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Environmental, Social and Governance (ESG) Performance and Dividend Policy: The Mediating Effect of the Gender Diversity

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Introdução
In recent years, several companies have been willing to integrate ESG practices into different fields of their business (Landi et al., 2022). ESG refers to how companies and investors incorporate environmental, social, and governance issues into their business (Gillan et al., 2021). Sustainable investment considers non-financial criteria, such as environmental, social, and governance (ESG) issues (Pástor et al., 2021). This investment is an increasingly important force in the global capital market, with more than $35 trillion under its management by 2020.

Problema de Pesquisa e Objetivo
The objectives of this paper are to explore the effect of ESG performance on dividend policy and to examine the moderating effect of gender diversity on this relationship.

Fundamentação Teórica
The signaling theory states that companies with investments in ESG initiatives and dividend payout policies send a positive message to investors that ESG initiatives are not hurting the company's cash flow (Verga Matos et al., 2020), and managers also can signal the firm profitability through dividends (Dewasiri & Abeysekera, 2020). In this context, firms with high dividend payouts can honor commitments to stakeholders, signaling that CSR spending does not drain the firm's cash and leads to a better allocation of resources (Benlemlih, 2019a).

Metodologia
This study covers publicly traded companies from Brazil, Chile, Colombia, Mexico, and Peru from 2010 to 2020. These countries were selected because they belong to the Morgan Stanley Capital International (MSCI) Emerging Markets Latin America Index. With 92 constituents that cover 85% of the market adjusted for free float, this index captures the representation of large and mid-caps from 5 emerging markets (MSCI, 2022). We employ the Panel-Corrected Standard Error (PCSE) estimation technique.

Análise dos Resultados
The results indicate that ESG performance has a positive and significant relationship with dividend policy. Moreover, gender diversity strengthens this relationship, i.e., in firms with a higher presence of women on the board, the ESG-performance relationship is stronger. In relation, the control variables profitability, growth opportunities, and firm size have a significant positive relationship with dividend policy. However, leverage negatively influences dividend policy.

Conclusão
We use agency and signaling theories to examine the impact of ESG performance on dividend policy. The study also investigates whether gender diversity moderates the ESG performance-dividend policy relationship. Using a sample of 1700 firm-year observations from Brazil, Chile, Colombia, Mexico, and Peru period 2010-2020. The PCSE method was used and the dependent variable is the natural logarithm of cash dividends.

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