

ABSTRACT

This study aims to analyze the female director representation on boards of non-financial listed companies in Pakistan and effects of their presence on financial decisions and monitoring of company. Long term and total debt ratio of companies' used as proxy for analyzing financial decision taken by board of directors. Agency costs proxies- free cash flow, asset utilization and asset liquidity ratios – reflect the level of monitoring in public listed companies. Firm specific factors i.e. firm size, board size, leverage, profitability, growth opportunities, non-debt tax shields, operating volatility, asset structure are used in empirical analysis as control variables that affect capital structure and agency costs of firms. Information of Board of Directors is obtained from websites and audited annual reports of companies for the period 2010-2017. The sample consists of 241 non-financial listed companies in Pakistan from 2011 to 2017. The effects of women director representation on debt level and agency costs are analyzed using Difference Generalized Method of Moment. The empirical findings show that female director presence tend to reduce long term debt of firm. However, effects of gender diversity on total debt level is found insignificant. Female director presence on Pakistani boards implies higher agency costs in terms of free cash flow. Asset utilization and liquidity ratios reveals lower agency costs in case of gender diverse boards. However the results of these proxies turned insignificant in some models. The study highlight role of women directors in corporate sector. The research findings will assist those are charged with appointing board of directors of companies.