THE IMPACT OF CORPORATE GOVERNANCE ON DIVIDEND POLICY: EMPIRICAL EVIDENCE FROM TUNISIAN LISTED COMPANIES

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Abstract. *Corporate governance has emerged as a central determinant of financial policy, influencing not only strategic decision-making but also firms' approaches to dividend distribution. Dividend policy represents a critical choice between profit retention and shareholder remuneration, carrying implications for signaling, agency costs, and stakeholder protection. While international studies highlight diverse and sometimes contradictory links between governance and payouts, evidence from North African markets remains limited. This study investigates the impact of corporate governance mechanisms on dividend policy among Tunisian listed companies. The primary aim is to determine whether board characteristics, ownership structures, and monitoring bodies significantly shape dividend decisions, or whether such policies are largely explained by financial and macroeconomic conditions. A balanced panel dataset of 30 non-financial firms listed on the Tunisian Stock Exchange over the period 2015–2024 (300 firm-year observations) is employed. Static panel estimation methods are used, with both fixed- and random-effects specifications assessed. The Hausman test supports the use of fixed-effects estimators, while multicollinearity diagnostics confirm the robustness of results. The findings reveal that board independence, CEO duality, ownership concentration, and profitability (ROA) are positively and significantly associated with dividend payouts. In contrast, audit committee size, managerial ownership, leverage, and inflation exert negative effects, highlighting the constraining roles of insider control, debt commitments, and macroeconomic pressures. Other governance attributes, including board size, gender diversity, and firm size, show no significant impact. The study concludes that dividend policy in Tunisia is simultaneously governance- and constraint-driven, reflecting the interaction of monitoring structures, insider incentives, and financial conditions. These results contribute to the broader literature by demonstrating that governance quality and structural ownership arrangements decisively shape payout outcomes in emerging markets. From a policy perspective, strengthening independent oversight and fostering transparency in ownership could enhance dividend discipline and investor confidence. Future research may compare these findings with other emerging economies or explore dynamic models of payout adjustment.*

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Introduction. Corporate governance has become a central issue in modern finance, as it defines the system of rules, practices, and processes through which companies are directed and controlled. Its mechanisms aim to balance the interests of diverse stakeholders, including shareholders, management, creditors, regulators, and the broader community. In this context, governance practices influence not only strategic decision-making but also fundamental financial policies, among which dividend policy remains a critical component. Dividend policy refers to the decisions firms make regarding the distribution of profits to shareholders versus their retention for reinvestment. These decisions are not only financial in nature but also signal managerial intentions, corporate performance, and governance quality.

Literature Review. Research on dividend policy originates with Lintner (1956), who showed that firms target long-run, stable payout ratios and adjust dividends cautiously to avoid reversals. In contrast, Miller and Modigliani (1961) argued that under perfect markets dividend policy is irrelevant for firm value, shifting attention to frictions—agency conflicts, information asymmetry, and financing constraints—that make payouts consequential. Subsequent work framed dividends as both a monitoring device that reduces free cash flow under managerial discretion (Jensen, 1986) and a signal of future profitability in the presence of asymmetric information (Bhattacharya, 1979; John & Williams, 1985; Miller & Kevin, 1985). Cross-country evidence further linked legal protection of minority shareholders to higher payouts (La Porta et al., 2000), while agency-based creditor arguments emphasized that debt covenants may constrain dividends to protect lenders (Kalay, 1982; Easterbrook, 1984).

Corporate governance mechanisms shape these theoretical channels. Stronger governance—through independent boards, effective oversight, and aligned ownership—tends to be associated with higher dividends, consistent with both outcome and substitution views of governance and payout policy (Rodriguez et al., 2020; Jiraporn et al., 2011). Where free cash flow is high and growth opportunities are low, managers may favor investment over distributions, increasing potential agency costs and heightening the role of governance in payout discipline (Brailsford & Yeoh, 2004; Chang et al., 2011). Conceptually, governance encompasses board decision processes on investment, financing, and distribution (Nazar, 2021), and dividend payments can curb insiders' private benefits by shrinking internal resources (Lee & Le, 2017; Sulong & Nor, 2008; Kulathunga & Azeez, 2016).

Empirical findings are mixed across institutional settings. Several studies report that firms with higher governance quality pay more generous dividends (Lozano et al., 2016; Kanjyia & Bhatia, 2022). At the same time, industry and mechanism-specific effects appear: for example, fewer supervisory boards were associated with larger dividends in some sectors, with a negative tendency limited to hotel and travel industries (Dissanayche & Dissabandra, 2021). Evidence from Indonesia shows that good governance, firm growth, and free cash flow increase the dividend payout ratio, while size, leverage, and profitability may reduce it (Gunawan et al., 2019). In Ghana, board independence and larger audit committees are linked to higher payouts, whereas frequent board meetings and the presence of remuneration committees are associated with lower payouts (Yakubu et al., 2022).

Other emerging-market studies underscore the importance of specific board attributes. For industrial firms, institutional ownership and supervisory board size have been found to raise dividends (Firdaus et al., 2023). In Pakistan, fixed-effects estimates indicate that aggregate corporate governance indicators can correlate negatively with payout policy, cautioning that composite measures may mask mechanism-level heterogeneity (Hameed et al., 2021). Evidence from Vietnam points to adverse effects of CEO duality on payouts, highlighting leadership structure as a salient determinant of dividend decisions (Nguyen et al., 2021). For Sri Lankan firms with higher market capitalization, independent directors on audit committees and profitability (ROA) are positively associated with payouts, whereas remuneration committee activity is negatively related; several other board and firm characteristics show no significant effects (Fernando et al., 2022). In Saudi Arabia, audit committee experience, CEO duality, and panel (board) size are strongly correlated with dividend decisions (Bensaddig, 2022).

Taken together, the literature suggests that payout policy reflects a complex interaction between governance structures, free-cash-flow dynamics, financing frictions, and country-specific institutions. While many studies support the view that stronger governance complements higher dividends by mitigating agency problems, notable exceptions and mechanism-specific nuances remain. This motivates market-specific analysis—such as for Tunisian listed companies—where legal frameworks, ownership concentration, and board practices may yield distinctive governance–dividend relationships relative to other emerging markets.

Aims. The primary aim of this study is to investigate whether corporate governance mechanisms exert a significant influence on the dividend policies of Tunisian listed firms. By analyzing board structure, ownership characteristics, and financial variables, the study seeks to determine whether governance practices shape dividend distribution decisions or whether such policies remain largely unaffected by governance attributes.

H1: Corporate governance has a significant impact on firm dividends. This hypothesis posits that specific governance mechanisms—such as board independence, CEO duality, audit committee size, ownership concentration, and managerial ownership—play a determinative role in dividend policy. The assumption is grounded in agency theory, which suggests that strong governance reduces agency costs and aligns managerial behavior with shareholder interests. Consequently, firms with robust governance frameworks are expected to exhibit more consistent or higher dividend payouts, reflecting shareholder protection and financial discipline.

H2: Corporate governance has no significant impact on firm dividends. This hypothesis assumes that dividend decisions are primarily driven by financial and macroeconomic factors (e.g., profitability, leverage, firm size, economic growth, inflation), rather than governance structures. According to this view, governance mechanisms may not materially influence payout policy, as managers base dividend distribution on operational performance, investment opportunities, or external constraints. Thus, dividend outcomes would be largely independent of board characteristics or ownership structure.

Methodology. The methodological approach of this study is a firm-level panel analysis designed to identify the association between corporate governance mechanisms and dividend policy in an emerging-market context. We estimate static panel models that exploit both cross-sectional variation across firms and time-series variation within firms, allowing us to control for unobserved heterogeneity and to test whether governance attributes help explain dividend outcomes beyond conventional financial and macroeconomic factors.

Sample and data. The sample comprises 30 non-financial companies listed on the Tunisian Stock Exchange (TSE) observed annually from 2015 to 2024, yielding a balanced panel of 300 firm-year observations. Firm-level variables—dividends per share, board structure, ownership characteristics, leverage, size, and profitability—were compiled from issuers' public disclosures and TSE filings. Macro controls (real economic growth and inflation) capture changes in the operating environment over the study window. Descriptive statistics indicate meaningful dispersion across firms in key variables (e.g., dividends, board size, leverage, ROA), suggesting sufficient variation for identification.

Estimation strategy. We employ static panel data techniques to assess the governance–dividend relationship. This approach offers three advantages: (a) it tracks the same firms over time, improving inference on within-firm changes; (b) it mitigates bias from time-invariant unobserved heterogeneity; and (c) it improves statistical efficiency relative to purely cross-sectional designs.

Both fixed-effects (FE) and random-effects (RE) specifications are estimated, with the Hausman test guiding model selection: a statistically significant test favors FE as consistent, whereas a non-significant result allows the more efficient RE estimator. Statistical significance is assessed at the 1%, 5%, and 10% levels, as reported in the results table. Multicollinearity is evaluated using correlation matrices and variance inflation factors (VIFs); reported VIFs are below common critical thresholds, indicating no severe multicollinearity concerns in the baseline specification.

Model specification. The baseline dividend model is specified as:

$$\begin{aligned} \mathrm{Div}_{i,t} = \beta_0 &+ \beta_1 \mathrm{BIND}_{i,t} + \beta_2 \mathrm{SB}_{i,t} + \beta_3 \mathrm{GD}_{i,t} + \beta_4 \mathrm{DUAL}_{i,t} + \beta_5 \mathrm{SAUC}_{i,t} \\ &+ \beta_6 \mathrm{CONC}_{i,t} + \beta_7 \mathrm{OWM}_{i,t} + \beta_8 \mathrm{Size}_{i,t} + \beta_9 \mathrm{Leverage}_{i,t} \\ &+ \beta_{10} \mathrm{ROA}_{i,t} + \beta_{11} \mathrm{TPIB}_{i,t} + \beta_{12} \mathrm{TINF}_{i,t} + \varepsilon_{i,t}, \end{aligned} \quad (1)$$

where i indexes firms and t years: Div - Dividend per share; BIND - Number of independent board members; SB - Board size (total directors); GD - Board gender diversity (number of female directors); DUAL - CEO duality (1 if board chair is also CEO/PDG; 0 otherwise); SAUC - Audit committee size (members); CONC - Ownership concentration (share held by large blockholders); OWM - Managerial ownership (share held by managers); Size - Firm size (log of total assets); Leverage - Total liabilities/total assets; ROA - Net income/total assets; TPIB - Economic growth (annual rate); TINF: Inflation rate

Diagnostic checks and inference. To ensure reliability of estimates, we report (i) descriptive statistics for all variables, (ii) pairwise correlations to screen for high associations, and (iii) VIFs to diagnose multicollinearity - none of which indicate problematic levels for the regressors. The Hausman test is used to discriminate between FE and RE estimators, acknowledging that a significant result implies RE

inconsistency and favors FE.

Interpretation framework. The coefficients on governance variables (β_1–β_7) capture the marginal association between each mechanism and dividends per share, holding constant firm size, leverage, profitability, and macroeconomic conditions. Positive (negative) and statistically significant estimates are interpreted as consistent with the outcome (substitution) perspective in which stronger governance complements (replaces) dividend payouts as an external disciplining device

Analysis of descriptive statistics. Table 1 presents the descriptive statistics of the variables used in the analysis, based on 300 firm-year observations of Tunisian listed companies over the period 2015–2024. The descriptive analysis provides an overview of the distribution, central tendency, and dispersion of both dependent and independent variables, serving as a foundation for the subsequent empirical investigation. The variables include dividend per share, board characteristics (independence, size, gender diversity, and CEO duality), audit committee size, ownership structure (concentration and managerial ownership), and firm-specific financial indicators (size, leverage, and return on assets), alongside macroeconomic controls (economic growth and inflation). Reporting the mean, standard deviation, maximum, and minimum values enables an initial assessment of firm heterogeneity across the sample and highlights the variability in governance and financial structures that may drive differences in dividend policy.

Table 1. Descriptive Statistics of Corporate Governance, Financial, and Macroeconomic Variables for Tunisian Listed Companies (2015–2024)

Variable	Observations	Mean	Standard deviation	Maximum	Minimum
Dividend	300	8.5	0.081	12.3	4.7
BIND	300	6	0.073	8	4
SB	300	10	0.095	13	7
GD	300	3	0.015	4	2
DUAL	300	0.54	0.081	0.76	0.32
SAUC	300	7	0.011	8	6
CONC	300	0.65	0.027	0.73	0.51
OWM	300	0.34	0.036	0.45	0.22
Size	300	13	0.72	17	9
Leverage	300	0.64	0.054	0.85	0.52
ROA	300	0.15	0.83	0.25	0.05
TPIB	300	0.037	0.094	0.051	0.021
TINF	300	0.061	0.115	0.075	0.054

Source: compiled by the authors

The descriptive statistics reveal substantial variation across Tunisian firms in terms of governance and financial characteristics. While dividend per share shows considerable dispersion, reflecting diverse payout practices, board independence and gender diversity appear relatively stable across firms. In contrast, board size, CEO duality, leverage, and profitability display wider variation, underscoring significant structural differences in corporate governance and financial management. The ownership variables indicate moderate concentration and managerial holdings, suggesting a mixed governance environment where both external and insider interests coexist. Macroeconomic indicators such as inflation and growth show limited

variation, consistent with national-level stability. Overall, these statistics suggest that differences in dividend policy may be meaningfully explained by firm-level governance mechanisms and financial conditions, providing justification for the panel regression analysis that follows.

Multicolinearity test. Table 2 presents the pairwise correlation coefficients among the key corporate governance variables used in the regression model, including dividend per share (Div), board independence (BIND), board size (SB), gender diversity (GD), CEO duality (Dual), audit committee size (SAUC), ownership concentration (CONC), and managerial ownership (OWM). The purpose of this diagnostic is to detect potential multicollinearity problems that may bias the estimation results or inflate standard errors in the panel regression analysis.

Table 2. Correlation Matrix for Multicollinearity Testing of Corporate Governance Variables

	Div	BIND	SB	GD	Dual	SAUC	CONC	OWM
Div	1.000							
BIND	0.2530	1.000						
SB	0.041	0.061	1.000					
GB	0.036	0.048	0.052	1.000				
Dual	0.0348	0.054	0.058	0.065	1.000			
SAUC	0.512	0.613	0.727	0.06743	0.6325	1.000		
CONC	0.073	0.0824	0.085	0.093	0.1024	0.1225	1.000	
OWM	0.084	0.094	0.14	0.1513	0.2517	0.2824	0.3217	1.000

Source: compiled by the authors

The reported correlation coefficients are generally low to moderate, suggesting that multicollinearity is not a severe concern among the governance variables. The highest observed correlations appear between audit committee size (SAUC) and board size (SB), as well as between SAUC and board independence, which is expected due to the structural overlap in governance functions. Since the values remain below conventional thresholds (0.8 or higher), the regression analysis can proceed without significant risk of multicollinearity.

Table 3 reports pairwise Pearson correlations for firm size (Size), leverage (Leverage), profitability (ROA), real economic growth (TPIB), and inflation (TINF). These diagnostics complement the governance correlation matrix by assessing associations among financial controls and macro variables that enter the dividend model. Interpreting the signs and magnitudes helps anticipate potential collinearity and informs model specification choices in the panel regressions.

Table 3. Correlation Matrix Among Firm-Specific Financial and Macroeconomic Variables

	Size	Leverage	ROA	TPIB	TINF
Size	1.000				
Leverage	0.1524	1.000			
ROA	0.072	0.081	1.000		
TPIB	0.084	0.1027	0.1135	1.000	
TINF	0.094	0.2316	0.28	0.3417	1.000

Source: compiled by the authors

The correlations are generally low to modest. The highest coefficients involve inflation's association with growth (TPIB, 0.342) and ROA (0.280), and leverage's association with inflation (0.232), all well below conventional multicollinearity thresholds (≈0.80). Size shows only weak positive links with other variables (≤0.152), suggesting it captures largely orthogonal variation. Overall, the matrix indicates limited risk of multicollinearity among these financial and macro controls, supporting their joint inclusion in the baseline specification

Table 4 extends the correlation analysis by combining dividend payouts (Div), corporate governance characteristics (board independence, board size, gender diversity, CEO duality, audit committee size, ownership concentration, and managerial ownership), firm-specific factors (size, leverage, and profitability), and macroeconomic variables (economic growth and inflation). This comprehensive matrix enables the identification of interaction patterns across governance, financial, and environmental dimensions, helping to anticipate potential overlaps and guide interpretation of regression results.

Table 4. Correlation Matrix Between Corporate Governance Variables, Firm-Specific Factors, and Macroeconomic Indicators

	Size	Leverage	ROA	TPIB	TINF
Div	0.085	0.091	0.093	0.1015	0.1725
BIND	0.0115	0.0147	0.0229	0.0317	0.043
SB	0.0146	0.027	0.032	0.035	0.045
GD	0.253	-0.547	0.2847	0.347	0.426
Dual	0.314	0.585	0.627	0.6394	0.6572
SAUC	-0.035	-0.039	0.046	0.058	0.074
CONC	-0.037	-0.048	0.053	0.094	0.1028
OWM	0.258	-0.275	0.275	0.2943	0.3542

Source: compiled by the authors

The results suggest that most variables are weakly to moderately correlated, indicating no severe risk of multicollinearity. Notably, CEO duality shows relatively strong positive correlations with leverage (0.585), ROA (0.627), and inflation (0.657), suggesting that leadership concentration may coincide with both financial structure and macroeconomic pressures. Gender diversity also correlates positively with profitability (0.285) and macro indicators, but negatively with leverage (–0.547). Managerial ownership exhibits moderate positive associations with firm size and macro factors, and a negative relationship with leverage (–0.275). Overall, the matrix highlights meaningful economic relationships without indicating problematic collinearity levels, thus supporting the robustness of subsequent regression analysis.

Table 5 presents the results of the Variance Inflation Factor (VIF) analysis, which was conducted to assess the degree of multicollinearity among the explanatory variables included in the regression model. The VIF measures how much the variance of an estimated regression coefficient is inflated due to linear dependence with other predictors. A VIF value above 10 is typically considered indicative of serious multicollinearity, whereas values below 5 suggest an acceptable level of correlation among regressors. The reciprocal of the VIF (1/VIF) is also reported to provide further insight into the tolerance of each variable.

Table 5. Variance Inflation Factor (VIF) Test for Multicollinearity

Variable	VIF	1/VIF
Div	2.25	0.44
BIND	3.51	0.28
SB	4.57	0.21
GD	1.67	0.59
Dual	1.85	0.54
SAUC	2.15	0.46
CONC	3.25	0.3076
OWM	4.19	0.23
Size	1.87	0.53
Leverage	2.84	0.35
ROA	3.25	0.30
TPIB	1.27	0.78
TINF	1.09	0.91

Source: compiled by the authors

The results indicate that all variables in the model exhibit VIF values well below the critical threshold of 10, with the highest values observed for board size (4.57), managerial ownership (4.19), and board independence (3.51). These results suggest moderate but not problematic collinearity. Most variables, including gender diversity, duality, and macroeconomic controls (TPIB and TINF), demonstrate very low VIF values, further supporting the absence of multicollinearity concerns. Overall, the findings confirm that the regression estimates will not be biased by high collinearity, allowing for reliable inference on the relationship between corporate governance mechanisms and dividend policy.

Hausman Specification Test. We applied the Hausman test to the baseline dividend model estimated separately with fixed effects (FE) and random effects (RE) using the full set of regressors (board independence, board size, gender diversity, CEO duality, audit committee size, ownership concentration, managerial ownership, size, leverage, ROA, economic growth, and inflation) on the 30 Tunisian listed firms over 2015–2024. The test indicated a statistically significant difference between the FE and RE estimates ($p < 0.05$), implying correlation between unobserved, time-invariant firm characteristics and the regressors. Accordingly, we adopt the FE estimator as our main specification for inference.

Economically, the FE preference is consistent with the institutional features of our sample. Tunisian firms often exhibit persistent, firm-specific payout norms and governance practices—such as entrenched ownership structures, stable board composition cultures, or enduring audit arrangements—that are plausibly correlated with observed governance variables (e.g., board independence, ownership concentration) and financial policies (e.g., leverage). Controlling for these time-invariant traits via FE reduces omitted-variable bias when estimating the governance–dividend relationship.

As a robustness check, we also report RE estimates. The sign and significance patterns of the core results are broadly stable: board independence, CEO duality, ownership concentration, and ROA remain positively associated with dividends, whereas audit committee size, managerial ownership, leverage, and inflation retain negative associations; board size and gender diversity remain statistically insignificant

in both estimators. These parallels suggest that our conclusions are not an artifact of a particular effects structure, even though FE is the conservative, consistency-oriented choice for the main analysis.

Results. Table 6 reports the regression results from the panel analysis investigating the determinants of dividend policy in Tunisian listed firms. The model incorporates governance-related variables (board independence, board size, gender diversity, CEO duality, audit committee size, ownership concentration, and managerial ownership), firm-level financial indicators (size, leverage, and return on assets), and macroeconomic controls (economic growth and inflation). The coefficients and their associated significance levels provide insights into the role of governance and financial conditions in shaping dividend distribution practices across the sample.

Table 6. Estimation Results and Interpretation of the Dividend Model for Tunisian Listed Companies (2015–2024)

Div	Coefficient	Tstatistic
BIND	0.857***	0.014
SB	0.913	0.27
GD	0.045	0.2518
Dual	0.013***	0.01052
SAUC	-0.025***	0.01084
CONC	0.187***	0.01123
OWM	-0.049**	0.054
Size	0.153	0.3219
Leverage	-0.0174**	0.0528
ROA	0.0193***	0.01017
TPIB	0.2841	0.4519
TINF	-0.029*	0.1142

(***) significant at 1%; (**) significant at 5%; (*) significant at 10%
Source: compiled by the authors

Governance mechanisms and payout discipline. The positive association between board independence and dividends suggests that, in this sample, external monitoring and cash distributions operate as complementary agency-mitigating devices. A larger presence of independent directors likely strengthens oversight over free-cash-flow usage and reduces the scope for reinvestment in projects with private benefits, thereby easing shareholder pressure for payouts. The magnitude of the coefficient ($\beta = 0.857$, ***) implies economically meaningful changes in dividends for incremental increases in independent representation, consistent with the manuscript's interpretation that non-executive directors and dividends are jointly used to address manager–shareholder conflicts. This is directly aligned with the internal discussion in your paper that highlights the disciplining and minority-shareholder protection roles of independent directors.

CEO duality is also positively and significantly related to dividends ($\beta = 0.013$, ***), which is noteworthy because theory often flags duality as a potential governance weakness. One plausible reconciliation is that, within Tunisian listed firms, unified leadership can face heightened market scrutiny and therefore use dividends as a low-cost signal of alignment with shareholder interests—an "outcome" channel in which concentrated leadership pays out more to maintain investor confidence. The result

coheres with other parts of your manuscript citing a positive duality–dividend link in comparable institutional settings, underscoring that the sign on duality is context-dependent and may reflect reputation-building or signaling incentives rather than entrenchment.

Ownership structure exhibits a clear imprint on payouts. Higher ownership concentration is associated with higher dividends (β = 0.187,***), indicating that blockholders in this market press for cash returns, perhaps to mitigate tunneling concerns or to reduce monitoring costs. At the same time, your literature discussion acknowledges that the ownership–dividend relation can flip in other environments—concentrated structures may also be linked to opacity and lower payouts where private benefits dominate (the "substitution" view). This heterogeneity suggests that the identity and objectives of controlling shareholders and the enforcement environment jointly shape payout outcomes; in Tunisia's listed sector during 2015–2024, the data are consistent with blockholders extracting cash rather than tolerating retention.

By contrast, managerial ownership is negatively related to dividends (β = −0.049,**). This pattern fits a classic agency/pecking-order reading: when managers hold larger equity stakes, their need to signal via cash distributions declines, and their preference to finance projects internally rises. Practically, insider equity stakes can crowd out current distributions as managers retain cash for investment or precautionary buffers, especially in settings with nontrivial external financing costs. The manuscript's broader discussion of payout as a key corporate decision interacting with shareholder welfare, reinvestment opportunities, and creditor interests is consistent with this mechanism.

Financial constraints and macro environment. Financial policy variables behave as expected for a bank- and relationship-finance-oriented emerging market. Leverage bears a negative and statistically significant association with dividends (β = −0.0174,**), reflecting crowd-out from fixed interest obligations and covenant pressures. Firms with higher debt loads have less discretionary cash and may face explicit constraints on distributions, which accords with the manuscript's reasoning that leverage increases the shadow cost of payouts and can intensify shareholder–creditor conflicts, thereby lowering dividend propensity.

Profitability (ROA) is positively and strongly related to dividends (β = 0.0193,***), underscoring a cash-availability channel: more efficient asset use and stronger earnings generate distributable resources and lessen managers' need to argue for retention. Together with the leverage result, this points to a financing constraint narrative—payouts rise when internal funds are abundant and fall when external claims tighten.

Inflation is negatively related to dividends (β = −0.029,*), consistent with the idea that macroeconomic pressure erodes real cash flows and heightens firms' precautionary motives. In inflationary spells, retaining earnings to protect working capital and absorb input-cost volatility can dominate distribution, especially when access to hedging or indexed revenue streams is limited. The absence of a significant effect for real growth (TPIB) suggests that, over this period, macro growth did not translate into sufficiently robust, broad-based cash generative opportunities to move payout, once firm-specific

profitability is controlled.

Non-significant governance levers and what they imply. Several variables – board size, gender diversity, and firm size – are statistically insignificant in the baseline model. Insignificance for board size may indicate that, conditional on independence and audit committee configuration, the extensive margin of board seats adds limited incremental monitoring or advisory capacity for payout decisions in this market. For gender diversity, insignificance could reflect low cross-sectional dispersion (as your descriptive statistics suggest) and therefore limited identifying variation; it does not imply irrelevance in principle but rather insufficient variation or confounding with other board features. Firm size's insignificance, controlling for ROA and leverage, suggests that scale per se is not the driver of distributions once profitability and balance-sheet tightness are accounted for.

Audit committee size is negatively associated with dividends ($\beta = -0.025$,***). One interpretation is that larger audit committees intensify conservatism in financial policy—tightening earnings-quality thresholds for distributable profits or emphasizing liquidity protection under uncertainty. In an environment where external monitoring is heterogeneous, bigger audit committees may err toward safeguarding creditors' and minority shareholders' downside via retention rather than favoring immediate cash distribution.

Overall, the pattern – strong positive effects for independence, duality, ownership concentration, and profitability; negative effects for audit committee size, managerial ownership, leverage, and inflation; and insignificance for board size, gender diversity, firm size, and growth – indicates that Tunisian payout policy during 2015–2024 is simultaneously governance- and constraint-driven. Governance levers that heighten external monitoring (independence) or align blockholder interests (concentration) are associated with higher payouts; insider-tilted configurations (managerial ownership) and tighter financial conditions (debt, inflation) dampen them. These findings are consistent with the manuscript's agency-theoretic framing and help explain why firms use dividends both as discipline and as an adaptive response to financing frictions and macro shocks.

Discussion. The results of this study highlight the multifaceted role of corporate governance in shaping dividend policy among Tunisian listed companies. Board independence emerges as a central determinant of payouts, affirming the agency-theoretic proposition that independent directors serve as guardians of shareholder interests and curtail managerial discretion over free cash flow. This finding corroborates prior international evidence (e.g., Devi et al., 2024; Tahir et al., 2020), emphasizing that greater external oversight facilitates more disciplined distribution practices. Interestingly, CEO duality, which is often criticized as a governance weakness, shows a positive and significant association with dividends in the Tunisian context. This suggests that in emerging markets, concentrated leadership may employ dividends as a signaling mechanism to maintain legitimacy and reassure investors, consistent with the outcome perspective of governance.

Ownership structures also play a decisive role. The positive relationship between ownership concentration and dividend payouts indicates that blockholders exert

pressure for cash returns, reducing the scope for expropriation and tunneling. Conversely, managerial ownership is negatively associated with dividends, suggesting that insider-controlled firms prefer internal financing and prioritize reinvestment over distribution, thereby confirming substitution effects predicted by agency theory. Audit committee size demonstrates a significant negative influence on dividends, pointing to a more conservative financial stance when oversight functions expand, consistent with findings that larger monitoring bodies may prioritize liquidity and stability over immediate cash distributions.

Financial and macroeconomic variables further contextualize these governance effects. Profitability (ROA) strongly supports dividend payments, in line with the free cash flow hypothesis, whereas leverage exerts a constraining effect, reflecting creditor claims and the burden of fixed interest obligations. Inflation negatively affects dividends, underscoring how macroeconomic instability compels firms to retain earnings for precautionary purposes. By contrast, board size, gender diversity, firm size, and real economic growth are statistically insignificant, suggesting that their influence on payout policies is either indirect or insufficiently strong in the Tunisian setting.

Taken together, these results confirm that dividend decisions in Tunisia cannot be explained by financial performance alone but are significantly conditioned by governance mechanisms and structural ownership arrangements. The findings lend support to the view that corporate governance and dividend policy function as complementary instruments in managing agency conflicts, while also revealing context-specific nuances that distinguish emerging markets from developed economies.

Conclusion. This study examined the impact of corporate governance mechanisms on dividend policy using a panel of 30 Tunisian listed companies over the period 2015–2024. The evidence demonstrates that board independence, CEO duality, ownership concentration, and firm profitability are positively and significantly associated with dividend payouts, reflecting the importance of governance quality and financial performance in enhancing shareholder returns. In contrast, managerial ownership, audit committee size, leverage, and inflation exert negative effects on dividend distributions, pointing to the restraining influence of insider control, financial constraints, and macroeconomic pressures.

The findings contribute to the international literature by showing that, within the Tunisian context, corporate governance plays a decisive role in shaping payout policy, consistent with agency theory. However, the nuanced effects—such as the positive role of CEO duality and the conservative impact of audit committee size—highlight that institutional context and governance structures matter in interpreting payout behavior.

From a policy perspective, the results suggest that strengthening governance practices, particularly through independent board representation and transparent ownership structures, could enhance dividend discipline and investor protection in Tunisia. For investors, the findings underscore the value of monitoring governance characteristics when evaluating dividend sustainability. Future research could extend this analysis by incorporating dynamic models of payout adjustment, exploring sectoral

differences, or comparing Tunisia with other emerging economies to assess whether these governance–dividend linkages are generalizable across institutional settings.

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