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The moderating role of board gender diversity in the relationship between corporate social responsibility and financial performance: evidence from France

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Abstract: This study examines the influence of corporate social responsibility (CSR) and governance mechanisms on financial performance (FP) and investigates how board gender diversity (BGD) moderates the relationship between FP and CSR. The study analyses data from French companies listed on the SBF 120 index between 2008 and 2020. The findings suggest that CSR performance and BGD have a positive impact on FP. Additionally, the study reveals a moderation of BGD in the relationship between CSR and FP. The research adds to our theoretical and empirical understanding of how BGD relates to CSR and FP. The results highlight the importance of considering the potential impact of CSR policy, governance mechanisms, and BGD on FP. Therefore, stakeholders should be more aware of these factors to promote better financial outcomes.

Keywords: corporate social responsibility; CSR; financial performance; FP; board gender diversity; BGD; governance mechanisms.

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1 Introduction

In today's rapidly evolving global context, firms face complex challenges and significant risks that demand a delicate balance between financial gain, public welfare, and environmental conservation. Maintaining a credible image has become paramount for organisations seeking sustainable growth and long-term success (Griffin et al., 2010; Park and Kim, 2014; Lu et al., 2019). As a result, companies worldwide are increasingly recognising the importance of embracing socially responsible practices as a means to enhance their overall value and contribute positively to society (Boccia and Sarnacchiaro, 2018).

Corporate social responsibility (CSR) represents a paradigm shift in modern business practices, urging companies to align their objectives with ethical principles and engage in activities that benefit society protecting the environment (Eckert, 2017). Beyond mere philanthropy, CSR is now seen as a strategic imperative that can foster sustainable competitive advantages for firms. Amid pressing global challenges like climate change, resource depletion, and socioeconomic disparities, stakeholders demand greater accountability from corporations, leading to an increased focus on responsible business practices (Crane et al., 2019). Embracing CSR has viewed as an opportunity to make a positive impact on customers, local communities, employees, and the environment, positioning companies as drivers of societal progress.

One of the primary aims of CSR is to showcase a company's dedication to ethical principles and its commitment to positively impacting society. Given the growing global concerns and expectations, adopting CSR has become an essential business practice (Kotler and Keller, 2008). Prior research emphasises that businesses should not solely focus on profit maximisation but also voluntarily engage in activities that benefit society and the environment (Dahlsrud, 2008). Recent studies have indicated that a company's commitment to socially responsible actions can enhance its financial performance (FP) (e.g., Evans, 2017; Cherian et al., 2019; Cho et al., 2019; Ozili, 2023). However, the evidence concerning the relationship between sustainability and performance remains inconclusive, warranting further investigation for a deeper understanding of this link.

Incorporating socially responsible activities to support firms' performance has become increasingly necessary. Sustainable activities help establish a positive public image and reputation, leading to higher profits and returns (Barauskaite and Streimikiene, 2021). Integrating CSR into a corporate strategy has a multitude of benefits from the stakeholders' perspective. Considering stakeholders' interests and incorporating.

CSR principles into the core of business strategies can lead to positive outcomes for all involved parties and foster long-term success for the company. Furthermore, agency theory posits that CSR can be used to minimise conflicts with stakeholders and reduce information asymmetry between management and shareholders. By influencing the well-being of people and the environment, companies can enhance their FP. Along the same line, the Resource-based view (RBV) perspective emphasises the significance of intangible resources such as reputation and brand image in influencing FP. On the other hand, Institutional theory highlights the role of external pressures and social norms in shaping organisations' behaviours, including their adoption of CSR practices.

Despite the existence of theoretical frameworks, the empirical literature on the relationship between CSR and FP has yielded mixed results. The literature on CSR and FP has been a subject of considerable interest, with scholars and practitioners exploring the potential benefits and challenges of adopting socially responsible practices. While

some studies suggest a positive link between CSR and FP, indicating that CSR practices can enhance corporate FP, others find a negative relationship or no significant association.

These inconsistent findings point to potential mediation effects or other moderating factors that require further exploration. This study aims to investigate the potential moderating role of board gender diversity (BGD) in shaping the relationship between CSR practices and FP in French companies. The objectives of this paper are twofold. Firstly, it aims to empirically examine the direct relationship between CSR and FP in French companies. Secondly, it seeks to shed light on the potential moderating role of BGD in shaping the relationship between CSR practices and financial outcomes in the French business context.

Amidst the emerging evidence suggesting a positive association between BGD and CSR adoption (Alhosani and Nobanee, 2023), this study seeks to investigate the following research question: does BGD moderate the link between CSR and FP in French companies? Considering the complexities arising from diverse firm contexts, industry dynamics, and regulatory environments, this research aims to contribute valuable insights to the ongoing debate and address the inconclusiveness of the findings in the specific context of French companies. To address the research question and achieve the study's objectives, this research adopts a moderator model to examine the interplay between CSR, FP, and BGD. The study uses data from French companies, considering the unique characteristics of the French companies, including its robust emphasis on sustainable development, well-established gender equality policies, and notable corporate commitment to CSR.

This study makes significant contributions to the literature in several key areas. Firstly, it addresses the direct and indirect relationships between CSR, FP, and BGD within the French context. By exploring these relationships, this research extends existing theories, such as stakeholder theory and agency theory, to provide a deeper understanding of how sustainable activities influence firm profitability in the French business landscape. Additionally, it sheds light on the potential moderating role of BGD in shaping the link between CSR practices and financial outcomes, contributing valuable insights to the field of corporate governance and its impact on firm performance. Secondly, this research contributes to the accounting literature by investigating the influence of governance mechanisms on firm performance. By focusing on the French context, where corporate governance practices and regulations play a significant role, this study offers novel insights into the relationship between CSR adoption, BGD, and FP from an accounting perspective. This contribution enhances the understanding of how governance mechanisms can influence the outcomes of CSR initiatives and highlights the importance of considering board diversity in assessing firm performance.

To overcome the limitations of traditional research approaches, this study adopts a moderator model to examine the interplay between CSR, FP, and BGD. This methodological innovation allows for a more comprehensive analysis, capturing the nuanced effects of CSR practices and board diversity on FP.

The rest of the paper is structured as follows: Section 2 provides background and theoretical foundations. Section 3 reviews the literature on CSR, FP, and BGD. Section 4 offers hypotheses based on previous research. Section 5 outlines research design, methodology, data, and analysis. Section 6 presents empirical results and discussion. Finally, Section 7 summarises the conclusions and implications.

2 Background

Measuring CSR's impact on FP is complex due to diverse practices and industry factors, yielding inconsistent findings. Women on boards correlate with reduced risk-taking and sustainability focus, implying gender-diverse boards may prioritise CSR. Despite the evidence, mechanisms linking gender diversity, CSR, and financial impact need exploration.

France's governance, diversity, laws, and global CSR recognition create an optimal research environment. A gap in European research on the CSR-FP link exists. France's distinct governance mechanisms, regulatory diversity, and gender equality norms shape how CSR affects FP, allowing contextually nuanced analysis.

French commitment to sustainable development, bolstered by NRE Law (2001), showcases its CSR dedication. The extension of obligations to unlisted firms and climate issues furthers this commitment.

Furthermore, gender equality policies, dating to the 1970s, create a stage to study BGD's moderating role. Examining this aspect within France's context illuminates gender diversity's impact on the CSR-FP nexus, contributing insights to broader organisational performance studies.

France's advanced position in sustainability and gender equality underscores its significance for research. Focusing on the French context addresses the European research gap, considers governance nuances, and explores gender equality's role.

Study findings hold practical implications for businesses and policymakers seeking sustainable practices and inclusive strategies, advancing responsible business conduct.

3 Theoretical literature review

3.1 CSR and firm performance

Agency theory underpins the link between CSR and FP, addressing conflicts of interest between stakeholders, notably shareholders and managers. Delegated authority can lead to agency problems, where managers prioritise their interests. CSR acts as a mechanism to align diverse stakeholder concerns and mitigate these conflicts. It reduces information gaps between management and shareholders, providing transparency on ethical, social, and environmental practices (Gavana et al., 2017). Engaging in CSR signals ethical commitment, enhancing trust from investors and stakeholders. Stakeholder theory emphasises considering all stakeholders, not just shareholders, in organisational decisions (Freeman, 1984). CSR initiatives reflect this approach by creating value for employees, customers, suppliers, communities, and the environment (Becchetti et al., 2012). Positive stakeholder relations yield advantages like employee morale, customer loyalty, regulatory risk reduction, and market access (Park and Kim, 2014; Famiyeh, 2017). These benefits bolster FP, enhancing adaptability to market changes and stakeholder expectations (Evans, 2017; Ahamed et al., 2014). Sustainable practices can elevate FP and credibility with crucial stakeholders (Coelho et al., 2023). Shining light on external pressures, institutional theory asserts CSR adoption aligns with societal norms regulations (DiMaggio and Powell, 1983; Bansal and Roth, 2000). Compliance enhances legitimacy and positive stakeholder relationships (Suchman, 1995). The social impact theory posits that CSR initiatives have a positive impact on society and the environment, and this

impact can influence various dimensions of the company, including FP (Nurdiono et al., 2019). When companies engage in socially responsible practices, they contribute positively to the well-being of society and the environment. These positive contributions can, in turn, foster greater stakeholder support and trust, which may lead to improved financial outcomes for the company. Complementing the social impact theory, the slack resource theory enables CSR. Lajnef and Ellouz's (2022) study revealed a bidirectional CSR-FP link, especially for firms with surplus resources, suggesting a synergistic connection. The availability of slack resources allows firms to implement CSR initiatives without significantly influencing profitability, ultimately fostering a synergistic relationship between CSR and FP.

The RBV theory asserts unique resources yield competitive advantage. CSR acts as intangible assets, enhancing reputation, loyalty, stakeholder relations, and organisational culture. These resources, including human capital, enhance FP (Barney, 1991; McWilliams and Siegel, 2001).

3.2 Board gender diversity and firm performance

The theoretical literature on BGD suggests that having a diverse board, including women, can positively impact firm performance (Adams and Ferreira, 2009; Giannarakis et al., 2014; Elmagrhi et al., 2019; Doan and Iskandar-Datta, 2020). The resource dependence theory posits that diverse boards bring in varied perspectives and skills, leading to better decision-making and risk management, ultimately enhancing FP. Additionally, the social identity theory argues that gender-diverse boards can foster inclusive organisational cultures, leading to higher employee morale, creativity, and productivity, which can translate into improved firm performance (Ullah et al., 2022). Some empirical evidence has shown a positive correlation between BGD and firm performance, supporting the idea that gender diversity on boards can be a strategic asset for companies.

3.3 The interaction between CSR, BGD, and FP

While the literature on CSR and BGD independently explores their influence on firm performance, few studies have focused on their joint effects (Pucheta-Martínez et al., 2018; Nadeem et al., 2019; Gaio and Gonçalves, 2022). The theoretical literature suggests that BGD can act as a moderating factor in the relationship between CSR and firm performance. The critical mass theory proposes that having a sufficient number of women on boards can lead to better oversight and governance, amplifying the positive effects of CSR initiatives on FP. Additionally, the diversity perspective argues that gender-diverse boards can offer unique insights into sustainability issues, potentially enhancing the effectiveness of CSR practices and their impact on firm performance.

The theoretical literature provides a foundation for understanding the complex interplay between CSR, BGD, and FP (Wu et al., 2022). While each construct has been individually explored, there is still a need to investigate their combined effects within specific contexts, such as the French context. By integrating these theoretical perspectives, our study aims to shed light on the unique dynamics between CSR, BGD, and firm performance in the context of French companies, contributing valuable insights to both theoretical and practical aspects of sustainable business strategies.

4 Literature review and hypotheses development

4.1 *The relationship between CSR and FP*

CSR has centred on the idea of conducting business in a sustainable manner, taking into account economic, social, and environmental considerations. The relationship between CSR and FP can be either positive or negative, depending on the strategies and management practices adopted. A bulk of research has validated the positive influence of CSR initiatives on various financial metrics, including profitability, performance, sales, market share, return on assets (ROA), and share performance (Cherian et al., 2019; Cho et al., 2019; Evans, 2017; Famiyeh, 2017; Ahamed et al., 2014; Waddock and Graves, 1997). Recent analyses by Bhattar and Chhattoi (2023) indicate the increasing research focus on the CSR-FP relationship. While most studies affirm a positive link between CSR and FP, certain investigations have identified a negative correlation. The literature has offered diverse insights into the negative CSR-FP relationship (Wright and Ferris, 1997; Chen et al., 2018; Bhattacharyya and Rahman, 2020; Husnaini and Khusnah, 2021). A notable explanation pertains to stakeholder dissatisfaction, potentially resulting in financial setbacks (Preston and O'Bannon, 1997). Companies pursuing CSR investments symbolically or opportunistically, rather than effectively, represent another contributing factor (Crisóstomo et al., 2011). Although certain studies have highlighted the absence of correlation between CSR and FP (McWilliams and Siegel, 2001; Dkhili and Ansi, 2012), it's important to emphasise that these outcomes constitute a minority perspective. Adhering to agency theory, CSR is recognised as a tool to mitigate stakeholder conflicts by diminishing information disparities between management and shareholders (Becchetti et al., 2012; Gavana et al., 2017). Moreover, CSR endeavors function as indicators to stakeholders and investors, underscoring ethical responsibility, regulatory compliance, and a commitment to sustainable business practices (Nurdiono et al., 2019). Anchored in agency theory, stakeholder theory, and resource dependence theory, our hypothesis posits that firms with robust CSR practices are likely to attain enhanced FP through fortified stakeholder bonds, diverse resource access, and competitive advantages (Freeman, 1984; Salancik and Pfeffer, 1978). In the context of France, the emphasis on sustainable development, evident in the 2001 French new economic regulations law (NRE) and subsequent legislative measures, reinforces the pertinence of exploring the CSR-FP nexus within French enterprises. By probing this relationship in France's well-structured governance environment, we intend to furnish the literature with invaluable insights into sustainable business practices and their financial ramifications. Given the ample evidence supporting a positive CSR-FP relationship, our hypothesis is as follows:

H1 CSR performance positively influences FP.

4.2 *The relationship between BGD and FP*

BGD is a crucial determinant of firm performance, as it refers to achieving a balanced representation of both males and females in various roles within a company. A diverse board fosters an inclusive and equitable work environment, which can lead to improved decision-making and organisational outcomes. Extensive empirical studies have highlighted the positive impact of gender diversity on boards in influencing FP (Dewi and Perdhana, 2016; Ntim, 2015; Aluy et al., 2017; Ahmadi et al., 2018).

Adams and Ferreira (2009) found that companies with higher female representation on boards exhibited better stock price performance and ROA. Similarly, Giannarakis et al. (2014) reported that companies with more women on boards demonstrated better FP in terms of return on equity (ROE) and ROA. Elmagrhi et al. (2019) demonstrate that having a higher proportion of female directors and a greater age diversity among them leads to improved environmental performance.

Ullah et al.'s (2022) study contributes to the literature on gender diversity benefits by highlighting how diverse female directors positively affects firms' environmental and sustainable performance, fostering a responsible business approach. Recent work by Doan and Iskandar-Datta (2020) provides further evidence of gender diversity advantages. It demonstrates that women's conscientiousness and risk-averse decision-making positively influence FP. Women's inclination for risk aversion results in accurate and low-risk decisions, in contrast to men's higher risk-taking tendencies (Rahmanto and Daara, 2020). Greater gender diversity on corporate boards, viewed through the lens of agency theory, emerges as a means to mitigate stakeholder-management conflicts, thereby aligning interests and fostering improved financial outcomes (Becchetti et al., 2012; Gavana et al., 2017). Additionally, studies suggest that female directors are adept at cultivating relationships with influential stakeholders, enhancing overall firm performance (Mallin and Michelon, 2011; Glass and Cook, 2016). Nguyen et al. (2020) highlight the inconclusive nature of the relationship between women on corporate boards (WOCBs) and financial/non-FP.

Findings range from positive to negative or neutral, with potential differences based on country-level factors. Within the French context, boasting robust governance mechanisms, cultural diversity, and a commitment to gender equality, the impact of gender diversity on FP gains heightened significance. Given mounting evidence and theoretical underpinnings, our hypothesis is as follows:

H2 (A) BGD has a positive effect on FP.

4.3 The moderator effects of gender diversity on the relationship between CSR and FP

According to the agency theory, gender-diverse boards can mitigate conflicts of interest between stakeholders and management through varied perspectives, fostering socially responsible practices and improved alignment. This can enhance CSR initiatives and FP. Resource dependence theory suggests diverse boards access broader resources and networks, aiding effective CSR implementation. Women directors' unique insights can enhance sustainability-related stakeholder connections, further boosting financial outcomes. According to the literature, both BGD and CSR are critical factors in promoting sustainable and responsible business practices. Previous studies have consistently indicated that BGD can positively influence a company's CSR initiatives (Hafsi and Turgut, 2013; Galbreath, 2013; Lone et al., 2016; Gulzar et al., 2019). By increasing BGD within boards of directors, companies can benefit from a wider range of opinions and higher-quality deliberations, leading to better decisions and potentially positive FP outcomes (Husted and de Sousa-Filho, 2019).

Furthermore, Hillman et al. (2002) affirm that women directors are more inclined towards philanthropic and community actions, leading them to make decisions based on non-commercial perspectives. Numerous studies have highlighted that women tend to be

more focused on social and environmental issues compared to men (e.g., Bord and O'Connor, 1997; Zelezny et al., 2000; Torgler and Garcia-Valiñas, 2007; Lanfranchi and Pekovic, 2014; Fernandez-Gago et al., 2016).

In contrast to the prevailing literature, this study posits that gender diversity on corporate boards will exhibit a negative moderating effect on the relationship between CSR and FP. This implies that the presence of women directors on boards may weaken the positive impact of CSR initiatives on FP. Several theoretical perspectives and empirical findings support the proposed negative moderating effect. According to the Risk Aversion Theory, women tend to be more risk-averse than men in decision-making processes (Weber and Hsee, 1998). This risk aversion may extend to CSR investments, as CSR initiatives often involve uncertain outcomes and long-term commitments. As a result, women directors, being more risk-averse, might be less willing to invest in CSR activities that could have financial implications, potentially leading to a negative impact on FP.

Secondly, gender biases and workplace restrictions may limit the full participation of women directors in CSR decision-making. If their contributions and perspectives are undervalued or overlooked, it could hinder the effective implementation of CSR initiatives, resulting in a weaker impact on FP. Moreover, women directors may have different priorities and preferences when it comes to investing in CSR initiatives. Studies have shown that women may be more interested in CSR activities that have a direct and immediate impact on their communities and families (Kolk and van Tulder, 2010). If CSR strategies prioritise broader, long-term societal impact over more localised and immediate outcomes, women directors' preferences may not align with these strategies, potentially leading to a negative moderating effect on the CSR-FP relationship. Based on the previous evidence, we propose the following hypothesis:

H2 (B) Gender diversity moderates the relationship between CSR and FP.

4.4 The role of governance mechanisms

Various governance mechanisms can influence a company's FP. Ntim and Soobaroyen (2013) observed that a combination of CSR and corporate governance practices has a stronger positive impact on corporate FP compared to CSR practices alone. According to agency theory, corporate governance mechanisms play a crucial role in reducing conflicts of interest between managers (agents) and shareholders (principals) and aligning their interests.

4.4.1 CEO compensation

The objective of remuneration is typically to incentivise and enhance productivity, as noted in Itri et al.'s (2019) study. Agency theory suggests that CEO compensation can serve as a powerful incentive to motivate CEOs to act in the best interests of the company and its shareholders. Higher CEO compensation is expected to align the CEO's interests with those of shareholders, as the CEO's financial rewards are tied to the company's FP. With a significant portion of their compensation linked to financial outcomes, CEOs are more likely to take actions that enhance the company's profitability and FP, thereby positively influencing FP. According to Ahamed (2022), a higher compensation package can serve as a motivational factor for executives to perform well and decrease the

likelihood of agency problems. Given the majority of literature finding a positive association between CEO pay and FP, it is reasonable to conclude that remuneration may be an important tool for motivating executives to enhance the FP of their companies. Based on the previous evidence, we propose the following hypothesis:

H3 CEO compensation has a positive impact on FP

4.4.2 CEO duality

According to agency theory and the agency costs associated with CEO duality, when the CEO also serves as the board chair, there is a concentration of power in one individual, potentially leading to reduced board independence and oversight. This concentration of power can create agency problems, where the CEO may prioritise their own interests over those of shareholders. In light of Core et al.'s (1999) research, a CEO holding a dual position does not act in the best interest of shareholders, instead prioritising personal gains. This creates agency problems, as noted by Fama and Jensen (1983) and Jensen and Meckling (1976), ultimately leading to poor company performance. Iyengar and Zampelli (2009) argue that the CEO's dual role reduces the authority of the board, limits its independence, and reinforces CEO entrenchment. These findings are consistent with Haniffa and Hudaib's (2006) research that shows that duality has a negative correlation with FP. Therefore, it can be concluded that a CEO holding dual positions may harm the company's financial results, and reduce the effectiveness of the board of directors. Based on the previous evidence, we propose the following hypothesis:

H4 The presence of CEO duality has a negative impact on FP.

4.4.3 Board size

Previous research suggests that board size is a crucial factor in determining board efficiency and effectiveness (Halme and Huse, 1997; Said et al., 2009). A larger board size is generally associated with a greater diversity of expertise and experience, which can have a positive impact on corporate reputation and image, as noted by Mackenzie (2007), Ntim and Soobaroyen (2013), and Jizi et al. (2014).

However, various studies have found a negative impact of board size on firm performance. In fact, larger boards may lead to slower decision-making processes and a higher likelihood of conflicts or disagreements among board members, ultimately affecting the firm's ability to perform efficiently. As indicated by the 'team production theory' perspective, a larger board can bring diverse expertise, knowledge, and perspectives, leading to better decision-making and enhanced monitoring of management. However, an excessively large board may suffer from coordination challenges, slower decision-making processes, and increased conflicts among members, which could hinder the board's effectiveness. A study by Yermack (1996) found that companies with larger boards experienced lower firm performance. Similarly, a study by Dalton et al. (1998) reported that large boards were associated with lower profitability, higher CEO turnover, and lower firm valuation. Based on this evidence, we can propose the following hypothesis:

H5 Board size has a negative impact on FP

4.4.4 *Number of meetings*

According to stewardship theory, directors are seen as stewards of the company, acting in the best interests of shareholders and the company as a whole. Frequent board meetings provide opportunities for directors to engage in in-depth discussions, strategic planning, and active oversight, demonstrating their commitment to fulfilling their stewardship role. Johl et al. (2015) discovered a negative correlation between board diligence and FP and recommended that meetings be made more meaningful and less frequent. Francis et al. (2012) also found that boards with lower meeting frequency tend to perform poorly compared to those with higher frequency. According to Ntim and Osei's (2011) research, boards that meet more frequently achieve higher levels of performance than those that do not. Based on this literature and theoretical framework, we set the following hypothesis:

H6 The number of meetings has a positive effect on FP

4.4.5 *Board independence*

To achieve a good governance structure, agency theory recommends that boards of directors should consist of a majority of independent directors, meaning those who are not affiliated with the organisation, as well as have a large size and hold regular meetings. Such a structure can enhance management control and promote board independence by incorporating diverse viewpoints, ideas, perspectives, and skills into the board decision-making process (Joseph et al., 2014; Allegrini and Greco, 2013; Nelson et al., 2010). The positive evidence has grounded in agency theory, which emphasises the importance of independent directors in mitigating agency problems and enhancing board effectiveness. Independent directors are less likely to have conflicts of interest with the company's management, allowing them to act in the best interests of shareholders. Therefore, our hypothesis is as the following:

H7 CEO independence has a positive impact on FP.

5 **Research design**

5.1 *Sample construction*

Data was sourced from datastream, a comprehensive financial and macroeconomic database. France's CSR momentum in the late 1990s was fuelled by evolving government support and stakeholder alignment. Notably, broad acceptance by government, economic actors, unions, and local authorities. CSR practices are widely embraced in large firms, extending to SMEs. Sample initially 119 French companies, excluding the financial sector (4), banks (3), insurance (4), and incomplete data (35), resulting in 73 firms (2004–2020), ensuring balanced representation. Data are exclusive to non-financial firms dedicated to CSR practices. The total dataset encompasses 949 observations, underscoring empirical robustness (see Table 1).

Table 1 Sample distribution

	<i>Initial firms sample</i>	<i>Banks and financial institutions</i>	<i>Missed firms data</i>	<i>Final firms sample</i>	<i>Final observations</i>
France	119	(11)	(35)	73	949

5.2 Variables definitions

5.2.1 Dependent variable: financial performance

We have chosen FP as the dependent variable. FP is calculated as the firm's market value divided by the replacement costs of its assets. This market/book value ratio is a modified version of Tobin's q commonly used in empirical literature (Richard et al., 2007; Wagner, 2010; Li et al., 2018; Arora and Dharwadkar, 2011). Tobin's q is a widely used indicator of firm FP in economics research (e.g., Lindenberg and Ross, 1981) and international trade (see Morck and Yeung, 1991; Kor and Mahoney, 2005). Unlike accounting measures such as ROA, ROE, or return on sales (ROS), which reflect short-term FP and profitability, Tobin's q is a forward-looking performance measure as it is based on the market value of the business and is less susceptible to accounting manipulation. Tobin's q is frequently utilised in the CSR literature, as demonstrated by various studies such as Dowell et al. (2000), Konar and Cohen (2001), King and Lennox (2002), Wagner (2010), Jo and Harjoto (2011), and Isaksson and Woodside (2016). This is due to the probability that the impacts of CSR are anticipated to manifest in the medium to long term, hence necessitating the utilisation of a metric for the anticipated long-term growth opportunities of companies.

5.2.2 Independent variables

5.2.2.1 Corporate social responsibility

In our study, we utilised the environmental, social, and governance (ESG) score provided by Thomson Reuters ASSET4 data to measure CSR. This data is widely regarded as the leading source of ESG data, containing more than 750 individual data points and over 250 key performance indicators, as well as original data sources such as CSR reports and annual reports. The ESG score is composed of three pillars: ESG, each of which includes multiple indicators. The CSR performance scores are represented by the average for each pillar, ranging from zero (indicating the poorest performance) to 100 (representing the best performance).

5.2.2.2 Governance mechanisms

- CEO compensation (CEOcomp): The financial compensation and other non-financial benefits received by an executive of the company that employs him in exchange for his services. If CEO compensation were linked to overall shareholder return, it would be one otherwise zero.
- CEO duality (CEOdul): The CEO holds the position of chairman of the board. If the president were a former CEO, it would be one otherwise zero. We consider three

variables related to the characteristics of the board of directors: board size, number of board meetings, and board independence:

- CEO independence (CEOind): The percentage of independent non-executive directors on the board (Farag and Mallin, 2016). If the CEO were a member of the board of directors, it would be one otherwise zero.
- Board size (Boardsz): It measured as the total number of directors at the end of the financial year.
- Number of board meetings (Boardmeet): measured by the number of meetings of board members over the course of a year.

5.2.2.3 Moderator variable

We have selected ‘gender diversity’ as the moderator variable for the relationship between CSR and FP in terms of board of director characteristics.

- BGD: using the percentage of female directors in the total number of board members (Elmagrhi et al., 2019).

5.2.2.4 Control variables

- Leverage (Lev): Measured as total year-end liabilities divided by year-end book value of equity (e.g., Ehikioya, 2009; Christensen et al., 2010)
- The size of the company (Fsize) = Measured as the logarithm of the total assets of the company.

Table 2 Variables definitions

<i>Variables</i>	<i>Symbol</i>	<i>Definition</i>
<i>Dependent variable</i>		
Financial performance	FP	It offers financial performance and information on the profitability of a company's investments Tobin's q = market value of assets or replacement value of assets. Where: (equity market value + liabilities market value)/(equity book value + liabilities book value) (source : Datastream)
<i>Independent variables</i>		
Corporate social responsibility	CSR	A score from 0 to 100 (source: Datastream), an overall company score based on self-reported information in the environmental, social, and corporate governance pillars.
CEO independence	CEOind	If it was a member of the board of directors, it would be 1, otherwise 0. (source: Datastream)
CEO compensation	CEOcomp	If CEO compensation is linked to overall shareholder return, it would be 1, otherwise 0. (source : Datastream)
CEO duality	CEOdul	If the president is a former CEO, it would be 1, otherwise 0. (source : Datastream)

Table 2 Variables definitions (continued)

<i>Variables</i>	<i>Symbol</i>	<i>Definition</i>
<i>Independent variables</i>		
Board size	Boardsz	The total number of directors at the end of the financial year (source: Datastream)
Number of board meetings	Boardmeet	The number of meetings of board members over the course of a year (source: Datastream)
<i>Moderator variable</i>		
Board gender diversity	BGD	Percentage of women on the board (source: Datastream)
<i>Control variables</i>		
Firm size	Fsize	Measured by the natural logarithm of total assets
Leverage	Lev	Calculated by dividing total year-end liabilities by year-end book value of equity (source: Datastream)
<i>Invariant variables</i>		
Years with a fixed effect	Years	Year 1 takes the value 1 if the year studied is 2008, otherwise 0. Year 2 takes the value of 1 if the year studied is 2009, otherwise 0... Year 13 takes the value of 1 if the year studied is 2020, otherwise 0
The industry's fixed effect	Industry	Industry1 takes the value of 1 if the industry is from the 'oil and gas' sector, otherwise 0. Industry2 takes the value of 1 if the industry is from the 'basic materials' sector, otherwise 0. Industry 3, takes the value of 1 if the industry is from the 'industry' sector and 0 otherwise. Industry 4 takes the value of 1 if the industry is from the 'consumer goods' sector and 0 otherwise. Industry5 takes the value of 1 if the industry is from the 'health' sector and 0 otherwise. Industry6 takes the value of 1 if the industry is from the 'consumer services' sector, otherwise 0. Industry 7, takes the value of 1 if the industry is from the 'telecommunications' sector, otherwise 0. Industry8 takes the value of 1 if the industry is from the 'public services' sector, otherwise 0. and Industry9, take the value of 1 if the industry is from the 'technology' sector, otherwise 0

5.3 Empirical models

We have chosen two models for our investigation. The first model aims to scrutinise the direct influence of CSR on FP, while the second model seeks to evaluate the impact of BGD as a moderating factor in the correlation between CSR and FP. Model 1 exhibits the fundamental model that includes all the direct effects, whereas Model 2 displays the outcomes of the moderation effect. The two models are presented below:

$$\begin{aligned}
FP_{it} = & \alpha_0 + \alpha_1 CSR_{it} + \alpha_2 CEOind_{it} + \alpha_3 CEOcomp_{it} + \alpha_4 CEOdul_{it} \\
& + \alpha_5 Boardsz_{it} + \alpha_6 Boardmeet_{it} + \alpha_7 Lev_{it} + \alpha_8 Fsize_{it} + \\
& \sum 9^{21} \alpha_9 Year + \sum 22^{94} \alpha_{22} Industry
\end{aligned}
\tag{Model 1}$$

$$\begin{aligned}
FP_{it} = & \alpha_0 + \alpha_1 CSR_{it} + \alpha_2 BGD_{it} + \alpha_3 CSR_{it} * BGD_{it} + \alpha_4 CEOind_{it} \\
& + \alpha_5 CEOcomp_{it} + \alpha_6 CEOduli_{it} + \alpha_7 Boardsz_{it} + \alpha_8 Boardmeet_{it} \\
& \alpha_9 Lev_{it} + \alpha_{10} Fsize_{it} + \sum 11^{23} \alpha_{11} Year + \sum 24^{96} Industry
\end{aligned}
\tag{Model 2}$$

where

- FP_{it} firm performance measured by Tobin's q
 CSR_{it} corporate social responsibility for firm i at year t
 $CEOind_{it}$ CEO independence for firm i at year t
 $CEOdul_{it}$ CEO duality for firm i at year t
 $CEOcomp_{it}$ CEO compensation for firm i at year t
 $Boardsz_{it}$ Board size for firm i at year t
 $Boardmeet_{it}$ Number of board meetings: for firm i at year t
 $Fsize_{it}$ firm size for firm i at year t
 Lev_{it} financial leverage ratios for firm i at year t .

Table 3 Descriptive statistics

<i>Panel A: Summary statistics for continuous variables</i>					
<i>Variables</i>	<i>Observations</i>	<i>Mean</i>	<i>Standard deviation</i>	<i>Minimum</i>	<i>Maximum</i>
FP	949	1.127827	0.9233967	0.184	8.395
CSR	949	65.41345	16.27295	10.63	94.05
BGD	949	29.20588	15.25703	0	64.29
Boardmeet	949	8.543203	3.118368	2	23
Boardsz	949	16.02529	0.2857241	15	20
Fsize	949	7.17397	0.5376095	5.988513	8.483931
Lev	949	93.36004	168.2361	-255	1311.11
<i>Panel B: Summary statistics for dichotomous variables</i>					
	<i>Freq (0)</i>	<i>%</i>	<i>Freq (1)</i>	<i>%</i>	<i>Total</i>
CEOind	113	11.9	836	88.1	949
CEOcomp	824	86.83	125	13.17	949
CEOdul	625	65.85	324	34.15	949

Table 4 Pearson correlation matrix

	FP	CSR	BGD	CEOind	CEOcomp	CEOdul	Boardmeet	Boardsz	Fsize	Lev
FP	1.0000									
CSR	-0.1689	1.0000								
BGD	0.1384	0.3809	1.000							
CEOind	-0.1429	0.0077	-0.0553	1.0000						
CEOcomp	-0.0585	0.2613	0.3745	0.1056	1.0000					
CEOdul	0.0648	0.1914	0.3233	0.3814	0.2147	1.0000				
Boardmeet	-0.0902	0.1654	0.1131	0.0944	0.1799	0.0359	1.0000			
Boardsz		0.0266	-0.0535	-0.0772	0.0494	-0.0540	0.0676	-0.1137	1.0000	
Fsize	-0.3216	0.5217	0.1063	0.2189	0.2106	0.1505	0.1833	0.0745	1.0000	
Lev	-0.1290	0.0586	-0.0016	0.0438	0.0229	-0.0523	0.0619	-0.0311	0.1597	1.0000

5.4 Data descriptive and results discussion

5.4.1 Data descriptive

To examine the link between CSR, FP, and BGD, we have employed panel data analysis as the research methodology. Our dataset consists of 949 observations. The descriptive statistics reveal that the average value of FP is 1.127, while the mean of CSR is 65.413. Moreover, the average of BGD is 29, and the average of Boardmeet is eight. Additionally, the average Fsize and Lev are 7.173 and 93.360, respectively. In terms of CEO traits, 13.17% of CEOcomp has been associated with the overall shareholder return, 88.1% of CEOs hold a position on the board, and 34.15% of chairpersons have previously served as CEOs (refer to Table 3).

5.4.2 Testing panel data

Our comprehensive data analysis incorporated multiple tests to ensure the reliability of our findings. Pearson correlations, assessing statistical concerns and multicollinearity, were performed (Table 4), revealing negligible correlation among independent and control variables, effectively dismissing multicollinearity.

Verification through variance inflation factors (VIF) yielded values below 10 (Table 5), confirming the absence of multicollinearity.

Breusch-Pagan/Cook-Weisberg test identified heteroscedasticity in some variables (Table 6)

Meanwhile, the Wooldridge Test indicated no first-order autocorrelation (Table 7), reinforcing data integrity.

Table 5 Test VIF

<i>Variable</i>	<i>VIF</i>	<i>1/VIF</i>
CSR	1.66	0.603480
Fsize	1.57	0.638139
BGD	1.46	0.683086
CEOdul	1.39	0.717197
CEOind	1.31	0.765837
CEOcomp	1.24	0.805589
Boardmeet	1.08	0.922181
Boardsz	1.05	0.956525
Lev	1.04	0.964115
MeanVIF	1.31	

Table 6 Breusch-Pagan/Cook-Weisberg heteroscedasticity test

<i>Variables: fitted values of FP</i>	
chi2(1)	342.28
Prob. > chi2	0.000

Importantly, our data exhibited heteroscedasticity, prompting the adoption of the FGLS estimation method, which factors in this variance, ensuring robust parameter estimation and covariance matrix determination. This meticulous approach strengthens the credibility of our results.

Table 7 Wooldridge's test for autocorrelation

F (1, 72)	160.452
Prob>F	0.0000

6 Empirical results and discussion

According to the results presented in Table 8, the coefficient of CSR (0.0079464) is positive and statistically significant at a probability level of 0.000, indicating that there is a positive and significant relationship between CSR and FP at the 1% level. This suggests that companies that implement CSR strategies are likely to experience increased profitability. Informed by agency theory, stakeholder theory, and resource dependence theory, our findings indicate a positive correlation between robust CSR practices and improved FP. This association is rooted in strengthened stakeholder relationships, expanded resource accessibility, and competitive advantages (Freeman, 1984; Salancik and Pfeffer, 1978). Deeper, this finding supports evidence which suggests that satisfying stakeholders' demands can lead to improved performance (Moser and Martin, 2012), as well as Freeman's (1984) stakeholder theory, which proposes that maintaining positive relationships with various stakeholders and the environment can enhance a firm's value and social reputation, while also reducing expenses and risks. Consequently, we can conclude that H1 is supported by the data.

Based on the results, it appears that there is a positive and significant correlation between CEO_{dul} and FP. In other words, when the CEO also serves as the chairman of the board, the financial situation of the company tends to improve. This finding supports the concept of stewardship theory, which suggests that the CEO's role is to minimise agency costs and prioritise the company's profits over personal profits. As a result, it can be concluded that H4, which presumably proposed a negative correlation between CEO_{dul} and FP, is rejected. The evidence suggests that the current findings are consistent with the results of earlier studies conducted by Abdullah and Valentine (2009), García-Ramos and García-Olalla (2011), and Mubeen et al. (2021). These studies presumably investigated the relationship between CEO_{dul} and FP in various contexts, and the current study's results support the conclusions drawn in those studies (H4 is rejected)

The results indicate that two independent variables, CEO_{comp}, and Board_{sz}, have negative coefficients in the regression model, and their associated probabilities are $p = 0.098$ and $p = 0.011$, respectively.

The negative coefficients imply that an increase in CEO_{comp} or Board_{sz} is associated with a decrease in FP, holding other variables constant. In other words, the model suggests that higher CEO_{comp} or larger Board_{sz} may have a negative impact on FP. The probabilities associated with the coefficients, often referred to as p-values, indicate the statistical significance of the coefficients. A p-value less than 0.05 is typically considered statistically significant, suggesting that the coefficient is unlikely to

be a result of chance. In this case, the Boardsz coefficient has a p-value of 0.011, which is less than 0.05, indicating that it is statistically significant. The CEOcomp coefficient, on the other hand, has a p-value of 0.098, which is greater than 0.05 and less than 0.1, indicating that it is statistically significant. Therefore, we can be more confident in the relationship between Boardsz and FP than the relationship between CEOcomp and FP.

The compensation of the manager (CEOcomp) has a negative correlation with the FP, indicating that higher remuneration for managers can have an adverse impact on the company's financial situation. Agency theory suggests that when managers prioritise their personal interests or career growth over CSR activities and take more risks, it can lead to an increase in agency costs and a decrease in the firm's value. This aligns with the findings of previous studies such as Agrawal and Mandelker (1987), Gregg et al. (1993), and Sánchez-Marín et al. (2022). Thus, we can reject hypothesis H3 based on this evidence.

Table 8 The direct effect of CSR on FP (Model 1)

<i>Model 1: dependent variable FP</i>						
<i>Variables</i>	<i>Coef.</i>	<i>Std. Err.</i>	<i>z</i>	<i>P> z </i>	<i>[95%]</i>	<i>Conf. interval</i>
Constant	2.306641	1.19974	1.92	0.055	−0.044807	4.65808
<i>Independent variables</i>						
CSR	0.007946***	0.00151	5.25	0.000	0.004977	0.0109156
CEOind	0.0065078	0.05349	0.12	0.903	−0.098335	0.1113506
CEOcomp	−0.0594093*	0.0358612	−1.66	0.098	−0.129696	0.0108774
CEOdul	0.1409013***	0.0306921	4.59	0.000	0.0807458	0.2010567
Boardsz	−0.1508755**	0.0595494	−2.53	0.011	−0.267590	−0.0341609
Boardmeet	0.0051187	0.0054015	0.95	0.343	−0.005468	0.0157054
<i>Control variables</i>						
Lev	0.0000221	0.0000785	0.28	0.778	−0.000131	0.0001759
Fsize	0.0857339	0.0957192	0.90	0.370	−0.101872	0.27334
<i>Invariant variables</i>						
Year fixed effect	Included	Included	Included	Included	Included	Included
Industry fixed effect	Included	Included	Included	Included	Included	Included
Country fixed effect	Included	Included	Included	Included	Included	Included
Nb. Of obs.	949	949	949	949	949	949

Notes: *** Significance at the order of 1% ($p < 0.01$), **significance at around 5% ($p < 0.05$), *significance at the order of 10% ($p < 0.1$).

The size of the board of directors (Boardsz) has a negative association with the financial profitability of the firm, suggesting that a larger Boardsz can result in reduced FP. Research by Jensen (1993), Christensen et al. (2014), and Yermack (1996), supports the idea that a large number of directors can be a costly affair for the company and have a

negative impact on its performance. Based on this evidence, we can conclude that hypothesis H5 is supported.

The coefficients for CEOind (0.0065078) and Boardmeet (0.0051187) are not statistically significant in their effect on the FP ($p = 0.903$ and $p = 0.343$, respectively), indicating that the independence and frequency of board meetings have no significant impact on the FP. These findings are consistent with previous research by Johl et al. (2015), Agrawal and Knoeber (1996), and Klein (1998). Therefore, we can reject hypotheses H6 and H7 based on this evidence.

The coefficients for Lev (0.0000221) and Fsize (0.0857339) have a positive effect on FP, but they are not statistically significant ($p = 0.778$ and $p = 0.370$, respectively). This suggests that the level of debt and the Fsize may have some influence on FP, but the effect is not strong enough to be statistically significant.

Table 9 displays a positive correlation between BGD and FP, implying that women's presence on boards can enhance FP. This supports hypothesis H2 (A), confirming women's positive influence on company outcomes. The coefficient for CSR*BGD (-0.0002537^{**}) is negative, while the coefficient for BGD (0.0232096^{***}) is positive. The probabilities associated with these coefficients are 0.019 and 0.002, respectively. This indicates that there is a negative relationship between CSR*BGD and FP, suggesting that BGD may have a negative moderating effect on the relationship between CSR and FP. Therefore, we can conclude that hypothesis H2 (B) is supported by the data. This finding underscores the importance of considering the role of BGD when examining the relationship between CSR and FP, as it suggests that the impact of CSR on FP may depend on the level of BGD within the organisation. This finding can be explained by research showing that women's behaviour tends to be more focused on caring, compared to men (Gilligan and Attanucci, 1988; Held, 2008), which can lead to a greater emphasis on CSR activities and a positive impact on FP.

Previous research has consistently found that women tend to be more socially and environmentally conscious than men, as evidenced by studies by Bord and O'Connor (1997), Zelezny et al. (2000), Torgler and Garcia-Valiñas (2007), Lanfranchi and Pekovic (2014), and Fernandez-Gago et al. (2016). This may contribute to better performance outcomes.

However, in this context, BGD appears to exert a counterintuitive influence by negatively moderating the CSR-FP relationship. Several factors might contribute to women's perceived hesitation in engaging with CSR initiatives. Risk aversion stands as a key factor, with women often displaying greater caution in decision-making than men. Research like that of Weber and Hsee (1998) underscores women's preference for safer options in choices, possibly translating into reluctance towards risk-involved CSR investments. Moreover, gender-related workplace constraints and biases could impede women's participation in CSR activities.

Furthermore, distinct priorities and preferences could steer women's CSR investment choices. A study by Kolk and van Tulder (2010) revealed women's inclination towards CSR initiatives with immediate and direct effects on their communities and families. Recognising these multifaceted influences on women's perceptions and attitudes toward CSR activities becomes imperative. The research findings indicate that both Fsize and Lev have a negative effect on FP. In other words, as the Fsize and its level of Lev (debt-to-equity ratio) increase, its FP tends to decrease. This could be due to a variety of factors such as higher operating costs, increased risk, or reduced flexibility in responding to changes in the market or economic conditions. The negative impact on FP suggests

that these factors should be considered when assessing the financial health and potential of a company.

Table 9 The moderator effect of gender diversity on the relationship between CSR and FP (Model 2)

<i>Model 2: dependent variable FP</i>						
<i>Variables</i>	<i>Coef.</i>	<i>Std. err.</i>	<i>z</i>	<i>P> z </i>	<i>[95%]</i>	<i>Conf. interval</i>
Constant	2.983048	1.496348	1.99	0.046	0.0502592	5.915837
<i>Moderator variable</i>						
BGD	0.0232096***	0.00731	3.17	0.002	0.008874	0.037544
<i>Moderator effect</i>						
CSR*BGD	-0.0002537**	0.0001084	-2.34	0.019	-0.000466	-0.000041
<i>Independent variables</i>						
CSR	-0.0019315**	0.0033447	-0.58	0.564	-0.008487	0.004624
CEOind	-0.300964***	0.0709551	-4.24	0.000	-0.4400339	-0.161895
CEOcomp	-0.1563499*	0.0717204	-2.18	0.029	-0.2969194	-0.015780
CEOdul	0.1477383**	0.062747	2.35	0.019	0.0247564	0.270720
Boardsz	0.0149521	0.091938	0.16	0.871	-0.1652431	0.195147
Boardmeet	-0.0005782	0.0090602	-0.06	0.949	-0.018336	0.0171795
<i>Control variables</i>						
Lev	-0.330263***	0.0654503	-5.05	0.000	-0.45854	-0.201982
Fsize	-0.0002619*	0.0001557	-1.68	0.093	-0.00056	0.0000433
<i>Invariant variables</i>						
Year fixed effect	Included	Included	Included	Included	Included	Included
Industry fixed effect	Included	Included	Included	Included	Included	Included
Country fixed effect	Included	Included	Included	Included	Included	Included
Nb. of obs.	949	949	949	949	949	949

Notes: *** significance at the order of 1% ($p < 0.01$), **significance at around 5% ($p < 0.05$), *Significance at the order of 10% ($p < 0.1$).

7 Summary and conclusion

The study's emphasis on the European context, particularly France, is significant for addressing the ongoing discourse on the CSR-FP link in developed nations. Europe's longstanding interest in CSR policies and stakeholder effects offers an ideal backdrop to investigate governance's role in this relationship. The study's theoretical framework emphasises governance mechanisms as pivotal in shaping CSR-FP links. By assessing CEO characteristics, ownership structure, and other governance variables, the research unveils intricate interactions between governance practices and CSR's influence. This approach elucidates how diverse governance mechanisms can amplify or attenuate CSR's

impact on financial outcomes, offering comprehensive insights into the European CSR-FP context. The study delves deeply into governance mechanisms, particularly the role of BGD, and its nuanced moderation of the CSR-FP relationship. BGD is probed as an influencer that can either magnify or temper CSR's impact on FP. By introducing BGD as a moderator, the research illuminates the pivotal role of gender diversity in corporate boards, revealing its potential to accentuate or mitigate CSR's effects on FP. Leveraging a robust empirical approach using data from French SBF 120 index companies spanning 2008 to 2020, the study not only bolsters the theoretical framework and research goals but also facilitates an exhaustive examination of CSR, governance, BGD, and FP dynamics. This extended temporal perspective enriches comprehension of the interplay among these factors over time.

This study makes several significant contributions to the field of research. Firstly, it focuses on a developed country, France, which has a long-standing interest in CSR policy and its effects on stakeholders. Secondly, the research examines the integration of BGD into the study, analysing its impact on both CSR and performance outcomes. This approach allows for a more comprehensive understanding of how governance mechanisms and BGD influence the relationship between CSR and FP. By investigating these factors, the study provides valuable insights into the complex interactions that occur within companies and their impact on financial outcomes.

This study unfolds significant findings and implications, both in theoretical and empirical realms. Theoretical implications expand our grasp of CSR-FP dynamics and governance's role therein. Empirical implications guide policymakers and practitioners in fortifying FP through effective CSR strategies and governance mechanisms.

Aligned with management theories – agency, stewardship, RBV, and institutional theory – the research examines governance mechanisms and BGD's moderating influence on the CSR-FP relationship. Empirical evidence and theoretical insights enrich our understanding of how responsible business practices elevate financial outcomes, especially in the French context.

Results underscore a notable CSR-FP link, bolstering the business case for CSR investment. This empirical validation promotes better resource allocation, effective strategies, and positive societal impact. Furthermore, findings contribute to CSR and business ethics research, revealing the mechanisms by which CSR shapes FP, directing future studies and guiding policy and practice. Additionally, demonstrating the positive effects of CSR on FP can provide evidence to support engagement efforts with stakeholders, leading to stronger relationships with customers, employees, and communities. Moreover, this study's findings illuminate intricate relationships between corporate governance, CSR, and FP. Effective governance stands for a company's commitment to social responsibility, ultimately fostering financial gains. Theoretical perspectives, like agency theory, spotlight governance's role in aligning CSR with financial goals. These insights are valuable for managers and policymakers aiming to enhance both CSR outcomes and FP. The research reveals correlations between governance mechanisms (CEO characteristics, board size, and CEO compensation) and financial outcomes. In fact, the results related to governance mechanisms can have several implications for both academics and practitioners. Firstly, the study provides further evidence of the positive association between CEO duality and FP, contributing to the existing literature on the topic. This suggests that companies with CEOs who also serve as board chairs may have better FP than those with separate CEO and board chair roles. Secondly, the study's findings imply that smaller Boards may contribute positively to a

firm's FP. This suggests that companies with smaller boards may be more efficient in decision-making, leading to better financial outcomes. Thirdly, the study finds that higher CEOcomp significantly contributes to a firm's FP. This suggests that companies may benefit from investing in their CEOcomp package as a way to incentivise them to improve FP. However, it is important to note that the coefficients of these variables are just one piece of evidence, and other factors may affect FP. Therefore, companies should consider these findings along with other relevant factors when making decisions about their governance structures, Boardsz, and CEOcomp.

Moreover, our study contributes to economic decision-making by highlighting the importance of BGD in achieving favourable financial outcomes. Policymakers can use these findings to promote greater gender diversity and inclusion in CSR practices by implementing policies that address gender biases and discrimination. In order to promote greater BGD and inclusion in CSR, it is important for companies to recognise and address the unique challenges that women may face in the workplace, such as gender bias and discrimination. This can involve implementing policies and practices that promote diversity and inclusion, such as flexible work arrangements, mentoring and leadership programs, and unconscious bias training. Previous research suggests that women may not invest less in CSR than men, but rather, their approach to CSR may be different. Some studies have found that women tend to prioritise social and environmental concerns in their decision-making, while men may prioritise financial considerations (e.g., Orlitzky et al., 2003; Terjesen et al., 2016). Additionally, women may face unique challenges in the workplace that can affect their ability to engage in CSR activities, such as gender bias and discrimination (e.g., Eagly and Carli, 2007). Furthermore, women may have different preferences and values that shape their approach to CSR, which may vary across cultures and contexts. Overall, it is important to recognise that women's involvement in CSR may be influenced by a complex set of factors, and further research is needed to better understand these dynamics.

The study acknowledges limitations concerning generalisability beyond French firms on the SBF 120 index due to varying governance mechanisms and cultural influences. Data quality and reliance on SBF 120 index data might affect the findings' precision and robustness. The study's observational nature hinders causal inference. Future research could explore cross-cultural differences, mediating/moderating mechanisms, and gender diversity's impact across industries and firm sizes to enrich comprehension. By addressing these limitations and delving into these research directions, scholars can provide a more comprehensive understanding of how gender diversity, CSR, and governance interplay to influence firm performance and responsible business practices.

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