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Impact of the political experience on the firm's performance: Case of Tunisian companies after the 2011 revolution

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Abstract

The objective of this article is to analyze the impact of the political and strategic experience of directors acquired after the Tunisian revolution of 2011 on the performance of listed companies. in addition, it analyzes the effect of board diversity on the relationship between performance and political experience. The sample consists of 154 observations per company-year collected in an innovative Tunisian context characterized by high corruption. We use two regression models to test this impact using two measures of financial performance, namely ROE and Tobin's Q. We find that political experience has a negative impact on the performance measured by Tobin's Q. However, strategic experience, the presence of women and the frequency of meetings mitigate this negative impact and increase performance. The paper's findings have implications for administrators with political connections. We see the negative impact of political experience on the performance of companies in a context of high level of corruption like Tunisia. Furthermore, the strategic experience of directors improves company performance by compensating the managerial imperfections of entrepreneurs and improving financial transparency and company value.

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1.Introduction

Ho (2005) defines corporate governance as a process involving the board of directors, shareholders, senior management, and other stakeholders which requires skills in strategic leadership in order to ensure competitiveness and improve the performance of the firm. Relevant corporate governance studies consider the board of directors as a decision-making group that improve the effectiveness of shareholders' control (Van den Berghe and Levrau, 2004). Thus, the board of directors is one of internal governance mechanisms that are intended to ensure a good decision making. The good functioning of the board relies on many classical characteristics related specially to its size, the separation of its function, the independence of its directors and the meeting frequency (Fernandez et al.,2014). Several papers present evidence suggesting that effective governance and firms' performance increase with board experience and improve strategic decision- making (Roberts et al., 2005). More recently, board diversity is thus perceived as a stimulus for a company's value (Carter et al., 2010). Indeed, the impact of board diversity on performance is a salient subject that has a great academic interest (Giannetti et al., 2015; Conyon and He, 2016; Green and Homroy, 2018). Another related leterature on governance precisely cognitive theories sheds light on directors 'role experience on firms' performance (Lambert and Ghaya, 2016; Hope et al., 2017). Directors' political experience improves firms' reputation by the development of professional relational network and lobbying (Nam et al., 2018). In this case, many researchers highlight a close link between the passage in ministries and the access to high responsibility positions on the board of directors. Bencheikh and Boulila (2017) conducted a study on the effect of political connection in a democratic environment on firms' performance after the 2011 revolution. Their results show that political connections increase performance and political relationship provides access to privileges regardless of the political atmosphere. Since the revolution, Tunisia has not stopped improving its democratic path and its fight against corruption.

A question, therefore, arises as to whether the political and the strategic experience of directors acquired after the 2011 revolution affects the listed companies' performance. Our paper contributes to the existing literature in two ways.

First, we deal with this issue in an innovative context, namely the Tunisia context. Tunisia underwent a deep change in the political and constitutional environment since the revolution of 2011. Still, the political landscape changed, and several directors became able to exercise their right of political belonging after the proliferation of a democratic atmosphere. Hence, there was a huge lobbying emergence and a flexibility of access to Tunisian ministerial cabinets. Second, we analyze the impact of the board of directors' diversity on the relationship between performance-politic experience. Still, in order to choose the appropriate regression method, specific tests were done. A questionnaire was used to collect data relative to the political and strategic experience.

Following the methodology of Muller (2014) and Arora and Sharma (2016), first the impact of the directors' experience on listed Tunisian companies' performance measures was highlighted. Second, the structural and demographic characteristics of the board of directors were introduced to assess the interaction between these factors and the couple directors' experience-performance. The board's size, the duality and the company's size as control variables commonly used were added (Terjesen et al., 2015).

2. Literature overview

An effective board of directors must have members with different skills and knowledge (Charreaux, 2000). This capital called experience presents a source of creativity, learning, innovation, adaptation and performance. In this study, political (Goldman et al., 2009) and strategic experience (Lambert and Ghaya, 2016) are situated in the core of the theoretical construction.

2.1. Political experience

The political experience is a factor in the choice of directors as much as it increases the chance of access to top management within large firms (Mian et al., 2010). Directors' political experience improves the firm's reputation by the development of professional network and lobbying (Nam et al., 2018).

In this case, many researchers highlight a close link between the passage in ministries and the access to high responsibility (Goldman and al. 2017). Li and Zhang (2007) show that political networking and experience can be beneficial to new firms in a transition economy and confirm the positive relationship between political experience and performance is moderated by the type of ownership of the firms and the level of competition in their environments. Actually, politically connected firms grant loans with preferential rates benefit from lower taxes and dominate the local market. Therefore, political affiliation affects positively the firm value in the post- election period owing to economic favor allowed to some firms (Faccio,2006). Otherwise, other research has shown that the doubtful interaction between the political systems and performance concerned countries with a high level of corruption and even the United States after the 2008 crisis (Goldman and al. 2009). Despite the strong US legal system, the political connections of boards have a positive and significant impact on the allocation of government resources and the award of government contracts (Goldman et al., 2017). Also, Sharma et al. (2020) explore the differences in the impact of political connections on the performance of Chinese exporter and non-exporter firms and find significant positive effects of political connections on Chinese firms' decisions to enter export markets and their subsequent performance. In another research area, the negative impact of directors' political experience on performance can be seen in countries with a weak legal system and a high level of corruption (Hope et al., 2017). In this way, Indonesian companies whose directors have family ties with the president meet a stock market price tumble in their shares following the announcements of the deteriorating of the president's health (Fisman, 2001). Similarly, China, which banned civil servants from holding a director position in an anti- corruption company in 2013 has seen an improvement in the quality of accounting figures and the level of financial performance (Lambert and Ghaya, 2016; Hope et al., 2017). Likewise, Dou et al. (2015) show that firms with government-owned managers have a significantly lower return on assets ROA than those with no political linkage, particularly in non-regulated industries (Leong et al., 2015). This negative political affiliation's impact is explained by the diversion of resources and their inefficient use since they have been attained from corruption and favoritism. This situation leads to a decrease in performance given that managers conspire with politicians to protect themselves from the threat of takeover. Thus, the following hypothesis:

H1. The political experience of directors has a negative impact on firms' performance.

2.2. Strategic experience

The cognitive theory of governance shows that the board's effectiveness depends on its members' skills and knowledge (Godard and Schatt, 2000). Thus, the directors ' experience is a source of creativity, innovation, adaptation, and performance. For this, some researchers advocate the existence of a significant positive relationship between the presence of experienced directors in the strategic field and the performance of the company (Lambert and Ghaya, 2016). Consequently, the strong involvement of these directors and the taking of adequate strategic decisions is a source of value creation. In this sense, Godard (2006) shows that the role of directors in creating value is achieved through their affiliation in strategic committees that contribute to the innovation process by creating investment opportunities. Recently, Wen et al. (2020) show a significantly negative association between directors with foreign strategic experience and tax avoidance. This suggests that these directors can help constrain their firms' tax aggressiveness and impact their performance.

In addition, the introduction of strategically experienced administrators makes possible to offset managerial imperfections of entrepreneurs (Lynall et al., 2003; Dou et al., 2015) and their expertise enriches financial transparency and positively influences the firm value (Defond et al., 2005; Kaplan et al., 2012; Benmelech and Frydman, 2015; Bernile et al., 2017).

Al-Matari et al., (2019) confirms the positive relationships between the strategic experience of top executive management and the board of Omani listed firm and corporate performance. Other researchers revealed that experienced directors do not abandon the company during periods of crisis, which explains the increase in the proportion of experienced administrators when the ROA is low (Dou et al., 2015).
Thus, experienced directors make a valuable contribution to the firm's corporate governance (Marlin and Geiger, 2011). In light of this, we propose the following hypothesis:

H2. The directors 'strategic experience has a positive impact on firms' performance.

The second part of this paper consists in introducing board characteristics in order to detect their influence on the firms' performance.

2.3. Impact of board diversity

The board heterogeneity and the diversity in the composition of its members constitute an element favorating its effectiveness and a stimulant of performance (Hafsi and Turgut, 2012). In order to identify this impact, we subdivided characteristics in demographics relative to gender and percentage of foreign, structural relative to independence and frequency of meetings. We suppose then:

H3. The characteristics of the board of directors moderate the relationship between political experience and firms' performance.

Concerning the board feminization (St-Onge and Magnan, 2013) is a widely debated question by the literature. Some suggest that women engage less in non-ethical behaviors (Croson and Gneezy, 2009), favoring an horizontal structure and a participative management mode based on power-sharing and decreasing agency costs (Adam and Ferreira, 2009; Rhode and Packel, 2014). Thereby, the announcement of women introduction within the board of directors is often the origin of the stock market return's improvement (Kang et al., 2007) and firms' reputation.
In this way, the presence of women within the board of directors of Australian (Nguyen and Faff, 2007), American (Conyon and He, 2016) Chinese (Liu et al., 2014) and English (Muravyev, 2016) firms positively affected their performance (Mijntje Lückerath- Rovers, 2013) and value. Nevertheless, some researchers predicted that the feminization of the board can reduce performance by complicating the decision-making process (Gulet et al., 2011) and by accentuating men/women conflicts (Randoy et al., 2006). Others did not raise any effects of the gender diversity of the board on performance advice (Rose, 2007; Bohren and Strom, 2010).
Adams and Ferreira (2009) explained these mixed results by differences in performance measures, used methodologies, contextual problems, and the complexity of human capital theory. For this, Carter et al. (2010) suggested that only gender and ethnic diversity can influence performance measures. We have, thus, adopted the position of most studies and we assume that:

H.3.1. Women's presence within the board of directors positively affects the performance of the firm.

Moreover, the literature has shown that the presence of foreigners on the board of directors has a significant impact on companies' performance (Van Veen and Marsman, 2008; Agrawal et al., 2011). Yagli and Lu (2016) explained the positive association by the fact that foreign directors generally come from a country with legal institutions and more efficient governance standards.
In this sense, Giannetti et al. (2015) added that directors with foreign experience do not pay close attention to the value of firms in the long-term or the evolution of corporate social responsibility. In the light of what has been– preceded, we assume that:

H.3.2. High proportion of foreign directors positively affects the performance of the firm.

The independence of directors has made possible to mitigate the problem of interests, conflicts between managers and shareholders (Alexandre and Paquerot, 2000), to improve the quality of the disclosed information (Lefort and Urzúa, 2008), and to increase the firm value and the effectiveness of its control (Dahya et al., 2008). On the other hand, independent directors can put pressure on auditors to obtain more detailed reports, which reduces the risk of misconduct. Thus, this positive relationship can be explained by the fact that independent directors detect more easily early signs of risk but leave the company before the deterioration of performance (Kutum, 2015). Supporting the literature, the following hypothesis is proposed:

H.3.3. High proportion of independent directors positively affects the performance of the firm.

Consequently, the frequency of board meetings leads to better communication between managers and directors. Studies confirm a positive relationship between the number of board meetings and the financial performance of companies (Kang and Kim. 2011; Gavrea and Stegerean, 2012; Chou et al., 2013; Xu and Jiraporn, 2013; Al-Matari et al., 2014; Masulis et al., 2017). Ntim and Osei (2011) add that boards that meet more frequently have an increased ability to effectively advise, monitor and discipline, which can improve the companies' financial performance.
However, several researchers confirmed that the high number of board meetings negatively affects the effectiveness of its role of control and decision.
Thus, Garcia-Sanchez (2010) has shown that the board with a high meeting frequency can be a signal of the decline in share prices of the company. For this, the following hypothesis is adopted:

H.3.4. The meeting frequency of the board of directors positively affects the performance of the firm.

3. Methodology

This section describes the methodology which involves three steps. First, the dependent and independent variables were described. Initially four performance measures were adopted. They are categorized into accounting metrics which are ROA and ROE, and financial metrics which are Tobin's Q and BPA. However, the regression model was only significant with the two variables finally retained which are the ROE and the Tobin'S Q.

Our final choice was limited to these two variables. We supported our choice by referring to the literature. Indeed, some research such as Perez Calderon (2012) reached a consensus on the determination of the most used indicators in studying the relationship between environmental and financial performance. Relevant measures were used for the politic experience (Leong et al., 2015), strategic experience (Lambert and Ghaya, 2016), demographic variables (Muller, 2014), structural variables (Arora and Sharma, 2016) and control variables (Terjesen et al., 2015). The study variables were chosen from previous studies by characterizing them in terms of availability and measurement. Second, two different regression models were used to examine the impact of the directors' political experience on firms' performance. The hypotheses were tested on panel data processed by the STATA 13 software.
Our sample consists of 22 listed Tunisian companies over a period from 2012 to 2018, i.e. 154 observations. We eliminated financial institutions and all newly listed companies whose data covering the study period is unavailable. While the financial data are collected from official bulletins available in the Financial Market Council (CMF).

Table 1. The definitions and measurements of dependent and independents variables

Variable	Symbol	Measure
Dependent variables		
Return On Equity	ROE	Net income/ Shareholder Equity
The Tobin' Q	QTB	Total Market Value of Firm/ Total Assets Value of Firm
variables of political and strategic experience		
Political experience	EXP-POLI	Percentage of directors of the firm in the year with political experience
Strategic experience	EXP-STRAT	Percentage of directors of the firm in the year with strategic experience
Demographic variables		
Presence of woman	WOM	Percentage of women within the board of the firm in the year
Presence of foreigners	FORG	Percentage of foreign directors of the firm in the year
Structural variables		
Independence of directors	INDEP	Percentage of independent directors of the firm in the year
Directors' meetings	MEET	Number of meetings of the board
Control variables		
Duality	DUAL	1: if there is a cumulative function; 0 if not
Board size	BRDSZE	Number of directors of the firm in the year
Firm size	FRMSZE	Natural Log of total assets of the firm

3.1. Statistics tests

The interpretation of results of exploratory research depends on contextual data. The tests include the Fisher's homogeneity used to justify the use of panel data, the Hausman test used to distinguish the individual effects, and the Breush-Pagan test used for heteroscedasticity.

3.2. Multivariate analyses

We regress in a first model the firm 's performance on the political experience and the directors' strategic experience, while taking the board's size, duality and the company's size as variables of control. In the second model, demographic variables and structural variables were considered. The study models are based on several models taken from the literature. We arrive at this combination taking into account the availability of variables.

Model 1: $PERF_{it} = \alpha + \beta 1\ EXP\_POLI_{it} + \beta 2\ EXP\_STRA_{it} + \beta 3\ DUAL_{it} + \beta 4\ BRDSZE_{it} + \beta 5\ FRMSZE_{it} + \varepsilon_{it}$ (1)

Model2: $PERF_{it} = \alpha + \beta 1\ EXP\_POLI_{it} + \beta 2\ EXP\_STRA_{it} + \beta 3\ WOM_{it} + \beta 4\ FORG_{it} + \beta 5\ INDEP_{it} + \beta 6\ MEET_{it} + \beta 7\ DUAL_{it} + \beta 8\ BRDSZE_{it} + \beta 9\ FRMSZE_{it} + \varepsilon_{it}$ (2)

The models are estimated using a random effect to linear estimation with panel data. The statistical regression is a stochastic model.

3.3. Empirical results

The results of the descriptive statistics and multivariate analyses are presented here. According to Fortin et al. (2020), any prevision must be adjusted using past observations. The statistical regression is a stochastic model.

3.3.1. Descriptive statistics

Results in Table 2 shows that the ROE and Tobin's Q of Tunisian listed firms present respectively an average of 7.14 and 9.4845%. On average, 0.909% of directors have political experience and 56. 67% have a strategic experience. In addition, foreigners are present at an average of 13.24%, which proves that Tunisian companies board contain a small percentage of foreigners.
In the same way, women have only a weak presence, on average a percentage of 0.454%. Results also show that the percentage of independent directors is on average around 25.3177% and that the boards of directors meet on average 2.9 times.

Table 2. Descriptive statistics

Dependent variables				
Variables	**Mean**	**Standard deviation**	**Minimum**	**Maximum**
ROE	0.07140	0.18034	-0,7	0.56
Tobin's Q	0.094845	0.100165	0	0.404
Independent variables				
EXP-POL	0.00909	0.017637	0	0.061
EXP-STRAT	0,566737	0,412048	0	1
WOM	0.004545	0.020925	0	0.1
FORG	0.13244	0.21307	0	1
INDEP	0,25317736	0,21285719	0	0,69915321
MEET	2.9	1.042228	1	6
Control Variables				
BRDSZE	8,581818	2,06047	3	12
FRMSZE	11.5558	4.9929	5.96842	19.2969

3.3.2. Multicollinearity tests

Table 3 reports the Pearson correlation coefficient. The results of the Pearson test show that the majority of the correlation coefficients are not high and do not exceed 0.8 (Kennedy, 1992) and 0.9 (Bohrstedt and Knoke, 1994). It is concluded that there is no multicollinearity problem.

Table 3. Pearson Correlation Test

	EXP STRAT	**EXP POL**	**DUAL**	**BRDSZE**	**WOM**	**FORG**	**INDEP**	**MEET**	**FRMSZE**
EXP-STRAT	1.0000								
EXP-POL	-0.0314	1.0000							
DUAL	-0.0077	0.2175	1.0000						
BRDSZE	0.2150	0.0551	-0.0089	1.0000					
WOM	-0.3015	0.3842	0.2182	0.1509	1.0000				
FORG	0.0832	-0.0273	-0.0931	-0.1368	-0.0334	1.0000			
INDEP	-0.2250	0.0790	0.1450	0.3923	-0.2193	-0.1186	1.0000		
MEET	-0.1419	-0.0898	0.0350	0.0239	0.0841	-0.0693	-0.1272	1.0000	
FRMSZE	-0.2761	0.0347	0.0404	0.0450	0.0123	0.0553	0.0904	0.1704	1.0000

3.3.3. Specification tests

Tables 4 and 5 report the realization of Fisher's homogeneity test, Hausman and Breush-Pagan test. The results of the regression reveal that The Fisher test has a significant value at the level of 1. Thus, it can be concluded that there is the existence of a specific effect. Subsequently, the Hausman test revealed that the random effect model is the most appropriate and that the Least Generalized Squares estimator is recommended. In addition, the Breush-Pagan test revealed a problem of Heteroscedasticity. As a result, this problem was corrected with Feasible Generalized Least Square for the random effect model.

Table 4. Specification tests

	Fischer test		**Hausman test**			**Breushpagan test**	
	P-value	**Nature of effects**	**Khi-square**	**Probabilities**	**Effects**	**Khi-square**	**P-Value**
Panel A							
ROE	0.0000	Specific effect	0.68	0.9540	Random Effect	44.21	0.0000
Panel B							
Tobin's Q	0.0000	Specific effect	1.08	0.8978	Random Effect	72.01	0.0000

Table 5. Specification tests

	Fischer Test		**Hausman Test**			**Breushpagan Test**	
	P-Value	**Nature of effects**	**Khi-square**	**Probabilities**	**Effects**	**Khi-square**	**P-Value**
Panel A							
ROE	0.0000	Specific effect	2.65	0.9158	Random Effect	37.91	0.0000
Panel B							
QTB	0.0000	Specific effect	9.82	0.1990	Random Effect	61.25	0.0000

4. Regressions results and discussion

Taking into consideration the specific test requirements for the random effects for panel A and B, we present the results of the two empirical models.

4.1. Model 1

The Panel A of Table 6 presents results when performance is measured by ROE. It shows that the coefficient associated with political experience is positive, but statistically insignificant. This proves that the directors' political experience has no impact on Tunisian listed companies 'performance.
This result contradicts the first hypothesis and confirms the studies of Hilman (2005) who concluded that there is no relationship when performance is estimated by accounting measures. Also, Choi et al. (2007) found that in South Korea, political experience has no impact on firms' value.
Panel A of Table 6 shows a positive, but not significant coefficient of the strategic experience. This result contradicts the second hypothesis which stipulates that strategic experience of directors has a positive impact on firms' performance (Ferris et al., 2003). These results can be explained by the limited size of the sample and the nature of the ROE measure that does not have a high reactivity.
Duality has a significant negative coefficient at the level of 1%, which implies that the combination of two functions by the CEO has a negative effect on the firms' performance (Iren, 2016; Kalsie and Shrivastay, 2016). Similarly, board size proves to be significantly negative at the level of 10% which is consistent with the studies of Hermalin and Weisbach (2003), and Rizwan et al. (2016). In turn, the firm size has a positive coefficient, and it is significant at a level of 10%. This implies that large companies can achieve high levels of performance (Iren, 2016).
The empirical results of Panel A of Table 6 estimated by the accountant measure show that neither political nor strategic experience has any impact on the performance of Tunisian companies.

Large boards have a negative impact on performance due to the existence of agency problems and the board's inability to play a supervisory and advisory role, especially in the presence of theduality.

Panel B of Table 6 presents results when performance is measured by Tobin's Q. It shows that the political experience has a negative and significant impact at a level of 1% on financial performance. This confirms the hypothesis which stipulates that the directors' political experience has a negative impact on firms' performance (Dou et al. 2015).
Thus, in the Tunisian context characterized by a strong corruption and a lack of transparency, the political connection is used by directors to divert resources and harm the company's interests by undertaking investments at the expense of the firm value.
The strategic experience has a positive and significant effect at the level of 1%. This confirms the second hypothesis which stipulates experience has a positive impact on firms' performance (Pérez-González, 2006; Kaplan et al., 2012; Benmelech and Frydman, 2015 and Bernile et al., 2017). The percentage of directors with strategic experience, as defined by Godard (2006) has a positive impact on performance. The significance of the political experience and strategic experience is due to the high reactivity of the Tobin's Q performance measure compared to the ROE measure.

Table 6. Results of the Multi-varied analyses

$PERF_{it} = \alpha + \beta_1 EXP\_POLI_{it} + \beta_2 EXP\_STRA_{it} + \beta_3 DUAL_{it} + \beta_4 BRDSZE_{it} + \beta_5 FRMSZE_{it} + \varepsilon_{it}$ (1)			
Panel A			
ROE_{it} $= \alpha + \beta_1 EXP\_POLI_{it} + \beta_2 EXP\_STRA_{it} + \beta_3 DUAL_{it} + \beta_4 BRDSZE_{it} + \beta_5 FRMSZE_{it} + \varepsilon_{it}$			
	Coefficient	**Z**	**Significance**
EXP_POLI	0.9682887	1.45	0.146
EXP_ STRA	0.003007	1.26	0.206
DUAL	-0.038043	-2.68	0.007
BRDSZE	-0.0052849	-1.78	0.076
FRMSZE	0.0024713	1.78	0.074
Constant	0.090623	3.26	0.001
R^2			11.58
Fisher			0.0410
Panel B			
Tobin's Q_{it} $= \alpha + \beta_1 EXP\_POLI_{it} + \beta_2 EXP\_STRA_{it} + \beta_3 DUAL_{it} + \beta_4 BRDSZE_{it} + \beta_5 FRMSZE_{it} + \varepsilon_{it}$			
	Coefficient	**Z**	**Significance**
EXP_POLI	-1.435399	-4.10	0.000
EXP_ STRA	0.0095497	5.20	0.0000
DUAL	0.0363944	2.62	0.009
BRDSZE	0.0035737	0.95	0.342
FRMSZE	-0.0004216	-0.36	0.720
Constant	0.0058183	0.17	0.867
R^2			48.7
Fisher			0.000

4.2. Model 2

Table 7 Panel A presents the result of regression when performance is measured by ROE. It shows that the political experience has no impact on performance. In addition, strategic experience has a positive and significant impact on the performance of the firm (at the level of 1%).

The demographic characteristics related to the presence of women and foreigners have a positive impact (significant at the level of 1 and 5%) on the performance. These results confirm the hypotheses H.3.1 and H.3.2 (Miletkova et al., 2017; Green and Homroy, 2018).

In addition, for structural characteristics, only the independence of directors has a positive and significant coefficient at the level of 10%. This confirms the hypothesis which stipulates that a high proportion of independent directors positively affects the performance (Dahya et al., 2008; Agarwal et al., 2011).

With the accountant measure in Panel A of Table 7, we can conclude that the presence of foreign and female directors does not affect the performance. In fact, foreign directors reinforce the independence of the board of directors and helps companies to adopt good governance practices. These directors will protect shareholders interests by increasing the firm value. In the same way, the presence of female directors increases the diversity of opinions and allows making good financial decisions and increases the firm performance.

Table 7 Panel B presents the result of regression when performance is measured by Tobin's Q. It proves that political experience has a negative impact on performance (Fan et al., 2007; Dou et al., 2015) and that strategic experience has a positive and significant coefficient, and it is statistically significant at a level of 1%, which confirms our hypothesis.

Regarding demographic characteristics, the presence of women has a significantly positive coefficient of around 1%, thus confirming the hypothesis which stipulates that women's presence within the board of directors positively affect the performance (Conyon and He, 2016; Green and Homroy, 2018).

On the other hand, foreigners have a negative coefficient, and it is statistically significant at a level of 10%. This invalidates hypothesis which stipulates those foreigners within the board of directors positively affect the performance. This result aligns with those of Madani and Khlif (2010), Masulis et al. (2012); Hahn and Lasfer (2016).

In addition, for structural variables, only the number of meetings of the board has a positive coefficient and it is statistically significant at a level of 5%; thus, confirming our hypothesis and is in line with Kang and Kim (2011), Al-Matari et al. (2014) and Masulis et al. (2017).

Table 7. Results of the Multi-varied analyses

$PERF_{it} = \alpha + \beta1\ EXP\_POLI_{it} + \beta2\ EXP\_STRA_{it} + \beta3\ WOM_{it} + \beta4\ FORG_{it} + \beta5\ INDEP_{it} + \beta6\ MEET_{it} + \beta7\ DUAL_{it} + \beta8\ BRDSZE_{it} + \beta9\ FRMSZE_{it} + \varepsilon_{it}$ (2)

Panel A:

$ROE_{it} = \alpha + \beta1\ EXP\_POLI_{it} + \beta2\ EXP\_STRA_{it} + \beta3\ WOM_{it} + \beta4\ FORG_{it} + \beta5\ INDEP_{it} + \beta6\ MEET_{it} + \beta7\ DUAL_{it} + \beta8\ BRDSZE_{it} + \beta9\ FRMSZE_{it} + \varepsilon_{it}$

	Coefficient	Z	Significance
EXP_POLI	-0.0967891	-0.11	0.915
EXP_ STRA	0.0078754	3.01	0.003
WOM	1.745969	3.62	0.000
FORG	0.0883756	2.24	0.025
INDEP	0.00955228	1.67	0.095
MEET	0.0134824	1.47	0.142
DUAL	-0.043976	-2.48	0.013
BRDSZE	-0.0097246	-2.25	0.024
FRMSZE	0.0033631	2.32	0.021
Constant	0.0457803	1.17	0.241
R^2			63.66
Fisher			0.0000

Panel B:

$Tobin's\ Q_{it} = \alpha + \beta1\ EXP\_POLI_{it} + \beta2\ EXP\_STRA_{it} + \beta3\ WOM_{it} + \beta4\ FORG_{it} + \beta5\ INDEP_{it} + \beta6\ MEET_{it} + \beta7\ DUAL_{it} + \beta8\ BRDSZE_{it} + \beta9\ FRMSZE_{it} + \varepsilon_{it}$

	Coefficient	Z	Significance
EXP_POLI	-1.22804	-4.48	0.000
EXP_ STRA	.0137198	6.83	0.000
WOM	1.536297	7.12	0.000
FORG	-0.0747452	-1.71	0.087
INDEP	0.0013081	0.39	0.694
MEET	0.0157599	2.57	0.010
DUAL	0.0181009	1.43	0.153
BRDSZE	0.000669	0.17	0.864
FRMSZE	-0.0002996	-0.32	0.751
Constant	-0.0221147	-0.67	0.500
R^2			130.69
Fisher			0.000

The result is aligned with the results of Bennouri et al. (2018) who have shown conflicting results by adopting an accounting and financial measure of the performance. These results show how political experience interacts with board diversity and affects the company's performance. This relation depends on the business environment and the companies' characteristics. So, the Tobin's Q integrates environmental specificities and provides an unbiased estimate of firm value while accounting- based measures are ex post approaches over the sample periods which requires the adjustment for risks and may not address unexpected changes appropriately.

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