

Emotional Intelligence, Financing Structure and Performance of Tunisian Firms

Manel Dahmani¹

Ghazi Zouari²

Abstract

In the theoretical framework of behavioral corporate finance, this article studies the relationship between the emotional intelligence and firm performance through the financing structure in the Tunisian context. Our model seeks to identify if the financing structure as a mediating variable between the performance and emotional intelligence.

The empirical study is based on a sample of 56 managers of firms for the year 2014. The results of the conducted regressions confirm the existence of a mediating effect of the financing structure in the relationship between emotional intelligence and performance of Tunisian firms.

Key words: Emotional intelligence, financing Structure, firm's performance.

Introduction

In the last ten years, extensive research has shed light on a new concept "EI" (now EI), which would make the effectiveness of a leader. The review of the literature reveals that the majority of work (Goleman 1995. Baron (2000) examine the direct relationship between EI leadership and firm performance by ignoring the indirect relationship between these two variables. Therefore, this research wishes to establish and develop the field of behavioral finance to business by adopting the psychology and emotions of man. In our study, we will focus on explaining how work performance is not only dependent on the growth and skills directly related to the work activity but also the conduct which constitutes an essential element in making financial decisions of the firm. To do this, we will undertake a questionnaire for directors of listed Tunisian firms.

¹ PHD, Student in Financial and Accounting Methods: LARTIGE, FSEG, University of Sfax, Tunisia. Email : manel.dahmani87@gmail.com

² Associate Professor in Financial and Accounting Methods: LARTIGE, FSEG, University of Sfax & FARGO, IAE Dijon, France. Email : zouarighazi@yahoo.fr

The purpose of this research is then to identify the benefit of the behavioral approach as an alternative explanation of the relationship between EI leadership and firm performance through the funding structure.

We fixed a reality in order to detect, for a hypothetical-deductive approach, developing a research model based on a set of assumptions through the combination of theory on behavioral biases and exploratory qualitative study conducted leaders, our position is, in essence, positivist (Martinet, 1990; Wacheux, 1996) since it is based on a deductive approach to test questionable research hypotheses (Igalens and Roussel, 1998). Thus, we are trying in this research describe relationships between variables and test them to verify their loyalty when put to the test of reality in our sample of leaders.

So, the central question of this study is: how can the IE help explain the performance of the firm through the financing structure?

To address this problem, our research is now divided into then the following two sections: the first presents the theoretical model which posits that EI could influence performance. In the midst of this direct relationship interpose variables related to the financing structure (self-financing, bank debt, bond debt and external funds).

Besides being influenced by EI leaders, these variables influence, in turn, performance. The second empirical section is designed to test the potential effect of the financing structure as a mediating variable between EI and performance of the firm.

1-LITERATURE REVIEW AND HYPOTHESES

In the light of studies on EI, performance and success depend directly on the ability of individuals to control their emotions and those of others.

The first EI studies emerged in the early 1990s with the work of Salovey and Mayer. They explain the IE as follows "a form of intelligence that involves the ability to control his feelings and emotions and those of others, to distinguish between them and to use this information to guide their thoughts and actions' (p 5). These authors have subsequently revised their definition of EI. It refers to "the ability to perceive accurately, assess and express emotions; the ability to access and / or feel the feelings when they facilitate thought; the

ability to understand emotions and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth "(Mayer and Salovey, 1997, p 10).

Thus, Gardner (1983) distinguishes two types of intelligence, called personal, intra personal and interpersonal intelligence: interpersonal intelligence is the ability to control moods and temperaments of others and to predict their future behavior. While the intra-personal intelligence is explained as the ability to recognize, identify, understand and use his own emotions in order to adapt and give meaning to his life.

Goleman et al. (2000, p2) defines EI as "the concrete manifestation of certain skills (self-awareness, self-management, social awareness and social skills) in a timely, adequate and proportionate manner to be effective in a given situation ". As for Bar-on (1997: 14), he conceptualizes EI as "the set of skills, competencies and abilities noncognitive that influence the individual's ability to succeed in dealing with pressures and to its environmental requirements". In summary, various researchers were inspired by Salovey and Mayer (1990) and studied the concept of IE, each conceptualizing a dissimilar manner: some considering it as a trait, others as an ability or skill.

There are three main models of EI, according to which each author brings their own definition and conceptualization while adopting an aspect of the IE is centered on the ability (Salovey and Mayer, 1997), a mixed appearance (Bar-on 1997 and Goleman, 2000).

In the model centered on capacity, IE is characterized by a pure form of mental capacity. While in the mixed model, it is presented as the result of a combination of cognitive ability or mental ability and personality traits such is the case of optimism and well-being (Mayer, 1999).

Considering EI leaders, it proves to be the heart of the skills portfolio of effective leaders as it presents itself as a key factor for any performance to achieve. This concept then takes the essential foundations of any intervention based on the optimization of the emotional factor in a search for increased performance.

According to Goleman (1995), we can say that EI is a factor that can influence managerial performance (specifically the decision). Its impact is not as important as what the claims but we can confirm that there is an effect.

However, there is a direct relation between EI and performance, resulting in more EI, the higher the performance of the firm is high (Salovey and Mayer, 1997, Bar-on Goleman 1997 and 2000). So the room should reflect on the establishment of a climate of performance focuses on the development of EI and the consideration of interpersonal dimension to the work.

However, no research has studied the indirect relationship between EI and the firm performance through the mediating role. Indeed, we are interested in this product if the present funding structure acts as a mediating variable between performance and emotional intelligence.

Also, to our knowledge, no research has studied the relationship: emotional intelligence, financial structure and performance of the firm.

Several studies have been developed to study the impact of emotional intelligence on performance ((Salovey and Mayer (1997), Bar-on (1997) and Goleman (2000)).

Indeed, it is recommended to introduce a mediating variable, the financing structure (apprehended by the various modes of financing, namely: self-financing, bank loans, bond debt and external equity) that allows stabilize the impact of EI leadership on business performance. We start with the self-financing plays a very important role, it helps maximize the business performance. It means all the resources generated by a company in connection with its business and which enable to meet the financing needs.

Emotionally intelligent leaders seek to increase performance with funding at lower costs. They prefer internal financing which is free and allows each year to make a profit. In addition, self-financing has the advantage of minimizing the cost of the investment as there is no interest payable on those sums. Also, the leader does not control third parties (banks, associated) and is therefore more free in his decisions.

According to the pecking order theory, self-financing is the preferred means of leaders. Indeed, they adapt their distribution strategy of dividends based investment opportunities to fund in order to free the maximum of internal funding.

Hence the self-financing is more important for maximizing the company's value.

To do so, then we propose the following hypothesis:

H1: the use of self financing positively mediates the relationship between EI managers and performance of the firm.

To ensure the development of the company and increase shareholder wealth, the emotionally intelligent leaders also choose as a method of financing the debt. They think that debt is attractive for a company, two of which appear essential. On one hand, the first well-known is that the cost of debt is lower than the cost of equity. The second is that the other hand, the use of debt is closely related to taxation, and the debt interest can be deducted from the company's results in order to lower the amount of taxes.

Indeed, debt allows controlling shareholders to increase their economic power by minimizing the dilution of their equity and reduce the control and discipline imposed by the market.

In addition, In addition, more debt, the greater the likelihood of attending financial difficulties is stronger and less the company is in debt, the less attractive for companies pailleurs. Also, emotionally intelligent leaders can resort to debt to take advantage of the capital provided by banks (eg advantage of exceptionally low interest rates in the economy). They also believe that the use of debt can sometimes be a sign of optimism sent to market.

The financial literature (Modigliani and Miller 1958 and 1963) therefore retains a positive relationship between debt and the value of the company, due to the tax benefit that represents the interest deductibility. This relationship is checked only if the operating profit is higher than the interest on loans. Otherwise, the leverage effect becomes a club. Debt reduced earnings per share. So executives say the debt was now a source of value creation. However, the use of the leaders in debt has a positive impact on firm performance.

To do so, we then propose the following assumptions:

H2: The recourse to bank debt positively mediates the relationship between EI managers and performance of the firm.

H3: The use of bond debt negatively mediates the relationship between EI managers and performance of the firm.

Funding from the capital increase is another external financing mode, when a company needs to increase its stable resources, emotionally intelligent leaders can resort to a capital increase.

Hence the company's capital will be increased by the subscription of new shares, which are intended to be purchased by shareholders already present in the company or by new shareholders.

Indeed, emotionally intelligent leaders believe that this transaction creates increased stable resources, reflecting the improved financial health of the company since its working capital increases and helps finance new investments, develop its activity and improve its cash flow and its financial equilibrium. In addition, this capital increase provides an opportunity for shareholders to increase their shareholding in the company and provide the opportunity for their employees to subscribe to the share capital and issued a positive signal with respect to markets,

Also, leaders think that this operation will strengthen the company's own resources: capital generated by this transaction will allow the company to finance new investments, to expand its business and improve its cash flow and balance financial. In addition, provide opportunities for partners or shareholders to increase their shareholding in the company and provide the opportunity for their employees to subscribe to the share capital.

Emotionally intelligent leaders react positively with this operation where EI has a positive effect on the decisions of the leaders and the performance of the firm.

Goleman (2000) concluded that EI leaders is significantly related to the presence of operating rules for the emotionally intelligent group, rules that have a direct impact on the performance of the firm. EI allows the manager to obtain a homogenization of emotions perceived by the team members, and therefore a convergence in the interpretation of the announcement made by the manager.

To do so, then we propose the following hypothesis:

H4: The use of external funds positively mediates the relationship between EI managers and performance of the firm.

2- EMPIRICAL ANALYSIS

This section is designed to test the mediating effect of the financing structure in the relationship between EI managers. on one hand, and the performance of the firm, on the other. First, we will present our sample, the dependent and independent variables and the multivariate analysis method (hierarchical). The presentation and interpretation of the results of this study will be a second subsection.

2.1. Presentation of Data Variables and Measures

For our research, a study data from the annual reports of 56 listed companies in the Tunisian stock exchange in Tunis for the year 2014 and a questionnaire (conducted for my master thesis) sent to their leaders are conducted. These companies belong to the industrial, service, media and travel.

Our study includes 3 main variables: the dependent variable: the performance of the firm, an independent variable: Emotional Intelligence and a mediating variable: the funding structure (self-financing, bank debt, bond debt and external funds).

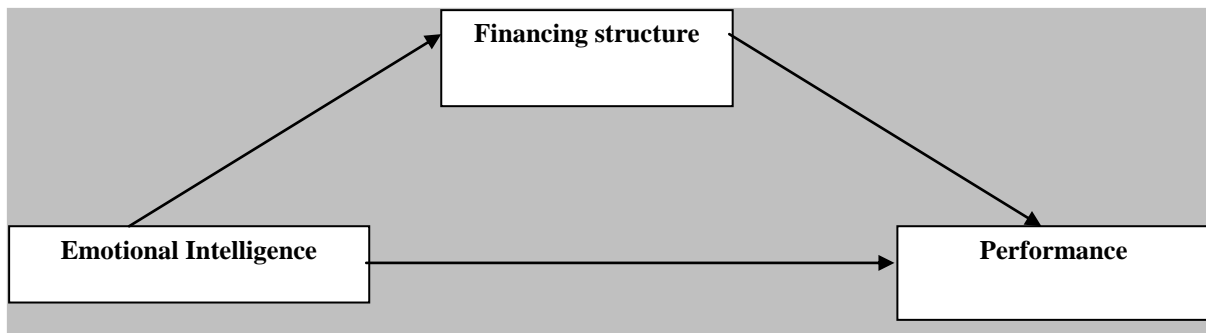


Figure-1. Conceptual model of the mediating effect of the financing structure in the relationship of Emotional Intelligence with the performance of the firm.

Source: Manel (2015).

2.1.1. Dependent Variable: The Performance of the Firm

The performance of a company is based on all that helps to improve the couple value-cost and that tends towards maximizing net value creation. We can say that a successful company is a perennial company, which makes money, sustainably profitable and that challenges its competitors in terms of quality and speed of service. In addition, an innovative, efficient, responsive and surely evolving constantly and sustainably, is a smart business financially, socially, environmentally, technologically and creates value while meeting the market requirements with an edge, it is a company that achieves customer loyalty, filled its order portfolio through constant monitoring and a continuous projection in the future.

To evaluate the performance of a company, it is necessary to set measures at all levels: economic and financial. Like previous studies, we define the economic performance of the firm by the Return On Assets "ROA" operating income before depreciation and R & D / total assets (Zouari and Zouari-Hadiji 2014 and b)³ and financial performance by the Market to Book "MTB" = market capitalization / book value of equity (and Zouari Zouari-Hadiji 2014 a and b).

2.1.2. Independent Variable: Emotional Intelligence

In our study, we decided to use the scale of Schutte et al. (1998), the scale Schutte Self-Report Emotional Intelligence (SSREI). These authors developed from studies scientifically validated questionnaire that includes 33-items. This one is from the conceptualization of EI from the

³ This measure of performance accounting has the advantage of eliminating the effect of accounting choices related to the treatment of R & D expenses in the financial statements largely prone to opportunism of the leaders.

definition of Salovey and Mayer (1990). We chose this approach for three reasons: firstly, it is recognized as coherent and representative of the concept of emotional intelligence by the scientific community; on the other hand, it offers proper psychometric characteristics (ie, Gignac, Palmer, Manocha, & Stough, 2005). Finally, his administration with individuals of the sample remains easy and quick. Nevertheless, it is important to stress that we decided to retain only the most important items from the results of Schutte et al. 1998 ie 20 items for the fluidity of the questionnaire, its simplicity and especially maximizing response rates.

Each item is encoded by a Likert scale of 5 points (from "strongly disagree" = 1 to "strongly agree" = 5).

2.1.3. Mediating Variable: The Financing Structure

In our study, mediating variables related to the financing structure are self-financing, bank debt, bond debt and external funds. To measure these variables, we use financial statements of listed Tunisian firms for 2014.

2.1.4. Control Variables

For more results reliability, we have introduced control variables that have a significant effect on performance. The multiple linear regression models used in this empirical study retain the size of the company and its industry.

The firm size is measured by the natural logarithm of total company assets. This measure has been used in several studies such as (Nekhili et al., 2012; Zouari Zouari and-Hadiji, 2013; 2014 a; 2014b).

The industry is a dummy variable taking the value 1, if firms belong to a high-tech sector and 0 if not. This measure has been used by several researchers such as Zouari Zouari and-Hadiji (2013; 2014a; 2014b) and Zouari and Zouari-Hadiji (2010).

2.2. The Modeling Assumptions ⁴

The empirical study of this research is based on the use of hierarchical regression models⁵ to test research hypotheses. To verify all assumptions, we need to test the existence of a mediator. The verification of this effect is achieved by the construction of three models. According to Baron and Kenny (1986), four conditions to be checked to confirm a complete mediating effect of M in the framework of the X-Y relationship:

- ✓ Condition (1): the variable X must have a significant impact on variable Y.
- ✓ Condition (2): the variable X must have a significant impact on M.
- ✓ Condition (3): the supposed mediator variable M has significantly influence the variable Y, where the influence of variable X on Y is controlled.
- ✓ Condition (4): the significant influence of the variable X on Y should disappear when the effect of M on Y is controlled statistically.

Econometrically, we estimate models 1-3 test the indirect relationship between EI and the firm performance by the effect of the financing structure (self-financing).

These models allow the validation the hypothesis (H1).

$$(1) \text{ PERF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ TAIL } i + \beta_3 \text{ SECT } i + \epsilon_i$$

$$(2) \text{ AUTOF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ TAIL } i + \beta_3 \text{ SECT } i + \epsilon_i$$

$$(3) \text{ PERF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ AUTOF } i + \beta_3 \text{ TAIL } i + \beta_4 \text{ SECT } i + \epsilon_i$$

Equations 4-6 test the indirect relationship between EI and the firm performance by the effect of the financing structure (bank debt). These equations are used to validate the hypothesis (H2).

⁴ I used the same method of my first article : (Manel Dahmani et Ghazi Zouari (2016), «The Indirect Impact of Overconfidence on The Performance of Tunisian Firms through their Financing Structure», *Financial Risk and Management Reviews*, 2(1):26-42.

⁵ In this work, the treatment of mediating variables should follow the approach devised by Baron and Kenny (1986). This framework, which aims at testing the mediating effect, is implemented via a multiple-hierarchical regression. This analysis consists in assessing the total effect (cumulative) of the explanatory variables on a certain criterion. The method can be performed on the basis of several steps. Firstly, it undertakes to test the predictor effect (independent variable) firstly on the criterion (dependent variable) and, secondly, on the mediator using partial and simple regressions. Then, the other relationship has to be tested (predictor and mediator on the criterion). In this case, a multiple-hierarchical regression has to be applied. It consists in gradually introducing certain independent variables into the regression-equation: starting with the predictors and control variables (Step 1), then the mediating variable (Step 2). On reaching an increase in the adjusted R² after inserting the mediator, one is able to assume the mediator effect on the relationship between the predictor and the criterion Zouari and Zouari-Hadiji (2014a; 2014b).

$$(4) \text{ PERF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ TAIL } i + \beta_3 \text{ SECT } i + \varepsilon i$$

$$(5) \text{ DETTE BANC } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ TAIL } i + \beta_3 \text{ SECT } i + \varepsilon i$$

$$(6) \text{ PERF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ DETTE BANC } i + \beta_3 \text{ TAIL } i + \beta_4 \text{ SECT } i + \varepsilon i$$

Equations 7-9 test the indirect relationship between EI and the firm performance by the effect of the financing structure (bond debt). These equations are used to validate the hypothesis (H3).

$$(7) \text{ PERF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ TAIL } i + \beta_3 \text{ SECT } i + \varepsilon i$$

$$(8) \text{ DETTE OBLIGA } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ TAIL } i + \beta_3 \text{ SECT } i + \varepsilon i$$

$$(9) \text{ PERF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ DETTE OBLIGA } i + \beta_3 \text{ TAIL } i + \beta_4 \text{ SECT } i + \varepsilon i$$

Equations 10-12 are testing the indirect relationship between EI and the firm performance by the effect of the financing structure (external funds). These equations are used to validate the hypothesis (H4).

$$(10) \text{ PERF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ TAIL } i + \beta_3 \text{ SECT } i + \varepsilon i$$

$$(11) \text{ FONDS EXT } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ TAIL } i + \beta_3 \text{ SECT } i + \varepsilon i$$

$$(12) \text{ PERF } i = \beta_0 + \beta_1 \text{ IE } i + \beta_2 \text{ FONDS EXT } i + \beta_3 \text{ TAIL } i + \beta_4 \text{ SECT } i + \varepsilon i$$

With,

- $\text{PERF } i$: Variable measured by ROA ratios and MTB of firm i ,
- $\text{EI } i$: Score emotional intelligence calculated through a questionnaire of firm i ,
- $\text{AUTOF } i$: This is the result of firm i + amortization,
- $\text{FONDS EXT } i$: External capital firm i , the capital increase,
- $\text{DETTE BANC } i$: Bank debt of firm i ,
- $\text{DETTE OBLIGA } i$: Bond debt of firm i ,
- $\text{TAIL } i$: The natural logarithm of total assets of firm i ,
- $\text{SECT } i$: A binary variable which takes the value 1 if the firm i belongs to a high-tech industry sector, and 0 inversely,
- $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$: Parameter estimate,
- εi : standard error.

2.3. Presentation and Interpretation of Results

This section aims to present the results of the testing hypotheses that connect IE with company performance (ROA, MTB) through the financing structure (AUTOF, DETTE BANC, DETTE OBLIGA, FONDS EXT) . In order to submit our assumptions, we estimated models of separate regressions for each of the four stages of the process of Baron and Kenny (1986).

Model 1 (reduced model) contains the independent variable and the control variables in predicting the performance of the firm. Model 2, on the other side (reduced model), seeks to explain the variation of the mediator variable (financing structure) in a third step by the independent variable (IE) and the control variables. Model 3 (full model) includes all the variables: the independent variable (IE), the mediating variables (AUTOF, DETTE BANC, DETTE OBLIGA, FONDS EXT) and the control variables (TAIL, SECT) seeking to explain the variable dependent, ie the performance of the firm.

2.3.1. Interpreting the Results of the Indirect Relationship between the emotional intelligence and Firm Performance through Self-Financing

From the results of Table 1, the first condition was met, as the model 1 (which tests the relationship between the variable IE and variable ROA) has a low explanatory power (R^2 adjusted = 0.050). The overall quality of the model is significantly acceptable ($F = 0.130$ at the 10% threshold). However, when performance is measured by MTB, the model in question has a low explanatory power as well (R^2 adjusted = 0.076) and a significant Fisher test ($F = 0.069$, $p < 10\%$).

The Student tests reveal that IE variable has a positive and significant impact on performance whatever the chosen measure (for ROA: $\beta = 0.264$, $t = 1.859$, $p < 10\%$; and for MTB: $\beta = 0.223$, $t = 1.601$, $p < 10\%$).

The objective of the second step is to demonstrate the existence of a relationship between EI and self-financing. Model 2 shows that overall quality is statistically significant at the 10% level and the IE variable is positively and significantly associated with self-financing of Tunisian companies ($\beta = 0.015$, $t = 0.025$ $p < 10\%$), and the second condition of approach Baron and Kenny (1986) holds true

Table 1. Results of Hierarchical Regression of steps 1 and 2 (model 1 and 2) to Tunisian Company

	Step1 Model 1	Step 2 Model 2
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Variables		Firm's performance				Self-Financing	
		ROA		MTB		β	t
		β	t	β	t		
V. control	TAIL	-0.226	-1.666 n.s	-0.187	-1.406 n.s	0.014	0.102 *
	SECT	-0.041	- 0.295 n.s	0.326	2.388 **	-0.210	-1.531 n.s
V. independent	IE	0.264	1.859 *	0.223	1.601 *	0.015	0.025 *
R ² adjusted		0.050		0.076		0.056	
F		0.130 *		0.069 *		0.045 *	

*** Significant at 1%, ** significant at 5%, *: significant at 10%, n.s: not significant

Examining the results of Table 2 reveals a positive and significant relationship between self-financing and the two indicators of firm performance (ROA and MTB), from these results we can see that self-financing has a positive impact on the economic and market performance of the company (for ROA: $\beta = 0.034$, $t = 0.045$, $p < 5\%$; and for MTB: $\beta = 0.088$, $t = 0.098$, $p < 10\%$).

Model 3 (full model) is used to verify third-mediated condition of self-financing between EI and firm performance (ROA and MTB). The results of the hierarchical regression analysis indicate that the self-financing (mediating variable) remains important in explaining the dependent variable (the two forms of performance) after considering the predictor variable. The statistical coefficient of AUTOF variable has a positive and significant value to ROA ($\beta = 0.205$, $t = 2.705$, $p < 1\%$) and MTB ($\beta = 0.102$, $t = 2.209$, $p < 5\%$). It appears from these results that the third condition is completely verified.

The results in Table 2 show that the coefficients associated with the IE variable is statistically significant for the indicator (ROA) of the performance of the firm ($\beta = 0.021$, $t = 0.085$, $p < 10\%$) while it is not statistically significant for the MTB indicator ($\beta = 0.125$, $t = 0.812$ ns). It follows that the mediation by self-financing is a partial mediation between EI and performance of the firm. From these results, the hypothesis 1 is confirmed (partial mediation) with Tunisian companies.

According to Table 2, for both measures of performance, model 3 (full model) has an interesting adjusted explanatory power. Thus, this comprehensive model, which takes into account the effect of the self-financing mediator, also increases the percentage of explained variance from the model 1. This shows that the mediating variable is a good predictor of the dependent variable, namely the performance of the firm.

Table 2. Results of hierarchical regression steps 3 and 4 (Model 3) to Tunisian companies

Variables		Step 3				Step 3 and 4 Model 3			
		Firm's performance				Firm's performance			
		ROA		MTB		ROA		MTB	
		β	t	β	T	β	t	β	T
V. control	TAIL	-0.124	- 0.697 n.s	0.089	0.506 n.s	0.102	0.023 *	0.150	1.623 *
	SECT	-0.140	- 0.960 n.s	0.223	1.556 n.s	0.068	0.032 *	0.323	2.362 **
V. independent	IE	-	-	-	-	0.021	0.085 *	0.125	0.812 n.s
V. mediator	AUTOF	0.034	0.045 **	0.088	0.098 *	0.205	2.705***	0.102	2.209 **
R² ajusted		0.053		0.051		0.086		0.165	
F		0.049 **		0.095 *		0.056 *		0.043 *	
Ajusted R² variation						0.036		0.089	

*** Significant at 1%, ** significant at 5%, *: significant at 10%, n.s: not significant

From Table 2 (Model 3), we note that the control variables (TAIL, SECT) are statistically significant for both indicators of firm performance at 10% and 5% level. These results are consistent with the work of (Strahan (1999), Neuberger (2000)) which states that the size of the company and the industry are two indicators necessary for the evaluation of the performance of a company. The results of these two variables emphasize their importance among the leaders in the financial decisions (financing, investment ...).

2.3.2. Interpreting the Results of the Indirect Relationship between the emotional intelligence and Firm Performance through Bank Debt

Consistent with previous results, the first condition was filled (See Table 3). The objective of the second step is to demonstrate the existence of a relationship between IE and bank debt. Model 2 shows that overall quality is statistically significant at the 10% level and the IE variable is positively and significantly associated with bank debt of Tunisian companies ($\beta = 0.005$, $t = 0.045$ $p < 10\%$), and the second condition the approach Baron and Kenny (1986) holds true.

Table 3. Results of Hierarchical Regression of Steps 1 and 2 (model 1 and 2) to Tunisian companies

Variables		Step 1 Model 1				Step 2 Model 2	
		Firm's performance				Bank Debt	
		ROA		MTB			
		β	t	β	t	β	T
V. control	TAIL	-0.226	-1.666 n.s	- 0.187	- 1.406 n.s	0.527	5.358 **
	SECT	-0.041	-0.295 n.s	0.326	2.388 **	0.442	4.409 ***
V. independent	IE	0.264	1.859 *	0.223	1.601 *	0.005	0.045 *
R² adjusted		0.050		0.076		0.405	
F		0.130 *		0.069*		0.007 *	

*** Significant at 1%, ** significant at 5%, *: significant at 10%, n.s: not significant

Examining the results of Table 4 shows a significant positive relationship between bank debt and both indicators of firm performance (ROA and MTB). From these results we see that bank debt has a positive impact on the economic and market performance of the company (for ROA: $\beta = 0.065$, $t = 0.096$, $p < 10\%$; and for MTB: $\beta = 0.015$, $t = 0.045$, $p < 5\%$).

Model 3 (full model) is used to verify third-mediated condition in bank indebtedness between EI and firm performance (ROA and MTB). The results of the hierarchical regression analysis indicate that bank debt (mediating variable) remains important in explaining the dependent variable (the two forms of performance) after consideration of the predictor variable. The statistical coefficient BANK DEBT variable has a positive and significant value compared to the ROA ($\beta = 0.107$, $t = 0.075$, $p < 10\%$) and MTB ($\beta = 0.125$, $t = 0.085$, $p < 10\%$). It appears from these results that the third condition is completely verified.

It only remains to verify the last condition, that is to say, the predictive variable IE effect on the dependent variable (ROA and MTB) which should not be significant once the possible mediator (DEBT BANC) is considered.

The results in Table 4 show that the coefficients associated with the variable IE are not statistically significant for both indicators of the performance of the firm (for ROA: $\beta = 0.114$, $t = - 1.543$ and MTB: $\beta = 0.265$, $t = - 1.622$). It follows that the mediation by bank debt is complete between EI and performance of the firm. From these results, the hypothesis is validated with two Tunisian companies.

Table 4. Results of hierarchical regression steps 3 and 4 (Model 3) to Tunisian companies

Variables		Step 3				Step 3 and 4 Model 3			
		Firm's performance				Firm's performance			
		ROA		MTB		ROA		MTB	
		β	T	β	T	β	t	β	t

V. control	TAIL	0.112	1.166 *	0.180	1.148 *	0.102	0.069 *	0.115	0.076 *
	SECT	0.156	0.060 *	0.412	2.581**	-	- 0.701 n.s	0.384	2.456 **
V. independent	IE	-	-	-	-	0.114	- 1.543 n.s	0.265	- 1.622 n.s
V. mediator	DETTE BANC	0.065	0.096 *	0.015	0.045 **	0.107	0.075 *	0.125	0.085 *
R² ajusted		0.056		0.065		0.080		0.096	
F		0.042 **		0.091 *		0.098 *		0.100 *	
Adjusted R² variation						0.030		0.020	

*** Significant at 1%, ** significant at 5%, *: significant at 10%, n.s: not significant

From Table 4 (Model 3), we note that the control variables (TAIL, SECT) are statistically significant for both indicators of the performance of the firm to the 10% and 5%, except that the statistical coefficient SECT of the variable is negative and not significant compared to ROA ($\beta = -0.1$, $t = -0.701$), where the industry has a negative impact on economic performance and the financing structure of the business. While size has a positive impact on the economic and market performance of the firm, it is an indicator necessary for the performance analysis of a company's financing structure. A reading of Table 4 shows that the full model, which takes into account the mediating effect of bank indebtedness, increases the percentage of variance explained from the model 1. This shows that the mediating variable is a good predictor of the dependent variable, namely the performance of the firm.

2.3.3. Interpreting the Results of the Indirect Relationship between the emotional intelligence and Firm Performance through the Bond Debt

Consistent with the previous findings, the first condition was filled (See Table 5). The objective of the second step is to demonstrate the existence of a relationship between EI and bond debt. Model 2 shows that overall quality is statistically significant at the 10% level and the IE variable is positively and significantly associated with the bond debt of Tunisian companies ($\beta = 0.156$, $t = 0.036$, $p < 10\%$), and the second condition gait Baron and Kenny (1986) holds true.

Table 5. Results of Hierarchical Regression of Steps 1 and 2 (model 1 and 2) to Tunisian Companies

Variables		Step 1 Model 1				Step 2 Model 2	
		Firm's Performance				Bond Debt	
		ROA		MTB		β	T
		β	t	β	t		
V. control	TAIL	- 0.226	- 1.666 n.s	- 0.187	-1.406 n.s	0.375	3.062 n.s
	SECT	- 0.041	- 0.295 n.s	0.326	2.388 **	0.222	1.774 *

V. independent	IE	0.264	1.859 *	0.223	1.601 *	0.156	0.036 *
R² adjusted		0.050		0.076		0.223	
F		0.130 *		0.069 *		0.022 *	

*** Significant at 1%, ** significant at 5%, *: significant at 10%, n.s: not significant

Examining the results of Table 6 shows a positive and significant relationship between the bond debt and both indicators of firm performance (ROA and MTB), from these results, we see that the bond debt has a positive impact on the economic and market performance of the company (for ROA: $\beta = 0.027$, $t = 0.178$, $p < 10\%$; and for MTB: $\beta = 0.026$, $t = 0.046$, $p < 10\%$).

Model 3 (full model) is used to verify third-mediated condition of the bond debt between EI and firm performance (ROA and MTB). The results of the analysis of the hierarchical regression indicate that the statistical coefficient of the variable DETTE OBLIGA has a significant positive value to ROA ($\beta = 0.125$, $t = 0.075$, $p < 10\%$) and also with respect to the MTB ($\beta = 0.102$, $t = 0.053$, $p < 10\%$). It appears from these results that the third condition is completely verified.

The results in Table 6 show that the coefficients associated with the IE variable are statistically significant for both indicators of the performance of the firm, for ROA ($\beta = 0.299$, $t = 1.997$, $p < 10\%$) and MTB ($\beta = 0.112$, $t = 0.065$, $p < 10\%$).

It follows that the mediation by the bond debt is incomplete between EI and performance of the firm. From these results, the hypothesis 3 is not validated (incomplete mediation) with Tunisian companies.

According to Table 6 for both measures of performance, model 3 (full model) has an interesting adjusted explanatory power. It increases the percentage of explained variance from the model 1. In cases where performance is measured by ROA, adjusted R² Passes from 0.050 to 0.065. Similarly, when performance is measured by MTB, adjusted R² Passes from 0.076 to 0.088. The adjusted R² of increase is linked to the consideration of the mediating effect of bond debt, and the variation in adjusted R² for the two models associated with the addition of the mediating variable is significant (0.015 and 0.012). This shows that this variable is a good predictor of the dependent variable, namely the performance of the firm. However, these results do not confirm our hypothesis 3.

Table 6. Results of Hierarchical Regression Steps 3 and 4 (Model 3) to Tunisian Companies

Variables		Step 3				Etape 3 and 4 Model 3			
		Firm's performance				Firm's performance			
		ROA		MTB		ROA		MTB	
		β	T	β	t	β	T	β	t
V. control	TAIL	-0.172	-1.199 n.s	0.086	0.620 n.s	- 0.270	- 1.828 n.s	0.040	0.270 n.s
	SECT	-0.130	-0.903 n.s	0.311	2.223**	- 0.067	- 0.470n.s	0.340	2.373 **
V.independent	IE	-	-	-	-	0.299	1.997 *	0.112	0.065 *
V. mediator	DETTE OBLIGA	0.027	0.178 *	0.026	0.04*	0.125	0.075 *	0.102	0.053 *
R ² ajusted		0.022		0.041		0.065		0.088	
F		0.055*		0.101 *		0.082 *		0.077 *	
Ajusted R ² variation						0.015		0.012	

*** Significant at 1%, ** significant at 5%, *: significant at 10%, n.s: not significant

Results Table 6 (Model 3) show that the control variables (TAIL, SECT) are not statistically significant for both indicators of the performance of the firm, with the exception of the statistical coefficient of SECT variable that has value positive and significant compared to MTB ($\beta = 0.340$, $t = 2.373$ $p < 5\%$), where the industry has a positive impact on the market performance of the company. While the size has a negative impact on the economic and market performance of the firm.

2.3.4. Interpreting the Results of the Indirect relationship between the emotional intelligence and Firm Performance through External Funds

Consistent with previous results, the first condition was filled (See Table 7).

The objective of the second step is to demonstrate the existence of a relationship between IE and external equity. Model 2 shows that the overall quality is statistically significant at the 10% level and the IE variable is positively and significantly associated with own external Tunisian companies funds ($\beta = 0.141$, $t = 1.033$ $p < 10\%$), and the second condition gait Baron and Kenny (1986) holds true.

Table 7. Results of Hierarchical Regression of Steps 1 and 2 (model 1 and 2) to Tunisian Companies

Variables		Step 1 Model 1				Step 2 Model 2	
		Firm's performance				External funds	
		ROA		MTB		β	T
		β	t	β	t		
V. control	TAIL	- 0.226	- 1.666 n.s	-0.187	- 1.406 n.s	0.327	2.510 **
	SECT	- 0.041	- 0.295 n.s	0.326	2.388 **	-0.121	- 0.911 n.s
V. independent	IE	0.264	1.859 *	0.223	1.601 *	0.141	1.033 *
R ² ajusted		0.050		0.076		0.124	
F		0.130 *		0.069 *		0.020 *	

*** Significant at 1%, ** significant at 5%, *: significant at 10%, n.s: not significant

Examining the results of Table 8 reveals a positive and significant relationship between external funds and two indicators of firm performance (ROA and MTB), from these results we see that external funds have a positive impact on the economic and market performance of the company (for ROA: $\beta = 0.032$, $t = 0.006$, $p < 10\%$; and for MTB: $\beta = 0.091$, $t = 0.075$, $p < 10\%$).

Model 3 (full model) is used to check the condition of third mediation own external funds between EI and firm performance (ROA and MTB). The results of the hierarchical regression analysis indicate that the variable external funds (mediating variable) remains important in explaining the dependent variable (the two forms of performance) after consideration of the predictor variable. The statistical coefficient of the variable FUND EXT has a positive and significant value compared to the ROA ($\beta = 0.069$, $t = 0.078$, $p < 10\%$) and MTB ($\beta = 0.068$, $t = 0.035$, $p < 10\%$). It appears from these results that the third condition is completely verified. The results in Table 8 show that the coefficients associated with the variable IE are not statistically significant for both indicators (ROA and MTB) of the performance of the firm, for ROA ($\beta = -0.012$, -0.198 $t = ns$), and the MTB ($\beta = 0.121$, $t = -0.078$ ns). It follows that the mediation by external funds is complete between the EI and performance of the firm. Through these results, we see that the IE variable has a positive effect on firm performance. The assumption 4 is validated with Tunisian companies.

Table 8. Results of Hierarchical Regression Steps 3 and 4 (Model 3) to Tunisian Companies

Variables		Step 3				Step 3 and 4 Model 3			
		Firm's performance				Firm's performance			
		ROA		MTB		ROA		MTB	
		β	t	β	T	β	t	β	T
V. control	TAIL	0.065	1.723 *	0.057	0.398 n.s	-0.194	-1.344 n.s	-0.173	-1.247 n.s
	SECT	-0.131	-0.950 n.s	0.238	1.753 *	-0.053	-0.375 n.s	0.336	2.485 **
V. independent	IE	-	-	-	-	-0.012	-0.198 n.s	0.121	-0.078 n.s
V. mediator	FOND S EXT	0.032	0.006 *	0.091	0.075 *	0.069	0.078 *	0.068	0.035 *
R² adjusted		0.015		0.027		0.076		0.099	
F		0.009 *		0.056 *		0.095 *		0.053 *	
Ajusted R² variation						0.026		0.023	

*** Significant at 1% , ** significant at 5% , * : significant at 10% , n.s: not significant

The results in table 8 (Model 3) show that the coefficients of the control variables (TAIL, SECT) are not statistically significant for both indicators of firm performance (ROA, MTB), except that of the SECT variable has a positive and significant value to MTB ($\beta = 0.336$, $t = 2.485$ $p < 5\%$), where the industry has a positive impact on the market performance of the

company. While the size has a negative impact on the economic and market performance of the firm.

CONCLUSION

In the theoretical framework of behavioral finance companies, this article examined the relationship between the EI and performance of the company through the funding structure.

Hence EI is defined as the ability to perceive and manage emotions and those of others (Salovey and Mayer (1997)). From more EI Manager affects attitudes and behavior. Therefore, it can influence the performance of the firm and the quality of the relationship with the members of his team. EI is a relatively new concept that has been developed by Peter Salovey and John Mayer in 1990. It is generally defined as the ability to recognize their emotions and those of others to better adapt to situations (Goleman, 2000). Several researchers have contributed to this concept popularized by Daniel Goleman in 1995. The foundations of IE have the roots of concepts on social intelligence and the intelligence intra and inter personal - especially as proposed by Howard Gardner in 1983 to better understand the fundamentals of EI, the concept of intelligence is briefly described, but before addressing its relationship with emotions, it is pertinent to briefly describe what constitutes emotions.

Indeed, the regression results show that the leader of EI has an impact on the performance of Tunisian companies through the mediation of the financing structure. Overall, the results of this study demonstrate that Tunisian companies have an interest to finance its operations and investments using the various modes of financing whatever self-financing, bank debt, bond debt and external funds, in order to increase their performance. Moreover, we note that the leader of IE, plays an important role in increasing the performance of Tunisian companies. The modeling of relations between the three concepts, namely EI / financing structure / performance of the firm, could be summarized as follows. Because the funding structure could act as a mediating variable, checking this mediating effect was achieved by developing models based on variables selected in this study. In this respect, our results indicate that the

variable EI is relevant in determining the mediate with the methodology of Baron and Kenny (1986). Indeed, consideration of the mediating variable, the financing structure improves in a significant way the explanatory power of the model EI / financing structure / performance.

From these results, we note that the mediating variable is a good predictor of the dependent variable, namely the performance of the firm. However, hierarchical regressions show that the control variables have a significant effect on the financing structure and the performance of the firm. This angular part allowed us above all to explore empirically the contrast between what the theory says and what is observed in practice.

This study has limitations and still leave many questions open about the issue of performance, EI and the funding structure. The model should include other variables to represent more fully the reality. Finally, the consideration of the EI opens new perspectives in corporate finance, including a renewal of issues relating to governance mechanisms, value creation associated with the ability to develop investment opportunities.

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APPENDIX

Tableau-9. Pearson correlation matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
IE (1)	1						
AUTOF (2)	0.293	1					
DETTE BANC (3)	0.186	0.282	1				
DETTE OBLIGA (4)	-0.319	0.214	0.322	1			
FONDS EXT (5)	-0.122	0.124	0.161	0.565	1		
TAIL (6)	0.325	0.242	0.342	-0.125	-0.212	1	
SECT (7)	0.225	0.321	0.245	0.367	0.325	0.243	1