CORPORATE GOVERNANCE PRACTICES AND CAPITAL STRUCTURE DECISIONS: THE MODERATING EFFECT OF GENDER DIVERSITY

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ABSTRACT

The purpose of this study is to analyze the relationship between the corporate governance attributes and capital structure decisions with the help of gender diversity taken as a moderating variable. The research methodology constitutes regression analysis, between corporate governance attributes and capital structure further moderation is tested with gender diversity. The findings of this study demonstrate that there is a strong influence of the presence of gender diversity on the attributes of corporate governance and financial structures. Resulting, there is an encouraging impact on the companies' governance attributes on the financial structure, whereas women representation and presence in the boardroom causes a positive impact. Corporate governance could be improved by different means and attract more capital. There might be a chance that the principles may involve more females as the board of directors in the company, which may further add transparency and attract capital specially debt. The scope of this paper is limited to Pakistan non-financial sector of economy. This study provides evidence to top management of companies regarding the incorporation of women representation in boardrooms which may further add transparency and attract capital specially debt. The financial companies are fully ignored which may represent different results and may vary according to the sectors as well. As the companies are selected from cement sector therefore, the results may differ from sector to sector.

Keywords: Corporate governance; Capital structure; Firm's Leverage; Board attributes; Gender diversity; Agency theory

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INTRODUCTION

Corporate governance serves several policy objectives. Corporate governance highlights the association among the directors, stakeholder, shareholders and the managers in the business sector. Pakistan is taking various actions to improve their corporate governance. The companies have weak corporate governance when associated with the well-established and developed countries like United States of America, Germany and United Kingdom. Pakistan's corporate governance is weak internally and externally. The most significant step toward better corporate governance was the formation of Security and Exchange Commission of Pakistan (SECP). The goal to develop a recent and effective corporate sector was fulfilled by SECP. The latest corporate code of governance 2007 is also working under SECP. The code of governance was introduced in Pakistan on 28th march 2002. Code of corporate governance is grounded on international a principle which focuses on accountability and transparency of listed companies.

The reason of research is to identify relationship between the corporate governance measures and firm's financial structure of Pakistan and how this is association is moderated by the level of gender diversity. The implementation of sound corporate governance has resulted in progress of the sector and is capable of attracting capital. The effects of corporate governance on capital structures are conducted in established countries and were unaware about the developing countries such as Pakistan.

The agency problem also arises where the interest of manages and the principles do not match, this arises where the managers focus on self-interest and poor corporate governance., States that the managers whose work revolves around there own interest mostly selects not as much as the optimal level to debt a company can borrow to maintain the cash for any unregistrable investment. It can also be stated that managers may adopt strategies which indirectly benefits the managers (Bradley & Chen, 2011; Morellec, 2004; Morellec, Nikolov, & Schürhoff, 2012). Also focuses on the agency problem rose. The efficiency of the board leads to alleviate the principle-agent conflict. It can be said that the CG attributes have an impact on the firm's capital structure. It has also been examined in different studies that CG practices has an influence on firms performance (Core, Holthausen, & Larcker, 1999; Joh, 2003; Mardnly, Mouselli, & Abdulraouf, 2018). It has also been observed by a study that the gender diversity, mainly the female directors have an influence on finance cost. The other discussion conducted in the research was the bond among the corporate governance attributes where female board members are included. The corporate governance code helps against the development and sustainability in financial market for economic efficiency. It helps the organization to generate better future opportunities (Usman, Farooq, Zhang, Makki, & Khan, 2019).

LITERATURE REVIEW AND HYPOTHESIS:

In many different countries the scholars have been focusing on the results generated regarding CG on the financial capital structure in corporate sectors. Empirically resulted study by performed earlier by to observe the relations between the corporate governance attributes with firm's financial structure. For example, observed relationship among corporate governance on capital structure. Further this research was conducted in Pakistan. The outcomes demonstrate a certain association with the number of board of directors in a company and outside directors with capital structure. The duality of CEO was resulted insignificantly. As higher independent directors, they result in decrease in the bankruptcy of the company as they observe the company more carefully. The higher number of board members also results in more carefully observing the flaws in the company. The ownership helps to balance out the agency problem. A significant relation can be observed among the capital structure of the company and the external block holders,(Sheikh & Wang, 2012).

This conducted the research in United States using Dow Jones Islamic index explaining that better governed corporate companies have comparatively less debt and agency problems, (Mikhail & Shawky, 1979). The relationship between corporate governance has been investigated by (Okiro, 2015), firm performance and capital structure, determining good corporate governance boosts firm performance. The data was collected form East African security. The 57% of 56 companies were analyzed and resulted in a direct association which was influenced by the capital structure as dominant variable. Importance of relation among the three variables are been observed in this research. Research conducted in China by (Feng, Hassan, & Elamer, 2020) reports the relation between ownership, corporate governance and financial structure. Moreover, government ownership and the profitability of the company have an adverse influence on the monetary structure of the company. There exists a weak positive correlation among the board size of a corporation and its financial structure as the lower the members of the board, make an efficient decision making which in turns leads to lower borrowing of the debt. The CEO duality decreases the agency cost and asymmetric information. The company size which is the control variables, is positively correlated representing that greater the company size, larger borrowing employed by company which can also be supported by (Fama & French, 2002) Whereas higher the profitability leads to lower debt financing, therefore we conclude that there exists a negative relation. (Saad, 2010), reveals that companies are having best code of governance practices and there exists a positively significant association among the CG and firm's financial capital structure. As CEO duality is importance as one person shall not hold power. The conduction of meetings and board of directors who has attended the meetings should be disclosed in the annual report to encourage them to attend the meeting. The companies have acted according to the code of conduct and have a significant relationship with firm's financial capital structure. (Saad, 2010), examined the presence of female board members and capital structure in micro financing companies. As the gender diversity increases the leverage of a company decreases and bankruptcy chances shrinkages. As per the studies conducted, female board member is usually risk averse and prefers more equity than debt, resulting in less debt-to-equity ratio.(Alves, Couto, & Francisco, 2015), female are board structure and company's financial structure analysis was conducted. It has been statistically proven that more independent directors employed higher in the equity financing. The gender diversity is negatively correlated with short-term borrowing and directly related with market external equity. It is been concluded that board with additional independent directors employed, it is further expected to have hazardous financing structure. Higher the gender diversity and CEO duality more efficiently the company works. The board size may or may not affect the capital structure choices. Resultantly, more gender diversity and non-executive chairman leads to long term sources of financing, less the chance of the bankruptcy of the companies.

According to Jara, López-Iturriaga, San-Martín, and Saona (2019) discusses that corporate governance attribute are not willing to borrow. Resulting, greater the diversity of ownership of stock among shareholder greater is firm value. (Bajagai, Keshari, Bhetwal, Sah, & Jha, 2019), studies influence of CG, ownership structure with firm's financial capital structure. Highlighted positive influence of division of duties among CEO and chairman and composition of board on capital structure of firms. Higher the board structure leads to more long-term leverage. Board members and female board of directors are directly proportion to financial capital structure, indicating more female board members employed results in larger long-term debt. Whereas all control variables also have a helpful impact on the firm's financial structure. There was negative correlation only between the number of directors in a company and capital structure.

(Wen, Rwegasira, & Bilderbeek, 2002), CEO tenures and composition of the board was studied. When the corporate governance is good then managers go for less debt. The board size and the fixed compensation of the CEO have insignificant relation with the capital structure. The occupancy as CEO has an adverse consequence on the companies leverage. The board size is adversely correlated to the debt ratio. According to the author, as firm governance becomes stronger corporation selects equity to debt. Firms with better corporate governance favors equity over debt (Mande, Park, & Son, 2012).

Bin-Sariman, Ali, and Nor (2016), articulate that the financial construction of the corporation has an encouraging relation with the corporate governance attributes. It has been noticed that the insider stockholders take more leverage. Further it can be seen that positive correlation is observed among the insider ownership and financial structure. The relation becomes negatively stronger with the intensification of insider ownership among capital structure and independent director. (Hussainey & Aljifri, 2012) Examined the relation among CG attributes with firm's financial structure. It was concluded that the quantity of the directors of the company does not have substantial effect on firm's capital structure. Whereas the institutional investors have an adverse influence on capital structure. CG variables and company's financial structure theories have insignificant impact on financial capital structure.

Granado-Peiró and López-Gracia (2017) , Conducted study explains a consequential affiliation flanked by managerial ownership and ownership concentration with dependent variable i.e., capital structure. It had been concluded that the existence of independent directors is indirectly proportion to number of board members has an encouraging consequence in controlling the agency costs efficiently.(Ciftci, Tatoglu, Wood, Demirbag, & Zaim, 2019), The study conducted in turkey was conducted for observing the impact among company governance and corporate performance of the countries. Resultantly, greater the number of board members and foreign ownership leads to better firm performance.

Darko, Aribi, and Uzonwanne (2016), It is observed that the cross ownership was inversely proportion to the accounting performance. The ownership and female boards are directly proportional to the performance. Whereas it can also be observed through the empirical results that the company's firm performance might be changed due to the presence of board directors and the occurrence of audit. (Haque, Arun, & Kirkpatrick, 2011), The affiliation among the CG attributes with capital structure is examined by means of the corporate governance index which illustrations an adverse association among both the variables which supports agency theory.(Das, 2014), Articulates the foreign investor's investment decision which may be affected due to corporate governance of the firms. The worldwide data resulted in the increase number of foreign investments due to good corporate governance practices and independent auditor. Higher the monitoring activities higher the foreign investors attracted. (Dimitropoulos, 2014), It had been concluded that higher the board size, board independence and dispersed ownership lower the amount of debt borrowed by the company. (Faccio, Marchica, & Mura, 2016), Articulates that how the CEO gender has different risk-taking abilities and leverage amount. It has been observed that the female CEO's leads to less volatile earnings and less amount of debt as compared to the male CEO's. There exists a weak positive relationship.

Morellec et al. (2012) Articulated that the capital structure and adjustment of debt towards the shareholders depends on the excellence that at what level a company follows there act of corporate governance. The excellence of governance in a company can be measured by CEO duality, outside directors and institutional the shareholders. More the board independence and institutional shareholders, division of duties between CEO and chairman results in better corporate governance quality. The main question arising in this research is whether the corporate governance attributes effect the capital structure policy. This resulted in use of debt as their priority due to asymmetric information related to equity financing.

It is also noted that as corporate governance increases the equity also increases and better the corporate governance of the companies lowers the agency costs. (Bhatt & Bhatt, 2017) The corporate governance index was used for the empirical research which studies the impact. Resultantly, it shows a direct influence when the corporate governance attributes are measured. (Pillai & Al-Malkawi, 2018) Research on CG attributes on firm performance was conducted in Gulf Cooperation Council nations. The CG variables, government shareholdings, type of audit, size of board, CSR and capital structure of the firm were directly proportional to the firm performance. (Hussainey & Aljifri, 2012) This conducted research examines the link between the corporate governance attributes and financial structure in UAE.

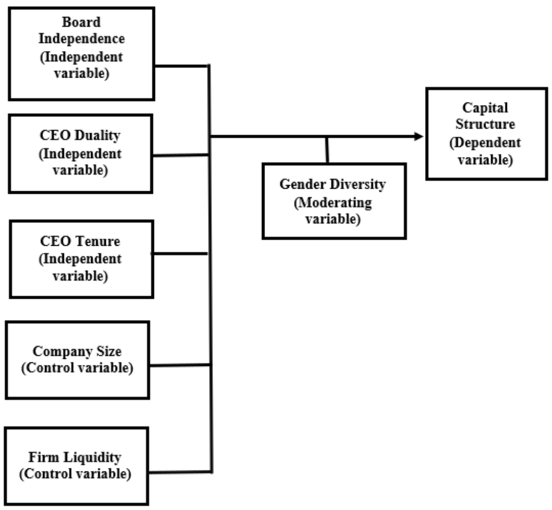
The institutional investors and dividend policy has an adverse association with the financial structure whereas the firm size has an influence on financial structure.(Hashim & Amrah, 2016), This scrutinizes the relationship among the characteristics of board members, audit committee and finance cost. There exists a negative association between efficiency of board of directors and finance cost.(Abor, 2007), The corporate governance attributes which includes the composition of the board including the independent and dependent directors, the size of board which are directly proportional to the leverage and negatively related to the CEO duality.(Abor, 2007), Attributes that chairman duality and the financial leverage of firms have feeble association among each other. CG index has a meaningfully adverse relation between financial structures of the companies. The corporate governance leads to avoid financial risk.

The influence of the presence of females on the independence of board of directors and efficiency was observed. When a company employs more female directors there is high firm performance. As the board is gender branch out the external independent directors has an influence at firm performance. Moreover the female board of directors enhance the efficiency (Terjesen, Couto, & Francisco, 2016). This research paper discusses the link between board size, gender diversity, and composition. It has been observed that many board members and of non-executive directorships are presented more diverse. The sample was strongly significant with roles for board size and composition, and industry characteristics. The external business environment also negatively relates to the board diversity (Brammer, Millington, & Pavelin, 2007). (Adesua Lincoln & Adedoyin, 2012), as association among gender diversity and productivity has been observed in many parts of Africa. It has been reported in that the women have a positive effect in the company's growth.

At least one woman as a board member represents a positive pictorial representation in the performance. (Kang, Cheng, & Gray, 2007), This research was conducted in Australia and the data was collected from top 100 companies. Surprisingly the results showed conservativeness in the corporations as there 33 corporations out of 100 had no female director appointed. It has been observed that the age diversity is positively correlated with board members. Moreover, there exists a noteworthy affiliation amongst age diversity and type of industry. Concluding, a larger number of directors is indirectly associated to the panel diversity and the independent board of directors. The industry type was positively linked with the independence of directors and age range and insignificantly related to the gender diversity.

CONCEPTUAL FRAMEWORK:

The research involves the gender diversity as the variable because there is few research works yet been conducted in developing countries. There might be a chance that the principles may involve more females as the board of directors in the company. Empirical research consists of Board independence, CEO duality and CEO tenure (firm liquidity and company size taken as the control variables) in a company on the ways companies finance their companies.



METHODOLOGY:

This study was conducted for the corporations to realize that the presence of board diversity. This is longitudinal research which is conducted based on secondary data. The data has been collected for 19 non-financial companies from cement sector for last 11 years. Hence, an actual calculated sample size is 209. Regression analysis has been conducted to test the hypothesis.

HYPOTHESIS DEVELOPMENT:

Independent variables and dependent variables:

H_o: There occurs no significant link among percentage of independent directors employed with the capital structure

H_1: There occurs significant link among percentage of independent directors employed with capital structure

H_o: There occurs no significant link among performing duties separately of CEO and chairman with the capital structure

H_1: There occurs significant link among performing duties separately of duties of CEO and chairman with the capital structure

H_o: There occurs no significant link among the CEO tenure with capital structure.

H_1: There occurs significant link among CEO tenure and with structure

Moderating variable:

H_{0a}: Gender diversity creates an adverse link among board independence and capital structure

H_{1a}: Gender diversity creates an encouraging link among board independence and capital structure

H_{1b}: Gender diversity creates an adverse link among CEO duality and capital structure

H_{1b}: Gender diversity creates an encouraging link among CEO duality and capital structure

H_{0c}: Gender diversity creates an adverse link among CEO tenure and capital structure

H_{1c}: Gender diversity creates an encouraging link among CEO tenure and capital structure.

MEASUREMENT:

The independent, dependent and moderating variables selected are quantitative in nature and formulas are used to calculate the variables. The dependent variable financial capital structure will be measured using ratio, i.e., debt to equity ratio of particular company.

These independent variables are used to determine and the connection among the capital structure and the corporate governance of Pakistan. The board independence shows what portion of the company's board consists of independent directors. A CEO focuses on the business affairs of a particular company where as a chairman handles the activities and dealings of a company. The CEO duality has been measured as a dummy variable. Binary numbers have been assigned. A CEO takes control over the company as the tenure of the CEO increases. It is measured by taking Log of the number of years as CEO in the company. The women are usually risk averse than man working with them in the workforce therefore they opt to take less debt. The gender diversity which will be measured by portion of females as boards in a company. The control variables include company size and firm liquidity. Large firms prefer borrowing because they have less credit risks and have been calculated by taking natural logarithm of total assets. Higher liquidity means higher the firms can borrow keeping in mind the firm's optimal leverage. Liquidity of a firm is measured as Ratio of current assets to current liabilities**.**

FINDINGS AND DISCUSSION:

CORRELATION MATRIX

The above correlation table represents the correlation among the variables. The correlation figure displayed from output table for board independence and firm's financial capital structure is -0.028 and the significance is more than the alpha value which represents a week, insignificant and negative correlation among them. For CEO duality and firm's financial capital structure is -0.183 and the significance 0.08 representing less than the alpha value which characterizes a week, negative and significant correlation among them. Further, For CEO tenure and firm's financial capital structure is -0.360 and the significance 0.000 representing less than the alpha value. Therefore, it characterizes a moderate, negative and significant correlation among them. The correlation figure displayed in the output table for company size and firm's financial capital structure is -0.211 and the significance 0.002 representing less than the alpha value. Therefore, it characterizes weak, negative and significant correlation among them. As the correlation figure displayed in the output table for firm liquidity and firm's financial capital structure is 0.577 and the significance 0.002 representing less than the alpha value. Therefore, it characterizes a moderate and significant correlation between them.

Table 1- Correlation Table

Correlations

		capital structure	Board independence	CEO duality	CEO tenure	Company size	Firm liquidity
Capital structure	Pearson Correlation	1	-.028	-.183**	-.360**	-.211**	.577**
	Sig. (2-tailed)		.692	.008	.000	.002	.000
Board independence	Pearson Correlation	-.028	1	.065	.100	-.190**	.191**
	Sig. (2-tailed)	.692		.348	.148	.006	.006

CEO duality	Pearson Correlation	-.183**	.065	1	.094	-.029	.125
	Sig. (2-tailed)	.008	.348		.175	.681	.071
CEO tenure	Pearson Correlation	-.360**	.100	.094	1	.314**	.141*
	Sig. (2-tailed)	.000	.148	.175		.000	.042
company size	Pearson Correlation	-.211**	-.190**	-.029	.314**	1	-.063
	Sig. (2-tailed)	.002	.006	.681	.000		.367
Firm liquidity	Pearson Correlation	-.577**	.191**	.125	.141*	-.063	1
	Sig. (2-tailed)	.000	.006	.071	.042	.367	

**. Represents Correlation at the 0.01 level (2-tailed) is significant.
*. Represents Correlation at the 0.05 level (2-tailed is significant.

DESCRIPTIVE TEST:

Minimum value ranges among 0.00 and 12.48 and the maximum values lie among 0.86 to 24.10. The mean values of all the variables lie between .1950 and 16.2150. Whereas mode is run for the dummy variable only i.e., CEO duality which represents that CEO and Chairman duties are performed by different people. Board independence, CEO tenure, firm liquidity, company size and capital structure have a flat-topped distribution whereas, CEO duality has a high peaked curve. Further the standard deviation of all the variables represents the dispersion from its mean. Only capital structure has a symmetric/ normal distribution whereas board independence and firm liquidity are positively skewed and reset variables is negatively skewed.

Table 2-Descriptive Statistics

	Number of values	Mini-value	Max-value	Arithmetic Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic						Standard. Error	Statistic	Standard Error
Board independence	209	.00	.86	.1950	.18855	1.125	.168	.955	.335
CEO tenure	209	.00	1.04	.5619	.33872	-.413	.168	-1.047	.335
Firm liquidity	209	.00	24.10	1.4857	1.99692	7.436	.168	2.388	.335
Company size	209	12.48	18.65	16.2150	1.33650	-.668	.168	.467	.335
Capital structure	209	.04	1.82	.5132	.27424	.000	.168	-.225	.335

Table 2.1 -Descriptive Statistics for Dummy variable i.e., CEO Duality

Mode (CEO_duality)	1.00
Standard Deviation	.30763
Skewness	-2.591
Standard Error of Skewness	.168
Kurtosis	4.759
Std. Error of Kurtosis	.335
Minimum	.00
Maximum	1.00

TEST OF AUTO CORRELATION

The assumption of autocorrelation is satisfied in every case of as the D.W lies between 1.5-2.5 which specifies no autocorrelation.

Table 3- Durbin Watson

Durbin Watson (CEO Duality)	1.957
Durbin Watson (CEO Tenure)	2.028
Durbin Watson (Board Independence)	1.937
Durbin Watson (Company Size)	1.700
Durbin Watson (Firm Liquidity)	1.770

MULTICOLLINEARITY

The tolerance level and VIF of all the variable's is 1, resultantly depicts there is existence of slight multicollinearity. Hence, we can conclude that is slight multicollinearity between corporate governance attributes and capital structures.

Table 4- Multicollinearity

Independent Variables		
	VIF	Tolerance
Board Independence	1.00	1.00
CEO Duality	1.00	1.00
CEO Tenure	1.00	1.00
Company size	1.00	1.00
Firm liquidity	1.00	1.00

R values determine the link between the variables. The figure of R in regression, for the respective variables are 0.052, 0.149, 0.228, 0.157, 0.56, it indicates correlation between the independent variables (board independence, CEO duality, CEO tenure, company size, firm liquidity) respectively. R square value demonstrations the proportion of variation in capital structure enlightened by independent variables. The R square in the give above table's demonstrations that there exists a 2.2%, 5.2%, 0.3%, 2.5%, 31.3% variance in the ways company's finance their companies due to board independence, CEO duality, CEO tenure, firm liquidity and company size. Concluding, the p-values of the variables are less than significant value except for board independence. During the regression between board independence and capital structure, it had insignificant relationship.

Table 5.1-Tables of coefficients

CEO Duality

CEO Duality Model	B	Significance	Tolerance	VIF
Constant	.282	.000		
CEO duality	-.095	.032	1.000	1.000

Table 5.2-Tables of coefficients

CEO Tenure

CEO Tenure Model	B	Significance	Tolerance	VIF
Constant	.272	.000		
CEO Tenure	-.133	.001	1.000	1.000

Table 5.3-Tables of coefficients

Board Independence

Board Independence Model	B	Significance	Tolerance	VIF
Constant	.208	.000		
Board Independence	-.054	.455	1.000	1.000

Table 5.4-Tables of coefficients

Firm Size:

Firm Size Model	B	Significance	Tolerance	VIF
Constant	.634	.000		
Firm Size	-.024	.024	1.000	1.000

Table 5.5- Tables of coefficients

Firm Liquidity:

Firm Liquidity Model	B	Significance	Tolerance	VIF
Constant	.335	.000		
Firm Liquidity	.056	.000	1.000	1.000

REGRESSION ANALYSIS (MODERATING VARIABLE):

The figure of R in linear regression, for the respective variables are 0.183, 0.212, 0.257, 0.231, 0.601; it indicates correlation between the independent variables (board independence, CEO duality, CEO tenure, company size, firm liquidity) respectively. The R square in the give above tables demonstrations that there exists a 3.3%, 4.5%, 6.6%, 5.3%, 36.1% variance in the ways company's finance their companies due to CEO duality, board independence, CEO tenure, company size and firm liquidity.

As p-value was less than 0.05 for all the variables when the moderating variable was present therefore, we conclude that there is an encouraging relation among CEO and firm's financial capital structure with the gender diversity.

Table 6.1- Table of coefficients and model summary of independent variables with dependent and moderating variable

Model	R	R Square	Durbin-Watson
1	.064	.004	
2	.183	.033	1.658

Model	B	Sig
(Constant)	.270	.000
Board independence	-.063	.415
Gender diversity	-.061	.543
(Constant)	.261	.000
Board independence	.061	.500
Gender diversity	.055	.618

BIND_GEND	-1.469	.014

As the sig. value is less than 0.05 which means there is a positive relation between board independence, capital structure and gender diversity.

Table 6.2- table of coefficients and model summary
Model Summary

Model	R	R Square	Durbin-Watson
1	.208	.043	
2	.212	.045	1.598

Model	B	Sig
(Constant)	.379	.000
CEO duality	-.119	.004
Gender diversity	-.125	.239
(Constant)	.400	.000
CEO duality	-.145	.017
Gender diversity	-.251	.298
DUAL_GEND	.156	.043

As the sig. value is less than 0.05 which means there is a positive relation between CEO Duality, capital structure and gender diversity.

Table 6.3- table of coefficients and model summary
Model Summary

Model	R	R Square	Durbin-Watson
1	.221	.049	
2	.257	.066	1.803

Model	B	Sig
(Constant)	.298	.000
Gender diversity	-.032	.749
CEO tenure	-.130	.002
(Constant)	.341	.000
Gender diversity	-.312	.077

CEO tenure	-.223	.000
TEN_GEND	.540	.044

As the sig. value is less than 0.05 which means there is a positive relation between CEO tenure, capital structure and gender diversity.

Model Summary

Model	R	R Square	Durbin-Watson
1	.157[a]	.025	
2	.231[b]	.053	1.734

Model	B	Sig
(Constant)	.633	.000
Gender diversity	-.018	.853
Company size	-.023	.027
(Constant)	.520	.003
Gender diversity	.695	.023
Company size	-.015	.168
FSIZE_GEND	-.048	.015

As the sig. value is less than 0.05 which means there is a positive relation between Firm size, capital structure and gender diversity.

Table 6.5- table of coefficients and model summary

Model Summary

Model	R	R Square	Durbin-Watson
1	.564	.318	
2	.601	.361	1.826

Model	B	Sig
(Constant)	.347	.000
firm liquidity	-.057	.000
gender diversity	-.099	.218
(Constant)	.336	.000
firm liquidity	-.047	.000

gender diversity	.132	.189
FLIQ_GEN	-.202	.000

As the sig. value is less than 0.05 which means there is a positive relation between Firm liquidity, capital structure and gender diversity.

DISCUSSION

The results obtained through the regression test and moderator test. Regression analysis was used as the dummy variables results were affected and this type of regression analysis is used when the categorical are tested with a dependent variable that is quantitative in nature. Simple regression was also used in similar researches (Bokpin & Arko, 2009a, 2009b) .

During the regression between board independence CEO duality and capital structure, it had insignificant relationship, as the cement sector has not followed code of corporate governance 2017 from year 2010-2020, therefore the relationship may be insignificant or the small sample size could be another reason. According to the Code of governance (2017) Pakistan, the cement sector in the selected years is not following board independence. This can also be witnessed in many other researches(Abobakr & Elgiziry, 2016; Bokpin & Arko, 2009b). There might be exists an association among independent variables and financial structure if any other sector or financial sector of Pakistan can be taken into account.

The CEO duality has significant relation with firms' financial structure in cement sector Pakistan. It results that the division of duties among CEO and chairman means, higher borrowing is encouraged from different. When CEO duality does not exist then the person may weaken the control process with in return effects the reputation of debt paying ability. Due to the absence of CEO duality the influence on the performance of a firm adversely. The agency theory also suggests existence of CEO duality decreases the agency problem in a firm.(Abor, 2007; Kyereboah-Coleman & Biekpe, 2006; Zaid et al., 2020) confirm that divisions of duties among CEO and chairman have significant relationship.

The association among CEO tenure and the firm's financial structure of the company is statistically significant to each and other (Wen et al., 2002).Research also reflect similar results. Tenure of CEO is adversely linked to leverage, as rooted CEO's desire little leverage to cut performance pressures.

The board independence on debt creation creates moderating effect and we can conclude the firm reputation will be affected by the gender diversity in the board members which would affect the financial decisions of the company. As per the agency theory, these evidences support that board diversity causes more board independence in the boardroom and it enhances the monitoring of managers. Eventually it would influence on the Capital structure of the board.

THEORETICAL IMPLICATIONS

The results of this study are related to the agency theory while illuminating the influence of corporate governance on the dependent variable, Capital structure in cement sector. As the results are significant to the firm structure. There was less gender diversity, which represents that they are underrepresented in the boardroom but still had an impact on significance. There is a strong impact of the moderating effect i.e., the board diversity on the board structure and the financial structures. (Usman et al., 2019) Resulting, a positive influence on the board independence on the Capital structure, the women representation and presence in the boardroom causes a positive impact. In other words, we can say that gender diversity in boardroom the CEO resourceful behavior will be moderated and consequently controls the adverse effect of the duality.

PRACTICAL IMPLICATIONS

The findings of this study provide guidelines to the policymakers' attention in other developing countries to introduce and scrutinize improved mechanisms that can lead to better monitoring process and facilitate the organizations in attracting better resources and establishing an optimal capital structure. It will also help policymakers in different countries in estimating the sufficiency of the available corporate governance reforms to improve capital structure management. The results further propose the provision to corporate managers and stockholders in forming or/and expecting an optimal capital structure and to regulators for passing laws and regulations and developing institutional support to improve the effectiveness of corporate governance mechanisms in the corporate sector.

CONCLUSION

This research study aspires to assess the relationship among corporate governance attributes and financial structure of the companies of Pakistan's non-financial firms and how is this moderated by the gender diversity. The regression analysis was run between corporate governance attributes with capital structure has been discussed; further moderation was tested with gender diversity The board independence on debt creation creates moderating effect and we can conclude the firm reputation will be affected by the gender diversity in the board members which would affect the financial decisions of the company. As a direct link exists among board diversity and division of duties when the female board members increase. The indirect relationship was converted into a direct association between the division of duties among CEO and chairman of a company, which shows that board diversity moderates its relation. The relationship between CEO tenure has been turned from negative to positive. (Carter, D'Souza, Simkins, & Simpson, 2010) According to agency theory, these evidences that board diversity causes more board independence in the boardroom and it enhances the monitoring of managers. Eventually it would influence on the Capital structure of the board. As the gender diversity ameliorates the board effectiveness therefore, the impact of the board of directors will be greater (Carter, Simkins, & Simpson, 2003) . The firm size results that larger companies have a tendency to borrow further as they are more diversified and have a decreased risk of default.

RESEARCH LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The study has several limitations which may give directions to various future research. Firstly, if the target sample was from different manufacturing companies, financial companies then this study might have significant results for board independence and capital structures. The sample was selected from only cement sector. For future studies, the research should use many other attributes of corporate governance which may be more useful in future researches except for board independence, CEO Duality and CEO tenure. It is recommended to conduct the study before and after issuance code of corporate governance 2017. As cement sector was selected for the study, the study can also be conducted on overall manufacturing sector. The findings of this research can be conducted by selecting portion of companies from different sectors. For generalizability, any future research could focus on a specific sector using the same model for comparative study of developing countries to obtain different results.

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