

# The Role of Gender Diversity on Firm's Financial and Social Performance: An Exploratory Study in Indian Context

## Abstract of Thesis

SUBMITTED TO  
DEPARTMENT OF RURAL MANAGEMENT  
SCHOOL FOR MANAGEMENT STUDIES  
BABASAHEB BHIMRAO AMBEDKAR UNIVERSITY, LUCKNOW

BABASAHEB  
BHIMRAO  
AMBEDKAR  
UNIVERSITY



प्रज्ञा शील करुणा  
ESTABLISHED 1996

FOR THE AWARD OF THE DEGREE OF

## Doctor of Philosophy

in

## MANAGEMENT

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SCHOOL FOR MANAGEMENT STUDIES  
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UTTAR PRADESH, INDIA

**2020**

In the ever-changing business environment, it has become a necessity to understand the importance of diversity at the workplace. The people are not a part of a limited market but are exposed to the global market. To compete in the global market, organizations need to hire a diversified workforce. The diversity in the workplace can be based on age, gender, ethnicity, education among others. Being an essential asset to the organization, employees can bring a diverse set of opinions and skill sets, which can help in effectively managing the organization. The increased liberalization and call of women empowerment has led to a situation where women are working shoulder-to-shoulder with men at almost all the hierarchical positions in the organization. Today, equal opportunities are given to both men and women without any gender discrimination. The present research aims to study the role of gender diversity in the financial and social performance of the firm in India. To start with, the researcher studied the concept, definitions, and importance of gender diversity among the board of directors of the firms. With the help of extensive literature review, it was found that there are many regulatory frameworks practiced in India to promote women's involvement in the executive position of the firm. Further, it was found that though the relationship between gender diversity and a firm's performance had been studied in the past, the results had been inconclusive. Some of the studies revealed that women's involvement in corporate boards positively impacted the firm's performance. In contrast, others stated that there was a negative impact of women representatives on their performance. Apart from this, various studies have concluded that there was no impact of gender diversity on the performance of the firm. The inconclusive results of the past studies led the researcher to undertake the present study to understand the role of gender diversity on the financial and social performance of the firm. The objectives of the study were:

1. To assess the impact of gender diversity on the financial performance of the firm
2. To assess the impact of gender diversity on the social performance of the firm.
3. To understand the employee perception towards women representation in the board of the directors.

A conceptual framework for the study was developed with various pre-defined theories.

The study adopted qualitative, quantitative, and mixed approach. The primary data was obtained from employees of 30 Indian companies using a self-administered questionnaire.

The secondary data was collected from journals, websites, annual government reports, annual company reports, and other secondary sources. The reliability of the study was checked through Cronbach's alpha reliability coefficient. The data analysis was done using descriptive statistics and inferential statistics like factor analysis, one-sample t-test, paired t-test. For analyzing the first objective, the study used paired t-test. The factors taken into consideration were Return on Capital (ROC), Return on Assets (ROA), and Return on Equity (ROE), Debt-equity ratio, and Tobin's Q. The findings stated that the gender diversity has a positive and significant impact on the financial performance of the firm. For the second objective, the data analysis was conducted with the help of content analysis on CSR dimensions derived from KLD database. The factors taken into consideration for assessing social performance were Community welfare, Health and Education, Environment and Energy, Product and Customer, Workforce/Employees, and CSR index. The findings stated that the gender diversity has a positive and significant impact on the social performance of the firm. For the third objective, the data obtained through the questionnaire was analysed using factor analysis followed by one-sample t-test. The factors considered for employee perception were Leadership style, Decision power, Communication skill, working environment, Knowledge, Relation with subordinates, and Grievance handling. The findings stated that the employees' perception of women's representation is satisfactory. Some of the suggestions by the researcher include that the women's participation in the corporate board should be increased. Also, there is a need to bring clarity in the definition of independent directors for women, and to increase annual compulsory board meetings by the firms. The limitations of the research are its restricted sample size and time duration.

**Keywords:** Gender Diversity, Financial Performance, Social Performance, Employee Perception, Corporate Social Responsibility.

## **INTRODUCTION**

History has seen the transition of gender roles, especially from the 20<sup>th</sup> century. Now, gender discrimination is reducing at a rapid rate. Women today are not confined to household chores. Instead, they are playing different roles at the professional front and paving the way for more opportunities. Today, a woman can strive for any goal and achieve it without being suppressed by society. Since the women's rights movement has led to a rise in the number of women working in organizations worldwide, it has become a question of debate on how the gender diversity impacts the organizational performance (Ali et al., 2011). There are two broad approaches covered in the study. One suggests that gender diversity may influence the investors, while the other indicates that the gender diversity may affect the organization's value (Hannon and Milkovich, 1996; Roberson and Park, 2007; P. Wright et al., 1995).

Some studies advocate greater female representation on boards based on the ethics and economic value of the firm (Campbell & Mínguez -Vera, 2008; Isidro & Sobral, 2015). As per the ethical arguments, it is unfair to exclude women from the board of the firm based on gender discrimination, and some evidences show that gender diversity among board members helps the firm to achieve its goals more efficiently (Isidro & Sobral, 2015). Simultaneously, the economic argument regarding the female representation in the board states that higher gender diversity leads to better performance of the firm. This explains that heterogeneous board tends to perform better (Gordini & Rancati, 2017).

## **CONCEPT OF GENDER DIVERSITY AND FIRM'S PERFORMANCE**

The key terms used in the study have been defined below as per the literature review:

### **GENDER DIVERSITY**

Gender diversity, in simple terms, can be understood as a representation of people of different genders. It usually refers to the ratio of males and females, but it may also include non-binary genders. Today, many initiatives focus on studying and promoting gender diversity in all professional fronts, traditionally, which were dominated by men.

A diversity index is used to measure human diversity across different ethnicities. It is calculated by the likelihood between two randomly selected residents belonging to other ethnic groups. The group diversity is zero when all the residents belong to the same ethnic group. Similarly, if the group is equally divided, group diversity is 50. At the same time, it has to be mentioned that while calculating the diversity index, the willingness of the participants of different ethnicities to cooperate is not considered.

### **FINANCIAL PERFORMANCE OF THE FIRM**

The financial performance of the firm can be defined as “a measure of the extent to which a firm uses its assets to run the business activities to earn revenues.” It helps to analyze the overall financial condition of a business over a specific period. It can compare its performance with other firms in the same industrial sector (Atrill et al. 2009). For calculating financial performance, financial analysts collect the data from the financial statements like balance sheet (record of assets and liabilities of the business), income statement (record of revenues, expenses, and profits of the business), cash flow statement (record of different sources of cash inflow and cash outflow), and the statement of changes in the owners’ equity (change in the wealth of the owner of the business). Well-defined financial management helps to contribute to the value-addition of the business (Padachi, 2006). With the help of financial performance analysis, the financial health of a firm can be analyzed over a given period.

Financial performance analysis helps to determine the efficiency of operations and economic characteristics of an organization from accounting and financial statements. It is useful for measuring the liquidity, profitability, and other financial indicators of the organization, thereby ensuring that all the operations are conducted rationally, and shareholders can get enough returns.

Some of the traditional methods of measuring the financial performance of the organization include Net Farm Income (NFM), Net Profit Margin (NPM), Operating Profit Margin (OPM), Return on Assets (ROA), Return on Equity (ROE), Return on Investment (ROI), and Return on Net Worth (RONW). While Profit after Tax (PAT) indicates the profit for the shareholder, Profit before Interest after Tax (PBIAT) indicates the surplus generated by the organization using total funds.

One of the modern financial performance measures helping in value-addition is Economic Value Added (EVA). Naghshbandi (2015) stated that the value addition of the organization helps in measuring its economic performance. EVA refers to measuring the income of the organization and indicates the increase in the revenue of an organization. Being an essential part of macroeconomics helps calculate the national income by measuring the national economy (known as National Product or Domestic Product). Further, they help in representing the value addition of the national economy during a specific period.

### **SOCIAL PERFORMANCE OF THE FIRM**

To survive in the market, firms need to perform better at the financial and social front (Webb, 2004). Deegan (2002) stated that the expectations of the society from the firm are changing rapidly, thereby pressuring the firms to perform socially better. The firms, now, are bound to take initiatives for the welfare of the environment and society as a whole. The firms can bring transparency to the community by disclosing their information about the initiatives undertaken in their annual reports (Dawkins & Fraas 2008). Supporting it, Villiers and Straden (2006) stated that since developing countries face more environmental and social issues, disclosing the information can help the less demanding stakeholders. Various other researchers have focused on the importance of disclosure activities of the firms in developing countries because of the higher number of multinational companies operating in these developing countries (Tee et al., 2007; Imam 2000). Thus, examining environmental and social practices adopted by the firms in developing countries are important. The National Committee on Corporate Governance (NCCG) (2006) states that the primary role of the board members is to ensure that social responsibility helps in bringing sustainability to the firm.

Because of the mixed results of the research, it is still inconclusive if gender diversity of board has any impact on the financial and social performance of the firms. Hence, the present research investigates the relationship between gender diversity and organizational performance in the Indian context.

## LITERATURE REVIEW

**Birindelli (2019)** assessed the impact of women directors among the board of directors on the environmental performance of the banks. The sample selected by the researcher consisted of 96 listed banks in the EMEA (Europe, Middle East and Africa) region over the period 2011-2016. The three theoretical perspectives considered for the study included gender difference, critical mass, and homophile. The results of the study showed that a non-linear relationship existed between the women directors and the environmental performance of banks. Thus, gender diversity among board members acts as an essential factor in environmental sustainability in banks.

**Yaseen (2019)** investigated the impact of gender diversity on the board on the CSR practices adopted by the companies in France. The sample of 89 French companies was chosen over the period 2012-15. Using five different CSR dimensions, it was found that gender diversity among board members has a positive relationship with CSR performance. Similarly, a positive relationship was found between the board diversity based on the age of CEO and board characteristics and CSR practices of the firms. Also, board diversity had a significant impact on satisfying the needs of their stakeholders and improving corporate governance.

**Dani et al. (2019)** examined the relationship between corporate governance (CG), corporate social responsibility (CSR), and financial performance, with gender diversity being the moderator variable. The sample for the study included 68 non-financial public companies listed on the IBX100 index of BM&FBOVESPA in Brazil. The data was analyzed using panel data modelling, correlation, and ranking by the TOPSIS method. The findings stated that under the moderate variable of gender diversity, a significant relationship existed between corporate governance and the financial performance of the companies. But no such relationship was found between CSR and the financial performance of companies. The study concluded that gender diversity among board members help to monitor the activities of management, thereby making efficient decisions.

**Dankwano and Hassan (2018)** conducted a cross-sectional study to investigate the impact of gender diversity on the financial performance of the firm in the Indian

context. The data was collected from 42 companies listed on the Bombay Stock Exchange, chosen through a stratified proportionate random sampling technique in 2017. Out of these companies, 21 were female-dominated (having more than 10% female directors) and 21 were male-dominated companies (having less than 10% female directors). The financial performance was measured using an accounting base-return with Return on Assets (ROA) and Return on Equity (ROE). A greater number of female directors had a negative impact on Return on Assets (ROA) and a positive impact on Return on Equity (ROE).

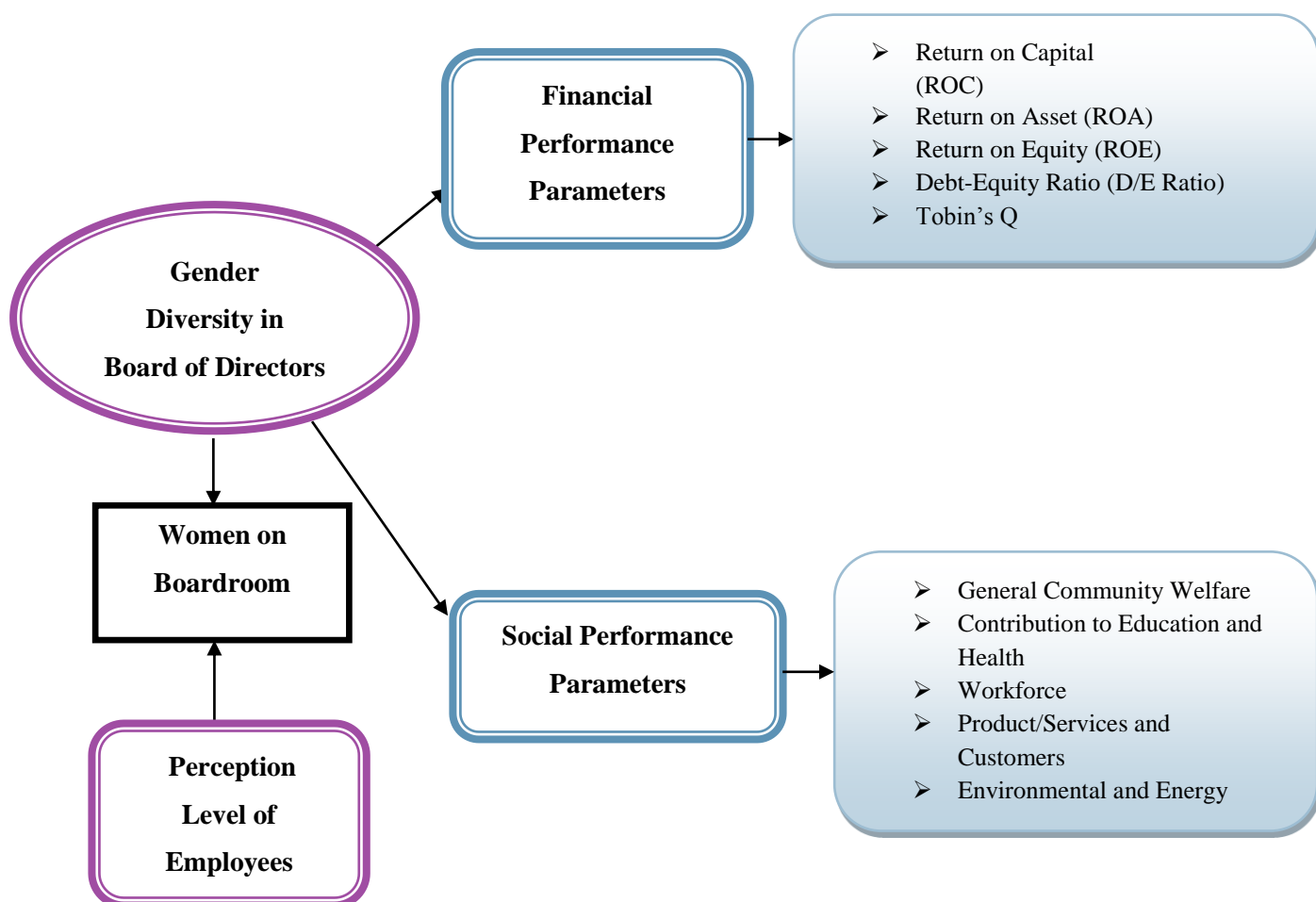
**Sanan (2016)** examined the impact of board gender diversity on the financial performance of listed Indian firms through a dynamic modeling framework. The sample of 148 publicly listed firms across different sectors was chosen for 2008–2013. The independent variable considered for the study was the percentage of women directors. In contrast, the dependent variables considered included Return on Assets (ROA) and Tobin's Q. With the help of ordinary least squares (OLS) and fixed effects estimation models, it was found that the number of independent women directors (IWD) had a positive relationship with the firm's performance. On the contrary, the findings through Arellano Bond estimation stated that firms with no IWD were reducing while those with one IWD are increasing gradually over the period considered for the study. Simultaneously, no impact was evident on the companies having two or more women directors because of the scarcity of independent directors as women.

### **CONCEPTUAL FRAMEWORK: GENDER DIVERSITY AND ITS IMPACT ON FIRM'S FINANCIAL AND SOCIAL PERFORMANCE**

A conceptual framework helps an author explain the phenomenon of the study under consideration in a step-by-step manner. The significant components regarding this framework include concepts, empirical research, and important theories, which reflects the systematic knowledge of the researcher (Peshkin, 1993). The conceptual framework presents an integrated structure of the research problem undertaken in the study (Licher and Smith). In other words, it shows a series of various actions that would be followed to solve the research problem. Akintoye (2015) posits that the conceptual framework is mostly used by the researcher to visualize the various activities of the research to solve the pre-determined research problem of the study.

After a thorough and rigorous review of available literature, the researcher has found a need to study the role of gender diversity and its impact on a firm's financial and social performance in the Indian context. Based on the literature that reviewed for this study, it is found that the many studies relating to gender diversity and its impact on a firm's performance have been conducted mainly in the western countries and not in India specifically. Also, less research has been done relating to measuring the perception of the employee towards women as representation in the board room of the corporate companies. Thus, there are many opportunities to explore and analyze the significance of gender diversity in the boardroom and its impact on a firm's performance. The conceptual framework, below in Figure 1.1, will offer a strong foundation for examination and explore the study, which will help verify the relationships between gender diversity and a firm's performance, such as financial and social performance based on comparisons of Pre and Post Company's Act 2013.

**Figure 1.1: Conceptual Framework: Gender Diversity and its Impact on Firm's Financial and Social Performance**



## **SIGNIFICANCE OF THE STUDY**

From ancient times, Indian women have been striving to attain equal status with men in society. Over time, tremendous changes can be observed in this regard, but parity with men is still a long way to go, at least about corporate India. Contrary to the common perception that Indian women do not work, an extensive promotion of women in India actively participates in its workforce (Patel, 2013). The situation marks the need for a representation of women on the board in India Inc., thereby laying the foundation for the new Companies Act, the Companies Act 2013, which replaced the existing Companies Act, 1956.

The present study on “Role of Gender Diversity on the Firm’s Financial and Social performance: An exploratory study in Indian context” will help to understand the various concept of gender diversity in board structure, financial performance, social performance, and the relationship between gender diversity in board room and performance of the Indian company (social and financial performance). Besides, this study will also help understand the perception of the employee towards women as representation in the board room of the company. This study provides various suggestions based on findings, which will be very helpful to other researchers to understand and future research on the gender diversity and performance of the company. It will also provide very important to policymakers of corporate governance, which helps to decide women's involvement in corporate board structure.

## **RATIONALE OF THE STUDY**

The gender diversity factor in the board composition of modern corporations is one of the most significant governance issues faced (Singh et al., 2008). It is because gender diversity contributes to improving the value addition and overall performance of the organization by providing a diverse set of opinions, insights, and perspectives to the board (Carter et al., 2003; Miller and Triana, 2009).

Galbreath (2011) found a strong relationship between the number of women in board and corporate sustainability. Gender diversity based on behaviour, attitude, competence, and skillsets affects corporate sustainability. Since new insights and perspectives are needed to meet the corporate sustainability challenge, women directors may bring out additional perspectives as a useful resource for the company.

Because of gender diversity, there is a variety of knowledge, professional expertise, and advanced education, which accelerates organizational performance (Hillman et al., 2002). There are pieces of evidence that women have excellent problem-solving skills, which help them in dealing with any conflict or ambiguity effectively (Rosener, 1995).

Further, the studies of Biggins (1999), Hisrich and Brush (1984), and Rosener (1995) suggested that women are better at meeting the needs of stakeholders, as compared to men. Also, women can better understand the needs and behavior of consumers; thereby providing opportunities for the organization to meet those needs (Brennan and Mc Cafferty, 1997). Various researchers such as Jianakoplos and Bernasek (1998), Park (2016) have found no impact of gender diversity on the organization's performance.

Although various studies have been conducted on Indian companies, there is still a shortage of such studies especially with gender diversity and performance (financial and social performance) and perception level among employees towards the representation of women in the board room. (Sanan (2016), G & S (2016), Prusty & Kumar (2016), Roy (2016), Kumar & Nihalani (2014))

So, the present study attempts to cover the aspects of gender diversity and its impact on the financial performance and social performance of Indian companies. It will also focus on measuring the perception level among employees towards the representation of women in the board room.

### **OBJECTIVES OF THE STUDY**

This research study intends to address the research problems, such as, what are the factors that measure the financial performance and social performance of the company? Is there any relationship between gender diversity and the performance (financial and social) of the company? What is the perception of the employee towards the representation of women in the boardroom in companies chosen? Based on the above research problems, the following objectives have been made to solve the purpose of the study.

1. To study the impact of gender diversity on the financial performance of the company in the Indian context.

2. To study the impact of gender diversity on the social performance of the company in the Indian context.
3. To study the level of perception among employees towards the representation of women on boardroom in selected companies

## **HYPOTHESIS**

A reasonable level of research hypothesis will be set to shape up the research and give it a definite direction so that results could be measurable. These hypotheses will be null to begin

### **4.4.1 Hypothesis**

**H01.** There is no significant impact of gender diversity on the financial performance of the companies

**Further**, this hypothesis is divided into five sub hypotheses.

- **H<sub>01.1</sub>**. There is no significant impact of Gender Diversity on the Return of Capital of the Selected Companies
- **H<sub>01.2</sub>**. There is no significant impact of Gender Diversity on Return of Asset of the selected companies
- **H<sub>01.3</sub>**. There is no significant impact of gender diversity on Return on Equity of the selected companies
- **H<sub>01.4</sub>**. There is no significant impact of gender diversity on Debt- Equity ratio of the selected companies
- **H<sub>01.5</sub>**. There is no significant of Gender Diversity on Tobin's Q values of the selected companies

### **4.4.2 Hypothesis 2**

**H02.** There is no significant impact of gender diversity on the social performance of the company

**Further**, this hypothesis is divided into six sub hypotheses.

- **H<sub>02.1</sub>** There is no significant impact of gender diversity on Community Welfare performance of the company
- **H<sub>02.2</sub>** There is no significant impact of gender diversity on health and education performance of the company
- **H<sub>02.3</sub>** There is no significant impact of gender diversity on Environment and Energy performance of the company
- **H<sub>02.4</sub>** There is no significant impact of gender diversity on Product and Customer performance of the company

- **H<sub>02.5</sub>** There is no significant impact of gender diversity on Workforce / Employees performance of the company
- **H<sub>02.6</sub>** There is no significant impact of gender diversity on CSR index performance of the company

#### **4.4.3 Hypothesis 3**

**H<sub>03</sub>**. There is no significant level of perception of employees towards representation of women in the boardroom of the selected companies.

**Further**, this hypothesis is divided into eight sub hypotheses.

- **H<sub>03.1</sub>** There is no significant level of perception of employees towards leadership style
- **H<sub>03.2</sub>** There is no significant level of perception of employees towards Decision power
- **H<sub>03.3</sub>** There is no significant level of perception of employees towards Communication Skill
- **H<sub>03.4</sub>** There is no significant level of perception of employees towards working environment
- **H<sub>03.5</sub>** There is no significant level of perception of employees towards Knowledge
- **H<sub>03.6</sub>** There is no significant level of perception of employees towards Relation with subordinates
- **H<sub>03.7</sub>** There is no significant level of perception of employees towards Relation with co-workers
- **H<sub>03.8</sub>** There is no significant level of perception of employees towards working environment

#### **RESEARCH DESIGN**

- The research design is described as "the blueprint or framework or plan for a study, used as a guide to collect and analyze data". The research design allows a researcher to draw research boundaries, consisting of explaining the setting of the study, the types of research needs to be, the analysis unit, and other research-related issues (Saunders *et al*, 2009). The literature review distinguishes three types of research design namely: descriptive research design and causal or explanatory research design (Domegan and Fleming

2003; Malhotra and Birks 1999; Kotler et al 2001). Descriptive study is generally considered with defining a population with regards to important variables and exploratory research design aims to find out ideas and observations about variables. And last Causal research design is applied to examine the relationship between variables as cause-and-effect.

- The present study used a mix of all 3 designs. In the first step, exploratory factor analysis was used to gain contextual knowledge about research issues and to generate hypotheses to detailed review literature as mentioned in Chapter 2. The research problem has been defined and the research objective has been established in such a way that this research study focuses on testing of an integrated model. In the second stage, descriptive research design has been applied to define the characteristics of the respondents and to evaluate the descriptive statistics, various tools used like frequencies, percentage, mean and standard deviation of various selected variables and to clarify the relationship between variables in the model, the last explanatory analysis was used. This study used various statistical tools like paired t-test, and one sample T-test for explanatory research design.

#### **Data Collection**

- For the conduct of the study the research used both primary data and secondary data. Primary Data was collected from top 30 companies from BSE listed on the basis of market capitalization. Employees were contacted on the basis of judgmental sampling through a self-administered structured questionnaire. Data was collected from selected companies in two phases. The I<sup>st</sup> phase of data collection was conducted during June-September, 2018. A total of 150 questionnaires were collected in the I<sup>st</sup> phase for assessing the Influencing factors of women's leadership style. After analyzing the data of the first survey the II<sup>nd</sup> phase of data collection started. Data from 100 employees, fulfilling inclusion criteria, were collected from March 2019 measuring perception of the employees towards female as the member of the board of the company. From the above two phases, a total of 250 employees' responses were collected. The direct contact approach ensured complete responses from all the contacted employees, but after the screening, 50 employees' responses

were discarded due to partial response to some questions. Hence, the final analyzable responses were 200.

- For the study of financial performance and social performance of the selected company, the researcher collected 10 years of secondary data i.e. 5 years pre 2014 i.e. from 2008 to 2013 and 5 years post 2014 i.e. from 2014 to 2018 which was collected from sources mentioned earlier.

### **Data Sources**

For accomplishing the objective of the study researcher used both types of data such as primary and secondary data and it is collected from the following sources:

- **Primary Data:**

Primary data was obtained through self-administered questionnaires to employees of the selected company with a minimum of one year by personal contact approach.

- **Secondary Data:**

Current literature published in journals, magazines, newspapers, textbooks, articles, government reports, etc mostly included in secondary data sources. Current literature has been identified, examined, and evaluated in the form of research articles on financial performance, social performance. In this phase, authors found that applicable research works on the company's gender diversity on board room and performance such as social and financial performance various disciplines such as economic times of India, business reviews, company's balance sheet and publications or reports of national and international financial organizations. Hence, to collect secondary data, the researcher covers a wide range of journals, website, report, etc.

### **Sampling Method:**

Non-Probability purposive sampling method was used to draw the sample. In 1991 Judd *et al.* explained that judgmental sampling or purposive sampling as "picking cases that are judged to be typical of the population in which researcher is interested, assuming that errors of judgment in the selection will tend to counterbalance one another". The employees were contacted on the basis of judgmental sampling. Potential subjects (employees) who met the following criteria were selected:

1. More than 25 years of age
2. Working in the selected company
3. Ability to speak Hindi or English language

4. More than One year Experience with the organization
5. Work on the basis of Salary
6. Willing to participate
7. Communicable
8. To be well enough to participate in the face to face interaction

**Sampling Size:**

This study used pre-testing results to determine the final sample of the study. The pre-requisite condition for statistical analysis is an adequate sample size. In 2003, Malhotra said the required sample size of any study depends on various factors like proposed data analysis statistical tools, financial constraints and access to sampling frame. This study employed the following formula (Hair *et al.*, 2013) to determine the sample size (n) for employee

$$n = (Z*d/e)^2$$

Where,

2. n= sample size
3. z = alfa level
4. e = variance
5. d= standard deviation

**VARIABLES OF THE STUDY**

Variables refer to as a person, place things, or phenomenon which is measured for solving the research problems. Under this study, the researcher used two types of variables such as independent variables and dependent variables.

**1. Independent variable**

Independent variables refer to the variable which is stable and unaffected by other variables. Under this study, researcher used the board gender diversity as independent variables The independent variable is board gender diversity which has been defined in the context of the board as proportionate women directors on the board (Burke and Mattis 2000; Dutta and Bose 2006).

**2. Dependent variable**

Financial performance and social performance of the company selected as the dependent variable. A firm's financial performance may be expressed either in the share price or profitability of the firm (Jurkus et al. 2008). There has been little

unanimity on which of these is a better representation. Share price-based market indicators are predictors of future financial performance, while accounting-based profitability indicators are used to measure the historical financial performance, (Hoskisson et al. 1994; Keats and Hitt 1988). This study used five measures ROA, ROC, ROE, Debt Equity Ratio and Tobin's Q for measuring the financial performance of the company and these predominantly used in corporate governance literature, And under the social performance used the various parameters such as environment; community involvement, product, energy, customer relation.

### **3. Demographic Variable:**

The term demographic applies to basic population characteristics. Demographic information provides data on research respondents and is very essential for the determination of whether the individuals in a particular study are a representative sample of the target population for generalization purposes. In this research used demographic variables include Age, Gender, marital status, Education level, Working Experience and Income.

## **FINDINGS OF THE STUDY**

### **First Research Question identified the various dimensions for measuring the financial performance of the company**

On the basis of the review of national and international literature, this study found that various researcher used different parameters to measure the financial performance of company such as Debt- Equity Ratio, Current Ratio, Asset Turnover Ratio, Tobin's Q Values, Capital Turnover Ratio, Return on Asset, Return on Capital, Return on Equity, etc. However, the maximum study used the Return on Asset, Return on Capital, Return on Equity, Tobin's Q values and Debt- Equity Ratio for measuring the financial performance of Indian companies. So on the basis of the review of the literature and on the advice of the expert, this study used various parameters to measure the financial performance of the company such as Debt-Equity Ratio, Tobin's Q Values, Return on Asset, Return on Capital, and Return on Equity.

### **Findings from descriptive study 1**

- The result of the descriptive study reveals that mean and standard deviation value of ROC (post-2014) is 20.87 and 18.26 respectively and the minimum

and maximum value of ROC is varying from -27.91 to 120.21. In pre-2014, mean and standard deviation value of ROC 17.09 and 13.02 respectively and the minimum and maximum value of ROC of the selected company are ranging from -1.80 to 98.36. This result indicates that variation in ROC value was high in post-2014 as compare to ROC values in pre-2014 and it clearly indicates that return on capital value of selected companies in post-2014 is better than return on capital value of selected company's in pre-2014.

- The result of the descriptive study reveals that mean and standard deviation value of ROA (post-2014) is 16.85 and 15.83 respectively. And the minimum and maximum value of ROA is varying from 98.23 to 120.21. In pre-2014, mean and standard deviation value of ROA 48.26 and 228.20 respectively and the minimum and maximum value of ROA of the selected company are ranging from 1.10 to 118.78. This result indicates that the variation in ROA value was high in post-2014 compare to return on asset values in pre-2014 and also concluded that Return on Asset value of selected companies in post-2014 is better than return on asset value of selected company's pre-2014.
- The result of the descriptive study reveals that mean and standard deviation value of ROE (post-2014) is 58.07 and 57.42 respectively. And the minimum and maximum value of ROE is varying from -44.49 to 280.08. In pre-2014, mean and standard deviation value of ROE 48.26 and 228.20 respectively and the minimum and maximum value of ROE of the selected company are ranging from -47.95 to 228.20. This result depicts that variation in ROE value was high in post-2014 compare to ROE values in pre-2014 and also concluded that Return on Equity value of selected companies in post-2014 is better than Return on Equity value of selected company's in pre-2014.
- The result of the descriptive study reveals that mean and standard deviation value of the debt/equity ratio (post-2014) is .72 and 1.10 respectively. And the minimum and maximum value of D/E ratio is ranging from .00 to 4.99. In pre-2014, mean and standard deviation value of D/E .53 and .36 respectively. And the minimum and maximum values of D/E of the selected company are ranging from .00 to 4.53. This result depicts that variation in D/E value was high in post-2014 compare to D/E ratio values in pre-2014 and also concluded

that companies in post-2014 used more debt in capital structure as compared to in pre-2014.

- The result of descriptive study reveals that mean and standard deviation value of Tobin's Q value (post 2014) is 1.21 and .8157 respectively. And the minimum and maximum value of Tobin's Q is ranging from .00 to 7.67. In pre 2014, mean and standard deviation value of Tobin's Q are 1.02 and .9924. And the minimum and maximum values of Tobin's Q of the selected company are ranging from .00 to 7.23. This result depicts that variation in Tobin's Q was high in post 2014 as compare to Tobin's Q in pre 2014 and also concluded that Tobin's Q of selected companies in post 2014 is better than Tobin's Q of the selected company's in pre 2014.

### **1. Impact of Gender Diversity on the Financial Performance of the Company**

This study used a paired T-test to assess the relationship between gender diversity and financial performance of the company. A Paired t-test which compares the financial performance (return on capital, return on asset, debt/equity ratio, return on equity, Tobin's Q) of the company post-2014 (at least one female in board structure of the company) with the pre-2014 (no female in board structure of the company). On the basis of the paired t-test this study reveals the various findings mentioned below:

#### **1.1 Impact of Gender Diversity and performance of the company regarding Return on Capital.**

- The paired sample T-test shows that the average difference between pre and post act ROC of selected companies is 3.21 and  $p$  value is less than .05 ( $p=.002$ ). The results indicate that post-2014 companies recorded higher ROC as compare to pre-2014 and the difference is statistically significant. So this study confirms that increasing female involvement in the boardroom of the company increases the financial performance of the company.
- Result of the study supported by (Zahoor, 2016; Hunt, et al., 2015; Campbell & Minguez-Vera, 2008) who believes that firms with a higher number of female directors also recorded high ROC which is consistent with the resource dependence theory that emphasized on the competitive advantage firms attain with the inclusion of more women. Also, female directors enhance board

effectiveness and result in a firm's financial performance positively (Terjesen, et al., 2009; Buchwald & Hottenrott, 2014).

### **1.2 Impact of Gender Diversity and performance of the company regarding Return on Asset.**

- The paired sample T-test shows that the average difference between pre and post-act ROA of selected companies is 2.05 and  $p$  value is less than .05 ( $p=.042$ ). The results indicate that post time period companies recorded higher ROA as compare to pre-2014 and the difference is statistically significant. So this study depicts that increasing female involvement in the board structure of the company increases the financial performance of the company.
- Result of this study supported by (Zahoor, 2016; Hunt, et al., 2015; Campbell & Minguez-Vera, 2008) who said that firms with a higher number of female directors also recorded high ROA which is consistent with the resource dependence theory that emphasized on the competitive advantage firms than to attain with the inclusion of more women. Also, female directors enhance board effectiveness which influences the firm financial performance positively (Terjesen, et al., 2009; Buchwald & Hottenrott, 2014).

### **1.3 Impact of Gender Diversity and performance of the company regarding Return on Equity.**

- The paired sample T-test shows that the average difference between pre and post 2014 ROE of selected companies is 2.031 and  $p$  value is less than .05 ( $p=.044$ ). The results indicate that post-2014 companies recorded higher ROE as compared to pre-2014 and the difference is statistically significant. So this study depicts that increasing female involvement in the board structure of the company increases the financial performance of the company.
- This result was supported by Garba & Abubakar (2014) who concluded gender diversity has a positive impact on the financial performance of insurance companies' such as ROE, ROA, and Tobin's Q values. The same has also been reported by and Vafaei et al (2015), Tu et al (2015) Luckerath-Rovers (2013) and Low et al (2015).

#### **1.4 Impact of Gender Diversity and performance of the company regarding Debt/ Equity Ratio.**

- Paired sample T-test shows that the average difference between pre and post-2014 D/E Ratio of selected companies is 3.573 and  $p$  value is less than .05 ( $p=.00$ ). The results indicate that post-2014 companies recorded a higher debt-equity ratio as compared to pre-2014 and the difference is statistically significant. So this study depicts that increasing female involvement in the board structure of the company increases the financial performance of the company.
- This result is supported by Agyapong and Appiah (2015) who concluded gender diversity has a positive impact on the Debt/ equity ratio but another side of this study also indicates that post-2014, the value of debt increase in the capital structure of the company.

#### **1.5 Impact of Gender Diversity and performance of the company regarding Tobin's Q.**

- The paired sample T-test shows that the average difference between pre and post-2014 Tobin's Q of selected companies is 3.46 and  $p$  value is less than .05 ( $p=.001$ ). The results indicate that post-2014 companies recorded higher Tobin's Q as compared to pre-2014 and the difference is statistically significant. So this study indicates that increasing female involvement in the board structure of the company increases the financial performance of the company.
- This result is supported by Fidanoski, Simeonovski, and Mateska (2014), who concluded that the proportion of women on board has a positive and significant association with firm performance as measure with Tobin's Q.

So on the basis of the above empirical findings of this study concluded that there is a significant impact of gender diversity on the various dimensions of the financial performance such as return on capital, return on asset, debt/equity ratio, return on equity, Tobin's Q. This result depicts that if the involvement of women/females will increase in the boardroom of the company than the financial performance of the company will also increase.

**Table 6.1 Previous similar findings related to significant positive impact of gender diversity on financial performance of the company**

<b>Author</b>	<b>Country</b>
Zahoor, 2016	Pakistan
Hunt, et al., 2015	U.S
Minguez-Vera, 2008	U.S
Terjesen, et al., 2009	India
Buchwald & Hottenrott, 2014	Ghana
Fidanoski,	South Asia
Simeonovski	England
Mateska	U.K
(Reguera-Alvarado et al., 2017),	Russia
Smith & Verner (2006);	India
<b>Krishnan &amp; Parsons (2008);</b>	Indonesia

The result of this study is not supported by Jianakoplos and Bernasek (1998), Park (2016) who found that there is no significant relationship between Genders Diversity.

### **Second Research Question Identified the Various Dimensions for Measuring the Social Performance of the Company**

On the basis of the review of national and international literature, this study found that various researcher used the various parameters to measure the social performance of company such as relations; environment; community involvement, product, energy, customer relation, social and responsibility procurement so under this study, after examining all the study follow those dimension which disclosed by Kinder, Lydenberg, and Domini (KLD) (1999). Therefore, apart from KLD, certain other studies are also considered that have been conducted in the context of both developed and developing economies on CSR disclosure. Finally, this study used a checklist of 40 items that are classified under five broad dimensions of CSR **general community welfare, health and education, environment and energy, product, customer and stakeholders and workforce** which were developed by Sadaf Ehsan et al (2018) and used the content analysis method to measure the CSR disclose index of the company.

**Findings from descriptive study 2**

1. The result of the descriptive study reveals that post-2014, mean, and standard deviation values of community welfare factor which includes 11 statements are 21.2909 and 5.82038 respectively. The minimum and maximum values are varying in between 5 to 30. In pre-2014, mean and standard deviation value of community welfare factor 18.3636 and 7.47926 respectively, and minimum and maximum values are varying in between 0 to 30.00. This result indicates that the performance of the company towards the community welfare factor was better in post-2014 as compared to pre-2014.
2. The result of the descriptive study reveals that post-2014, mean and standard deviation values of Health and Education factor which includes 5 statements is 18.2800 and 6.46478 respectively. The minimum and maximum values are varying in between 2 to 28. In pre-2014, mean and standard deviation value of Health and Education factors was 14.680 and 8.61065 respectively and minimum and maximum values are varying between 2 to 28.00. This result indicates that the performance of the company towards Health and Education factor was better in post-2014 as compared to pre-2014.
3. The result of the descriptive study reveals that post-2014, mean and standard deviation values of the Environment and Energy factor which includes 7 statements is 13.6571 and 5.67213 respectively. The minimum and maximum values are varying in between 4 to 24. In pre-2014, mean and standard deviation value of Environment and Energy factor is 6.7714 and 6.49473 respectively and minimum and maximum values are varying between .00 to 18.00. This result indicates that the performance of the company towards Environment and Energy factor was better in post-2014 as compared to pre-2014.
4. The result of the descriptive study reveals that post-2014, mean and standard deviation values of Product and Customer factor which includes 9 statements are 15.778 and 4.64606 respectively. The minimum and maximum values are varying in between 5 to 25. In pre-2014, mean and standard deviation value of Product and Customer factor is 9.2444 and 4.79183, and minimum and maximum values are varying between .00 to 17.00 respectively. This result indicates that the performance of the company towards Product and Customer is factor was better in post-2014 as compared to pre-2014.

5. The result of the descriptive study reveals that post-2014, mean and standard deviation values of Workforce/Employee factor which includes 7 statements are 14.7714 and 6.08801 respectively. The minimum and maximum values are varying in between 4 to 26. In pre-2014, mean and standard deviation value of Workforce/Employees factor 9.4000 and 6.42239 respectively and minimum and maximum values are varying in between 00 to 18.00. This result indicates that the performance of company towards Workforce/Employees factor was better in post-2014 as compared to pre-2014.
6. The result of the descriptive study reveals that post-2014, mean and standard deviation values of the CSR index which includes 5 statements are 17.0106 and 6.37256 respectively. The minimum and maximum values are varying in between 2 to 30. In pre-2014, mean and standard deviation value of CSR index factor 12.3404 and 8.25276 and minimum and maximum values are varying in between .00 to 30.00 respectively. This result indicates that the total social performance of the selected companies was better in post-2014 as compared to pre-2014.

## **2. Impact of Gender Diversity on the Social Performance of the company.**

This study used a paired T-test to assess the relationship between gender diversity and social performance of the company. Paired t-test which compares the Social performance (community welfare factors, Workforce/Employees factor, Product and customer factor, Environment and Energy factor, Health and Education factor, and CSR index) of the company post-2014 (at least one female in board structure of the company) and pre 2014( no female in board structure of the company). On the basis of the paired t-test this study revealed the various findings mentioned below:

### **2.1 Impact of Gender Diversity and performance of the company regarding community welfare.**

- The paired sample T-test shows that the average difference between pre and post-2014 community welfare of selected companies is T value is 10.953, Df- 34 and [ $p < 0.05$ ] i.e.  $p$  value is .000 (less than .05). The results indicate that post-2014, companies' expenses are higher on community welfare compare to pre-2014 and the difference is statistically significant. So this study indicates that increasing female involvement in the boardroom of the company influences the social performance of the company.

- This result is supported by Zhang, Zhu and Ding (2012) who found from empirical evidence that the impact of the greater presence of women directors on the social performance of the company to be positive.

## **2.2 Impact of Gender Diversity and performance of the company regarding Health and Education.**

- The paired sample T-test shows that the average difference between pre and post-2014 health and education factors of selected companies is T value is -4.622, Df, 24, and [ $p < 0.05$ ] i.e.  $p$  value is .000 (less than .05). The results indicate that post-2014 Company's contribution is higher in health and education compare to pre-2014 and the difference is statistically significant. So this study indicates that increasing female presence in the boardroom of the company influences the social performance of the company.
- This result is supported by Dezsö and Ross (2012) who concluded that gender diversity plays important role in improves managerial task performance, which not only results in a firm's financial performance but also in its social performance.

## **2.3 Impact of Gender Diversity and performance of the company regarding Environment and Energy.**

- The paired sample T-test shows that the average difference between pre and post-2014 period Environment and Energy factor of selected companies is T value is -11.178, Df- 34 and [ $p < 0.05$ ] i.e.  $p$  value is .000 (less than .05). The results indicate that the post-2014 companies' expenses are higher on Environment and Energy compare to pre-2014 and the difference is statistically significant. So this study depicts that increasing female involvement in the board structure of the company enhances the social performance of the company.
- This result is supported by Smith et al., (2006) who found from empirical evidence that the impact of the greater presence of women directors on the social performance of the company to be positive.

## **2.4 Impact of Gender Diversity and performance of the company regarding Product and Customer**

- The paired sample T-test shows that the average difference between pre and post-2014 Product and customer factor of selected companies is T value is -

14.514, Df- 44 and [ $p < 0.05$ ] i.e.  $p$  value is .000 (less than .05). The results indicate that post-2014 companies' expenses are higher on Product and customer compare to pre-2014 and the difference is statistically significant. So this study depicts that increasing female involvement in the board structure of the company influences the social performance of the company.

- This result is supported by Sarkar and Selarka (2015) find that there lies a possibility for women on the board to make a difference. They argue that in a developing country like India, the costs of women pursuing a career are high. Thus, women of a higher caliber, self-select themselves into important board positions. They find evidence that women directors positively impact firm value.

### **2.5 Impact of Gender Diversity and performance of the company regarding Workforce/ Employees.**

- The paired sample T-test shows that the average difference between pre and post 2014 Workforce / Employees factor of selected companies is T value is 10.953, Df- 34 and [ $p < 0.05$ ] i.e.  $p$  value is .000 (less than .05). The results indicate that post-2014 companies' expenses are higher on Workforce / Employees compare to pre-2014 and the difference is statistically significant. So this study depicts that increasing female involvement in the board structure of the company influences the social performance of the company.
- This result is supported by Bøhren & Strøm, (2007) who concluded that the presence of women in the board structure of the company not only results in the financial performance of the company but also the social performance of the company in a positive way.

### **2.6 Impact of Gender Diversity and performance of the company regarding CSR index.**

- The paired sample T-test showed that the average difference between pre and post 2014 social performance index of selected companies is T value is -9.916, Df- 187 and [ $p < 0.05$ ] i.e.  $p$  value is .000 (less than .05). The results indicate that post-2014 companies' expenses are higher on total social index compare to pre-2014 and the difference is statistically significant. So this study depicts that increasing female involvement in the board structure of the company influences the social performance of the company.

- This result is supported by (Bøhren & Strøm, 2007), Sarkar and Selarka (2015), Campbell & Vera, 2008; Farrell & Hersch, 2005; Francoeur, Labelle, & Desgagne, 2008; Smith et al., 2006 who concluded on the basis of empirical analysis that presence of women in board structure of the company influence the social performance of the company in a positive way.

So on the basis of the above empirical findings, this study concluded that the presence of women in the boardroom influence the social performance of the company. On the basis of the hypothesis testing, it is proved that the difference is significant. But significance values vary with the dimensions of social performance. This result indicates that if the involvement of women will increase in the board structure of the company then the social performance of the company will also increase. The result of the study supported by (Campbell & Vera, 2008; Farrell & Hersch, 2005; Francoeur, Labelle, & Desgagne, 2008; Smith et al.,2006), Bøhren & Strøm, 2007), who concluded that there is a significant positive relationship between gender diversity and social performance of the company.

**Table 6.2 Previous similar findings related to significant positive impact of gender diversity on social performance of the company**

<b>Author</b>	<b>Country</b>
<b>Campbell &amp; Vera, 2008;</b>	U.S
<b>Hersch,2005;</b>	South Africa
<b>Francoeur, Labelle, &amp; Desgagne, 2008</b>	Germany
<b>Bøhren &amp; Strøm, 2007</b>	U.S

- But the result of this study did not support other researchers such as Adams and Ferreira (2009) and Hermalin & Weisbach, 1998 who found that there is no significant relationship between gender diversity and the social performance of the company.

**Third objective is to study the perception of employees towards representation of women in the boardroom of the selected companies.**

For this objective researcher first used the factor analysis, second measure the descriptive values such as mean standard deviation, and last for hypothesis testing used the one-sample t-test and the findings are given below:

### **Identified the influencing factors of women in the boardroom in selected companies**

- On the basis of the review of national and international literature, this study found that various researchers used the various influencing factors of female managers' personalities such as Leadership style, Communication skills, decision-making power, and relation with subordinates, grievance handling skills, etc. So on the basis of the pilot study, review of literature, and advice of the expert this study identified the various influencing factors such as Leadership, Communication skills, decision making power, relation with a subordinate, grievance handling skills, Relation with co-workers Knowledge for incorporation in the study. Findings of exploratory factor analysis are explained below:

#### **Factor 1- Leadership Style of Female Managers**

- On the basis of the rotated component matrix, the first factor of the study was Leadership Style which includes different items like As a leader, they are very effective (FL=.796), They inspire and motivate employees through their behavior (FL=.882), They deal employees with love and respect (FL=.846), They believe in a team spirit (FL=.791), They are caring and concerned about their employees (FL=.804), They break the norms for the benefits of the employees (FL=.839), Their behavior is very co-operative (FL=.878). And the variance explained by this factor is 14.24% out of 100%.

#### **Factor 2- Communication of Female Managers**

- On the basis of the rotated component matrix, the second factor of the study was Communication which includes different items such as They communicate the plans/project of the company very effectively (FL=.893), Before making any change in the policy they inform and communicate the employees. (FL=.870), whenever an employee approaches they get full information about their query. (FL=.901), they are fast communicators (FL=.886), their communication skills are impactful and efficacious (FL=.916), It is very easy to get the information and the communication channel is very smooth (FL=.888). And the variance explained by this factor is 12.89% out of 100%.

#### **Factor 3- Decision Power of Female Managers**

- On the basis of the rotated component matrix, the third factor of the study was Decision Making which includes different items such as Decision making power

among female managers is very effective (FL=.811), They take decisions in an analytical way (FL=.836), They give the opportunity to employees to participate in decision making (FL=.794), They take decision fearlessly and without any pressure (FL=.800), Their decision always based on specific assumptions (FL=.805), Their decision is visionary and long term oriented (FL=.872). And the variance explained by this factor is 11.47% out of 100%.

**Factor 4- Grievance Handling by Female Managers**

- On the basis of the rotated component matrix the seventh factor of the study was Grievance handling which includes different items such as They very sensitive in handling grievance of all the employees (FL=.896), Take action quickly for solving grievance (FL=.821), They change the remittance grievance procedure frequently (FL=.861), Give equal opportunity to employees in communicating their grievance without any biasness (FL=.862), They deal with equity and sympathy while solving the grievance (FL=.877). And the variance explained by this factor is 10.57% out of 100%.

Factor 5- Female Managers relationship with their Co-Workers

**Factor 5- Female Managers relationship with their Co-Workers**

- On the basis of the rotated component matrix the sixth factor of the study was Relation with co-workers which includes different items such as They maintain good relations with co-workers (FL=.893), They help and support their co-workers (FL=.895), They help their co-workers in maintaining balance between work and family (FL=.879), They always try to co-operate with their co-workers (FL=.935). And variance explained by this factor is 8.75% out of 100%.

**Factor 6- Female Managers relationship with their subordinates**

- On the basis of the rotated component matrix the fourth factor of the study was Relation with subordinates which includes different items such as They create an atmosphere of co-operation (FL=.772), They support their subordinates in professional judgment (FL=.890), They support their subordinates in maintaining the balance between work and family (FL=.793), They always try to build up a rapport with subordinates (FL=.836). And the variance explained by this factor is 8.72 % out of 100%.

**Factor 7- Working Environment reference to Female Managers**

- On the basis of the rotated component matrix the fifth factor of the study was working environment which includes different items such as They facilitate in

creating a smooth, pleasant, and favorable working environment (FL=.825), Recourses are easily available when needed to perform any task (FL=.867), Sufficient resources and time are provided to execute any task (FL=.798), Sufficient helpers and assistants are provided to carry out the work smoothly (FL=.836). Variance explained by this factor is 8.67 % out of 100%.

#### **Factor 8- Knowledge in reference to Female Managers**

- On the basis of the rotated component matrix, the eighth factor of the study was Knowledge which includes different items such as Knowledge level of female leaders is very high (FL=.917), They possess good technical knowledge (FL=.853), They always try to adapt and gather new knowledge FL=.878), They inspire and motivate employees from their knowledge (FL=.846). And variance explained by this factor is 7.79 % out of 100%.

#### **Findings of Descriptive study 3**

- On the basis of the descriptive study, Mean and standard deviation values of all the items of 'Leadership style' such As a leader, they are very effective, They inspire and motivate employees through their behavior, They deal employees with love and respect, They believe in a team spirit, They are caring and concerned about their employees, They break the norms for the benefits of the employees, Their behavior is very co-operative. These figures vary from 3.91 to 4.32 (more than 3). So on the basis of the result; it's concluded that respondents are satisfied with all the items of Leadership style.
- On the basis of the descriptive study, Mean and standard deviation values of all the items of 'Communication' like They communicate the plans/project of the company very effectively, Before making any change in the policy they inform and communicate the employees, Whenever an employee approaches they get full information about their query, They are fast communicators, Their communication skills are impactful and efficacious, It is very easy to get the information and the communication channel is very smooth. On the basis of the result, it concluded that mean values of all the statements vary from 3.68 to 3.97. So on the basis of the result; it's concluded that respondents are satisfied with all the items of Communication.
- On the basis of the descriptive study, Mean and Standard deviation values of all the items of 'Decision Power 'like Decision making power among female

managers is very effective, They take decisions in an analytical way, They give an opportunity to employees to participate in decision making, They take decision fearlessly and without any pressure, Their decision always based on specific assumptions, Their decision is visionary and long term oriented. On the basis of the result, it concluded that mean values of all the statements vary from 3.86 to 4.05. So on the basis of the result; it's concluded that respondents are satisfied with all the items of Decision power.

- On the basis of the descriptive study, mean and standard deviation values of all the items of 'Relation with subordinates' such as they create an atmosphere of co-operation, they support their subordinates in professional judgment, they support their subordinates in maintaining the balance between work and family, they always try to build up a rapport with subordinates. On the basis of the result, it concluded that mean values of all the statements vary from 3.35 to 3.67. So on the basis of the result; it's concluded that respondents are satisfied with all the items of Relation with subordinates.
- On the basis of the descriptive study, Mean and Standard deviation values of all the items of 'Relation with co-workers' such as they maintain good relations with co-workers, they help and support their co-workers, they help their co-workers in maintaining a balance between work and family, they always try to co-operate with their co-workers. On the basis of the result, it concluded that the mean values of all the statements vary from 4.12 to 4.28. So on the basis of the result; it's concluded that respondents are satisfied with all the items of Relation with co-workers.
- On the basis of the descriptive study, Mean and Standard deviation values of all the items of 'Working Environment' like they facilitate in creating a smooth, pleasant, and favorable working environment, recourses are easily available when needed to perform any task, sufficient resources and time are provided to execute any task, sufficient helpers and assistants are provided to carry out the work smoothly. On the basis of the result, it concluded that mean values of all the statements vary from 3.49 to 4.23. So on the basis of the result; it's concluded that respondents are satisfied with all the items of Working Environments.

- On the basis of the descriptive study, Mean and Standard deviation values of all the items of 'Grievance Handling' like they very sensitive in handling grievance of all the employees, take action quickly for solving grievance, they change the remittance grievance procedure frequently, give equal opportunity to employees in communicating their grievance without any biasness, they deal with equity and sympathy while solving the grievance. On the basis of the result, it's concluded that mean values of all the statements vary from 3.96 to 4.20. So on the basis of the result; it's concluded that respondents are satisfied with all the items of Grievance Handling.
- On the basis of the descriptive study, Mean and Standard deviation values of all the items of 'Knowledge' like as knowledge level of female leaders is very high, they possess good technical knowledge, they always try to adapt and gather new knowledge, and they inspire and motivate employees from their knowledge. On the basis of the result, it's concluded that mean values of all the statements vary from 4.02 to 4.34. So on the basis of the result; it's concluded that respondents are satisfied with all the items of Knowledge.

### **Finding of Empirical study (hypothesis testing)**

#### **3.Perception of employees towards female management in the board**

This study used a one-sample T-test to measure the Perception of employees about the presence of a female in the boardroom of the company. One sample t-test compares the perception of employees about female management factors such as Leadership Style (7 items), Communication skills (6 items), decision making power (6 items), relation with subordinate (4 items), Working environment (4 items), Relation with co-workers (4 items), Grievance handling (5 items), Knowledge (4 items) of the selected companies on the basis of predetermined standard value. On the basis of the one-sample t-test this study reveals the various findings which are mentioned below:

##### **3.1 Perception of employees towards female leadership style**

- One sample T-test shows that the average difference between the standard mean and actual mean towards leadership style is 1.12, the  $p$ -value is .000 ( $p < .05$ ). The result indicates that the actual mean value of employees' perception towards leadership style is high as compared to the standard mean value and the difference is statistically significant.

- So this study indicates that employees think that the leadership style of female managers is very satisfactory or positive as compared to male counterparts.

### **3.2 Perception of employees towards Decision making**

- One sample T-test shows that the average difference between standard mean and actual mean towards decision making power is .94, the  $p$ -value is .000 ( $p < .05$ ). The result indicates that the actual mean value of employees' perception towards decision-making power is high as compared to the standard mean value and the difference is statistically significant.
- So this study indicates that employees think that the decision-making power of female managers is very satisfactory as compared to male counterparts.

### **3.3 Perception of employees towards Communication Skill**

- One sample T-test shows that the average difference between the standard mean and actual mean towards Communication Skill is 1.07, the  $p$ -value is .000 ( $p < .05$ ). The result indicates that the actual mean value of employees' perception towards Communication Skill is high as compared to the standard mean value and the difference is statistically significant.
- So this study indicates that employees think that the Communication Skills of female managers is very high as compared to male counterparts.

### **3.4 Perception of employees towards Grievance handling**

- One sample T-test shows that the average difference between standard mean and actual mean towards Grievance handling is 1.24, the  $p$ -value is .000 ( $p < .05$ ). The result indicates that the actual mean value of employees' perception towards Grievance handling is high as compared to the standard mean value and the difference is statistically significant.
- So this study indicates that employees think that grievance handling tactics of female managers is very satisfactory as compared to male counterparts.

### **3.5 Perception of employees towards Knowledge**

- One sample T-test shows that the average difference between the standard mean and actual mean towards Knowledge is 1.22, the  $p$ -value is .000 ( $p < .05$ ). The result indicates that the actual mean value of employees' perception towards Knowledge is high as compared to the standard mean value and the difference is statistically significant.
- So this study indicates that employees think that Knowledge of female managers is very vast as compared to male counterparts.

### **3.6 Perception of employees towards Relation with subordinates**

- One sample T-test shows that the average difference between standard mean and actual mean towards Relation with subordinates is 1.27, the  $p$ -value is .000 ( $p < .05$ ). The result indicates that the actual mean value of employees' perception towards Relation with subordinates is high as compared to the standard mean value and the difference is statistically significant.
- So this study indicates that employees think that Relation with subordinates of female managers is very satisfactory as compared to male counterparts.

### **3.7 Perception of employees towards Relation with co-workers**

- One sample T-test shows that the average difference between standard mean and actual mean towards Relation with co-workers is 0.51, the  $p$ -value is .000 ( $p < .05$ ). The result indicates that the actual mean value of employees' perception towards Relation with co-workers is high as compared to the standard mean value and the difference is statistically significant.
- So this study indicates that employees think that Relation with co-workers of female managers is very satisfactory as compared to male counterparts.

### **3.8 Perception of employees towards working environment**

- One sample T-test shows that the average difference between the standard mean and actual mean towards the working environment is 0.86, the  $p$ -value is .000 ( $p < .05$ ). The result indicates that the actual mean value of employees' perception towards working environment is high as compared to the standard mean value and the difference is statistically significant.
- So this study indicates that employees think that the working environment with female managers is very satisfactory as compared to male counterparts.

## **CONCLUSIONS FROM THE STUDY**

To conclude the study, there are three major objectives such as 'To assess the impact of gender diversity on the financial performance of the companies', 'To assess the impact of gender diversity on the social performance of the companies' as well as 'To study the perception of employees towards the representation of women in the boardroom of the selected companies. This research study developed and empirically tested a hypothesized model for understanding gender diversity and its relationship

with other latent constructs. Based on the data analysis, conclusions are presented below.

1. It can be said that an analysis of the secondary sources in this study established that gender diversity has a direct impact on the financial performance of a firm. The presence of women in the boardroom of the company certainly influences the firm's financial performance.
2. The specific financial indicators that are influenced by this gender diversity are return on asset (ROA), return on capital (ROC), return on equity (ROE), Debt/ Equity ratio, and Tobin's Q. In order to establish, the reference to theories such as agency theory and dependency theory have been made theoretically to establish the finding that the presence of gender diversity affects the financial performance of a firm. Hence, the analysis of secondary information shows that all forms of ownership, which is a variable of corporate governance have a positive impact upon the Tobin' Q score of a firm, ROC, ROA, ROE and debt-equity ratio. So, our findings affirm that there is a positive relationship between gender diversity and the financial performance of firms.
3. Evidence from this study suggested that gender diversity and social performance of the company are positively correlated. It means the presence of a female in the board structure of the company will positively influence the social performance of the company.
4. Specific social performance indicators that are influenced by gender diversity are community welfare performance, health and education performance, environment and energy performance, product and customer, workforce/employee and last CSR index performance of the company. It means the presence of women in the board structure of the company positively influences the social performance of the firms. So for better social performance, the presence of women in board structure is very necessary.

On the basis of the last findings or data analysis of this study concluded that the perception of employees towards the representation of women in the board room of the selected companies is positive. It means employees think those women's management skills and their leadership style and also activities towards the various function of the company are better as compared to the presence of male directors in

the boardroom of the company. Thus, on the basis of the interpretations made by means of primary and secondary analysis it can be concluded that variables of corporate governance like gender diversity in the board room of the company, independence positively impacts on the financial performance and social performance of the company which can be estimated through an increase in profitability and liquidity.

## **SUGGESTIONS**

In the Indian context, based on the analysis and findings of the present study the following suggestion is mentioned below:

Corporate Governance norms towards women participation in the boardroom are becoming stricter in India but there is a need to analyze these norms and rules scientifically before implementing them.

1. The committee should be organized to examine the present condition of women in the corporate sector and examine the current corporate governance norms its impact on the female condition.
2. There is a need to increase the participation ratio of women directors in the board room in the corporate sector.
3. There is a need to determine the size of the board as what number of members will make it large or small. Also, it should be done empirically according to size, sector and nature of the company as one size doesn't fit all.
4. There is a need to bring clarity in the definition of Independent Director for women.

Independent directors must be appointed in an independent, fair and unbiased manner and their decision-making should be free from any influence. On the other hand, In the case of executive directors, various above-mentioned policies and suggestions must be followed. They should not just attend the board meetings to agree with the Chairman/CEO decisions.

5. The annual compulsory board meeting should be increased under the current requirement. At the same time on an annual basis once a year that entire board should have a discussion on succession planning and as well as plan on the competencies required to fulfill the future gap and women participation should be increased in that meeting.

The study suggested to the top management of the companies to appoint more women on their board to find a positive difference in a firm's performance such as financial and social performance.

### **LIMITATIONS OF THE STUDY**

Just like every other research, this study was also bounded by several limitations that might be improved in future research. The limitations can be noted as follows:

The study is restricted to selected companies, but its results can be generalized for other companies across the country, as well as other developing countries.

1. For the conduct of this study, researchers have chosen the top 30 companies on the basis of their market capitalization from BSE listed. Further research can be done by selecting NSE and BSE listed companies both or any of them. It may also choose sector-specific.
2. To assess the impact of gender diversity on other financial parameters such as current ratio, efficiency ratio, and profit ratio also need to be considered which are excluded from the scope of the current study.

The sample size was small and does not represent the universe so the conclusion as drawn may be biased. So a large sample size should be targeted covering all Indian companies.

This study is also limited in the context of the time period.

### **CONTRIBUTIONS OF THE STUDY**

The findings of the study will rebound to the benefits of society considering those women who play an important role not only in making a good society but also in companies as well. The contribution of the study is as follows:

1. This study contributes to the body of knowledge and filling the gap by illuminating the significant link between gender diversity in the board room and the financial performance of firms in India.
2. This study contributes to the body of knowledge and filling the gap by illuminating the significant link between gender diversity in the boardroom and the social performance of firms in India.

3. The findings may be useful for financial managers, investors, financial management consultants, and other stakeholders in order to ensure soundness in the management system of the firms.
4. This study provides a good opportunity for academics and practitioners to understand the role of gender diversity in a firm's performance in the Indian context.
5. The results of this study proved that women in the board room play an important role in increasing the social and financial performance of the company. On the other end, this study will provide very important input to the policymaker of the company for increasing the performance of the company.
6. It focuses on Indian firms while very limited research has been conducted recently. This study validates the findings of previous authors by testing the relationships between gender diversity and the financial and social performance of the companies. Thus, in this study, prevailing theories developed by previous authors to subject matter adds substance to the existing theory.

The findings of the study would give insights and add on empirical evidence in the areas of gender diversity and the firm's performance for future academic research. Therefore this study provides a direction for further studies in this and related directions.

#### **DIRECTIONS FOR FURTHER RESEARCH**

No research in any subject is complete in itself. Several extensions to this study are possible. This study might be extended in various aspects:

1. The demographic features such as age, education, and background of women may be considered for future research.
2. Further, the impact of women directors needs to be examined concerning market performance indicators in India.
3. The time period for this study was 5 years. In order to be more accurate, this time period might be extended for more than 7 years. Also, another index consisting of a large number of companies can be included to form a large sample size which will help in making more generalized conclusions.

4. This study selected 30 companies that are listed in BSE. Future more companies and other stock exchanges can be taken into account to examine the relationship between gender diversity and financial performance of the company.
5. This study selected only five factors to measure the firm's financial performance such as debt/equity ratio, ROC, ROE, ROA, and Tobin's Q value. For Future study, other financial performance parameters can be taken such as ROCE, Leverage, current ratio, profitability ratio, etc.
6. Not every decision which impacts the performance of a firm is taken by the board of directors. It is imperative to take into account those performance measures which get directly impacted by decisions taken by the board so as to enhance the validity of the research findings.