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"STAKEHOLDER PERSPECTIVES ON BOARD GENDER DIVERSITY AND ITS IMPACT ON FIRM PERFORMANCE: AN EMPIRICAL ANALYSIS"

J. Antony Nancy[1], Dr. A. Morarji[2]

Research Scholar, Alagappa Institute of Management, Alagappa University, Karaikudi[1]

Professor, Department of Corporate Secretaryship, Alagappa University, Karaikudi[2]

Abstract: This study explores stakeholder opinions on gender diversity within the board of directors and its influence on firm performance. Increasing female representation at the board level is widely recognized for fostering inclusive decision-making, enhancing corporate governance, and driving responsible business practices. Stakeholders generally perceive that gender-diverse boards contribute positively to both financial and non-financial aspects of firm performance, including improved corporate social responsibility (CSR), innovation, transparency, and stakeholder trust. However, the impact is context-dependent, and some opinions suggest potential inefficiencies or challenges in achieving consensus within highly diverse boards. Both Primary and Secondary data has been used for the study. The Primary data were collected from both public and private companies. The sample respondents are women directors are taken for the study as 385 by using convenient sampling method. The findings of the study shows that the most important variables considered for the Opinion towards Board of Directors on Gender Diversity is Gender diversity enhances board decision-making quality.

Keywords: Gender Diversity, Women, Board of Directors, Firm performance.

I. INTRODUCTION

Women continue to be disproportionately underrepresented on corporate boards, accounting for less than one-fourth of all board members, although making up nearly half of the world's population. A notable gender disparity in leadership positions is shown in this glaring underrepresentation. Examples of women who have managed international firms include Falguni Nayar (Nykaa), Kiran Mazumdar-Shaw (Biocon), and Indra Nooyi (PepsiCo).Women are often seen as loyal, honest, and effective people managers. They contribute innovative ideas and offer diverse perspectives in decision-making processes. Reliability and lawfulness, traits frequently linked to female executives, can be extremely important in lowering corporate fraud and enhancing corporate governance. Additionally, the inclusion of women on boards tends to boost stakeholder trust. Although this is the case, India has one of the lowest rates of female representation in the business sector worldwide. It is concerning that only 23 percent of women are employed in the private sector, considering that they make up nearly half of the workforce in the country. Many women are only able to work in entry-level or mid-level positions, which limits their participation at top management levels. Across industries, similar trends have been noted, with women continuing to be underrepresented in senior leadership roles (Haldar et al., 2014).

Corporate boards worldwide continue to be predominantly made up of men, with women's representation remaining shockingly low at 20% to 30%. A wider gender disparity in corporate leadership is reflected in the underrepresentation of women on corporate boards. In response, several countries have enacted gender quota programs to boost the proportion of women on boards. The purpose of these policy initiatives is to address the growing concerns over gender diversity in boardrooms.

When Norway instituted a gender-based board quota in 2003, it set the precedent for other European countries to follow suit. 2014 saw the introduction of India's own gender quota policy, following this worldwide trend. As to the Companies Act, as of October 1, 2014, all publicly traded companies and listed corporations with paid-up equity capital of INR 1,000 million or more, or with an annual turnover of INR 3,000 million or more, must have at least one female director on their board. The purpose of this policy is to encourage balanced representation in corporate governance and greater diversity.

1.1.1 Indian Scenario

In 2014, India passed legislation implementing a gender quota. The allocation policy requires a listed entity's board to include at least one female director as of October 1, 2014. Therefore, India's new quota policy applies to all publicly

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traded companies with equity capital of at least INR 1000 million or a turnover of at least INR 3000 million. Women were underrepresented on the boards of very few corporations until this law was passed. According to a recent Deloitte India report, the percentage of women on boards in Indian corporations has increased to 17%. According to Akshita Arora's (2021) analysis of BSE 500 Indian companies, There is a substantial correlation between FP and the proportion of female board directors. Although it is also possible to select directors with a variety of origins, ages, qualifications, and nationalities, diversity is best achieved by appointing women to corporate boards who possess a range of skills and abilities.

II. REVIEW OF LITERATURE

Cristina Gaio and Tiago Cruz Gonçalves (2022)[1] in their article examined that Board Gender Diversity and Corporate Social Responsibility (CSR) Corporate social responsibility (CSR) has become increasingly important in business. Since they decide on company strategy, the board of directors (Board) takes on a dominant role in this regard. Gender diversity on boards is a hotly contested topic since women and men have different personalities, communication styles, and ideals. Thus, this study examines the connection between gender diversity on boards and corporate social responsibility (CSR) in a sample of public companies in Europe. Results show that companies with more women on the board have better CSR practices, indicating that women can have a significant impact on CSR choices and help create more sustainable and social businesses. The findings also indicate that companies with a larger proportion of women on the Board and management team have higher CSR scores, and management teams with a higher female percentage are linked to higher CSR scores.

Reem Khamis et.al (2017)[2] in their article observed that board gender diversity: An analysis of previous research. Articles about the business case for gender diversity on boards and how it affects company results are the main topic of this study. Four major trends in the literature on gender diversity were found in this review. These include socioeconomics, sociocultural characteristics, governance and policies, company performance and value generation, and the organizational environment. The study's conclusion identifies a few research holes. To establish a complete conceptual framework that would take into account the relationship between the internal and external environmental elements affecting board gender diversity and business performance, the study concluded by suggesting that the work of earlier studies be expanded upon.

Reem Khamis et.al (2017)[3] The impact of gender diversity on boards of directors on both financial and non-financial performance is reviewed in Board Gender Diversity: A Review of the Literature. The researcher used content analysis found in earlier studies based on the proxies used in this article. 50 articles addressing board gender diversity and performance were produced after the researcher gathered data from respectable international journals published between 2017 and 2020. Future research advancements and a conceptual model are the outcomes of this work. There has been a lot of research done on female directors and performance. Therefore, future studies propose to correlate female directors according to demographics, the human capital board, and monitoring features. There is also a dearth of research on how gender diversity affects non-financial performance.

III. OBJECTIVE OF THE STUDY

The Main objective of the study is to analyze the Opinion towards board of directors in gender diversity on firm performance.

IV. RESEARCH METHODOLOGY

The study has employed both primary and secondary data. Both commercial and public businesses provided the primary data. Convenient sampling was used to select 385 female directors as sample responders for the study. Various publications, books, journals, and other sources were used to gather the secondary data.

V. DATA ANALYSIS AND INTERPRETATION

The majority of directors agree that gender diversity improves governance standards, strategic insight, and the quality of decision-making; nevertheless, some believe that mandatory quotas are more compliance-driven than competence-based. The board of directors' views on gender diversity and how it affects business performance. The rank analysis was performed on the mean score variables. Table 1.1 indicates that gender diversity variables were given below.

International Multidisciplinary Research Journal Reviews (IMRJR)
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Table 1.1 Opinion towards board of directors in gender diversity –Mean Score Analysis

S.No	Factors	Mean	Rank
Opinion towards Board of Directors on Gender Diversity			
1	Gender diversity enhances board decision-making quality	4.856	1
2	Inclusion of women brings diverse perspectives to the boardroom.	4.596	4
3	Women directors improve corporate governance standards.	4.721	2
4	Gender diversity is essential for ethical leadership	3.895	7
5	Female representation is more about compliance than competence	3.562	8
6	Gender-diverse boards lead to better financial performance	4.685	3
7	Mandatory gender quotas help in increasing women's representation.	3.345	10
8	There are enough qualified women to serve on boards.	3.542	9
9	Gender diversity improves the company's public image and reputation.	4.532	5
10	Women directors contribute effectively in strategic planning.	4.321	6

Source: Primary Data

Gender Diversity and Firm Performance Variables were identified through rank analysis using the overall mean score on factors. The table indicates that, of the ten variables, the variable "Gender diversity enhances board decision-making quality" had the highest mean score value, with a mean value of 4.856, ranking first: "Women directors improve corporate governance standards." "Inclusion of women brings diverse perspectives to the boardroom" (mean value 4.596) is ranked fourth; "Gender diversity improves the company's public image and reputation" (mean value 4.532) is ranked fifth; "Gender-diverse boards lead to better financial performance" (mean value 4.685) is ranked third; and "Women directors contribute effectively in strategic planning" (mean value 4.321) is ranked sixth. The factors listed above are regarded as being more than 4.00.

The seventh level, 3.895, indicates that gender diversity is crucial for ethical leadership; the eighth rank, 3.542, indicates that female representation is more about compliance than skill. The mean number of 3.542 indicates that there are enough competent women to serve on boards; With a mean value of 3.345, mandatory gender quotas contribute to the increase in women's representation; The factors listed above are regarded as being more than 3.00. The belief that gender diversity raises the standard of board decision-making is the most important consideration in the Board of Directors' Opinion on Gender Diversity.

VI. OPINION TOWARDS BOARD OF DIRECTORS IN GENDER DIVERSITY - FACTOR ANALYSIS

There are different opinion towards board of directors in gender diversity such as Gender diversity enhances board decision-making quality, Women directors improve corporate governance standards, Gender-diverse boards lead to better financial performance, Inclusion of women brings diverse perspectives to the boardroom, Gender diversity improves the company's public image and reputation, Women directors contribute effectively in strategic planning, Gender diversity is essential for ethical leadership, Female representation is more about compliance than competence, There are enough qualified women to serve on boards, Mandatory gender quotas help in increasing women's representation. So, the present study has identified ten variables on Opinion towards board of directors in gender diversity.

The samples Views on the gender diversity board of directors were solicited using a five-point rating system, which included strongly agree, agree, disagree, neutral, and disagree. The inert link between the entire collection of observable variables can be explained by the multivariate statistical method known as factor analysis. Factor analysis is another method of classifying variables according to a common denominator, which would be a set of shared properties. It is an analytical tool that can help with understanding the link between several interdependent and interrelated factors as well as with exploratory research. A set of observable variables is resolved in terms of new categories known as factors, which is the main goal of factor analysis.

This test can only be applied when the suitability of the data has been established. Kaiser-Mayer-Olkin (KMO) is used to assess whether the data is adequate and suitable for factor analysis. Each variable in the analysis has its sampling adequacy evaluated by the test. In all cases, the sample size is more than the data, which is suitable for factor analysis. In terms of gender diversity, twelve criteria have been identified as the perception of the board of directors. Each of these variables has a correlation with the others. Using factor analysis, the researcher has chosen to group the linked variables. It is necessary to determine the normalcy of the variables before grouping them. The KMO is used to determine the normalcy. The data are examined for suitability for factor analysis using the sampling adequacy index (KMO) measures. The fact that the numbers fall between 0.5 and 1.0 suggests that the factor analysis is suitable. A score less than 0.5 suggests that the factor analysis is inappropriate, either because more data should be gathered or because the variables should be reconsidered. The KMO value is suitable for factorization if it falls between 0.7 and 0.8.

International Multidisciplinary Research Journal Reviews (IMRJR)
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The Bartlett's test of sphericity is a statistical test used to assess the normal distribution's shape and confirm that the curve is smooth. Bartlett's test of sphericity and Kaiser-Mayer-Olkin (KMO) measures of sample adequacy are the two tests, as explained in Table 1.2. The probability value, degrees of freedom, chi-square analysis of association, Bartlett's test of sphericity, and KMO statistics are provided.

Table 1.2 KMO & Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.782
Bartlett's Test of Sphericity	Approx. Chi-Square	524.637
	Df	.34
	Sig.	.000

Source: Primary data

The high KMO value (0.782 >.05) suggests that factor analysis is applicable to the current data. Bartlett's test of sphericity has a significant result of 0.000, which is less than.05 and suggests that the variables have significant correlations. The KMO and Bartlett's test results show that the current data can be used for factor analysis.

Table 1.3
Opinion towards board of directors in gender diversity - Reliability Statistics

Cronbach's Alpha	No. of Items	No. of variables
.782	385	10

Source: Primary data

The Cronbach's Coefficient Alpha, which typically runs from 0 to 1, was used to calculate the reliability of the scales employed in this investigation. The fact that every construct received an appropriate level of Coefficient Alpha above 0.7 suggests that the scales employed in this investigation have been dependable.

1.6.1 Opinion towards board of directors in gender diversity – Principal Component Analysis

Using principal component analysis, the factors that impact perceptions of gender diversity on the board of directors have been grouped. It is a data reduction approach. We define communality as the proportion of the volatility of a certain item that can be explained by a shared component. The communality's initial value in a principal component analysis is 1. Regarding gender diversity, the component column displays the opinions regarding the board of directors. The extraction communalities determine how much of each variable's fluctuation can be explained by the factors in the factor solution. A number less than.5 indicates that the variables do not match the factor solution well, and this may imply that they should be eliminated from the study. The extraction value of opinions regarding the gender diversity of the board of directors is displayed in Table 1.4.

Table 1.4
Opinion towards board of directors in gender diversity – Communalities

Components	**Initial**	**Extraction**
Gender diversity enhances board decision-making quality	1.000	.889
Inclusion of women brings diverse perspectives to the boardroom.	1.000	.842
Women directors improve corporate governance standards.	1.000	.776
Gender diversity is essential for ethical leadership	1.000	.731
Female representation is more about compliance than competence	1.000	.826
Gender-diverse boards lead to better financial performance	1.000	.834
Mandatory gender quotas help in increasing women's representation.	1.000	.860
There are enough qualified women to serve on boards.	1.000	.746
Gender diversity improves the company's public image and reputation.	1.000	.735
Women directors contribute effectively in strategic planning.	1.000	.721

Source: Primary Data

International Multidisciplinary Research Journal Reviews (IMRJR)
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The 10 variables' variation, which ranges from.700 to 0.90, is explained in Table 1.4. It indicates that variables vary significantly between 70 and 90 percent. Therefore, it can be said that all of these variables have the ability to divide into the main elements for gender diversity in the opinions of the board of directors.

Table 1.5
Opinion towards board of directors in gender diversity -Total Variance Explained

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	.789	9.841	44.236	3.763	53.758	24.284	4.328	71.341	38.348
2	.632	7.620	52.142	1.086	15.516	36.857	1.582	56.234	54.786
3	.451	2.264	53.758	2.045	43.641	51.274	3.245	42.045	64.142
4	.841	1.616	69.274	3.321	44.382	55.631	2.856	45.021	72.364
5	.336	3.172	81.659						
6	.321	4.961	91.501						
7	.211	7.135	96.121						
8	.321	8.142	98.384						
9	.282	9.156	100.000						
Extraction Method: Principal Component Analysis.									

Source: Primary Data

Three factors have eigenvalues greater than one, as seen in Table 1.5 above. Thus, the ten factors related to the attitudes of the chosen respondents about gender diversity on the board of directors can be categorized into three primary components. It is required that the rotating sum of squared loads be greater than 50%. Three main factors are identified from the nine variables, each of which has a variance of 38.348, 54.786, and 64.142. The nine variables' combined variation is likewise found to be 64.142 percent, higher than the criterion of 60 percent. It so attests to the fact that the factor section is significant.

1.6.2 Opinion towards board of directors in gender diversity – Rotated Component Matrix

The total percentage of variations is 64.142, according to the rotated sum of squares value. The importance of the rotational component matrix for the board of directors' opinion regarding gender diversity is explained in Table 1.6.

Table 1.6
Opinion towards board of directors in gender diversity – Rotated Component Matrix:

Factors	**Component**			
	1	**2**	**3**	**4**
Gender diversity enhances board decision-making quality	**0.821**			
Inclusion of women brings diverse perspectives to the boardroom	**0.836**			
Women directors contribute effectively in strategic planning	**0.759**			
Women directors improve corporate governance standards		**0.721**		
Gender diversity is essential for ethical leadership		**0.854**		
Female representation is more about compliance than competence			0.834	
Mandatory gender quotas help in increasing women's representation			0.821	
There are enough qualified women to serve on boards			0.736	
Gender-diverse boards lead to better financial performance				0.836
Gender diversity improves the company's public image and reputation				0.754
Source: Using SPSS Statistics 2.0				

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Factor 1: Decision-Making and Strategic Contribution
Gender diversity improves the quality of board decision-making (.821), bringing a range of viewpoints to the boardroom (.836), and allowing women directors to successfully participate in strategy planning (.759). These three factors make up the first factor. Therefore, "Decision-Making and Strategic Contribution" is the grouping for all of these variables.
Factor 2: Governance and Ethical Leadership
Two variables make up the second factor: gender diversity is crucial for moral leadership (0.854) and women directors raise corporate governance standards (0.721). As a result, these factors are all included under the category of "Governance and Ethical Leadership."
Factor 3: Representation and Quotas
Three variables make up the third element, which is: Female representation is more about compliance than competence (0.834). Women are more represented (0.821) and there are enough qualified women to serve on boards (0.736) thanks to mandatory gender quotas. Consequently, the category "Representation and Quotas" is used to group all of these factors.
Factor 4: Organizational Performance and Image
The fourth element is made up of three variables: gender diversity enhances the company's reputation and public image (0.754), and gender-diverse boards promote greater financial performance (0.836). All of these factors are thus categorized under the heading of "Organizational Performance and Image."

VII. DIFFERENCE BETWEEN AGE AND OPINION TOWARDS BOARD OF DIRECTORS IN GENDER DIVERSITY – ANOVA

ANOVA is a specialized method used to quantify variance or significant differences between more than two groups. Three factors have eigenvalues greater than one, as seen in Table 1.5 above. Thus, the ten factors related to the attitudes of the chosen respondents about gender diversity on the board of directors can be categorized into three primary components. It is required that the rotating sum of squared loads be greater than 50%.

Ho: There is no significant difference between the age and Opinion towards board of directors in gender diversity.

Table 1.7 Opinion towards board of directors in gender diversity – ANOVA

Factors		Sum of Squares	Df	Mean Square	F	Sig.
Decision-Making and Strategic Contribution	Between Groups	31.624	4	16.327	16.613	0.000
	Within Groups	201.346	381	0.868		
	Total	234.000	385			
Governance and Ethical Leadership	Between Groups	3.637	4	1.819	1.732	0.001
	Within Groups	220.363	381	0.993		
	Total	214.000	385			
Representation and Quotas	Between Groups	0.432	4	0.216	0.214	0.002
	Within Groups	223.568	381	1.007		
	Total	114.000	385			
Organizational Performance and Image	Between Groups	2.337	4	0.316	1.364	0.001
	Within Groups	110.363	381	1.107		
	Total	118.000	385			

Source: Primary Data

The results of the ANOVA test are shown in Table 1.7. Decision-Making and Strategic Contribution, Governance, Ethical Leadership, Representation and Quotas, and Organizational Performance and Image all had significant values below 0.05, according to the results. Therefore, it is determined that there is a substantial correlation between age and opinions regarding gender diversity on the board of directors, and the null hypothesis is rejected.

VIII. CONCLUSION

A company's performance is greatly impacted by the gender diversity of its board of directors. Numerous benefits, including increased corporate social responsibility, better financial performance, more innovation, wise investment choices, and a greater commitment to environmental, social, and governance (ESG) norms, are associated with having more women on boards. A more comprehensive approach to governance and decision-making is promoted by the varied viewpoints that women provide to boardroom conversations. This diversity lowers the possibility of financial misreporting, increases investor confidence, and frequently results in more ethical and transparent management. Gender-diverse boards can also support consistent dividend policy, encourage ethical taxation, and lessen agency issues. However, depending on the particular circumstances of a business, the effects of gender diversity might differ, and in

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certain situations, it might be linked to decreased productivity. In order to fully realize the potential benefits, it is imperative that firms match their gender diversity initiatives with their strategic objectives.

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