Impact of Women on Corporate Boards

Prof. Brijesh Singh
Assistant Professor, Department of MBA, CMR Institute of Technology, Bangalore – 560037

Harini C A | Hitesh R
IV Semester MBA Students, Department of MBA, CMR Institute of Technology, Bangalore – 560037

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ABSTRACT

Gender diversity on corporate boards has emerged as a critical factor in modern corporate governance. This study investigates the impact of women directors on firm performance, decision-making quality, boardroom dynamics, and corporate reputation. Drawing on a primary survey of 306 respondents and a synthesis of existing empirical literature, the study examines perceptions of gender diversity across financial and governance dimensions. Findings indicate that the presence of women on corporate boards is positively associated with improved financial performance (ROA, ROE), better risk management, enhanced ethical practices, and greater stakeholder satisfaction. The study also identifies structural barriers — including gender bias and work-life balance challenges — that continue to hinder women's access to board-level positions. The paper contributes to the growing body of evidence that gender-inclusive leadership is not merely a moral imperative but a measurable strategic advantage.

Keywords: *Corporate boards, gender diversity, women directors, firm performance, corporate governance, board decision-making, ROA, leadership.*

1. INTRODUCTION

The relationship between board gender composition and corporate outcomes has attracted sustained scholarly and policy attention. Female executives are increasingly recognised as agents of change, bringing unique perspectives, leadership styles, and decision-making approaches that generate superior outcomes for shareholders and broader stakeholders. Women in leadership positions are reshaping corporate governance by introducing greater transparency, collaboration, and long-term strategic thinking.

Despite this recognition, the representation of women on corporate boards remains critically low worldwide. Many organisations continue to grapple with systemic biases and structural barriers that restrict women's access to senior governance roles. In numerous cultures, domestic role expectations — cooking, caregiving, and household management — constrain women's professional advancement (Peng & She, 2020).

A 2024 Forbes report noted that the number of women billionaires rose from 24 in 2023 to 31, highlighting women's growing influence in the global economy. Similarly, the Companies Act 2013 in India mandated at least one female director on listed company boards, signalling a regulatory shift toward gender-inclusive governance (Das, 2019).

The purpose of this study is to examine the impact of women directors on corporate boards with respect to firm performance, decision-making quality, leadership effectiveness, and corporate reputation. The paper synthesises existing empirical literature and presents primary survey data to understand prevailing perceptions and challenges around gender diversity in boardrooms. The goal is to demonstrate that gender-inclusive leadership is not solely a matter of social justice but also a measurable economic and strategic advantage.

2. REVIEW OF LITERATURE

A substantial body of literature has explored the relationship between female board representation and corporate outcomes. The following review consolidates key findings across financial performance, governance quality, product outcomes, and women's movements.

2.1 Financial Performance

Cimini (2021) examined the value relevance of female board presence using a price model applied to consolidated annual reports. The study found that female representation is positively associated with market prices and contributes to the value relevance of earnings and book value of equity. It further demonstrated that increasing women's participation in the labour market exerts a strong positive effect on the broader economy, aligned with European Union policy frameworks.

Simionescu (2021) investigated the influence of board gender diversity on accounting and market-based performance using a sample of S&P 500 IT sector companies over twelve years. Employing pooled OLS, fixed-effects, and random-effects estimation, the study found a positive relationship between the number and percentage of women on boards and the price-to-earnings ratio.

Hamilton (2021) studied 50 S&P 500 companies over 2015–2019 and found a significant positive relationship between the percentage of women on boards and Return on Assets (ROA). The study also reported that the critical mass threshold (at least three women directors) was not a prerequisite for women to positively influence ROA.

Houphouet (2024) analysed 1,874 North American listed firms using pooled OLS panel data regression, controlling for GDP per capita growth and inflation. The study confirmed a positive and significant effect of board gender diversity on ROA, reinforcing the financial case for gender-inclusive leadership.

Bannò & Nicolardi (2019) used regression analysis to investigate gender diversity across multiple industries and found that higher female board participation positively correlates with revenue growth and profitability, pointing to gender diversity as a driver of business performance.

2.2 Decision-Making and Boardroom Dynamics

Elstad & Ladegard (2011) studied 458 women directors on Norwegian corporate boards with female ratios ranging from 11% to 100%. The research examined how increasing proportions of women directors relate to decision-making dynamics, participation, and perceived influence. Minority problems — where women in low-ratio boards feel marginalised — were found to diminish as gender balance improved or women constituted a majority.

Kanojia & Khanna (2019) highlighted that women directors tend to be vigilant about all stakeholders' interests and are more risk-averse. Their study argued for enhancing board effectiveness as a transitional step toward understanding governance-level outcomes and pointed to the evolving shift of women from homemakers to exemplary corporate leaders.

Schmid & Urban (2015) explored diverse perspectives on female board representation and firm value, noting the 'glass ceiling effect' as a contributor to positive correlations between female board representation and firm performance. The study also cautioned that mandatory gender quotas (as observed in Norway) may result in less experienced boards and short-term performance dips, underscoring the role of selection processes, corporate culture, and country-specific gender norms.

2.3 Product Quality and Corporate Governance

Korenkiewicz & Maennig (2023) investigated whether female board representation influences product quality, using evaluation scores from the German nonprofit foundation Stiftung Warentest as a quality indicator. They found a significant positive effect of female board directors on product quality, adding regionally diversified evidence to the gender-diversity literature.

Das (2019) focused on the role of women directors in India, noting that female directors bring diverse perspectives to decision-making and financial planning. Despite the Companies Act 2013 mandate, many firms appointed only one woman director to comply with legal requirements, revealing a gap between regulation and substantive practice.

Swain & Mishra (2023) reported that global female board representation ranges from 20% to 30%, well below the population parity of approximately 50%. Women leaders are noted for innovative thinking, enhancing stakeholder confidence, and governance qualities such as lawfulness, reliability, and people management. Countries, including India, have enacted gender quotas to address structural imbalances.

2.4 Women's Movements and Structural Drivers

Neureiter (2022) provided the first empirical analysis of the relationship between women's movements and female board representation. The study identified three movement strategies — shaming, informing, and empowering — as mechanisms that increase female representation and improve corporate governance. The authors acknowledged a limitation in directly measuring these strategies within their model.

Rao & Tilt (2016) documented how board gender composition affects financial performance, and reviewed various policy measures — both mandatory quotas and voluntary disclosures — adopted across multiple countries to advance gender equality at the board level.

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Problem Statement

This study investigates the relationship between the number and proportion of women on corporate boards and the organisational, financial, and governance characteristics of firms, with a focus on the Indian corporate context.

3.2 Objectives

1. To examine the relationship between the presence of women on corporate boards and firm performance across financial, decision-making, and governance dimensions.
2. To analyse how gender diversity influences boardroom dynamics, leadership quality, and stakeholder satisfaction.
3. To evaluate whether companies with women in leadership roles demonstrate superior profitability, risk management, and innovation.
4. To explore the role of women directors in enhancing product quality, ethical practices, and corporate reputation.
5. To assess the effectiveness of gender diversity policies and quotas within corporate governance frameworks.

3.3 Variables

Dependent Variables:

Firm performance metrics (ROA, ROE), market valuation, enhanced corporate reputation, team performance, and higher financial returns.

Independent Variables:

Presence of female directors, leadership traits of female directors, board effectiveness indicators, quality of board discussions, accountability of directors, stakeholder representation, improved product quality and safety, and the presence of gender diversity initiatives.

3.4 Type of Research

This study adopts a mixed-method approach, combining: (a) Descriptive Research — to describe trends and perceptions regarding women in board positions; (b) Empirical Research — based on primary data collected through a structured Google Forms questionnaire; and (c) Quantitative Research — where responses are statistically analysed to draw insights and conclusions.

3.5 Sampling and Data Collection

Simple Random Sampling was employed to ensure that every eligible respondent had an equal probability of selection, thus enabling unbiased and representative data collection. The survey was administered via Google Forms and yielded 306 valid responses. The questionnaire collected demographic information and opinions on gender diversity, leadership styles, and barriers women face in reaching board-level positions.

4. DATA ANALYSIS AND DISCUSSION

4.1 Gender Distribution of Respondents

Table 1: Gender Distribution of Respondents

Gender	Number of Respondents	Percentage (%)
Female	240	78.43
Male	66	21.56
Total	306	100.00

Out of 306 respondents, 240 (78.43%) were female and 66 (21.56%) were male. The dominant female representation is contextually appropriate given the study's focus on the role and challenges of women in corporate governance. The higher female participation may enrich insights into lived experiences and perceptions regarding board-level positions.

4.2 Age-Wise Distribution of Respondents

Table 2: Age-Wise Distribution of Respondents

Age Group (Years)	Number of Respondents	Percentage (%)
20–30	276	90.79
31–40	14	4.60
41–50	0	0.00
Above 50	14	4.60

The majority of respondents (90.79%) fall within the 20–30 age group, indicating that the sample primarily reflects the perspectives of early-career professionals and students. Each of the remaining age cohorts — 31–40 and above 50 — accounted for only 4.60%. The absence of respondents aged 41–50 and the limited participation of older groups may affect the generalisability of findings to senior professionals and experienced board members.

4.3 Work Experience Distribution of Respondents

Table 3: Work Experience Distribution of Respondents

Experience (Years)	Number of Respondents	Percentage (%)
0–5	235	77.30
6–10	10	3.28
11–15	0	0.00
Above 15	10	3.28

A large majority (77.30%) of respondents reported 0–5 years of work experience, consistent with the predominantly young demographic. Only 3.28% each fell into the 6–10 year and above 15-year experience categories, and no respondents reported 11–15 years of experience. These characteristics suggest the sample reflects early-career perceptions, which are particularly relevant for understanding the aspirational attitudes of the next generation of corporate professionals toward gender diversity.

4.4 Perception of the Importance of Gender Diversity on Corporate Boards

Table 4: Perceived Importance of Gender Diversity on Corporate Boards

Response	Number of Respondents	Percentage (%)
Very Important	140	54.90
Important	85	33.33
Neutral	25	9.80
Not Important	5	1.96

An overwhelming majority — 88.23% — of respondents rated gender diversity on corporate boards as either very important (54.90%) or important (33.33%). Only 9.80% remained neutral, and a negligible 1.96% considered it unimportant. This finding demonstrates strong positive sentiment toward gender diversity as a governance priority and reflects growing awareness of its strategic value.

4.5 Perception of Women's Contribution to Better Decision-Making

Table 5: Perceptions on Whether Women on Corporate Boards Lead to Better Decision-Making

Response	Number of Respondents	Percentage (%)
Strongly Agree	130	50.98
Agree	110	43.13
Neutral	15	5.88
Disagree	0	0.00

An overwhelming 94.11% of respondents agreed (50.98% strongly, 43.13% moderately) that the presence of women on corporate boards leads to better decision-making. None of the respondents disagreed. This finding strongly supports the literature suggesting that gender-diverse boards benefit from a broader range of perspectives, enhancing the quality of strategic decisions.

4.6 Perceived Leadership Style of Women in Corporate Governance

Table 6: Perceptions of Women's Leadership Style in Corporate Governance

Leadership Attribute	Number of Respondents	Percentage (%)
More Collaborative	95	38.00
More Empathetic	65	26.00
More Effective	85	34.00
No Significant Difference	5	2.00

Respondents described women's leadership as predominantly more collaborative (38%) and more effective (34%) in corporate governance contexts, with 26% emphasising greater empathy as a key leadership quality. Only 2% perceived no meaningful difference. These results are consistent with the literature on women's transformational leadership styles, which tend to be associated with greater inclusivity, emotional intelligence, and participative decision-making.

4.7 Key Challenges Faced by Women in Reaching Board-Level Positions

Table 7: Key Challenges Faced by Women in Reaching Board-Level Positions

Challenge	Number of Respondents	Percentage (%)
Work-Life Balance Issues	110	43.13
Gender Bias	110	43.13
Lack of Mentorship	30	11.76
Limited Opportunities	5	1.96

Work-life balance challenges and gender bias were equally identified as the most significant barriers to women reaching board-level positions, each cited by 43.13% of respondents. Lack of mentorship was flagged by 11.76%, indicating insufficient sponsorship and professional development networks for aspiring women leaders. Limited access to opportunities was cited by only 1.96%, suggesting that the primary obstacles are systemic and cultural rather than structural. These findings call for targeted interventions in organisational culture, flexible work policies, and mentorship programmes.

5. KEY FINDINGS

6. A strong majority of respondents (88.23%) perceive gender diversity on corporate boards as important or very important, reflecting widespread awareness of its governance value.
7. 94.11% of respondents agreed that women's presence on boards leads to better decision-making, with no respondents disagreeing.
8. Women directors are predominantly perceived as more collaborative (38%) and more effective (34%), aligning with transformational leadership theories.

9. Gender bias and work-life balance issues are the most significant structural barriers, each identified by 43.13% of respondents.
10. Empirical literature consistently demonstrates a positive association between female board representation and financial metrics such as ROA, price-to-earnings ratios, revenue growth, and product quality.
11. Despite regulatory mandates in India and globally, a gap persists between compliance and substantive gender-inclusive governance practices.

6. CONCLUSION

This study provides robust evidence — drawn from both primary survey data and a synthesis of the empirical literature — that the presence of women on corporate boards is associated with significant improvements in firm performance, governance quality, and decision-making effectiveness. Gender-diverse boards demonstrate better financial outcomes, stronger stakeholder relationships, enhanced risk management capabilities, and improved product quality.

While regulatory frameworks such as India's Companies Act 2013 have sought to address underrepresentation, compliance-driven tokenism remains a concern. Organisations must move beyond minimum legal thresholds and embrace gender diversity as a genuine strategic imperative. This requires systemic change: dismantling gender bias in board nomination processes, institutionalising mentorship programmes, and creating cultures that support women's leadership advancement.

The sample composition — predominantly young, early-career respondents — captures the attitudes and aspirations of the next generation of corporate professionals. Their strong endorsement of gender diversity as both necessary and impactful suggests a generational shift in corporate culture that organisations and policy-makers should proactively support.

Future research should extend the analysis to include mid-career and senior professionals, longitudinal performance data, and cross-industry and cross-country comparisons to provide a more comprehensive picture of the mechanisms through which gender diversity generates organisational value.

7. LIMITATIONS

This study has several limitations that should be acknowledged. First, the sample is predominantly composed of young respondents (90.79% aged 20–30) with limited work experience, which may restrict the generalisability of perceptual findings to experienced board members and senior executives. Second, the study relies on self-reported survey responses, which are subject to social desirability bias. Third, the primary data is geographically limited to respondents accessible via Google Forms and may not be representative of all Indian corporate contexts. Finally, the study does not establish causal relationships between gender diversity and performance — only associations — due to its cross-sectional design.

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