The Financial Performance and the Impact of Gender Diversity in the High Management – Insights from the Banking Sector in Albania

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Abstract: - Recently, the relationship between gender diversity and financial performance has become an important and controversial topic within the area of corporate governance. The purpose of this research is to explore the ongoing issue of gender diversity in the banking industry in Albania by paying attention to the impact of women as directors and senior managers on the organization's performance, aiming to find out if there is a relationship between gender diversity and organization performance. For this research, the authors have studied all the banks currently operating in Albania (11 banks in total) for a period of five years (2018 to 2022). The data related to the performance of the banks was collected by the annual reports published on the websites of the banks. ROA, ROE, and Net Profit were selected as indicators to measure the bank's performance with the percentage of women on boards, the percentage of women as senior managers, and the percentage of total women employed used to measure gender diversity and the board size as a control variable. The use of the regression model suggested that a higher presence of women in top leadership positions may not have the expected positive impact on the financial performance of banks, potentially due to factors like cultural barriers or tokenism. However, a higher proportion of women in the workforce was positively linked to better financial performance, indicating that women's broader integration into the organization contributes to its success.

Key-Words: - Women directors, senior managers, Firm performance, Board of directors, corporate governance, gender diversity.

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1 Introduction

The social and economic development of the last decades implies that the board of directors plays an important role in the governance of large corporations [1] and it plays a critical role in providing strategic direction within the organizations [2]. In the last few years, many researchers have studied the effect that the composition of the board itself may have on the financial performance of the companies, [3]. The global movement toward gender equality, particularly in leadership positions, is increasingly supported by international frameworks like the United Nations 2030 Agenda for Sustainable Development and the World Bank's Gender Strategy 2024-2030. These frameworks emphasize the need for systemic changes to ensure women's active participation and leadership in all spheres of society, including economic sectors like banking and finance. Many authors, show that gender diversity on boards can improve financial performance by promoting corporate innovation, [4]. Other empirical studies have found that the presence of women on boards enriches the quality of board decisions by bringing in diverse perspectives, [5]. The diversity of the board of directors, such as gender diversity, may help them make a significant difference in corporate governance and improve the organization's performance in the future, [6]. However, there have been other studies, which findings have shown that there is no direct relationship between the presence of women on boards and the performance of the companies. Several researchers have discussed the negative and insignificant relationship between the presence of women as directors and organization performance in the past few years, [7], [8], [9], [10], [11]. Most of these researchers agree that the symbolic inclusion of a small number of women to create the appearance of diversity without offering them meaningful opportunities to influence or participate in decision-making (often called tokenism) undermines the potential positive impact of women on boards because it often relegates them to symbolic roles with little influence or real power.

However, other authors show that several European nations, like Sweden, Norway, and Spain, have been mandating businesses to have women on their boards, [12]. They cite Spain as an example, which has passed legislation mandating a 40% minimum level of female board presence since the end of 2015. Despite the many initiatives, recent statistics show that women in the company's boardrooms are still underrepresented. Globally, women hold only 19.7 percent of board seats, 6.7 percent of board chair, 5 percent of CEOs, and 15.7 percent of CFO positions while within financial services institutions, women hold 21% of board seats, 19% of C-suite roles and 5% of CEO positions in 2021, [13].

Accordingly, the topic of gender diversity is part of the corporate governance principles for banks (European Banking Authority—European Banking Authority Corporate governance studies focusing on the banking sector have provided evidence on how the performance of the banks may be affected by the composition and the characteristics of the boards of directors. These studies imply that more diverse management bodies can help improve decision-making by incorporating a broader range of views, opinions, experiences, perceptions, values, and backgrounds, [14]. EBA encourages measures that ensure a more balanced composition of management bodies in institutions.

In Albania, notable progress has been made towards gender equality, highlighted by the implementation of gender quotas for parliamentary representation and decision-making. However, a noteworthy disparity persists in the application of these measures, particularly within the Corporate Governance and Entrepreneurial landscape, [15]. Over the years, Albania has experienced significant cultural and attitudinal changes regarding the role of women in society. While the country has made strides in gender equality through legal frameworks and international commitments, traditional cultural attitudes and slow-moving corporate governance reforms continue to impact the representation of women in leadership roles. While there has been progress in recent years, women still represent a minority on bank boards and in executive management. Corporate governance practices within Albanian banks often prioritize experience in finance, where men have traditionally had more access to key roles and networks. Deep-seated cultural norms, regulatory gaps, and structural economic challenges continue to limit women's opportunities for leadership roles in the banking sector.

2 Research Rationale and Objectives

2.1 Research Aim and Objectives

Although efforts to promote gender diversity on the board have increased in the Albanian market compared with some European countries, Albania's Company Law and other laws have not paid much attention to gender diversity. Thus, whether gender diversity will influence the organization's performance in the Albanian market is a valuable and instructive topic, which may accelerate the process of emphasizing women directors on the board. Albania is a developing country and as such, the banking sector plays a significant role in its economic growth, stability, and development. Exploring issues of gender diversity in the banking industry in Albania by analyzing the impact of women as directors and senior managers in the organization's performance may lead to further initiatives for advancing gender diversity in banks and other organizations in the country.

This paper aims to examine the impact of the presence of women in the board of directors and in senior positions on the performance of the banks in Albania and answer the main research question:
What is the relationship between gender diversity and firm performance?

2.2 Research Contribution

This study contributes to academic and practice areas by linking gender diversity and gender characteristics to organizational performance. Most of the studies on the impact of gender diversity on firm performance focus on developed countries. To expand the research impact, the researchers have chosen Albania, a developing country with slow corporate governance development and poor legal and financial systems, [16]. The research will contribute to enriching the literature in developing countries and examining how the concepts of inclusiveness in corporate governance will fit into the Albanian culture and economic environment. In Albania, gender discrimination remains prevalent in the workplace, particularly in areas such as hiring, promotions, layoffs, and wage disparities. A prior investigation conducted by the European Banking Authority similarly concludes that there is a gender disparity within European credit institutions, [14]. This is consistent with the scope of our study in advocating for a more inclusive and diverse approach within the banking sector.

By exploring the impact of gender diversity on bank performance, this study will offer critical insights that can guide better business practices, contribute to industry-wide improvements, and support broader societal goals related to diversity and inclusion.

3 Research methodology

3.1 Research design and data collection

This study seeks to investigate the link between gender diversity and the financial performance of banks in Albania using a quantitative approach. Quantitative research encompasses a range of methods concerned with the systematic investigation of social phenomena, using statistical or numerical data, [17].

Compared with a qualitative approach, a quantitative approach will utilize data and keep participants at a distance, which makes it possible to explore more samples and be more objective, [18].

The regression analysis has been used as a quantitative research method to explain the values of the dependent variables (ROA, ROE, and Net Profit) as indicators of the firm's financial performance, based on the values of the independent variables (the percentage of women on boards, the percentage of women as senior managers and the percentage of total women employed in the banks).

The percentage of women on boards and women senior managers is commonly used by researchers to assess the impact of gender diversity, [19], [20]. This study, however, introduces an additional variable: the percentage of total women employed in banks, providing a broader perspective on the influence of gender diversity on the financial performance of banks in Albania. Additionally, the board size has also been used as a control variable in most of these studies.

Our analysis is based on both secondary and primary data collected from the 11 banks operating in the Albanian banking sector. Initially, this study included 55 observations in total for a period of 5 years (from 2018 to 2022). Since one of the assumptions of the regression model is that the variables follow a normal distribution and are free from outliers, extreme values were identified for the dependent variables which were excluded from the data. The data about the performance of banks and the participation of women in boards or leading positions was collected from the annual reports on the official website of each bank. To increase accuracy, this paper also screens some other reports and studies made for the banking industry in Albania.

3.2 Hypothesis Formulation

According to prior literature, the presence of women directors can be beneficial to companies and improve organizational performance. Compared with males, women have a higher likelihood to pursue long-term education and achieve higher education degrees [21], which makes it possible to gain the knowledge foundation for leadership. Some authors indicate that if the board of a company has women directors, the cash risk of this company can be significantly lower, [22]. Other authors believe that women are modest and risk-averse, allowing women to be better monitors on the board, [12]. Moreover, since women directors have different perspectives from male directors, the existence of women in senior positions can help improve the quality of decision-making on the board [23] and can positively impact the organization's performance [24]. Building on such insights from reviewed literature, this research explores whether a higher percentage of women directors, women in top management positions, and generally the high percentage of women employed would increase the organization's performance. To enrich the depth of the analysis and facilitate more robust and comprehensive conclusions regarding the various aspects of this study, the percentage of women employed in each bank was also considered as a key factor to be studied.

In conclusion, the present study aims to test the following three hypotheses:

H1: A higher percentage of women on boards has a positive impact on bank financial performance

H2: A higher percentage of women in managerial positions has a positive impact on bank financial performance.
H3: A higher percentage of women employed has a positive impact on bank financial performance.

3.3 Variables of the Research

With the aim of testing the set hypotheses, the researchers used ROA, ROE, and the logarithm of Net Profit, as financial performance indicators, measuring banks' ability to generate returns on their assets; the efficiency of banks in generating profits through utilizing the shareholder's and the bank's net profit.

ROA is calculated by dividing the company's net profit by the total assets, which shows the efficiency of companies in generating profits by utilizing the firm's assets. ROA can vary significantly between industries due to different asset structures and operational requirements, so in this research, the focus is on the banking industry to make it feasible for comparison.

ROE is calculated by dividing the company's net profit by shareholders' equity, suggesting the efficiency of companies in generating profits through utilizing the shareholder's investment. ROA and ROE will have the same results when the liabilities of the company are equal to zero. Therefore, the difference is an indication of the existence of liabilities.

The other indicator, Net profit, refers to the financial gain or loss that a bank has incurred over the year. It is a key financial metric that reflects the bank's overall financial performance after accounting for all revenues, expenses, taxes, and other financial activities. The logarithmic transformation of the Net Profit data was used to transform a highly skewed variable into a more normalized dataset. The reason ROA, ROE, and the logarithm of the Net profit have been chosen as dependent variables is that they are the most stable accounting-based performance indicators though they can just reflect the financial performance of a company, [25], [26].

Many researchers have used the percentage of women directors on boards and the percentage of women in top management positions (senior managers) as the main indicators to measure gender diversity, [27].

The percentage of women directors on the board was labeled as W_Board. The purpose of this article is to explore whether a higher percentage of women directors on the board will increase the performance of the bank.

The percentage of women in top management positions (senior managers) was labeled as W_SenMan and the purpose is to explore if a higher percentage of women in top management positions will increase the performance of the bank.

Finally, the percentage of women employed in each bank was labeled as W_Tot and the total number of the members of the board used as a control variable was labeled as Board_size.

Table 1 provides all the variables used in this research as well as their description and source.

Table 1. Description of variables used in the research

Variables	Description	Source
RoA	Net profit by total assets, as the profitability of bank assets	Annual Report
RoE	Net profit by total equity	Annual Report
lnNet_Profit	The logarithm of Revenue-total expense-total taxes	Annual Report
W_Board	Percentage of women on board	Annual Report
W_senman	Percentage of senior managers	Annual Report
W_Tot	Percentage of women employed	Annual Report
Board_size	The total number of the members of the board	Annual Report

4 Results of the Analysis

4.1 Descriptive Statistics

Table 2 illustrates the descriptive statistics of the dependent variables of the banks, including the mean value, standard deviation value, maximum value, minimum value, and skewness.

Table 2. Descriptive statistics of the dependent variables

	ROA	ROE	LnNet_ profit
Mean	0.838	9.24	13.55
Minimum	-1.12	-4.94	10.97
Maximum	1.88	19.37	15.12
Std. Dev.	0.101	5.42	0.897
Skewness	-1.012	-0.41	-0.90
Observation	51	48	49

Most of the banks, included in this research, generated a high positive return on their assets, with a mean ROA of 0.84%. The minimum ROA of -1.12

% suggests that some banks experienced periods of negative returns, possibly facing challenges in asset utilization. The standard deviation of 0.1% indicates a low level of variability in ROA across the eleven banks over the 5-year period.

There is a wide range in Return on Equity (ROE) among the banks, with a mean ROE of 9.24%. The negative minimum ROE of -4.94% suggests that certain banks faced periods of significant losses, affecting shareholders' equity. The higher standard deviation of 5.52% indicates diverse financial performance among the banks.

The wide range in Net profit from significant losses to substantial gains indicates varied financial outcomes among the banks. Applying a logarithmic transformation has helped normalize the distribution, making the data more suitable for regression analysis.

Table 3 illustrates the descriptive statistics of the independent variables of the banks, including the mean value, standard deviation value, maximum value, minimum value, and skewness.

The average percentage of women representation on boards is 18.9%, with a relatively high standard deviation of 14.8%, suggesting significant variability across the banks.

Table 3. Descriptive statistics of the independent and control variables

	W_Board			W_senman		
Mean	18.9	18.1	18.9	60.3	60.2	60.9
Minim.	0.0	0.0	0.0	37	37	37
Max	40	40	40	81	81	81
Std. Dev.	14.8	14.7	14.6	14.4	14.3	14.3
Skewn.	-0.05	-0.02	-0.07	-0.17	-0.30	-0.26
Observ.	51	48	49	51	48	49

	Board_size			W_Tot		
Mean	5.9	5.9	5.4	69.99	70.3	70.25
Minimum	5	5	5	54	54	54
Maximum	8	8	8	77	77	77
Std. Dev.	1.02	1.02	1.03	5.08	4.7	4.8
Skewness	0.4	0.29	0.4	-1.77	-1.77	-1.9
Observation	51	48	49	51	48	49

On average, nearly 60% of senior managers are women, with a standard deviation of 14.4%, indicating some variability but generally higher consistency compared to board representation.

The number of board members has a low variation between 5 and 8 members throughout the 5 years.

The mean of around 70% suggests a relatively high overall representation of women among employees. The lower standard deviation indicates more consistency in total women representation compared to board and senior management levels. While there is considerable variability in the percentage of women on boards, the representation of women in senior management appears to be more consistent across the observed companies. The overall percentage of women in all positions is relatively high, with less variability compared to board and senior management levels.

4.1 The Linear Regression

Several researchers have used linear regression to explore the relationship between gender diversity and financial performance across different sectors, including banking, [3], [7], [11], [27]. The use of linear regression for this research helps quantify the strength and direction of the relationship between gender diversity and financial performance and it also allows testing of the set hypotheses.

Table 4, Table 5 and Table 6 show the results of the regression models set for the three dependent variables separately. Model 1 reflects the results of the linear regression while in Model 2 the mixed linear regression model was used in order to see random effects which do not stand out from the first model used, without these effects.

Table 4. The results of the regression for ROA

	Dependent Variable: ROA			
	Model 1		Model 2	
	Coeff.	S. E	Coeff.	S. E
Constant	-5.589^{***}	1.167	-5.632^{***}	1.393
W_Board	-0.009^{*}	0.005	-0.014^{**}	0.006
Board_size	0.163^{**}	0.078	0.168^{*}	0.089
W_senman	-0.009	0.006	4.242^{**}	-0.006
W_Tot	0.089^{***}	.016	0.087^{***}	.019
Observations	51		51	

****p-value< 0.01; **p-value <0.05 *p- value< 0.1*

Table 5. The results of the regression for ROE

	Dependent Variable: ROE			
	Model 1		Model 2	
	Coeff.	S. E	Coeff.	Std. Error
Constant	-38.69^{***}	11.46	-41.035^{***}	12.895
W_Board	-0.016	0.048	-0.014	0.051
Board_size	1.127	0.703	1.215	0.751
W_senman	$-.122^{**}$	0.048	-0.132^{**}	0.054
W_Tot	0.694^{***}	0.148	0.730^{***}	0.166
Observations	48		48	

****p-value< 0.01; **p-value <0.05 *p- value< 0.1*

The linear regression's assumptions of linearity, homoscedasticity, and independence have been checked. To evaluate the Goodness of Fit the researchers used the p-value for the slope ($\beta1$) to test whether the relationship between X and Y is statistically significant while the models were also checked for the presence of multicollinearity.

Table 6. The results of the regression for lnNet Profit

	Dependent Variable: lnProfit			
	Model 1		Model 2	
	Coeff.	S. E	Coeff.	S. E
Constant	4.261***	1.196	4.146**	1.655
W_Board	-0.015**	0.006	-0.016**	0.007
Board_size	0.301***	0.086	0.320***	0.101
W_senman	0.011*	0.006	0.014*	0.008
W_Tot	0.101***	0.016	0.099***	0.022
Observations	49		49	

****p-value< 0.01; **p-value <0.05 *p- value< 0.1*

The results of the regression model show that the percentage of women on the boards is negatively related to the performance of the banks (for all the three dependent variables used; ROA, ROE, and lnNet profit). This variable is statistically significant at the 5% confidence level for the lnNet_Profit regression, but it shows as statistically not significant when ROE is used as a dependent variable. *The hypothesis that a higher percentage of women on boards has a positive impact on bank financial performance is therefore rejected.*

The same applies to the percentage of women in senior positions. The regression results indicate that there is a negative significant relationship between the percentage of women on boards and the indicators of the financial performance of banks. These results are statistically significant at the 5% confidence level for ROE but do not prove to be statistically significant at the same confidence level for the two other variables (ROA and lnNet_Profit). *The hypothesis that a higher percentage of women in managerial positions has a positive impact on bank financial performance is therefore rejected.*

The regression shows a positive relationship between the percentage of women in total and the performance of the bank, and this applies to all dependent variables used (ROA, ROE, and lnNEt_Profit) suggesting that a higher overall percentage of women in the organization is associated with higher RoA, ROE, and Profit. *This relationship is significant at the 1% confidence level and is consistent with the hypothesis that a higher percentage of women employed has a positive impact on bank financial performance.*

The total number of board members (Board_size), used as a control variable, is positively related to the third indicator used (lnNet_Profit) statistically significant at a significance level of 1%, statistically significant at different levels of confidence for each model for ROA, but not statistically significant when ROE is used as a measure of performance.

5 Discussion and Analysis

Based on the results of the linear regression, the hypothesis that a higher percentage of women in boards or in senior manager roles has a positive impact on bank financial performance has been rejected in spite of the initial expectations. Other researchers have also reported widely varying results regarding this relationship. The high percentage of women as senior managers had a positive relationship with the bank's net profit in the CS Gender 3000 study of the Credit Suisse Research Institute in 2016. A research made on the Madrid market for 68 companies from 1995 to 2000 revealed that the percentage of women directors has a significant and positive relationship with firm performance, [28]. In contrast, other researchers found that after the minimum percentage of women directors was set for companies in Norway, firm performance started to drop, showing a negative correlation between the percentage of women directors and firm performance, [29]. Other authors have found that the relationship between gender diversity and firm performance would change with the increase or decrease of the percentage of women on the board, [25]. In that case, if a study tries to explore the linear relationship between the proportion of women directors and firm performance, the result might be that there is no link between them. Other authorswho studied the relationship between the percentage of women directors and firm performance with ROA and ROE found no relationship between them, [20].

Some authors believe that the environment in companies makes it impossible for women directors to contribute to the firm's performance, [10]. For example, when the board is still dominated by men the role of women directors may not be significant in this environment, [30]. In this case, the voice of women directors, the minorities on the board, might be hard to hear, and the decisions might not be accepted when women directors are regarded as tokens, [31].

Additionally, the power to run the monitoring function has a positive relationship with the percentage of board members on the board, [32]. Therefore, the proportion of members on the board may affect the way they influence decision-making and control. In this study, the mean percentage of women directors on the board is even less than 20%, indicating that women directors in this sample may be minorities, whose influence may be weak on the board, [33]. The controversial results on this topic may have a relationship with the time scope, countries, industries, economic environment, and variables in the research. It means that in different countries or industries, with different periods and different indicators, the relationship between board characteristics and organization performance will be different, [33].

In companies with higher levels of inside ownership, the women directors will have high efficiency and be much more powerful in influencing organization performance, while in companies with higher board independence, the relationship between women directors and organization performance may be insignificant, [22]. So, the result of the research on this topic may depend on the sample and variables the researchers choose.

Other studies suggest another explanation for these results implying that there might be a process of socialization where women might have adopted the behavior and norms of the conventional board members(men) and this could be due to them being tokens rather than a balanced group leading to gender diversity negatively and significantly affecting financial performance, [34].

In summary, the rejection of the first two hypotheses could be explained by factors such as tokenism, poor board dynamics, structural or cultural resistance to change, which prevent a genuine impact of women's representation on boards. The lack of real influence or participation may prevent meaningful change or innovation that could enhance company performance. These barriers might obscure any positive relationship between gender diversity and company performance. To truly unlock the potential benefits of diversity, companies would need to address these underlying issues and ensure that women on boards are given real influence, active roles, and the necessary support to shape strategic decisions.

In contrast to the first two hypotheses, the results of the regression model were consistent with the third hypothesis suggesting that a higher percentage of women employed has a positive impact on bank financial performance. In comparison to the boards of directors and the higher management roles, women employed in banks in Albania represent around 70% of the total employees. Their contribution to the general performance of the bank is consistent and well established and gender diversity is naturally integrated into the organizational structure. In this environment, they can unlock their full potential, and foster creativity and innovation without any of the above-mentioned barriers.

6 Conclusions, Practical Implications and Recommendations for Further Research

6.1 Conclusions and Practical Implications

This article explores the impact of gender diversity on the overall performance of the banks in Albania from 2018 to 2022. The analysis of the linear regression model reveals nuanced findings regarding the impact of gender diversity on the financial performance of banks. The hypotheses proposing that a higher percentage of women on boards or in senior managerial roles positively influence bank performance were rejected. Contrary to expectations, the results show a negative relationship between the percentage of women on boards and financial performance indicators, specifically for ROA, ROE, and Net Profit. This suggests that the presence of women in top leadership positions might not be as impactful in improving performance as initially hypothesized, possibly due to cultural barriers and other factors such as tokenism or underrepresentation on the boards.

The hypothesis related to the percentage of women employed in the entire organization, however, was supported. A higher overall percentage of women in the workforce was positively associated with better financial performance across all indicators (ROA, ROE, and Net Profit). This supports the idea that when women are more integrated into the overall structure of the organization, without the constraints of marginalization, they can significantly contribute to its success.

The findings align with mixed results from previous studies, which show that the relationship between gender diversity and firm performance can vary depending on the context, such as the level of influence women hold, the organizational culture, and the methodologies used in different studies. The study also underscores the importance of creating an inclusive environment where women can fully participate and contribute to decision-making, as opposed to being token representatives in leadership positions.

Thus, while increasing the representation of women in top leadership roles does not appear to directly enhance bank performance in this study, the overall employment of women across the organization shows a positive and meaningful impact. To fully harness the benefits of gender diversity, further steps must be taken to ensure that women are genuinely empowered to influence strategic decisions and contribute to innovation within the organization. This would require overcoming barriers and improving board dynamics to allow women a more substantial role in shaping the future direction of the organization.

Our findings resonate with other studies shedding light on the prevalent gender disparity within European credit institutions, urging the imperative for banking institutions to adopt measures that foster a more balanced composition in both board and managerial structures. This underscores the pertinence of our study in advocating for a more inclusive and diverse approach within the banking sector, mirroring the urgent call for change voiced by authoritative bodies in the field.

However, gender diversity is one of many factors that contribute to long-term success, and its impact might be contingent on other variables such as organizational culture, leadership quality, industry type, and the depth of gender diversity in the leadership structure. By considering these contextual factors, we can conclude that while gender diversity alone may not guarantee improved performance, it is a critical piece of the puzzle in fostering a more innovative, inclusive, and adaptable organization. As such, its long-term impact on performance can be maximized when complemented by supportive leadership, inclusive practices, and a commitment to equal representation at all levels.

Some practical recommendations would be for the banks in Albania to establish mentorship and sponsorship programs to support the career development of women in the banking sector. Senior leaders should be encouraged to mentor female employees, helping them navigate career advancement and leadership opportunities. Additionally, they can provide leadership training programs that specifically focus on developing the skills and competencies of women in banking. These programs should cover areas such as decision-making, strategic thinking, financial management, and negotiation. Training HR managers and decision-makers on unconscious bias and ensuring that recruitment, promotion, and performance evaluation processes are gender-neutral may be another useful action. At the same time, policymakers in Albania may encourage gender diversity reporting and transparency. They can also promote and support research and data collection on gender diversity in banks.

6.2 Limitations and Recommendations for Further Research

This research is subject to some limitations, and recommendations are provided to enhance its quality. This study is based on data from 11 banks in the banking sector in Albania, for five years (from 2018 to 2022). Since this is a very specific sector, the results might not apply to other industries, or at least not without considering important variations. For further study, more industries can be explored to evaluate whether the impact of gender diversity on firm performance varies with industries, and a larger scope of data is recommended to minimize the influence of extreme data.

Moreover, this study does not employ characteristics of board members, which are important and can be analyzed in the future, such as age, education level, policy background, work experience, and family relations in the company, which may help empirical results be more accurate and effective.

Finally, this study measures firm performance using only financial indicators and does not consider non-financial performance. Considering the increasing demand for sustainability reporting, further studies can select the proper indicators for the measurement of a firm's non-financial performance.

Declaration of Generative AI and AI-assisted Technologies in the Writing Process

During the preparation of this work the authors used Grammarly in order to review the spelling and grammar of some parts of the paper. After using this tool/service, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

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