CONSTANT | .023 | .002 | 10.144 | .000 | .019 | .028 |
| CSD | -.022 | .010 | -2.128* | .034 | -.042 | -.002 |
| GEN | .043 | .014 | 2.981** | .003 | .015 | .071 |
| CSD*GEN | -.022 | .059 | -.368 | .713 | -.139 | .095 |
| | <i>R</i> | <i>R</i> ² | P-value | <i>F</i> | | |
| | .166 | .027 | .000 | 52.31 | | |

The overall model was significant ($F= 52.31, p<.001$), accounting for 2.7% of overall variation in the dividend policy of the firms. Capital structure (debt to equity ratio) is significant in influencing dividend payment, in the way consistent with the study prediction and theory. Firms that have higher commitment to portion of earning devoted for the servicing of higher debts are likely to have less income available for payment of dividend to shareholders. Common shareholders can only receive dividend from residuals of earnings after debts interest have been settled together with preferred stock dividend. Capital structure as a financial variable significantly determines dividend payment. Hence firms that are too geared choose to pay no or lower dividend to shareholders given the constraint or obligation to meet debt servicing arrangement than dividend. This reinforces existing knowledge that firms with higher debt to equity ratio are less likely to pay dividend. Given the relative low debt to equity mix, this confirms the existing conclusion that Ghanaian firms are more incline to keep constant dividend payment to shareholders. Proportion of women on corporate boards is able to significantly impact dividend payments. Firms that have a higher women percentage on their board are more likely to pay dividend continuously into perpetuity. Women usually will monitor management to keep the interest of shareholders at the forefront of the firm.

Empirical evidence suggests that the more gender is diverse; it contributes significantly toward the maximization of shareholders' wealth or interest (Frimpong and Kuutol, 2017). The presence of more diverse board brings about transparency of financial transaction and also makes management accountable leading to gains to the shareholders. Therefore more women representations on boards bring about better performance of firms; this finding is consistent with Vafaei et al. (2015) and Low et al. (2015) who also establish a positive significant relationship. While testing the influence of capital structure as a moderator on the relationship between board gender diversity and dividend policy, the interaction variable between gender diversity and capital structure was insignificant. This suggests that capital structure doesn't strengthen nor weaken the association between board gender diversity and dividend policy (dividend per share). To illustrate this, when the proportion of female board members increases, the slope of the line that represents the relation between board gender diversity and dividend policy does not change when firm is characterized by high level of debt to equity ratio. Hence, hypothesis H_1 is not supported. Therefore, capital structure is not a significant moderator between dividend policy and board gender diversity of unlisted firms. As we set to test the robustness of our findings the data was regrouped into medium scale firms and small scale firms as per the results in Appendix II and III, the results were indifference from the finding in Table 4. Again another robustness check carried out using Return on Assets as a measure of performance shows that the interaction term was insignificant, hence lending support to the findings in table 4 above.

Table 5: Conditional Effect of Gender Diverse on the Ability to Pay Dividend at Value of the Capital Structure

| CSD | EFFECT | SE | Z | P | LLCI | ULCI |
|---------------|--------|------|-------|--------|-------|------|
| -.290(low) | .049 | .025 | 1.997 | .046* | .001 | .097 |
| .000(average) | .043 | .014 | 2.981 | .003** | .015 | .071 |
| .290 (high) | .036 | .020 | 1.811 | .070 | -.003 | .076 |

A further analysis of the level of capital structure and how they impact on the relationship between board gender diversity and dividend policy reveals that at low and average levels of capital structure, it moderates the relationship positively but at a high level of debt to equity ratio (capital structure); it does not moderate the relationship. It further reveals that the moderation is much stronger at the average level than at the low level of debt to equity ratio (capital structure), supporting the view that a right mix of capital (optimal) is appropriate for women on corporate boards to influence dividend policy decisions.

5. Conclusions

The examination of the association between performance and board gender diversity is extensive in academic literature. However, the findings of the various studies have been inconclusive as different results have been reported. This paper contributes to the inconclusive results by adding a variable that might moderate the relationship between board gender diversity and performance (dividend policy). Studies that examine the moderating effect are scanty and more of such is needed. On the argument that corporate board are responsible for determining a firm's dividend policy and capital structure, the interaction between board structure in terms female gender proportion and capital structure as measured by debt to equity ratio is insignificant. This finding implies that women representation on the board contribution to performance is unchanged with high debt to equity ratio (determination of dividend policy cannot be influenced by capital structure). Really, firms would not have any balance between financing decisions that involve choice of dividend policy and capital structure as far as women representation and their powers in corporate boardrooms are concerned. As Abdullah et al. (2016) put it, adopting gender equality initiatives from different countries may not be appropriate depending on the circumstance of each unique country. Therefore, we conclude that female board gender quota may be desirable in Africa since women proportion of board bring about better performance and its relationship remain unchanged even if a firm is highly geared. Besides, at low level of debt to equity ratio, the relationship between board gender diversity and dividend policy is significant since females naturally prefer low risks to safeguard the interest of shareholders. But it is worth noting that policy makers in different countries should not blindly adopt initiative of gender equality from another country, instead should carefully examine the influence of capital structure and the causality of relation before appointing more or less of women on corporate boards.

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Appendix I: List of Industries Entered in the Study

| S/N | INDUSTRY | CSD % | DPS | GEN % |
|-----|--|-------|------|-------|
| 1 | Advertising | 22 | 0.4 | 19 |
| 2 | Agri-Business | 51 | 0.46 | 11 |
| 3 | Automotive and Transportation Service | 66 | 0.55 | 5 |
| 4 | Beverage | 87 | 0.33 | 14 |
| 5 | Business Promotion and Consultancy service | 64 | 0.44 | 6 |
| 6 | Chemicals | 49 | 0.59 | 9 |
| 7 | Electrical and Electronics | 42 | 0.54 | 16 |
| 8 | Energy | 36 | 0.39 | 3 |
| 9 | Environmental and Sanitation | 13 | 0.18 | 18 |
| 10 | Exports | 69 | 0.39 | 32 |
| 11 | Food | 52 | 0.28 | 47 |
| 12 | Garments, Textiles and Leather | 59 | 0.39 | 28 |
| 13 | Hospitalities and Tourism | 43 | 0.49 | 41 |
| 14 | Herbal | 27 | 0.51 | 11 |
| 15 | Information Communication Technology | 38 | 0.46 | 3 |
| 16 | Metals, Building and Construction Products | 32 | 0.59 | 4 |
| 17 | Oil and Gas | 71 | 0.74 | 15 |
| 18 | Pharmaceutical | 33 | 0.69 | 19 |
| 19 | Printing and Stationary and Packaging | 47 | 0.55 | 11 |

| | | | | |
|----|--------------------------|----|------|----|
| 20 | Rubber and Plastics | 32 | 0.49 | 26 |
| 21 | Toiletries and Cosmetics | 55 | 0.42 | 61 |
| 22 | Wood processing | 23 | 0.5 | 22 |

Appendix II: Medium Scale Firms: Andrew F. Hayes Process Regression

| | COEFF | SE | Z | P | LLCI | ULCI |
|----------|----------|-----------------------|---------|----------|-------|-------|
| CONSTANT | .026 | .005 | 12.413 | .000 | .012 | .030 |
| CSD | -.029 | .013 | -2.128* | .034 | -.022 | -.005 |
| GEN | .039 | .011 | 3.819** | .000 | .016 | .069 |
| CSD*GEN | -.017 | .044 | -.688 | .713 | -.103 | .087 |
| | <i>R</i> | <i>R</i> ² | P-value | <i>F</i> | | |
| | .206 | .096 | .000 | 69.48 | | |

** denotes significance at 0.01 level and, * denotes significance at 0.05 level

Appendix III: Small Scale Firms: Andrew F. Hayes Process Regression

| | COEFF | SE | Z | P | LLCI | ULCI |
|----------|----------|-----------------------|---------|----------|-------|-------|
| CONSTANT | .019 | .012 | 4.763 | .000 | .009 | .027 |
| CS | -.024 | .017 | -2.996* | .009 | -.019 | -.002 |
| GEN | .032 | .008 | 4.935** | .000 | .012 | .055 |
| CSD*GEN | -.017 | .044 | -.688 | .713 | -.121 | .092 |
| | <i>R</i> | <i>R</i> ² | P-value | <i>F</i> | | |
| | .196 | .065 | .000 | 72.09 | | |

** denotes significance at 0.01 level and, * denotes significance at 0.05 level

Appendix IV: Andrew F. Hayes Process Regression Using ROA as Dependent Variable

| | COEFF | SE | Z | P | LLCI | ULCI |
|-----------|----------|-----------------------|---------|----------|--------|--------|
| CONSTANT | 1.047 | .106 | 9.944 | .000 | .840 | 1.253 |
| DTER | -1.701 | .321 | -5.307 | .000 | -2.330 | -1.093 |
| GEND | 3.352 | .198 | 16.899 | .000 | 2.963 | 3.740 |
| DTER*GEND | -.121 | .622 | -.194 | .846 | -1.393 | 1.098 |
| | <i>R</i> | <i>R</i> ² | P-value | <i>F</i> | | |
| | .224 | .104 | .000 | 87.42 | | |

** denotes significance at 0.01 level and, * denotes significance at 0.05 level