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The Moderating Role of Board Gender Diversity on the Nexus Between Corporate Liquidity and Dividend Policy: Evidence From Brics

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ABSTRACT

Corporate liquidity plays a crucial role in determining a firm's ability to distribute dividends. Board gender diversity, as a key corporate governance mechanism, has the potential to enhance decision-making, reduce agency conflicts, and promote shareholder interests, which may in turn strengthen the relationship between liquidity and dividend payouts .This study investigates the moderating role of board gender diversity on the relationship between corporate liquidity and dividend policy in BRICS countries.. Drawing on agency theory, the research examines how internal corporate governance mechanisms, particularly gender diversity on boards, influence financial decisions in non-financial manufacturing firms. Using panel data from 2012 to 2023 for BRICS region, regression analysis is applied to test the proposed hypotheses. The findings reveal that corporate liquidity significantly affects dividend policy in some BRICS nations (positively in Russia and India, negatively in South Africa, China and Brazil), while board gender diversity exerts varying influences. Gender-diverse boards significantly moderate the relationship between liquidity and dividends in BRICS countries, either by enhancing or mitigating liquidity's effect. These results suggest that corporate liquidity and board composition interact differently across national contexts due to varying institutional, economic, and cultural settings. The study provides valuable insights for policymakers, corporate leaders, and investors by highlighting the importance of

board structure and internal governance in shaping dividend decisions in emerging economies.
Keywords: Corporate liquidity, dividend policy, board gender diversity, BRICS countries, Agency theory and non financial firms.

INTRODUCTION

Since Miller and Modigliani's time, dividends have been the subject of considerable academic research and pragmatic discussion. Typically, dividends are amount of money paid to holders based on their proportion of the company's shares. (Anssari and Al Sabti, 2022).A corporate dividend policy aims to ascertain the amount of profits distributed to shareholders and the profits retained by the organization. Corporation can generate cash flow for its investors without having to sell shares, people on fixed incomes have historically bought stocks in companies that pay out relatively substantial dividends. Griffin,C.H.,et al. (2010).When determining dividend payouts, companies need to consider various factors, including the need for funding, retaining earnings for future investments, the firm's liquidity, and stakeholder expectations, among other relevant elements (Brigham & Gapenski, 1996). Furthermore, research by Jiang et al. (2017) and Banerjee et al. (2007) points to stock liquidity as a significant factor influencing dividend policy.

Maladjian (2013:) defines dividend policy as a framework for making payment and retention choices about dividends. Companies make their dividend policy decisions through the process of deciding both dividend payments and retaining funds (Maladjian, 2013). Baker (2009) refers to Maladjian (2013:p.14) who explains dividend decisions operate as funding choices determining how much revenue a business pays out to shareholders versus keeping for reinvestment.

Dividends are included in the group of short-term debt as the repayment period is less than 1 year. A dividend, by its essence, requires the utilization of cash belonging to the company and therefore a company cannot pay dividends where it does not have adequate cash. Companies with the ability to meet their short-term liabilities are referred to as liquid corporations. A good equity in the hand of a company has the ability to have a better ability to pay its dividend. Companies in good profitability and liquidity have a large opportunity to pay sufficient dividends.

The dividend payout ratio serves as a key financial ratio for assessing dividend strategies within a company. The Dividend Payout Ratio provides better insights into opportunistic managerial decisions because it compares profit distribution to shareholders as dividends and profit retention by the company (Garrett & Priestley, 2000; Pattiruhu & Paais, 2020). Referring to the clarity of information and the occurrence of conflicts or not between management and shareholders, it was found that there is a relationship between liquidity and dividend payments where the current ratio affects the smooth payment of dividends (following, Jiang et al., 2017).

Dividend policy has a significant influence on sustainable development and growth of modern companies because it has a direct impact on the investment attractiveness

for shareholders, the company's reputation, as well as on the current and future value of the company. A company's policy regarding the payment of dividends to its shareholders is important for many reasons. First, it shows how attractive the company is for investment. Second, the size and form of dividends affect the market capitalization of the company. Third, the dividend policy is closely related to the financial stability of the company, and also shows its future position in the market. Many different factors influence the dividend policy of companies, for example, the financial indicators of the companies (liquidity, the amount of earned net profit), life cycle stage, the cost of capital, the economic situation in the country, and so on. However, it should be noted that the corporate governance of companies plays an important role in making decisions about the distribution of profit.

Liquidity is one of the indicators that reflect the ability of a company to meet its current liabilities (Kasmir, 2019; Ningsi, 2021). Dividends are included in the category of short-term debt, because the repayment period is less than 1. Dividends use cash owned by the company, so the company must have enough cash to pay dividends. Companies that can pay all their short-term debts are said to be liquid companies. A good equity owned by a company has the potential to have a better ability to pay dividends.

A liquid organization needs to transform its assets into cash to fulfill both debt payments and other financial obligations. Investors seek companies with current and future liquidity to get certainty about smooth dividend distributions (Ahmed, 2015). Organizations that pay dividends experience higher stock market liquidity which directly impacts their probability of initiating dividend payments. Increases in shareholder power to act as dividend payers would boost the relationship between dividends and liquidity since managers would pay dividends as a response to shareholder liquidity requirements (Igan et al., 2006). Companies benefit from increased liquidity which leads to an association between dividend payments and shareholder access. The relationship between stock liquidity and dividend amounts exhibits a direct link according to Griffin (2010).

Corporate Liquidity (CL) is a company's ability to quickly access cash or other liquid assets to pay its short-term bills and obligations (Chang et al., 2022). Given that dividends are often paid out of retained earnings or profits that have accrued over a specific time period, corporate liquidity is a significant factor in determining dividend policy (Acikgoz et al., 2018).

Businesses that have better stock liquidity pay out dividends at a higher pace than those that have lower stock liquidity, according to Jiang et al. (2017). When there is more opacity in the information environment or when dominant owners are more likely to restrict the rights of minority shareholders, this relationship is more evident. Generally speaking, stock liquidity may reduce the agency problem between majority and minority owners by reducing knowledge asymmetry.

Gender diversity means the opportunity and fair representation of males as well as females within the corporation. Due to the objective of safeguarding shareholders' goodwill, shareholders with the support of regulatory and legislative

bodies have stepped up the pressure on firms for higher board gender. Since 1997, shareholders have submitted over 250 proposals for improving representation of women on corporate board and more than 30 of these were presented in 2013 alone (Marquardt and Wiedman, 2016). Gender diversity therefore means the availability of appropriate female or male representation in the corporation. According to the study, the board representation of women in the large and mid-cap firms (MSCI Index) was pegged at 25.8% in 2023, slightly higher than the previous year.

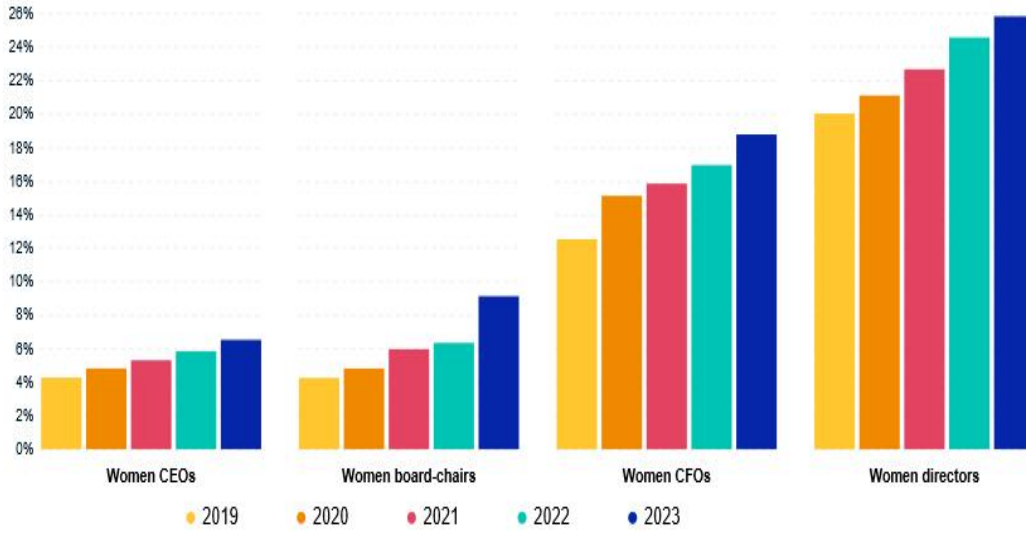

Figure 1.1: : Board gender diversity

Female directors also contribute to the boardroom with their different perspectives; diversified opinions improves the board's performance and the process of decision-making (Nielsen and Huse, 2010, Simionescu et al., 2021).Previous research shows that gender diversity on the board facilitates more rational decision-making and strengthens the tendency to advance shareholder interests by accounting for agency issues. As a result, larger dividend payout ratios and higher odds of dividend initiation are observed.

BRICS is an intergovernmental group consisting of these five countries. The term was originally created as "BRIC" (without South Africa) in 2001 by economist Jim O'Neill from Goldman Sachs, who predicted that by 2050, these economies would dominate the global market. South Africa joined in 2010, completing the group as BRICS. Together, these nations cover about 30% of the world's land area and represent 45% of the global population. South Africa is the largest economy in Africa, while Brazil, Russia, India, and China rank among the top ten countries globally in terms of population, land size, and both nominal GDP and purchasing power parity. BRICS is often seen as the main geopolitical competitor to the G7, with its member countries driving about 30% of global GDP and contributing nearly half of the world's economic growth (Oliyide et al., 2024). The BRICS nations play a crucial role in the global economy, largely due to their vast land areas, large populations, and significant trade volumes (Larionova & Shelepov, 2022). During the 2008 financial crisis, these countries contributed 15% to the

world's GDP (Huang et al., 2021) and were instrumental in driving the global economic recovery by promoting financial stability. BRICS is now emerging as a major force in global trade and investment, with strong potential for further economic growth (Diko & Sempijja, 2021). These countries have established themselves as an important economic bloc, increasingly influential in the world economy. Arora and Kaur (2019) suggest that by 2050, BRICS nations may experience real GDP growth surpassing that of the G7, positioning them as key players in global trade and finance. As their economies grow, the BRICS financial markets are becoming more attractive to international investors, steadily evolving into a vital part of the global investment landscape (Xianfang & Chen, 2024).

REVIEW OF LITERATURE

THEORETICAL LITERATURE

Dividend policy can be defined as the policy a firm uses to decide how much it will pay to shareholders in dividends (Ranti, 2013).

Dividend policy has been studied by two schools, and both have different opinions on it. According to the first school of thought, dividends have no effect on the value of the company, so they are not important. They believe that higher dividends to shareholders result in lower capital. It was Miller and Modigliani (1961) that established this school. Those who think that dividends are important because they raise the value of the company belong to the second school. The founders of this school were Gordon (1959) and Holder et al. (1998).

According to the pro-dividend approach, firms that distribute higher dividends tend to be valued more highly by the market than otherwise similar firms that retain a larger share of their earnings. Gordon's (1959) classic dividend relevance theory suggests that investors place greater value on a certain dollar of dividends today than on uncertain future capital gains. This reasoning is further supported by agency theory (Jensen & Meckling, 1976), which argues that distributing cash to shareholders reduces the amount of free cash flow available to managers thereby limiting their discretion and encouraging more disciplined and efficient decision-making. In addition, the signaling theory (Bhattacharya, 1979; Miller & Rock, 1985) proposes that dividend payments serve as an important signal of firm strength, where a decision to pay dividends is interpreted by the market as a positive indicator of the firm's profitability, stability and future prospects.Dividends are considered an information signal of firm performance to financial markets where regular dividends is an indicator the firm is doing well (Al-Amarneh &Yaseen, 2014). Similarly, (Naser et al, 2013; Abu Manneh, 2014) suggested that dividend policy is considered important signal of company's prospect of stability and growth, and eliminating dividends is a signal of poor firm performance. Particularly, the dividend principle assumes that the firms have to return the generated cash to the shareholders as dividends when there are no investments opportunities (Almeida et al., 2015).

The “anti-dividend” approach is characteristic of the asymmetric information theory and the agency cost of debt theory. According to Myers (1984), in conditions of a high level of information asymmetry, firms should finance their activities first of all with retained earnings, which may result in no or a relatively low amount of dividend payment. If levels of information asymmetry decrease, managers can access external financing at a lower cost when needed, and accordingly, they will pay dividends rather than retain profits. In the case of an increase in agency cost of debt, a reduction in dividend payments can be expected too. Higher probability of bankruptcy of the company also reduces the tendency to share profit with shareholders. Managers of public corporations can respond to financial distress with rapid and aggressive dividend reductions (DeAngelo and DeAngelo, 1990). Creditors can retain control rights over corporate pay-out policies as a solution to the agency costs of debt (Brockman and Unlu, 2009). Aivazian et al. (2003) revealed that dividend pay-outs in emerging and developed markets are affected by financial constraints.

The emerging markets are more sensitive to financial constraints, thus resulting in lower dividend pay-outs. However, the free cash flow hypothesis implies that managers tend to invest the free cash flow in negative net present value (NPV) projects instead of paying it out to the shareholders in form of dividends where the free cash flow is defined as “cash flow left after the firm has invested in all available positive NPV projects.” (Jensen, 1988; Lang &Walkling, 1991). Furthermore, (Sindhu, 2014) indicated that the free cash flow hypothesis considered dividends as a way to prevent managers from investing the free cash flow in size increasing but non profitable projects

According to Agency theory managerial and shareholder relationships lead to company conflicts. Owners and managers have different information that causes shareholders to doubt management's ability to use future cash correctly. Agency Theory proposes several ways to resolve agency problems including dividends, debt financing, compensation with stock options and appropriate board member selection (Jensen, 1986). Agency theory explores the relationship between managers and shareholders to explain why companies decide on paying dividends. By limiting managers' funds through dividends agency conflicts decrease according to Jiraporn et al. (2011). Jensen (1986) explains that companies issue dividends to align their managers' interests with shareholders and minimize agency costs. According to Easterbrook regular dividend payments encourage companies to seek external funds from investors to prevent agency problems by forcing firms to interact with capital markets more regularly.

According to the agency literature boards act as first-line monitors to unite management interests with shareholder expectations (Boumosleh & Cline, 2015; Bathala & Rao, 1995). According to La Porta et al. (2000) they show how board effectiveness creates two ways to examine dividend policy connections. A study shows that weakly managed companies use dividend payments as one way to create a good governance profile.The presence of an operational board helps shareholders

lower their future investment expenses by implementing strong governance practices. When diverse boards effectively monitor performance they choose control measures instead of using paid dividends to boost credibility. The research shows that companies use their board members as an alternative solution to dividends to protect shareholder interests. Companies with diverse boards of directors produce superior governance results that benefit shareholder protection. With this power shareholders can force managers to pay higher dividends instead of using the excess cash for personal benefits (Adjaoud&BenAmar, 2010). Companies that use a varied board structure increase their likelihood of paying dividends and this approach fits well with traditional dividend strategy. Boubakri et al. showed in 2013 that effective boards reduce agency costs when managers have discretion over cash flow by limiting their power.

EMPIRICAL LITERATURE REVIEW

The effects of stock liquidity on firms' management decisions have attracted increasing attention of scholars in recent years, the impact of stock market liquidity on firms' dividend policies. While synthesizing the recommendations of these studies, the findings are ambiguous. Market microstructure, conversely, show investors result to trading costs by investing in stocks with higher levels of liquidity. The traders' costs are assumed by the shareholders and if they are willing to make a price cut for an immediate trading then they are able to do so or else they are able to wait for the subsequent optimal trading execution. Firms that provide dividends enable investors to meet their liquidity requirements with minimum trading. That is why, firstly, owing to the fact that using dividends is cheaper compared to the trading commissions for selling stocks and, secondly, as '),'(p. Dong et al., 2005; Lee and Yoon, 2017). According to Banerjee et al (2007) study also finds that firms with lower trading volume and a higher proportion of non trading days are more likely to pay dividends (and vice-versa). When investors own shares with high liquidity they can readily sell their shares at a fairly cheap price and in the shortest possible time and this they may not need the cash dividend to provide for their needs. Also, when liquidity increases, the set of NPV positive projects that the firm can undertake is widened because the cost of capital has been reduced (Amihud and Levi, 2018; Becker-Blease and Paul, 2006; Im et al., 2022). Informational effects can be concluded form the liquidity (Jiang et al., 2017). When informed traders possess a relatively higher level of information advantage, they will prefer to hold more cash because it will be easier for them to apprehend private benefits than when the cost of private benefits is high (Leuz et al., 2003; Stiglitz, 2000). However, due to increased transparency caused by trader information asymmetry, insiders' activities are usually noticeable (Petrasek, 2012). Therefore, stock liquidity may have an informational role, which improves the a firm `s level of transparency. Furthermore, reinvesting the excess earnings, instead of distributing it to outsiders gives the insiders some wrong signal which results in their reputation being negatively affected by this lack of implied constraint on expropriation (Gomes, 2000). This leads

to an increment of the cost of expropriating retained earnings in the organization.

Therefore the relationship between insiders' dividend net benefit and stock liquidity strengthen the insiders ability to provide dividend (La Porta et al., 2000). This is also expected to enhance stock liquidity since stock liquidity could also help determine the dividend payout through enhancing overall company performance. Huang et al (2020) provides a mechanism to show that there exists a positive link between stock liquidity and firm value.. In the Market microstructure theory, it is believed that with increasing stock liquidity, there is a reduction in the information gap. In these emerging markets, where information asymmetry is high, the impact of stock liquidity towards reducing information asymmetry difference compared to developed markets which have comparatively low information asymmetry (Bakri et al., 2020). With this in mind, it can be assumed that the factor which underlies the positive link between the shares' liquidity and the tendency to pay dividends is a high level of information asymmetry. Hu et al. (2020) asserted that high liquidity results to high dividend pay-outs and that the mechanism through which low dividend pay-outs and weak creditor rights protections are substitutes is the reason behind it.In line with the liquidity cost hypothesis, a negative relationship between a firm's stock liquidity and its dividend pay-out propensity has been confirmed in the research conducted by Banerjee at el. (2007) in the U.S. stock market, Griffin (2010) in Canada, Mexico, and Brazil, and Farooq and Seffar (2012) for the MENA stock exchanges. Lai et al. (2020), using a sample of 311,849 firm-year observations in 52 countries between 1992 and 2016, find a negative association between stock market liquidity and dividends. It is interesting that these results are stronger in countries with better legal institutions and weaker for firms with financial constraints. Some studies have not confirmed a statistically significant relationship between liquidity, expressed either by turnover or by the Amihud (2002) illiquidity ratio, and the decision to make a dividend payment. Such a situation was observed for the Polish stock market between 2000 and 2012 (Gniadkowska-Szyma´nska, 2017). This relationship was also studied by Taher and Al-Shboul (2022) in the US market. According to their results, higher dividend payouts adversely affect stock liquidity and low dividend payouts lead to an improvement in stock liquidity. Low dividend payments have a stronger impact on increasing stock liquidity than the impact of high dividend payments on reducing stock liquidity. This means that the information conveyed by the distribution of low and high dividends differently affects stock liquidity as high and low dividends attract investors differently. There are two conflicting hypotheses on the effect of stock liquidity on dividend policy. The second hypothesis (the liquidity cost hypothesis) derived by Banerjee et al. (2007) from Miller and Modigliani (1961) dividend irrelevance theory assumes a negative association between stock liquidity and dividend policy. Less liquid shares make it more difficult to get a costless homemade dividend, so investors should demand higher dividends for stocks with low liquidity. The first hypothesis (the hypothesis on the information content of liquidity) assumes a relationship between stock liquidity and dividend pay-outs being positive. High stock liquidity may

alleviate the adverse effects of information asymmetry between insiders and outsiders, thus leading to an increase in the cost of expropriating retained earnings, and increasing the net benefit of paying dividends (Jiang et al., 2017). Synthesizing all above considerations.We hypothesize as follows:

H1: There is a positive relationship between corporate liquidity and dividend policy.

H2: There is a negative relationship between corporate liquidity and dividend policy.

Female directors are regarded as strong monitors, reinforcing shareholder rights and pressuring managers to distribute more dividends..These studies collectively suggest that female directors are more likely to address corporate governance issues by improving efficiency and promoting shareholder interests .The studies reviewed suggest that gender diversity brings a wide range of viewpoints, leading to more informed decisions that benefit shareholders and help resolve agency problems. (Ain et al., 2021). Therefore, from a team-level perspective, it can be inferred that greater diversity on boards is positively correlated with increased dividend payouts. Disperse ownership contexts require dividends as per agency theory to reduce the agency conflicts between shareholders and managers. Managers provide dividends to shareholders for both the return of corporate earnings as well as the reduction of free cash flows that might be misused for private benefit extraction. Through dividends companies establish market discipline because managers must obtain funding from outside investors through the financial markets. The mechanism of distributing dividends proves effective in reducing agency conflicts between powerful shareholders and minority stakeholders because it works in environments marked by concentrated ownership and inadequate investor protection plus feeble governance. Establishing a good reputation through dividends allows dominant owners to obtain external funds in the future which functions as an alternative to better legal protection.

The board of directors controls a firm's payout policy through monitoring tasks according to Farinha (2003) and Hu and Kumar (2004). Female directors enhance board effectiveness by minimizing costs from principal-agent conflict while providing better minority shareholder protection through enhanced monitoring roles. The research of Adams and Ferreira (2009) shows female directors maintain better attendance records at board meetings and show stronger preferences for monitoring committee participation than male counterparts. Boards become stronger at controlling and creating strategy through expanded diversity because more varied teams decrease automatic agreement with management and provide broader knowledge and generate faster innovative solutions (Basco & Voordeckers, 2015; Tuggle, Schnatterly, & Johnson, 2010). Research by Pucheta-Martínez and Bel-Oms (2015) together with McGuinness et al. (2015) as well as Byoun et al. (2016) reveals that board diversity creates stronger effects on dividend policy for companies experiencing high free cash flow agency problems since diverse boards resolve conflicts between corporate insiders and external investors.

Stakeholder theory argues that firms should consider the interests of all stakeholders — not just shareholders — when making decisions to maximize overall firm value (Freeman, 1984). This is because a firm's long-term success depends on the cooperation and support of its various stakeholders, who provide essential resources such as capital, labour, regulation, and legitimacy (Hill & Jones, 1992; Galbreath, 2016). Consequently, dividend policy should not be viewed solely as a mechanism to maximize shareholder wealth, but rather as a policy that also reflects the firm's responsibilities towards a broader group of stakeholders (Ben-Nasr, 2015).Stakeholders can include shareholders, employees, lenders, customers, communities, and the government essentially, any individual or group that can affect or is affected by the firm's operations (Freeman, 1984). Within this framework, the growing pressure on firms to increase female representation on corporate boards partly to reduce free cash flow concerns that directly relate to dividend policy has mainly come from shareholder activists and institutional investors. Women directors are often associated with stronger stakeholder engagement and are thought to pay greater attention to the needs of different groups (Miles et al., 2006), thereby helping firms better understand and respond to stakeholder expectations (Galbreath, 2016).In emerging markets, the government frequently plays a dual role, not only regulating firms to ensure stakeholder interests are protected, but also acting as a direct stakeholder through ownership positions in many companies. This makes stakeholder considerations particularly salient in these contexts, and reinforces the relevance of board gender diversity including its potential impact on dividend policy as part of firms' broader stakeholder management strategies.

The gender socialization theory applies sociological and psychological elements to explain fundamental gender differences which lead to variations in female director conduct. Research indicates that females usually exhibit traits such as sympathy and receptiveness as well as caring and cooperation (Kim, Roden, & Cox, 2013). The interactive and participatory leadership approach of females enhances board performance when dealing with complex and unpredictable situations (Bettinelli, Del Bosco, & Giachino, 2019). The leadership style of women emerges social and stakeholder-oriented because of their character traits including benevolence combined with universalism along with rule compliance and ethical conduct and empathic nature (Malik, Nowland, & Buckby, 2021; Sun, Dutta, Zhu, & Ren, 2021). The inherent feminine characteristics of women directors tend to increase their focus on stakeholder requests which should lead gender-diverse boards to be responsive to dividend payments demanded by stockholder minorities. Various perspectives and theories demonstrate how female directors have significant impact on monitoring duties with their ability to provide legitimacy and signal company directions while being aware of entire stakeholder needs. This strengthens evidence for their influence on dividends and supports a positive relation between board gender diversity and payout ratios.

When the proportion of women on a board falls below a certain threshold, those women are often forced to navigate masculine norms and male-dominated

decision-making processes regularly. This dynamic can diminish or even negate the potential influence of gender differences in financial policies. Previous research on critical mass suggests that these underrepresented women often become “out-group” members, who tend to stay in the background and refrain from voicing their opinions and ideas (Saggese, Sarto, & Vigan`o, 2021). In such cases, female directors may simply serve as symbolic figures, with little power to challenge established behaviors or decisions, due to their limited visibility, authority, and legitimacy. Furthermore, women in such minority positions might not adhere to expected gendered behavior; instead, they may mimic male behaviors in order to gain acceptance within the male-dominated corporate culture. Derks, Van Laar, and Ellemers (2016) suggest that women in organizations where most leadership roles are occupied by men might imitate rather than disrupt the prevailing gender hierarchy (the “queen bee” phenomenon). Instead of contributing to greater diversity, they may adjust their self-presentation to conform to the masculine organizational culture. In the context of dividend policy, when the representation of female directors falls below this critical mass, they may simply mirror the perspectives of their male counterparts.

However, once gender diversity reaches a certain threshold, the influence of female directors becomes more impactful. Traits such as risk aversion, a conservative financial approach, and lower levels of overconfidence in women begin to emerge and affect the firm’s dividend policy when women’s voices are allowed to be heard (which occurs once the critical mass is surpassed). At this stage, having a sufficient number of women on boards could serve as an alternative mechanism to dividends for mitigating agency conflicts. As a result, dividends may become less necessary as a tool for monitoring, as the increased presence of female directors provides better protection for shareholders' interests.Furthermore, women on boards could serve as a substitute for corporate reputation, leading to a reduction in dividend payouts as the proportion of female directors grows. This differentiated relationship between female representation and dividend payouts, depending on their visibility and legitimacy within the board, helps explain the varied and sometimes conflicting findings in previous studies that have analyzed the role of women without considering the significance of critical mass (Mustafa et al., 2020; Sanan, 2019; Wellalagea et al., 2014).

The social psychological literature emphasizes the gender differences in optimism about future economic outcomes and finds women less confident and conservative in making financial decisions. In this regard, Huang and Kisgen (2013) examine corporate financial and acquisition decisions made by female executives and compared with male executives. They suggest that firms with female directors are less likely to make acquisitions and issue less debt. Similarly, Chen et al. (2014) identify differences in director’s risk aversion and optimism and find that greater representation of women directors on boards negatively relates with both the number of acquisitions the firms engages in and size of acquisition. Among others, Wilson and Altanlar (2009) investigate the likelihood of financial insolvency of firms

having gender boards, Dwyer, Gilkeson, and List (2002) examine the risk bearing of women managers in mutual fund investments, and Levi et al. (2014) investigate the women mangers' tendencies to make acquisitions and with bid premium paid. Collectively, these studies suggest that women executives are less tolerant of risk in relation to a diverse range of investment and corporate finance areas. If women executives are less sanguine on average than men about financial risk, then it is most likely that women directors exhibit a greater predilection for precautionary cash holdings. To do so, female directors on boards might be more inclined to disburse less cash as dividend payouts and retain cash within the firm as a buffer against future uncertainties. Such behavior of women directors is expected to be more nuanced in emerging economies as firms operating in high risk environments adopt restrictive policies to protect themselves against unforeseen events. In fact, low quality legal, institutional and regulatory institutions in emerging markets carry a greater degree of risk for firms, which may force firms to take conservative financial decisions. Prior cross-country studies document such conservative financial policies against market uncertainty and risk, for instance, usage of more long-term leverage (Cho, El Ghoul, Guedhami,&Suh, 2014), less equity finance (Cheng&Shiu, 2007), low corporate risk taking (Boubakri, Mansi,&Saffar, 2013; Houston, Lin, Lin,&Mae, 2010), and high cash reserves (Pinkowitz&Williamson, 2004; Ramirez&Tedesse, 2009). Keeping in view the high risk associated with emerging markets and the risk aversion tendency of female directors, it is more likely that female directors minimize the environmental risk by retaining cash and paying low dividends in these markets.

Strategic decision-making literature also supports the view that board gender diversity adds significant value to firms by enhancing the quality and depth of strategic choices (Chen et al., 2014). A diverse board particularly in terms of gender can lead to more balanced and well-informed decisions, as different values, viewpoints, and problem-solving approaches are brought to the table (Nielsen & Huse, 2010). Women often bring distinct professional experiences and perspectives compared to their male counterparts (Hillman et al., 2007; Ward & Forker, 2017), which can enrich boardroom discussions and improve the evaluation of investment opportunities. In this sense, a gender-diverse board is likely to take a more thoughtful and strategic approach to resource allocation, including how much of the firm's earnings should be distributed versus reinvested. This perspective becomes particularly relevant in emerging markets, where investment activity has surged over the past two decades and the need for internally generated capital has increased significantly.Firms in these markets often operate in financially constrained environments, making internal funds a crucial source of financing. Gender-diverse boards, recognizing the value of such funds for long-term growth, may prefer to retain earnings rather than distribute them as dividends. This argument is supported by empirical evidence from growth-focused Chinese private firms, which tend to exhibit lower dividend payouts in the presence of greater investment needs (Bradford, Chen, & Zhu, 2013; Lam, Sami, & Zhou, 2012).Based on these arguments,

it is reasonable to suggest that gender diversity on corporate boards could lead to more conservative dividend policies, particularly in emerging economies, where the demand for reinvestment is high. By synthesizing above considerations. We propose the following competing hypotheses:

H3: Board gender diversity positively moderates the relationship between corporate liquidity and dividend policy.

H4: Board gender diversity negatively moderates the relationship between corporate liquidity and dividend policy.

RESEARCH DESIGN

Quantitative research is used in this study to investigate the relationship between corporate liquidity and dividend policy in BRICS region. Secondary data is used, which is panel data in nature and comprises both time series and cross sectional data. The variables used in this study are dividend policy as dependent variable, corporate liquidity as independent variable and control variables.

SAMPLE AND DATA COLLECTION

The targeted population of this study is non financial firms from BRICS region i-e: 1) Brazil 2) Russia 3) India 4) China 5) South Africa. We acquired all data from Refinitiv data stream. Data sample consists of the yearly data of non financial firms of BRICS region for time period of 12 years i.e (from 2012 to 2023).

DATA ANALYSIS

This study's data is panel data since it combines cross sectional and time series data. The relationship between corporate liquidity and dividend policy with the impact of board gender diversity acting as moderator was examined using statistical approaches, including descriptive statistics, correlation analysis and regression analysis using software E-views.

MEASUREMENT OF VARIABLES

Dividend Policy (DV)

Dividend Policy is used as the dependent variable. Dividends are usually defined as payments made to the shareholders as a proportion of their shareholding in the company (Anssari and Al Sabti, 2022).Our study uses dividend payout ratio measured by total dividend to net income (DIVPR) .Yousef, I., Zighan, S., et al. (2024).

Corporate Liquidity (CL) (IV):

Corporate liquidity (CL) is a company's ability to quickly access cash or other liquid assets to pay its short-term bills and obligations (Chang et al., 2022).

Corporate liquidity: is measured by retained earnings over total assets. Alsultan,A.,& Hussainey, K., et al. (2023).

Gender Diversity (MV)

This study examines the influence of corporate liquidity on the dividend payouts. Gender diversity refers to the equitable representation and inclusion of individuals of both genders within the corporation.

Gender diversity: the percentage of female directors on board. Yousef, I., Zighan, S., et al. (2024).

Control Variables

On the basis of the literature, these are the control variables

1. Board Size :(BS) is measured as the total number of directors on the board.
2. Firm Size: (FS) is measured as the natural log of total assets, and it defines the firm size.
3. Leverage :(LEV) measured by the ratio of debt to total assets.
4. Return on assets (ROA) :ROA measured by Net Income /Total Assets.

Dividend payouts may differ through industries and years; to control this, year and industry dummies are included in all regressions .A detailed description of all the variables is presented in Table 1

Table 3.1: Measurements of variable

Variable	Proxies	Measurements	References
Dividend policy	DP	Total dividend over total assets.	Yousef, I., Zighan, S., et al. (2024).
Liquidity	C.L	Retained earnings over total assets	Alsultan,A.,& Hussainey, K., et al. (2023).
Board gender diversity	BGD	The percentage of female directors on the board to board size.	Yousef, I., Zighan, S., et al. (2024).
Firm size	FS	Logarithm of total assets	Alsultan,A.,& Hussainey, K., et al. (2023).
Return on Assets	ROA	Net income / total assets	Alsultan,A.,& Hussainey, K., et al. (2023).
Leverage	LEV	Total debt over total assets	Alsultan,A.,& Hussainey, K., et al. (2023).
Total number of directors on board	BS	Board size is total number of directors on board.	Yousef, I., Zighan, S., et al. (2024).

ECONOMETRIC MODEL AND ESTIMATION

To analyze the relationship between dividend policy and corporate liquidity. The model specification is as follows:

Base Model

Analyzing impact of Corporate liquidity on dividend policy.

$$(DP)i,j,t = \alpha + \beta1\,(CL)i,j,t + \beta2(FS)i,j,t + \beta3(ROA)i,j,t + \beta4(LEV)i,j,t + \beta5(BS)i,j,t + \in i,j,t$$

Here, α is the intercept, and β1 is the coefficient, $\in$ represents error term. DP i,t represents dividend policy for the i-th firm of country j, in year t. We operationalize the dividend policy using various measures to capture its different dimensions, including total dividend to net income (DIVPR), dividend in cash to total assets (DTA), dividend in cash to sales (DSAL)

Incorporating the Moderating Effect of Board Gender Diversity

(DP) i,j,t = α + β1(CL)i,j,t + β2(BGD)i,j,t + β3(CLxBGD)i,j,t + β4(FS)i,j,t +β5(ROA)i,j,t +β6(LEV)i,j,t + β7(BS)i,j,t + $\in$ i,j,t

BGD is Board gender diversity for firm i, of country j ,at time t (measured by the percentage of female directors on the board).

CL × BGD is interaction term between corporate liquidity and board gender diversity, capturing the moderating effect.

β3 is Coefficient of the interaction term, indicating how board gender diversity moderates the relationship between corporate liquidity and dividend policy. The methodology utilizes descriptive statistics , correlation and regression to analyze data.

RESEARCH MODEL

Figure 3.1 shows our conceptual model. It shows that the independent variable is corporate liquidity which is anticipated to have an impact on dividend policy as this is the dependent variable .It is also expected that board gender diversity will moderate the corporate liquidity and dividend policy relationship.

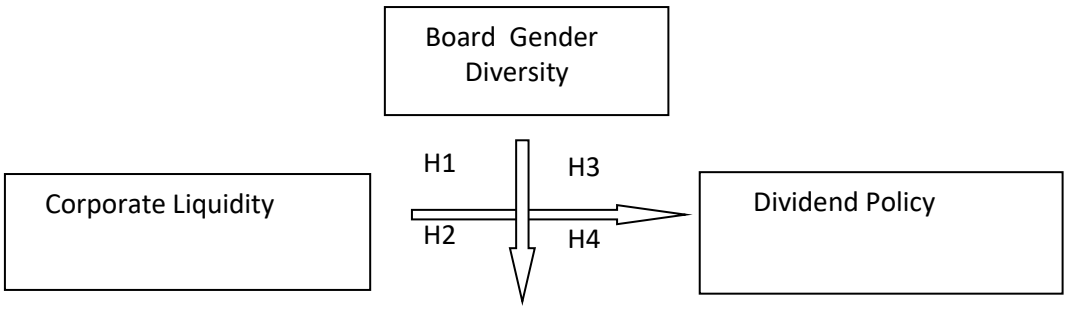

Figure 3.1: Research model

EMPIRICAL RESULTS

BRAZIL

DESCRIPTIVE STATISTICS

The descriptive statistics give an overview of the range, variability and central tendency of each variable in the dataset. They provide a preliminary understanding of the nature and distribution of the data, enabling a better comprehension of the values of the variables and their prospective effects on the study.

Table 4.1: Descriptive statistics of Non Financial Brazilian firms.

Variable	mean	std	Min	25%	Median	75%	Max	N
Dividend Policy	0.0	0.0201	-0.0211	-0.0167	0.0030	0.0122	0.0894	151
Liquidity	0.0	0.2660	-1.9456	-0.0621	0.0164	0.1012	0.4031	151
Gender Diversity	0.0	8.7867	10.0719	10.0719	1.0381	7.3531	19.928	151
Firm Size	0.0	0.8803	-2.0941	-0.6025	0.0261	0.4961	2.2234	151
Return on Assets	0.0	0.1043	-0.6869	-0.0230	0.0055	0.0458	0.3528	151
Leverage	0.0	1.4066	-0.6217	-0.4986	0.4068	0.1276	7.4849	151

Here are the results of the descriptive statistics based on the dataset of Brazilian firms (n = 151) used in our analysis:

The descriptive statistics for the Brazilian manufacturing firms reveal notable variation across the key variables used in the analysis. The mean-centered dividend variable has a standard deviation of 0.020, with values ranging from -0.0211 to 0.0894, indicating considerable dispersion in dividend payments among firms. Liquidity also exhibits substantial variability, with a standard deviation of 0.266 and values ranging from -1.9456 to 0.4031, suggesting significant differences in firms' ability to meet short-term obligations. Gender diversity, measured as the percentage of women on boards, ranges from -10.07 to 19.93 (after centering), with a standard deviation of 8.79, reflecting a wide gap in board gender composition.

Firm size represented by the logarithm of total assets, has a relatively moderate spread (std. dev. = 0.88), ranging from -2.09 to 2.22. Return on assets also varies, with a standard deviation of 0.104 and a minimum of -0.6869, indicating that some firms reported losses, while the maximum of 0.3529 suggests positive profitability for others. Leverage shows high dispersion (std. dev. = 1.407), with a maximum value of 7.48, implying that certain firms rely heavily on debt financing. Board size varies widely as well, with values spanning from -4.37 to 13.63, highlighting diversity in governance structures.

Correlation Analysis

Correlation is used to determine the initial relationship between variables.

Table 4.2: correlation matrix of non Financial firms of Brazil.

	div	liq	gd	fs	roa	lev	bs
div	1.00						
liq	0.32	1.00					
gd	-0.03	-0.13	1.00				
fs	-0.52	-0.18	-0.18	1.00			
roa	0.36	0.85	-0.07	-0.28	1.00		
lev	-0.12	-0.11	-0.11	0.12	-0.12	1.00	
bs	-0.24	-0.12	0.08	0.18	-0.15	-0.07	1.00

The results of the correlation analysis among the key variables used in the study of Brazilian manufacturing firms reveal several noteworthy relationships. Dividend

(div) is positively correlated with liquidity (r = 0.318), suggesting that firms with higher liquidity are more likely to distribute dividends. Dividend is also positively correlated with return on assets (roa) (r = 0.357), indicating that more profitable firms tend to pay higher dividends. However, firm size (fs) shows a negative correlation with dividends (r = -0.516), implying that larger firms may retain earnings rather than distribute them.Board size (bs) has a modest negative correlation with dividend (r = -0.236) and return on assets (r = -0.150). Leverage (lev) shows small negative correlations with dividend (r = -0.123), liquidity (r = -0.109), and return on assets (r = -0.120), suggesting that highly leveraged firms may adopt more conservative financial policies. Overall, the correlation results provide early evidence supporting relationships between liquidity, profitability, firm characteristics, and dividend policy.

Regression Analysis

The regression analysis was conducted to examine the influence of corporate liquidity on dividend policy and assess the moderating role of board gender diversity in Brazilian manufacturing firms.

Table 4.3: Regression analysis of non financial firms of Brazil

Variable	Coefficient (B)	Std. Error	t	p-value
Dividend Policy (div)	0.2042***	0.030	6.88	0.000
Liquidity (liq)	0.0068*	0.015	0.44	0.659
Gender Diversity (gd)	-0.0002*	0.000	-1.06	0.289
liq × gd	0.0004*	0.001	0.32	0.751
Firm Size (fs)	-0.0104***	0.002	-6.16	0.000
Return on Assets (roa)	0.0140	0.026	0.55	0.586
Leverage (lev)	-0.0009	0.001	-0.89	0.378
Board Size (bs)	-0.0005	0.000	-1.75	0.082

The model demonstrated a moderate explanatory power, with an R-squared value of 0.346, indicating that approximately 34.6% of the variance in dividend payout can be explained by the independent variables. The adjusted R-squared of 0.314 confirms the robustness of the model after accounting for the number of predictors. Furthermore, the F-statistic is highly significant ($p < 0.001$), suggesting that the overall model fits the data well and the explanatory variables, as a group, significantly influence the dependent variable.

Examining the individual coefficients, the constant term is positive and statistically significant, indicating a base level of dividend payout when all other predictors are held constant. Similarly, although board gender diversity significant has p-value (p = 0.289), this indicates that the presence of women on corporate boards is compatible with existing dividend distribution practices. Among the control variables, firm size emerged as a statistically significant determinant ($p < 0.001$), but with a negative coefficient. This indicates that larger firms tend to pay lower dividends. A plausible explanation is that larger firms may prefer to reinvest their profits internally rather than distribute them as dividends, possibly due to better access to alternative financing or long-term strategic planning. Return on

assets, leverage, and board size showed marginal significance (p = 0.082), hinting at a potential negative influence on dividend payouts.

RUSSIA

DESCRIPTIVE STATISTICS

Table 4.4: Descriptive statistics of non financial firms of Russia

Variable	Mean	Std.	Min	25%	Median	75%	Max	N
Dividend Payout	0.0	0.0582	0.045	-0.044	-0.024	0.0344	0.1790	117
Liquidity (liq)	0.0	0.7180	-1.681	0.136	-0.0102	0.1664	6.3551	117
Gender Diversity (gd)	0.0	6.6962	-5.276	-5.276	-5.2765	4.7235	24.7235	117
Firm Size (fs)	0.00	1.3608	-4.543	-0.808	-0.1582	0.8007	2.9855	117
Return on Assets (roa)	0.00	1.0181	-0.629	-0.170	-0.121	-0.034	10.7367	117
Leverage (lev)	0.00	0.3977	-0.24	-0.240	-0.2346	0.2074	1.9624	117
Board Size (bs)	0.00	2.7975	-1.24	-1.2479	-1.2479	-0.247	12.7521	117

The dataset comprises 117 firm-year observations. The mean-centered dividend variable has a standard deviation of 0.058, indicating moderate variation across firms. The minimum and maximum centered values range from -0.0459 to 0.179, reflecting substantial differences in dividend behavior among the firms. The negative minimum indicates that some firms paid significantly lower dividends relative to the mean.

Liquidity also shows considerable dispersion, with a standard deviation of 0.718. The range is wide, from -1.681 to 6.355, indicating that while most firms operate within a moderate liquidity range, a few exhibit extremely high liquidity levels, potentially due to conservative cash management or industry-specific capital structures.

Board gender diversity varies notably across firms. The standard deviation is 6.70, and the range extends from -5.28 to 24.72, suggesting that while some firms have no or very low female representation, others demonstrate relatively high gender diversity. This variation is crucial in testing its role as a potential moderator.

Firm size, measured by the natural logarithm of total assets, also exhibits variability (standard deviation = 1.36), ranging from -4.54 to 2.99 after centering. The spread reflects differences in operational scale among the sampled firms.

The profitability variable has a standard deviation of 1.02, with a minimum of -0.629 and a maximum of 10.74, suggesting a skewed distribution. Some firms experience losses, while others show exceptionally high returns, which may be due to outliers or industry-specific dynamics.

Leverage shows a relatively distribution, with a standard deviation of 0.398.

Most firms report low to moderate levels of debt, consistent with the financial structure of many manufacturing firms in emerging markets. The minimum and maximum values are -0.248 and 1.962, respectively.

The board size variable demonstrates high variation, with a standard deviation of 2.80 and values ranging from -1.25 to 12.75 (centered values). This reflects the heterogeneity in governance structures across Russian manufacturing firms.

Regression analysis

This section presents the empirical findings from the regression analysis conducted on Russian manufacturing firms. The objective was to investigate the impact of corporate liquidity on dividend policy and to evaluate the moderating role of board gender diversity, while controlling for firm-specific and governance-related variables.

Table 4.5: Regression Analysis of non financial firms of Russia

Variable	Coefficient (B)	Std. Error	t	p-value
Constant	0.2550**	0.083	3.060	0.003
Liquidity (liq)	0.0350**	0.016	2.120	0.036
Gender Diversity (gd)	0.0042***	0.001	4.898	0.000
liq × gd	-0.0049***	0.002	-2.730	0.007
Firm Size (fs)	-0.0113***	0.004	-2.798	0.006
Return on Assets (roa)	-0.0056	0.005	-1.106	0.271
Leverage (lev)	-0.0254**	0.012	-2.072	0.041
Board Size (bs)	0.0057***	0.002	3.360	0.001

The results from the Ordinary Least Squares (OLS) regression model show that the independent variables collectively explain 32.1% of the variation in dividend payouts (R-squared = 0.321), with an adjusted R-squared of 0.278. The F-statistic is significant at the 1% level ($p < 0.001$), indicating that the model as a whole is statistically significant and has explanatory power.

Among the key variables, corporate liquidity (liq) has a positive and statistically significant effect on dividend payments (coefficient = 0.0350, $p = 0.036$). This suggests that more liquid firms are more likely to distribute dividends, in line with the liquidity hypothesis which posits that firms with higher cash or liquid assets are better positioned to meet dividend obligations.

Board gender diversity (gd) is also positively and significantly associated with dividend payout (coefficient = 0.0042, $p < 0.001$). This implies that firms with more gender-diverse boards tend to pay higher dividends, potentially reflecting more shareholder-aligned governance practices or better oversight mechanisms.

The interaction term between liquidity and gender diversity yields a negative and statistically significant coefficient (coefficient = -0.0049, $p = 0.007$). This finding indicates a moderating effect positive relationship. In other words, as gender diversity increases, the marginal effect of liquidity on dividend payout becomes less pronounced. This nuanced interaction suggests that while both factors are individually supportive of dividend distributions, diverse boards may adopt a more

conservative or balanced approach to managing surplus funds.

Among the control variables, firm size (fs) exhibits a negative and significant relationship with dividend payout (coefficient = -0.0113, p = 0.006), indicating that larger firms may prefer retaining earnings rather than distributing them. This may be attributed to the availability of internal financing options or the pursuit of reinvestment strategies.

Leverage (lev) is also negatively associated with dividend payout and statistically significant (coefficient = -0.0254, p = 0.041), supporting the view that highly leveraged firms may conserve cash to service debt obligations rather than pay dividends. On the other hand, board size (bs) shows a positive and significant effect on dividend payout (coefficient = 0.0057, p = 0.001). Larger boards may facilitate broader decision-making perspectives and reflect stronger governance frameworks that support dividend distributions. However, profitability (roa) does not show a statistically significant relationship with dividends (p = 0.271), which may indicate that Russian firms' dividend decisions are less influenced by current profitability and more by liquidity, governance factors, or strategic considerations.

Correlation Analysis

Table 4.6: Correlation matrix of non financial firms of Russia

	div	liq	gd	fs	roa	Lev	bs
div	1.00						
liq	0.01	1.00					
gd	0.41	0.10	1.00				
fs	-0.20	-0.10	-0.27	1.00			
roa	-0.04	0.15	-0.03	-0.36	1.00		
lev	-0.10	-0.26	0.06	-0.06	0.13	1.00	
bs	0.28	-0.02	0.13	0.13	-0.03	0.10	1.00

To assess the relationships among the study variables, Pearson correlation coefficients were calculated. As shown in the correlation matrix, dividend policy was positively correlated with board size ($r = .28$, $p < .05$), suggesting that firms with larger boards tend to distribute higher dividends. A moderate positive correlation was also found between dividend policy and gender diversity ($r = .41$, $p < .01$), indicating that firms with greater board gender diversity are more likely to pay dividends. Liquidity showed a positive correlation with dividend policy ($r = .01$, $p > .05$), implying an insignificant linear association between the two. Firm size demonstrated a negative relationship with dividend policy ($r = –.20$, $p < .05$), suggesting that larger firms may be less inclined to distribute dividends. Return on assets ($r = –.04$, $p > .05$) and leverage ($r = –.10$, $p > .05$) showed negative correlations with dividend policy.

INDIA

Descriptive Statistics

The descriptive statistics provide insights into the distribution, central tendency, and variability of the variables used in the analysis of Indian manufacturing firms. The dataset contains 143 firm-year observations.

Table 4.7: Descriptive statistics of non financial firms of India

Variable	Mean	Std. Dev.	Min	25%	Median	75%	Max
Dividend (div)	0.00	0.0262	-0.0235	0.0161	-0.0099	0.0065	0.1451
Liquidity (liq)	0.00	0.2446	-0.4147	0.2412	-0.0077	0.2035	0.5136
Gender Diversity (gd)	0.00	8.5326	-12.66	4.9709	-1.5509	4.0091	23.0491
Firm Size (fs)	0.00	1.2172	-2.2378	0.7044	-0.0379	0.8285	2.7647
Return on Assets (roa)	0.00	0.2564	-0.1541	0.0849	-0.0415	0.0062	2.6429
Leverage (lev)	0.00	0.2555	-0.1689	0.1655	-0.1601	0.1595	0.8766
Board Size (bs)	0.00	4.4208	-4.6783	3.6783	-1.6783	3.3217	9.3217

The average (mean-centered) dividend payout (div) varies moderately across firms, with a standard deviation of 0.026, a minimum value of -0.0235, and a maximum of 0.1451, indicating substantial cross-sectional variation in dividend practices.

Liquidity (liq) shows a reasonable spread, with a standard deviation of 0.244, ranging from -0.4147 to 0.5136, suggesting that while most firms maintain a moderate level of liquidity, a few exhibit high excess liquidity or deficits. Gender diversity (gd) presents a very wide range, from -12.66 to 23.05, with a standard deviation of 8.53. This large dispersion reflects the fact that while some firms had no female board members, others had substantial gender diversity. Firm size (fs), measured as the log of total assets, is relatively stable, with a standard deviation of 1.22, and ranges from -2.24 to 2.76 after mean-centering. Similarly, return on assets (roa) has a standard deviation of 0.256, with some firms showing losses and others demonstrating profitability. Leverage (lev) remains low and tightly clustered, with values between -0.168 and 0.876, and board size (bs) shows a wider range (from -4.67 to 9.32), suggesting structural governance variation across firms.

Correlation Matrix

Table 4.8: Correlation matrix of non financial firms of India

	div	liq	gd	fs	roa	lev	bs
div	1.00						
liq	0.55	1.00					
gd	0.20	0.20	1.00				
fs	-0.04	0.01	-0.15	1.00			
roa	0.14	0.05	0.14	-0.12	1.00		
lev	-0.11	-0.18	0.18	0.13	-0.15	1.00	
bs	-0.03	~0.00	0.14	0.20	-0.10	0.12	1.00

The correlation analysis helps assess the relationships between variables. Dividend payout (div) is positively correlated with liquidity (r = 0.55), indicating that firms with better liquidity conditions are more likely to pay higher dividends. Positive correlation is observed between dividends and gender diversity (r = 0.20), suggesting that gender-diverse boards might have a slight tendency to support higher dividend

payouts. Profitability (roa) is modestly correlated with dividends (r = 0.14), indicating that more profitable firms may distribute higher earnings. Leverage has a negative correlation with dividends (r = -0.11), that leveraged firms conserve cash. Notably, liquidity and gender diversity are moderately correlated (r = 0.20), justifying the inclusion of an interaction term in the regression to explore their joint effect.

Regression Results

Table 4.9: Regression analysis of non financial firm of India

Variable	Coefficient	Std. Error	t-Statistic	p-Value
Constant	0.0745**	0.029	2.603	0.010
Liquidity (liq)	-0.0107*	0.012	-0.923	0.358
Gender Diversity (gd)	-0.0019***	0.000	-5.222	0.000
Interaction (liq × gd)	0.0056***	0.001	7.125	0.000
Firm Size (fs)	-0.0027*	0.001	-1.888	0.061
ROA	0.0144**	0.006	2.243	0.027
Leverage	0.0106	0.007	1.548	0.124
Board Size	0.0006	0.000	1.512	0.133

The overall model is statistically significant with an R-squared of 0.507 and an adjusted R-squared of 0.481, indicating that approximately 50.7% of the variation in dividend payout is explained by the included predictors. The F-statistic is significant at the 1% level ($p < 0.001$).Liquidity has p value, $p = 0.358$, implying that liquidity does not directly predict dividend payouts in isolation. Gender diversity (gd) has a negative and highly significant effect (coefficient = -0.0019, $p < 0.001$), suggesting that firms with greater board gender diversity pay lower dividends, possibly due to more cautious or long-term focused decision-making. The interaction term (liq × gd) is positive and highly significant (coefficient = 0.0056, $p < 0.001$), confirming that gender diversity positively moderates the relationship between liquidity and dividend payout. This means that in gender-diverse boards, the positive effect of liquidity on dividends is enhanced. Firm size (fs) has a marginally significant negative effect ($p = 0.061$), indicating that larger firms might retain earnings rather than distribute them.Return on assets (roa) is positive and significant ($p = 0.027$), as expected—more profitable firms are more likely to pay dividends. Leverage (lev) and board size (bs) show expected signs positive for both.

CHINA

DESCRIPTIVE STATISTICS

Table 4.10: Descriptive statistics of non financial Chinese firms

Variable	Mean	Std. Dev.	Min	25%	Median	75%	Max
Dividend (div)	0.0000	0.1951	-0.0622	-0.0484	0.0422	0.0249	1.3640
Liquidity (liq)	0.0000	0.3161	-1.7934	-0.1005	0.0638	0.1497	0.3856
Gender Diversity (gd)	0.0000	11.7467	13.6352	13.6352	2.5252	9.9748	36.3648

Firm Size (fs)	0.0000	1.2195	-2.7115	-0.8858	0.2208	0.7985	2.4582
ROA	0.0000	0.1053	-0.8195	-0.0251	0.0010	0.0326	0.4520
Leverage	0.0000	0.2349	-0.1746	-0.1535	0.1158	0.0611	0.9920
Board Size (bs)	0.0000	4.5615	-5.1032	-4.1032	0.1032	3.8968	9.8968

The dependent variable (dividend policy) has a standard deviation of 0.195, indicating moderate variability across firms. The control variables such as firm size and return on assets show substantial dispersion, with standard deviations of 1.22 and 0.105 respectively. Leverage and board size vary less, with respective standard deviations of 0.235 and 4.56.

Correlation

The Pearson correlation matrix reveals several insights. Liquidity (liq) is negatively correlated with dividend payout (div) at -0.013.A moderate positive correlation exists between liquidity and ROA (0.41), implying more liquid firms may also be more profitable.ROA is negatively correlated with leverage (-0.47), aligning with the expectation that more profitable firms carry less debt. The correlation between gender diversity (gd) and dividends is negative (-0.025).The highest correlations are below 0.5, indicating no strong multicollinearity issues.

Table 4.11: Correlation Matrix of Non Financial Chinese Firms.

	div	**liq**	**gd**	**fs**	**roa**	**lev**	**bs**
div	1.00						
liq	-0.01	1.00					
gd	-0.02	-0.07	1.00				
fs	-0.20	-0.09	-0.18	1.00			
roa	0.02	0.41	0.04	-0.16	1.00		
lev	-0.13	-0.22	-0.04	0.27	-0.47	1.00	
bs	0.10	-0.02	0.01	-0.01	0.13	-0.06	1.00

Regression Results

Table 4.12: Regression analysis of non financial Chinese firms

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**p-Value**
Dividend policy	0.6666***	0.245	2.723	0.007
Liquidity (liq)	-0.1449*	0.130	-1.117	0.266
Gender Diversity (gd)	-0.0030*	0.002	-1.332	0.185
Interaction (liq × gd)	0.0073*	0.007	1.070	0.286
Firm Size (fs)	-0.0312**	0.013	-2.316	0.022
Return on Assets (roa)	-0.1408	0.182	-0.773	0.441
Leverage (lev)	-0.1257	0.081	-1.547	0.124
Board Size (bs)	0.0046	0.003	1.323	0.188

R^2 = 0.071, indicating that the model explains about 7.1% of the variation in dividend payouts. The adjusted R-squared is 0.027. Liquidity (liq) coefficient is -0.1449 (p = 0.266), indicating a negative relationship with dividend payout. Gender Diversity (gd) The coefficient is -0.0030 (p = 0.185), suggesting a negative effect on dividends. Interaction Term (liq × gd) The coefficient is 0.0073 (p = 0.286), showing

that the moderating effect of gender diversity on the relationship between liquidity and dividends is positive. Firm Size (fs) coefficient is -0.0312 (p = 0.022), indicating negative impact on dividend payout. Larger firms tend to distribute lower dividends in this context. Coefficient of return on assets is -0.1408 (p = 0.441).The coefficient of leverage is -0.1257 (p = 0.124), indicating a negative effect. The coefficient of board size is 0.0046 (p = 0.188), which is positive

SOUTH AFRICA

Descriptive Statistics

Table 4.13: :Descriptive statistics of non financial firms of South Africa

Variable	Mean	Std. Dev.	Min	25%	Median	75%	Max
dp	0.10036	0.24850	0.00000	0.01356	0.02696	0.07346	1.26087
liq	0.24905	0.38613	1.26087	0.12764	0.27692	0.51317	0.82319
bgd (%)	23.5801	14.2446	0.00000	11.8050	22.2200	30.3850	66.6700
liq_bgd	7.64170	8.79453	18.0178	2.42642	5.48781	13.6117	41.6530
fs	16.5710	1.52830	13.2984	15.4541	16.6487	17.5411	19.9467
roa	0.10219	0.19331	0.33333	0.02597	0.06100	0.11465	1.01381
lev	0.14743	0.22036	0.00000	0.00889	0.02108	0.23859	0.92308
bs	4.09439	7.07235	0.00000	0.00000	1.00000	5.00000	40.0000

The average dividend payout ratio is 0.100, with maximum of 1.26, indicating high variability across firms. Liquidity has a mean value of 0.249, but ranges from -1.26 to 0.82, reflecting differing levels of cash or current asset holdings. Board gender diversity (bgd) averages 23.58%, with a maximum of 66.67%, suggesting a moderate level of female board representation. Firm size (fs) ranges from 13.29 to 19.95, with a mean of 16.57.Return on assets (roa) has a relatively low mean of 0.102, but spans from -0.333 to 1.014, showing performance variation. Leverage (lev) averages 0.147, with some firms completely unleveraged. Board size (bs) shows wide variation, ranging from 0 to 40, with a mean of 4.09.

Correlation Analysis

Table 4.14: Correlation analysis of non financial firms of south Africa

	dp	liq	bgd	liq_bgd	fs	roa	lev	bs
dp	1.00							
liq	–0.79	1.00						
bgd	–0.29	0.32	1.00					
liq_bgd	–0.34	0.66	0.67	1.00				
fs	–0.37	0.05	0.03	–0.16	1.00			
roa	–0.07	0.06	–0.28	–0.06	–0.14	1.00		
lev	–0.15	–0.05	0.29	–0.09	0.25	–0.25	1.00	
bs	–0.12	0.06	0.17	0.11	0.21	–0.05	0.16	1.00

The Pearson correlation matrix reveals important relationships.

Liquidity is strongly and negatively correlated with dividend payout (r = -0.792), suggesting firms with higher liquidity are less likely to pay dividends. Gender diversity also shows a negative correlation with dividend payout (r = -0.289).The interaction term (liq_bgd) has a moderate negative correlation with dividend payout

(r = -0.337).Firm size (fs) and board size (bs) are negatively associated with dividend payout (r = -0.369 and -0.118, respectively), but not as strongly as liquidity. Liquidity and board gender diversity are positively correlated (r = 0.324), and both are highly correlated with their interaction term (as expected due to its construction).

Regression Analysis

To investigate the relationship between corporate liquidity and dividend payout, and the moderating role of board gender diversity, an Ordinary Least Squares (OLS) regression was conducted.

Table 4.15: Regression Analysis of non financial firms of south Africa

Variable	Coefficient	Std. Error	t-Statistic	p-Value
Constant	0.9397***	0.107	8.771	0.000***
liq	–0.6348***	0.033	–19.274	0.000***
bgd	–0.0049***	0.001	–4.868	0.000***
liq_bgd	0.0129***	0.002	6.502	0.000***
fs	–0.0387***	0.006	–5.997	0.000***
roa	–0.1375***	0.050	–2.770	0.006***
lev	–0.0535	0.047	–1.131	0.260
bs	–0.00007	0.001	–0.055	0.956

The regression model is statistically significant overall, with an R-squared of 0.812, indicating that approximately 81.2% of the variation in dividend payout is explained by the independent and control variables. The F-statistic is 90.70 with a p-value < 0.001, confirming the joint significance of the predictors. Liquidity (liq) has a negative and statistically significant effect on dividend payout (β = -0.6348, $p < 0.001$). This implies that more liquid firms in the African manufacturing sector tend to distribute lower dividends, possibly preferring to retain cash for operational or investment purposes. Board gender diversity (bgd) also has a negative and significant effect on dividend payout (β = -0.0049, $p < 0.001$). This suggests that firms with higher female representation on the board are associated with more conservative dividend policies. The interaction term (liq × bgd) is positive and significant (β = 0.0129, $p < 0.001$), indicating a moderating effect. Specifically, board gender diversity mitigates the negative impact of liquidity on dividend payouts, meaning that the presence of women on boards may encourage higher dividend distributions in more liquid firms. Firm size has a significant negative relationship with dividends (β = -0.0387, $p < 0.001$), suggesting larger firms may retain earnings instead of distributing them. Return on assets (roa) is also negatively associated with dividend payout (β = -0.1375, p = 0.006), which may reflect reinvestment of profits in high-performing firms indicating that these factors do not have a strong influence on dividend decisions in this sample.

HYPOTHESIS SUMMARY

This study explored four key hypotheses to understand the relationship between corporate liquidity, dividend policy, and the moderating role of board gender diversity across Non financial firms of BRICS.Because of the doubt of generalizability of result of these countries to overall region we have conducted the

individual analysis of each country.

Table 4.16: Hypothesis testing

Hypothesis	Brazil	Russia	India	China	South Africa
H1	Rejected	Accepted	accepted	Rejected	Rejected
H2	accepted	rejected	rejected	accepted	accepted
H3	rejected	accepted	rejected	rejected	rejected
H4	accepted	rejected	accepted	accepted	accepted

Hypothesis 1: There is a positive relationship between corporate liquidity and dividend policy.

We test our first hypothesis by considering impact of corporate liquidity on dividend policy without moderator board gender diversity. This hypothesis was supported, with significant positive results observed in Russia and India, indicating that firms with higher liquidity in these countries tend to distribute more dividends. However, negative relationship was found in Brazil, China, and South Africa. Drawing on the signalling theory of dividends and the free-cash-flow hypothesis, the first hypothesis (H1) predicted a positive relationship between corporate liquidity and dividend policy, arguing that firms with higher liquidity are better positioned to signal financial strength and reduce agency costs through dividend payouts. This hypothesis was supported in Russia and India, liquidity showed a significant positive impact on dividends, suggesting that firms in these countries use cash reserves to convey stability and distribute excess resources to shareholders. However, in Brazil, China, and South Africa, the relationship was negative.

Hypothesis 2: There is a negative relationship between corporate liquidity and dividend policy.

This hypothesis was supported, with evidence from Brazil, China and South Africa indicating a negative association. Indicating that firms potentially utilize liquidity for internal expansion and reserve building rather than immediate shareholder distribution. These varied findings highlight how the impact of liquidity on dividend decisions varies across different institutional and economic environments within the BRICS nations.

Hypothesis 3 : Board gender diversity positively moderates the relationship between corporate liquidity and dividend policy.

The third hypothesis (H3) examined whether board gender diversity positively moderates the relationship between liquidity and dividend policy. This hypothesis was supported in the case of India, where a significant positive interaction was found. Rooted in gender socialization theory, it was expected that gender-diverse boards would enhance strategic decision-making and favor shareholder-oriented outcomes. Boards with greater female representation are more effective in monitoring and utilizing corporate liquidity for dividend payouts, potentially reflecting higher risk-awareness, ethical focus, and enhanced stakeholder representation traditionally associated with female directors.This suggests that gender-diverse boards in Indian firms may play an active role in reinforcing the translation of liquidity into dividend payouts.

Hypothesis 4: Board gender diversity negatively moderates the relationship between corporate liquidity and dividend policy.

The fourth hypothesis (H4) proposed a negative moderating effect of gender diversity. It was supported in Russia, where the interaction between liquidity and board gender diversity was significantly negative. Higher female presence could encourage conservative financial strategies consistent with the view that women are, on average, more risk-averse in corporate decision-making. Female directors may promote prudence, favouring liquidity retention over aggressive dividend distribution when balancing long-term strategic goals, which aligns with the stewardship perspective of governance. This implies that a higher proportion of female board members is associated with more conservative dividend policies when firms have excess liquidity.

DISCUSSION AND CONCLUSION

This study aimed to analyze the impact of corporate liquidity on dividend policy and explore how board gender diversity moderates this relationship in BRICS manufacturing firms. The empirical findings across Brazil, Russia, India, China, and South Africa offer a nuanced view of the dynamics between liquidity, governance, and dividend decisions in emerging markets.

Consistent with prior literature and agency theory, corporate liquidity emerged as a key determinant of dividend policy in most BRICS countries. In Russia and India, liquidity had a positive and statistically significant influence on dividend payouts, supporting the notion that firms with higher liquid reserves are more capable and willing to return cash to shareholders. These findings affirm the liquidity hypothesis and align with studies such as Jiang et al. (2017) and Ahmed (2015). However, in countries like China and South Africa, liquidity had a negative on dividend policy, suggesting that some firms prefer retaining liquidity for operational flexibility or investment opportunities, particularly in uncertain economic environments.

Regarding the role of board gender diversity, mixed evidence was observed. In Russia and India, gender diversity had a statistically significant impact on dividend policy, though the direction varied. In Russia, gender-diverse boards were positively associated with higher dividend payouts, which align with the argument that female directors enhance monitoring, reduce agency conflicts, and favor shareholder-aligned decisions. In contrast, Indian and South African firms with higher board gender diversity were associated with lower dividend payouts, possibly indicating a more cautious or conservative financial approach by diverse boards, as suggested by gender socialization theory .

Crucially, the interaction term between liquidity and gender diversity provided insights into the moderating role of diverse boards. In India and South Africa, gender diversity significantly moderated the relationship between liquidity and dividend policy. In India, gender-diverse boards strengthened the positive relationship between liquidity and dividend payouts, while in South Africa, they

mitigated the negative impact of liquidity, signaling that diverse boards may influence firms to return more cash to shareholders even in highly liquid conditions.

However, in Brazil and China, the moderating role of gender diversity was different. This might be attributed to cultural, structural, or institutional differences, or possibly the lack of critical mass of women on boards, which may limit their influence on corporate decision-making (Saggese et al., 2021). The findings from Brazil also suggest that while liquidity remains important, board diversity may not play a decisive role in shaping dividend policy unless representation reaches a threshold where female directors can meaningfully influence boardroom outcomes.

Overall, the results highlight that the interaction between liquidity and board gender diversity is complex and varies across national contexts. These variations reflect differences in corporate governance structures, economic development, institutional quality, and cultural norms regarding gender roles in leadership. This research contributes to the existing literature by offering empirical evidence on the nexus between corporate liquidity and dividend policy in BRICS countries, with a special focus on the moderating role of board gender diversity. The study confirms that liquidity is generally a significant factor in determining dividend payouts, though its effect varies across contexts. Furthermore, board gender diversity influences dividend policy both directly and indirectly, moderating the liquidity-dividend relationship in specific cases.

The findings support the agency theory framework, suggesting that gender-diverse boards may enhance governance by ensuring more transparent and shareholder-oriented financial decisions. However, the results also emphasize that diversity alone is not sufficient; its effectiveness depends on the broader corporate and institutional environment, including whether boards achieve critical mass and whether diversity is genuinely empowered rather than symbolic.

Limitations and Future Research

Despite its contributions, this study has several limitations that should be acknowledged. The study focuses solely on BRICS countries. While these nations represent major emerging markets, the findings may not be generalizable to developed economies or smaller emerging countries with different governance and institutional frameworks. The sample is restricted to non-financial manufacturing firms. Results might differ in financial or service sectors, where capital structures and dividend dynamics are typically distinct. Board gender diversity is measured as the percentage of female directors, which may not capture the quality of participation, influence, or whether a critical mass has been reached. Similarly, using retained earnings over total assets as a proxy for liquidity has limitations in fully reflecting a firm's short-term financial flexibility. While the study uses data from 2012 to 2023. Additionally, external macroeconomic events (e.g., COVID-19) may have influenced dividend decisions .Future research could expand the analysis to other regions or sectors, incorporate qualitative insights into boardroom dynamics, or use more advanced econometric techniques.

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