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The Effect of Gender Diversity in a Board on Firm Performance in the Hospitality Industry: The Moderating Role of National Culture

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환대산업에서의 이사회의 성별 다각화가 재무성과에 미치는 영향: 국가문화의 조절효과*

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Abstract

This study aims to investigate the moderating impact of national culture on the relationship between gender diversity in a board and firm performance in the

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hospitality industry, given the influence of national culture on organization members' behaviors and interactions. A random effects model was employed, using 1,482 observations from hospitality firms across 34 countries. This study found that a positive effect of gender diversity on firm performance in the hospitality industry was significantly amplified in cultures with high levels of individualism and uncertainty avoidance, while power distance and masculinity cultures insignificantly moderated the relationship. This study contributes to the hospitality literature and corporate governance literature as well by demonstrating that national culture is a crucial contextual factor when examining the financial implications of gender diversity in a board. And, this study provides practical guidance for hospitality firms' managements and potential investors in terms of the role of national culture when implementing board composition.

Keywords : gender diversity, board diversity, national culture, firm performance, hospitality industry

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I. Introduction

Considering a crucial role of a board of directors in strategic decision makings and implementation, management and shareholders have paid keen attention to various factors of the board members' characteristics and attributes (e.g., work experience of candidates and compensation for board members). In particular, board diversity defined as "variety in the composition (e.g., gender, age, and nationality) of a board of directors" (Kang et al., 2007, p. 2) has been one of the most controversial governance issues in various industries, including the hospitality industry, owing to its influence on the board's effectiveness and organizational outcomes (Song et al., 2020). In response to the industry-wide focus on augmenting board diversity, publicly traded hospitality firms have witnessed significant growth in the number of board positions filled by individuals from varied demographic backgrounds. For instance, the percentage of female directors on the boards of US public hotel firms increased to 31.3% in 2022, up from 22.5% in

2021. Likewise, the share of board seats occupied by Black directors rose to 12.6% in 2022, a substantial increase from 6.5% in the previous year, as reported by the American Hotel & Lodging Association Foundation (2023).

To date, there have been conflicting perspectives in terms of the board diversity-firm performance relationship in the literature. Based on the human capital theory and the resource dependence theory, board diversity fosters the comprehension of marketplaces, innovation, and effective problem-solving, thereby positively affecting firm performance (Carter et al., 2003; Watson et al., 1993). On the other hand, grounded on the social identity theory, a group of researchers argues that discordance of perspectives and priorities generated from board diversity causes a delay in decision makings due to increasing conflicts and difficulties in cohesion, which results in a negative influence on organizational outcomes (Richard et al., 2003).

Guillen (2000) contends that optimal corporate governance structure may vary, depending on industries, and accordingly, the effect of corporate governance structure needs to be examined by incorporating industry-specific characteristics. Specifically, given characteristics such as a separation of property ownership and management leading to conflicts of interest between owners and agents (Guilding, 2003), high level of operational risks due to capital intensity in real estate components (Defranco & Lattin, 2006), and sensitivity to external factors and customers' discretionary spending (Huse, 2007), roles of a board of directors are especially significant in the hospitality industry for a firm to achieve competitive advantage. Particularly, since board diversity has been regarded as a critical governance topic in terms of the effective execution of a board's activities (Song et al., 2020), a valid examination of the impact of board diversity is encouraged in the hospitality industry context.

Among multiple types of board diversity such as gender, age, and nationality for examining the board diversity-firm performance relationship, gender diversity has been the most frequently adopted measure since gender clearly represents characteristics and backgrounds of individuals in a group, compared to other demographic factors (Hillman & Dalziel, 2003). Given that female workers are likely to have better comprehension of consumer behaviors and fast-changing demands than males (Chen et al., 2021), more active participation of female board members caused by gender balance in the boardroom may enable a hospitality firm to effectively respond to market challenges with proper decision makings. On the other hand, because board seats have been traditionally filled by elder males, when female directors' vigorous participation in key decision-making processes may be hindered even in the hospitality industry, gender diversity in a board may backfire in terms of firm performance, causing just conflicts and communication issues among directors (Song et al., 2020).

Furthermore, one of the pivotal intervening factors to be considered in the relationship between gender diversity and firm performance is national culture as the impact of gender diversity may differ, dependent on cultural uniqueness of a country where a firm's headquarters is located (Zhang, 2020; Naghavi et al., 2021). Specifically, grounded on the institutional theory, since national culture significantly affects the composition and function of organizations (Hickson & Pugh, 1995), ways of interaction between subgroups in the board room, incurred by board diversity, may turn out in different ways depending on each country's culture. For example, based on the culture dimensions of Hofstede (1980), in a country (e.g., Japan) where uncertainty avoidance is strong, an organization may underscore clear procedures and well-established rules, unwilling to accept different ideas and perspectives of diverse board members. Thus, high uncertainty avoidance may negatively moderate the impact of gender diversity on firm performance. Similarly, in a country with high individualism (e.g., the U.S.), individual female directors' perspectives and skills could be more esteemed, which leads to the enhancement of the strategic value of a diversified board (Naghavi et al., 2021). Notwithstanding the importance of national culture on the relationship between gender diversity and firm performance, to the best of our knowledge, empirical evidence has been lacking in the moderating effect of national culture in the hospitality management literature.

Motivated by the inconsistent theoretical viewpoints regarding the impact of gender diversity on board composition and firm performance, as well as the unique attributes of the hospitality industry that could affect the influence of gender diversity, this study rigorously aims to investigate the effect of gender diversity within boardrooms on firm performance in the hospitality industry. Furthermore, this research seeks to examine the moderating effect of national culture on the gender diversity-firm performance nexus. This aspect addresses a notable void in current academic discourse, offering a more nuanced comprehension of how this relationship may vary across regions with distinct cultural characteristics.

II. Literature Review and Hypotheses Development

2.1 The Effect of Gender Diversity on Firm Performance in the Hospitality Industry

To date,the board diversity-firm performance relationship, considered a critical issue in modern corporations in terms of corporate governance mechanism, has been broadly dealt with in the previous literature (Manoharanet al., 2021; Hillman & Dalziel, 2003). On the one hand, arguments about benefits from board diversity are based on the human capital theory and the resource dependence theory. According to human capital theorists, plentiful human capital (e.g., managerial know-how and skills) accumulated by board diversity is conducive to helping executive managers of a firm make better strategic decisions, which results in better performance (Carter et al., 2003; Hillman & Dalziel, 2003). In a similar vein, based on the resource dependence theory, a group of researchers contends that board diversity enables a firm to access more varied and critical resources (Hillman & Dalziel, 2003). The diversified board members who possess crucial resources from external environments provide valuables service (e.g., counseling and disciplining) to a firm, thereby affecting positively firm performance (Chen et al., 2021).

On the other hand, grounded on the social identity theory, another stream of researchers has focused on costs generated by board diversity (Richard et al., 2003; Tajfel et al., 1979). Based on the social identity theory, individuals in a group tend to associate themselves with others who share common characteristics. In other words, members of a group are more likely to advocate perspectives and opinions of others who resemble them in the same social category (Richard et al., 2003). Members in a homogeneous group tend to effectively collaborate for achieving common objectives, whereas a group with high heterogeneity engenders problems, such as conflicts, communication issues, and a delay in decision-making, thereby adversely affecting firm performance (Ingley & Van der Walt, 2003).

The current study particularly concentrates on gender diversity out of multiple diversity dimensions of a board of directors, considering its notable attention in the existing literature and the strategic importance of female directors in the hospitality industry (Hillman & Dalziel, 2003; Manoharan et al., 2021). A firm may expect to benefit from gender diversity due to the following rationales. First, women board members, compared to traditional males, possess advanced cognitive skills for conflict resolution and harmonizing diverse viewpoints (Song et al., 2020). Second, female board members excel in disseminating information, reducing information asymmetry and fostering active participation (Earley & Mosakowski, 2000). Third, female board members, ascending in a male-dominated hierarchy, acquire unique human capital from diverse challenges, aiding in solving operational problems (Song et al., 2020).

To date, there have been multiple efforts to examine the effect of gender diversity on firm performance in varied industries, and the results of the empirical studies have been mixed (Chen et al., 2021). In order to reconcile the mixture of empirical results, Post & Byron (2015) conducted a meta-analysis, incorporating 140 empirical studies with 144 independent samples. Results of the meta-analysis indicate that there is no significant association between gender diversity and financial performance.

In the hospitality industry, however, this study postulates that values and contribution of gender diversity may result in a positive effect on financial performance, dissimilar to the results in the meta-analysis conducted by Post & Byron (2015). Specifically, the hospitality industry is highly sensitive to fickle customers' needs (Kang et al., 2016). Based on high cognitive skills and better understanding of customers, vigorous participation of female board members incurred by gender diversity in the decision-making process may be conducive to setting appropriate strategies for achieving competitive advantage (Kang et al., 2007). Additionally, operating properties of a hospitality firm located in diverse geographic regions requires advanced expertise in dealing with variant market situations and external resources (e.g., connections with suppliers in a market) (Kang et al., 2016). Since female board members are likely to secure differentiated human capital through experiencing diverse challenges prior to holding the board position, the balance between male and female board members may provide imperative resources along with assisting executive managers of a firm to implement proper strategies (Kang et al., 2007; Kang et al., 2016). These improvements in business operations due to gender diversity may directly connect to better market evaluation. Also, hospitality firms tend to possess a high portion of female workers, compared to other industries. In that sense, the high degree of gender diversity in a board that is regarded as a top position in an organization may enable a firm to captivate more qualified female workers with an improvement of corporate image in a community (Song et al., 2020). Hence, this study postulates the gender diversity-firm performance relationship in the hospitality industry as follows:

H1. The relationship between gender diversity and firm performance is positive and significant in the hospitality industry.

2.2 The Moderating Effect of National Culture

A theoretical framework explaining the probable moderating role of national culture on the gender diversity-firm performance relationship is based on the institutional theory. Institutions refer to a gathering of social norms, values, and rules that determine and control behaviors and interactions in a society (Hofstede, 2011; Hickson & Pugh, 1995). According to institutional theorists, an organization in society is an entity that conforms to institutions in terms of its structure and functions to obtain legitimacy and resources for successful operations (Hickson & Pugh, 1995). Considering that institutions are regarded as key components of society's culture, national culture plays a significant role in determining the functions and composition of a firm (Li & Harrison, 2008). In this regard, the gender diversity-firm performance relationship needs to be comprehended in the consideration of national culture (Zhang, 2020).

In the meta-analysis, Post & Byron (2015) examined whether the impact of gender diversity on firm performance is significantly moderated by the country-level gender parity and shareholder protection indices. The study found that the relationship between gender diversity and firm performance is stronger in countries with high gender parity and shareholder protection environments. Although the existing study employs country-level indices that partially indicate country-level social and cultural differences in relation to gender diversity, there have been limited attempts in examining the contingent role of national culture which possibly intervenes in board composition and interactions among organization members (Pucheta-Martínez et al., 2021; Zhang, 2020). An examination, therefore, of the gender diversity-firm performance relationship needs to incorporate more specific dimensions of national culture for comprehensively addressing the role of each cultural dimension's uniqueness of a country. Although multiple culture dimensions such as GLOBE's (House et al., 2004) and Trompenaars's (1994) have been developed, Hofstede's (1980) culture dimensions have been extensively adopted as a validated measure in the management, psychology, and sociology literature (Mintz, 2005). While the updated Hofstede's culture dimensions comprise six dimensions adding long-term orientation and indulgence, these two dimensions focus more on the individual behavior context, not interactions within an organization (Hofstede, 2011). Therefore, this study adopts four major Hofstede's (1980) culture dimensions, which are power distance, individualism, masculinity, and uncertainty avoidance in order to examine the moderating role of national culture on the relationship between gender diversity and performance of a hospitality firm.

2.2.1 Power Distance

Power distance is defined as "the extent to which the less powerful members of institutions and organizations expect and accept that power is distributed unequally" (Hofstede, 2011, P. 9). In a country with high power distance, an organization prefers to possess potent authority and hierarchies for preserving unequal power (Li & Harrison, 2008). With high power distance culture, a firm's power and authority are likely to be concentrated in only a few hands, which results in a significant gap between a top group and other members with regard to salary, privileges, and authority. In contrast, in low power distance culture, an organization tends to be decentralized, allowing more authority to less-powerful individuals along with valuing each individual's perspectives and actions (Hofstede, 2011; Naghavi et al., 2021).

Given that female directors are relatively regarded as minorities, compared to male board members (Kang et al., 2007), the active involvement of female board members possessing plentiful know-how and unique perspectives in strategic decisions may be restricted in a country with high power distance. It is attributable to the fact that, in the high power distance context, male board members as powerful actors may be prone to holding their authority and privilege, not accepting open-minded interactions with female board members. In the same vein, female organization members' roles in the hospitality industry when comprehending customers and reacting to volatile market changes may be hindered in a country with high power distance where the male-dominant atmosphere prevails in a board room (Song et al., 2020). In other words, gender diversity caused by an appropriate amalgam of male and female board members may not generate a synergetic effect in a country with high power distance, which obstructs the positive effect of gender diversity on firm performance as a result. Thus, regarding the moderating effect of power distance on the relationship between board diversity and firm performance, this study postulates that:

H2a. Power distance negatively moderates the relationship between gender diversity and firm performance in the hospitality industry.

2.2.2 Individualism

Individualism describes the level of opportunity and individual freedom in society (Hofstede, 1980). In an organizational context, individualism indicates a preference for individual perspectives and opinions over a group's consensus. Whereas, an organization with high collectivism puts importance on affiliation and a group's welfare, prioritizing a group over individual ones (Hofstede, 2011). For achieving a group's common objectives and welfare, different interests of individuals are possibly disregarded (Kang et al., 2016; Li & Harrison, 2008).

High individualism culture may provoke environments for gender diversity in a hospitality firm to generate better outcomes. More specifically, since highly individualistic national culture emphasizes the interests of different individuals, each board member with diverse and precious human capital may actively express their perspectives and ideas in a board meeting and carry out their roles with enthusiasm (Naghavi et al., 2021). While respecting and fulfilling individual interests, a board may consider and utilize more alternatives from different gender groups for optimal decisions. For example, a firm in a country with high individualism (e.g., the U.S.) may recognize each individual member's diversity and effectively cooperate for generating a synergetic effect, which may ultimately magnify the effect of gender diversity on firm performance. On the other hand, in a country with high collectivism (e.g., China), board members of a firm may disrespect the heterogeneity of each board member's backgrounds and perspectives, adhering to a rash consensus and rarely allowing a disparity in board members' opinions, which may aggravate the positive effect from gender diversity in a board. Thus, this study postulates national culture with high individualism may cause a positive moderating effect as follows:

H2b. Individualism positively moderates the relationship between gender diversity and firm performance in the hospitality industry.

2.2.3 Masculinity

In a country with high masculine culture, ambition, economic success, and competitiveness are primary concerns. That is, a firm in masculine culture are likely to seek performance-oriented activities with managerial decisiveness rather than focus on interpersonal human relationships (Hofstede, 1980; Hofstede, 2011). On the other hand, feminine culture underscores supportive relationships, caring for others' interests (Kang et al., 2016).

A firm in a country with high masculinity may sacrifice interrelationships between diverse board members for the sake of effectiveness. And, unity in making decisions may prevail in a board room over sharing diverse opinions incurred by gender diversity given that consolidated managerial decisions embody assertiveness and decisiveness of masculine culture in society (Naghavi et al., 2021). In the organizational context, a firm following the influence of high masculine culture may be reluctant to respond to each individual board member's different perspectives and interests obtained from gender diversity since the firm may focus more on prompt and solid decision-making, aggressively devoting itself to achieving the organization's success. Accordingly, this study speculates the moderating role of masculinity on the relationship between gender diversity and firm performance as follows:

H2c. Masculinity negatively moderates the relationship between gender diversity and firm performance in the hospitality industry.

2.2.4 Uncertainty Avoidance

Uncertainty avoidance describes concerns about ambiguous and unstructured situations. In a country with high uncertainty avoidance, an organization tends to seek clear processes and well-established strategies in order to mitigate risks (Hofstede, 1980). On the other hand, in a country with low uncertainty avoidance, members of an organization are more willing to take risks and be generous with unpredictability (Hofstede, 2011).

In a country with high uncertainty avoidance, female board members' keen cognitive skills for appropriately integrating individuals' conflicting opinions and facilitating communication among board members with diverse ideas (Earley & Mosakowski, 2000) are essential to make definite decision-making without dissonance. Especially in the hospitality industry where reactions to fast-changing consumer demands and volatile market situations are highly underscored in implementing appropriate strategies and deriving better outcomes (Kang et al., 2016), female directors' polished interpersonal skills in a board with sufficient gender diversity may play a more salient role to derive prompt and concerted policies and strategies with diminished uncertainty (Naghavi et al., 2021). Accordingly, the current study postulates that, in the hospitality industry, an uncertainty avoidance culture may foster female directors' commitment to the decision-making process by making a firm put more value on female directors' resources and capabilities in reducing any uncertainty around the firm and the suggested hypothesis is as follows:

H2d. Uncertainty avoidance positively moderates the relationship between gender diversity and firm performance in the hospitality industry.

Ⅲ. Methodology

3.1 Data

The sample of the present study consisted of publicly traded hospitality firms in 34 countries with the sample period 2002-2021 to retrieve all available data from diverse sources. This study adopted the industry classification benchmark (ICB) launched by Dow Jones and FTSE in 2005 for facilitating comparison with different countries' data and accordingly, the sample included firms in the travel and leisure sector, composed of 4 subsectors (i.e., airlines, gambling, hotels, and restaurants & bars).

This study obtained national culture data from the Greet Hofstede & Gert Jan Hofstede website (www.geerthofstede.com) which has provided scores of each country's national culture dimensions. Hospitality firms' financial data and information on board structure, including gender diversity, board size, and CEO duality, were retrieved from the Refinitiv database (www.refinitiv.com), which has extensively provided firms' financial and corporate governance data across diverse countries. During the initial phase of data collection, this study accessed data from hospitality firms across 54 countries; however, it encountered missing values in the corporate governance data from 20 countries. After the exclusion of outliers and handling of missing values, the study obtained 1,482 firm-year observations from 34 countries, which were utilized for hypothesis testing.

3.2 Models and Estimation Methods

This study adopted panel regression analysis and used a random effects method to address any confounding effects caused by unobservable heterogeneity that each unit at a different time has when using panel data (Gujarati, 2003). Given that this study's dataset contained fixed values over time for each cross-sectional unit (i.e., values of four national culture dimensions), adopting a fixed effects method is not appropriate since the time-invariant explanatory variables are eliminated from the estimation (Angrist & Pischke, 2008; Gujarati, 2003). The random effects method, therefore, is a more valid estimation method in a way where we are able to estimate the time-invariant moderating impact of national culture while addressing the unobservable heterogeneity, thereby providing more consistent and unbiased estimation results (Angrist & Pischke, 2008). The Hausman test was conducted to determine whether the fixed effects or random effects method is more appropriate for hypothesis testing. The results of the test revealed an insignificant statistical difference between the two methods (chi2 = 6.50, p-value = 0.370), indicating support for the adoption of the random effects method for hypothesis testing.

This study suggests five models to examine the effect of gender diversity on firm performance (Model 1 for testing H1) and the moderating effect of each national culture dimension on the relationship between gender diversity and firm performance (Models 2-5 for testing H2a-H2d). Tobin's q, a financial market-based measure of firm performance, was adopted as a dependent variable in each model. Gender diversity was employed as a main independent variable in Model 1. The interaction terms between gender diversity and each national culture variable were included, in turn, in Models 2-5 to examine the moderating effect of national culture. Models for testing hypotheses are described as follows:

Model 1: Q_LNit = a0 + a1GDit + a2PDit + a3IDit + a4MASit + a5UAit + a6SIZEit + a7LEVit + a8GOit + a9BSit + a10DUALit + εit,

Model 2: Q_LNit = a0 + a1GDit + a2PDit + a3GDit×PDit + a4IDit + a5MASit + a6UAit + a7SIZEit + a8LEVit + a9GOit + a10BSit + a11DUALit + εit,

Model 3: Q_LNit = a0 + a1GDit + a2IDit + a3GDit×IDit + a4PDit + a5MASit + a6UAit + a7SIZEit + a8LEVit + a9GOit + a10BSit + a11DUALit + εit,

Model 4: Q_LNit = a0 + a1GDit + a2MASit + a3GDit×MASit + a4PDit + a5IDit + a6UAit + a7SIZEit + a8LEVit + a9GOit + a10BSit + a11DUALit + εit,

Model 5: Q_LNit = a0 + a1GDit + a2UAit + a3GDit×UAit + a4PDit + a5IDit + a6MASit + a7SIZEit + a8LEVit + a9GOit + a10BSit + a11DUALit + εit,

where Q_LN represents a natural log of Tobin's q, a firm's performance measured by market value to book value ratio; GD represents gender diversity measured by the percentage of female directorships; PD represents a score of power distance in Hofstede's dimensions; ID represents a score of individualism in Hofstede's dimensions; MAS represents a score of masculinity in Hofstede's dimensions; UA represents a score of uncertainty avoidance in Hofstede's dimensions; SIZE represents a firm's size measured by the natural log of total assets; LEV represents a firm's leverage measured by debt-to-asset ratio; GO represents growth opportunity measured by capital expenditure divided by total sales; BS represents the number of a board of directors in a firm; DUAL represents CEO duality which is a dummy variable, coded 1 for the situation where CEO takes a role of a chairman of a board of directors simultaneously and 0 otherwise.

3.3 Measures of Variables

For operationalizing firm performance, this study adopted Tobin's q which is a financial market–based measure of a firm's performance (Kang et al., 2016; Song et al., 2020). For facilitating data collection, this study uses the approximate Tobin's q suggested by Chung and Pruitt (1994). The calculation of the approximate Tobin's q is (MVE + PS + DEBT) / TA, where MVE is the fiscal year–end stock price of a firm multiplied by the number of common shares; PS indicates the liquidating value of preferred stock; DEBT represents the sum of short–term liabilities and the long–term debt's book value; TA is the book value of total assets. As a preliminary test, the current study conducted the Jarque–Bera test to check the skewness and kurtosis of Tobin's q and determined to use the natural log of Tobin's q (Q_LN thereafter) to satisfy the normality assumption.

This study measured gender diversity (GD) by calculating the percentage of female directors on corporate boards. This approach is justified by the recognition of boards as historically male–dominated groups (Manoharan et al., 2021; Post & Byron, 2015). While some studies in the diversity management literature have utilized Blau's (1997) index (1–∑Pi2) to measure diversity in areas such as nationality, educational backgrounds, and ethnicity (e.g., Manoharan et al., 2021; Song et al., 2020), this index is effective when considering both the number of categories and the irrelative proportions. Given that gender is divided into only two categories (i.e.,male and female), the present study opted to use the percentage of female directors rather than the Blau index, as there is no significant mathematical or conceptual difference between the two methods.

Hofstede's culture dimensions were adopted for measuring four national culture variables across the sampled countries. A respective culture score related to each culture dimension is coded to each firm–year observation in a specific country. For example, if masculinity score of Japan is 95, the value of masculinity for Japanese firms is coded 95 within the sample period.

As control variables, this study included five variables for addressing possible confounding impacts. First, due to the possible benefit of the economies of scale along with market power advantage, a firm's size (SIZE) was included in the models, measured by the natural log of a firm's total assets (Chauvin & Hirschev, 1993). Second, this study's models contained a firm's leverage (LEV), measured by the debt-to-equity ratio, since a firm having high leverage may generate both benefits and costs, affecting firm performance (Kang et al., 2016). Third, growth opportunity (GO), measured by the capital expenditure-sales ratio, was considered since a firm with high growth opportunity may expand its business portfolios to employ excess resources, which influences operational complexity and firm performance (Barney, 1991). Fourth, board size (BS) was controlled since the size of a board possibly affects the diversified board room's effectiveness and firm performance simultaneously (Guest, 2009). Lastly, CEO duality (DUAL) was incorporated in the models since CEO duality enables CEO to obtain dominant power over a board of directors, thereby influencing the roles of a diversified board and firm performance (Song et al., 2020).

IV. Results

4.1 Descriptive Statistics

Table 1 reports descriptive statistics of the variables used in the main analysis for hypothesis testing. From the sampled 1,482 firm-year observations, Q_LN had a mean value of 0.426. ranging from −1.165 to 3.206. GD measured by the female directors' percentage showed a mean of 16.225 with a maximum (minimum) value of 75 (0). It indicates that, on average, female directors accounted for 16.225% of all directors of the sampled hospitality firms' boardrooms.

Among four Hofstede's culture dimensions, PD ranged from 22 to 104 with a mean of 50.020 and a standard deviation of 17.672. ID had a mean of 64.565 and a standard deviation of 17.672. MAS showed a range between 5 to 95 with a mean of 57.233 and a standard deviation of 15.055. UA showed the largest variation within the range from 8 to 112, having a mean value of 48.080 and a standard deviation of 18.834. Five control variables which are firm size (SIZE), leverage ratio (LEV), growth opportunities (GO), board size (BS), and CEO duality (DUAL), showed sufficient variation for the analysis.

<Table 1> Summary of descriptive statistics

Variable	Obs.	Mean	Std. Dev.	Min	Max
Q_LN	1,482	0.426	0.614	−1.165	3.206
GD	1,482	16.225	13.131	0	75
PD	1,482	50.020	17.672	22	104
ID	1,482	64.565	29.196	11	91
MAS	1,482	57.233	15.055	5	95
UA	1,482	48.080	18.834	8	112
SIZE	1,482	22.127	1.466	15.443	25.006
LEV	1,482	4.612	99.247	−552.606	3400.556
GO	1,482	0.170	1.103	0	40.419
BS	1,482	9.906	3.309	0	28
DUAL	1,482	0.401	0.490	0	1

Notes: Q_LN denotes a firm's financial performance; GD denotes the gender diversity within a board; PD denotes the degree of power distance; ID denotes the degree of individualism; MAS denotes the degree of masculinity; UA denotes the degree of uncertainty avoidance; SIZE denotes a firm's size; LEV denotes a firm's leverage; GO denotes a firm's growth opportunity; BS denotes a board's size, specifically the total number of directors; DUAL denotes the presence of CEO duality

4.2 Main Results

Table 2 reports the results of coefficient estimation by adopting a random effects method. According to the result of gender diversity on firm performance, presented in column (1), there was a positive and significant impact of GD on Q_LN, which supports H1 (p−value = 0.038). In columns (2)−(5), the interaction terms between GD and each of four culture dimensions show the moderating impact of each culture dimension on the relationship between GD and Q_LN. The interaction term between GD and PD in column (2) revealed an insignificant impact on Q_LN (p−value=0.458), not supporting H2a. Regarding the moderating impact of ID, the interaction term (i.e., GD X ID) had a positive and significant impact on Q_LN (p−value=0.042), supporting H2b. The moderating impact of MAS turned out different from the current study's expectation in H2c.

The interaction term between GD and MAS showed an insignificant effect on Q_LN (p−value=0.311), not supporting the prediction. On the other hand, there was a positive and significant impact of the interaction term between GD and UA on Q_LN (p−value=0.035), supporting H2d. Possible explanations about the findings of the moderating impact of culture dimensions are further discussed in the next section.

<Table 2> Summary of results from the main analyses

Variables	(1) Q_LN	(2) Q_LN	(3) Q_LN	(4) Q_LN	(5) Q_LN
GD	0.003** (0.001)	0.005 (0.003)	−0.0006 (0.002)	0.005*** (0.001)	−0.001 (0.003)
PD	−0.003*** (0.001)	−0.003** (0.001)	−0.003*** (0.001)	−0.003*** (0.001)	−0.004*** (0.001)
ID	−0.003*** (0.001)	−0.003*** (0.001)	−0.004*** (0.001)	−0.003*** (0.001)	−0.003*** (0.001)
MAS	0.009*** (0.0004)	0.009*** (0.0004)	0.009*** (0.0004)	0.010*** (0.001)	0.010*** (0.0004)
UA	−0.003*** (0.001)	−0.003*** (0.001)	−0.003*** (0.001)	−0.003*** (0.001)	−0.004*** (0.001)
SIZE	−0.100*** (0.014)	−0.101*** (0.014)	−0.103*** (0.014)	−0.100*** (0.014)	−0.100*** (0.014)
LEV	2.60e−06 (2.09e−05)	1.36e−06 (2.11e−05)	−4.15e−07 (2.10e−05)	3.77e−07 (2.02e−05)	2.06e−06 (2.02e−05)
GO	−0.011 (0.020)	−0.011 (0.019)	−0.011 (0.019)	−0.011 (0.020)	−0.012 (0.019)
BS	−0.001 (0.003)	−0.001 (0.003)	−0.002 (0.003)	−0.001 (0.004)	−0.001 (0.004)
DUAL	0.184*** (0.028)	0.185*** (0.028)	0.183*** (0.028)	0.185*** (0.028)	0.184*** (0.029)
GD X PD		−3.75e−05 (5.06e−05)			
GD X ID			5.52e−05** (2.71e−05)		
GD X MAS				−3.89e−05 (3.83e−05)	
GD X UA					8.13e−05** (3.85e−05)
Constant	2.491*** (0.352)	2.493*** (0.356)	2.614*** (0.354)	2.448*** (0.323)	2.570*** (0.377)
Observations	1,482	1,482	1,482	1,482	1,482

Wald chi2	1707.75***	1732.11***	1712.91***	1809.06***	1737.26***

Notes: Notes: Q_LN denotes a firm's financial performance; GD denotes the gender diversity within a board; PD denotes the degree of power distance; ID denotes the degree of individualism; MAS denotes the degree of masculinity; UA denotes the degree of uncertainty avoidance; SIZE denotes a firm's size; LEV denotes a firm's leverage; GO denotes a firm's growth opportunity; BS denotes a board's size, specifically the total number of directors; DUAL denotes the presence of CEO duality; cluster-robust standard errors in parentheses; *** p<0.01, ** p<0.05; e- indicates ten to the minus n^{th}power

V. Discussion and Conclusion

With a sample of 1,482 observations across 34 different countries, this study first found a positive effect of gender diversity on Tobin's q, regardless of national culture. This result supports the human capital theory and the resource dependence theory that explains the benefits of gender diversity in a board (e.g., Carter et al., 2003; Erhardt et al., 2013).

This finding is in contrast with the results of a meta-analysis conducted by Post & Byron (2015), which found no significant relationship between gender diversity and financial performance in generic industries. However, the hospitality industry has been known for its need to respond quickly to changes in consumer demand and external factors to attain competitive advantage. Female directors, in general, possess more sophisticated cognitive skills and flexibility in thinking, compared to male directors, which facilitate a hospitality firm to lessen conflicts and to disperse information within a firm effectively (Earley & Mosakowski, 2000). In that sense, an enhanced gender diversity followed by an increase in the portion of female directors may result in more appropriate and timely decision-making in a hospitality firm. Furthermore, the hospitality industry has been depicted as a labor-intensive sector and, especially, female workers' role in providing considerate and tailored service to customers is of significance (Manoharan et al., 2021). If a hospitality firm possesses a high percentage of female directors, depicted as a firm caring about workforce diversity, the firm can more efficiently recruit and preserve a valuable workforce, which may lead to better market evaluation.

In terms of the moderating effect of national culture, this study found positive and significant moderating effects of individualism and uncertainty avoidance whereas there were insignificant moderating impacts of power distance and masculinity. The results imply that gender diversity in a board could be more valued and lead to better organizational outcomes in cultures where individualism and uncertainty avoidance are high. A hospitality firm affected by social norms and national culture of individualism could appreciate individuals' disparate ideas and perspectives, which promotes female directors' vigorous commitment to providing their unique skills, resources, and attachment to the firm. Accordingly, the hospitality firm in this cultural environment may maximize the benefit from synergetic interactions and coordination among diversified directors in terms of gender.

To date, the impact of uncertainty avoidance on organizational strategy and firm performance has generated controversy in the literature. For example, previous research (e.g., Carrasco et al., 2015; Pucheta-Martínez et al., 2021) concentrating on the manufacturing and IT industries found that a culture of high uncertainty avoidance may not accept female organization members' new ideas and perspectives that may be against the existing organizational systems. The different perspectives that female directors bring to a board may be unrequested in high uncertainty avoidance cultures as a firm prefer to adopt more established strategies in mitigating potential risks and uncertainty (Carrasco et al., 2015). However, this study's result of the positive moderating impact of uncertainty avoidance is in contrast to findings in other industry contexts. A possible explanation is that the hospitality industry is intrinsically susceptible to market changes with notable uncertainty and female workers' roles in operations and devising strategies in response to the rapidly changing external situations are especially underscored. In other words, the female directors' creative suggestions, refined know-how, and sophisticated interpersonal skills may not be regarded as drastic, risky elements but rather act as core competency that a hospitality firm necessitates for implementing relevant strategies decisively with minimized unpredictability. In this regard, an uncertainty avoidance culture around a hospitality firm may foster these female directors' precious competence in the decision-making process and operations, which leads to a greater chance of achieving competitive advantage.

For the insignificant moderating impact of power distance and masculinity, we could look for the cause from the importance of female directors' resources and capabilities in the hospitality industry. Although this study postulates that high power distance and masculinity cultures attenuate the impact of gender diversity in a board on firm performance, a hospitality firm-level or industry-level particular demand for female directors' differentiated human and social capital may marginalize the country-level social norm in relation to power distance and masculinity. As the country-level cultural influence is at odds with the need for female directors' active involvement, hospitality firms' exceptional request for the comprehensive participation of female directors may offset the disrupting effect of high power distance and masculinity cultures, thereby leading to an insignificant moderating impact in the hospitality industry.

This study expects to contribute to the corporate governance literature, given that this study examines the gender diversity-firm performance relationship by considering hospitality industry-specific characteristics.This study's results confirm relevant theories in explaining the economic benefits of gender diversity in a board and enhancing an external validity of a significant relationship between a board's gender diversity and firm performance. Although some studies, including the meta-analysis conducted by Post & Byron (2015) found an insignificant relationship between gender diversity and firm performance in overall industries, the current study expects to bolster the strategic importance of female directors' representation and active involvement in a hospitality firm's board.

More importantly, this study expects to add value by showing that national culture is a crucial contextual factor for examining the relationship between gender diversity and firm performance. Particularly, this study classifies national culture into more specific four dimensions and investigates each culture dimension's moderating effect on the gender diversity-firm performance relationship. While previous studies examining the impact of board diversity on firm performance in the hospitality industry are conducted in a specific country context (e.g., the U.S. hospitality industry), these studies are not appropriate for involving the effect of national culture. In that regard, the present study's findings contain originality given that this study is the first one specifically examining the moderating role of national culture in the hospitality industry context.

For practical implications, this study serves as guidelines pertaining to a board's composition and roles for practitioners in the hospitality industry. First, shareholders of a hospitality firm will be able to refer to the results of this study when selecting board members. For example, unless there is a country-level regulation to fix the proportion of female board members, establishing a corporate-level regulation for securing minimal female board seats may be necessary for expecting benefits from gender diversity. Next, shareholders of a hospitality firm need to be aware of national culture's intervening influence to maximize the positive effect of gender diversity. If a hospitality firm operates its core business in a country where national individualism and uncertainty avoidance are high, the firm is encouraged to nominate female directors more actively and preserve gender diversity to exploit female directors' exclusive skills and know-how that are particularly pivotal in hospitality business operations. For example, considering that numerous hospitality businesses are property-based businesses located in multi-point regions, female directors' cognitive skills that facilitate harmonizing each director's abilities and effectively diffuse internal information across board members will be beneficial for reacting to fickle market changes and making fast-moving right decisions.Additionally, a firm's efforts into establishing organizational culture and system, which promote the amalgam of male and female directors, is needed to expect a synergetic effect of gender diversity on firm performance. Even if national culture (e.g., high individualism and uncertainty avoidance) may affect organization members' perspectives and behaviors in favor of gender diversity, male-centered hierarchical structures of a firm such as the male director's leading role in each board committee and male CEO's dual role as a chairman of the board may impede female directors' active engagement in monitoring and disciplining executives as wells as providing appropriate resources for the key decision-making process. Firm-level practices for enhancing the balance of leading roles regardless of gender may foster a managerial situation where the firm can take advantage of maximizing gender diversity in the consideration of the effect of national culture.

The current study is subject to multiple limitations. First, since this study employs publicly traded hospitality firms in 34 countries owing to data availability, there may be a generalization issue when applying the results to private hospitality firms or firms whose headquarters are located in other countries. For obtaining external validity, incorporating private-owned firms and firms in other countries will be demanded in future studies. Second, this study uses gender diversity as a measure of board diversity. However, in future studies, consideration of other proxies such as race, nationality, educational background, and prior work experience for an exhaustive examination of the effect of board diversity will be encouraged. Lastly, although this study uses Hofstede's (1980) culture dimensions as an effort to consider cultural uniqueness of each country, there may be other culture dimensions that may strengthen the argument regarding the contingent role of national culture in the relationship between board diversity and firm performance. For example, dimensions from the GLOBE's (House et al., 2004) study and the Trompenaars's (1994) study need to be pondered over in future studies.

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Penn State University에서 Hospitality Management 박사학위를 취득했고 현재 University of Central Florida의 Rosen College of Hospitality Management에서 조교수로 재직중이다. 연구 관심 분야는 호텔 및 관광 산업의 ESG와 전략경영이다.

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Temple university에서 Tourism 전공으로 박사학위를 취득했고 현재 경희대학교 호텔관광대학에서 교수로 재직중이다. 연구 관심 분야는 Hospitality and Tourism 산업의 기업의 사회적 책임, 기업다각화 전략, 기업지배구조 등이다.