

Gender Diversity and Firm Performance: A Bibliometric Analysis

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ABSTRACT

To increase gender participation in decision-making in firms a lot of countries have enacted laws that make it mandatory to have women on the board. There have been numerous studies that have tried to understand how this presence impacts the firm's performance. The present study with this background set out to conduct a bibliometric analysis of the research area from the SCOPUS database. The results of the bibliometric analysis point towards a lot of interest in the field and the continued efforts to understand the phenomena at hand. The results also highlight the pioneers of quality research in this field as well as a country-wise analysis of the same. Developed countries have taken the lead but the baton has been carried forward with research increasing in developing countries. Developed countries lead the publication and citation in the area of research with the United States of America the leader of the pack. Publications in the area of research have grown 24 percent CAGR over the last two decades. Keyword analysis and map throw up Gender diversity, corporate governance and firm performance as the ones with the highest occurrences and link strengths.

Keywords: *Corporate Governance, Gender Diversity, Women Directors, Firm Performance, Board of Directors*

INTRODUCTION

Corporate Governance

Corporate governance is at the center of every discussion today both from an academic and business point of view. With comprehensive development over the years through policymakers, regulators, etc. the field has seen new developments. Ever since the Enron scandal in 2001, corporate governance has garnered a lot of attention. It has evolved immensely since then and today seeks to preserve the rights of the various stakeholders of business. There are many schools of thought through which this evolution has happened ranging from Anglo-Saxon, German, and Japanese among others. Various countries have adopted these schools of thought as is and also a mix of two or more models as per their requirements of business. India has had its share of corporate governance struggles namely the Satyam Scandal and the more recent case of Infrastructure Leasing & Financial

Services. To counter these and bring in robust mechanisms to prevent such things from happening the policy makers and regulators brought in major changes in the new Companies Act 2013. The major changes happened around critical facets of regulation ranging from independent directors, gender diversity, and CEO duality among others. In our study, the variable of Gender diversity has been reviewed and its impact has been studied.

Gender Diversity

Today businesses seek sustainability which stands on an important pillar of diversity and more importantly on that of gender diversity. With the increase of women's participation in the labor force across the globe, their role and participation are all the more crucial. With more women making a mark in the industry, the allegations of underrepresentation have only grown. The problem of underrepresentation of women is not a new one either in terms of geography or time. To counter these lots of countries across various geographies have brought in laws. These laws define the minimum number of women representation on the company's board. Ranging from developed economies like Spain, and France to developing ones like India to African nations like Kenya, the legislation has tried to increase the gender diversity on the boards by defining the minimum representation of women directors on board. India specifically took this step in the revamped Companies Act 2013 where it mandated at least one woman director on the board of the company. This comes with its challenges and hurdles but is being considered as a step in the right direction. Gender Diversity in the boardroom has been a very heated topic of discussion in industry as well as academia. This has led to an interesting stream of research where scholars have tried to investigate the impact of this forced gender diversity on the performance of the firm. These studies have tried to make sense of how formulation impacts the working of the firm across various facets. These studies have covered vast performance metrics to measure the impact of having women directors on the top decision-making body of the firm. The present study conducts a bibliometric analysis of gender diversity performance studies across countries with mandatory representation.

LITERATURE REVIEW

The last two decades have seen several studies to understand the impact of board diversity including gender on the firm's performance. The literature review has been divided into two sections based on economic status i.e. developed and developing economies.

Developed economies

According to the study by (Van Der Walt, Ingley, Shergill, & Townsend, 2006) listed firms in New Zealand there is limited relationship between performance and diversity of the board. The study talks about diversity in terms of ethnicity and Gender. While in the case of Spanish-listed firms for a period of 5 years between 1995-2000, the results showed a positive relationship with firm value (Campbell & Mínguez-Vera, 2008). In the study (Wang & Clift, 2009) on the Australian listed firms, the results showed an insignificant relationship between gender and racial diversity and the firm's performance. Since most of the studies focused on listed firms, studies by (Mínguez-Vera & Martin, 2011) (Martín-Ugedo & Mínguez-Vera, 2014) studied the concept of gender diversity in SMEs whose results suggest that women directors on board negatively and positively impacted the firm performance. Keeping in mind these contradictory results the study by (Rodríguez-Domínguez, García-Sánchez, & Gallego-Álvarez, 2012) researched the explanation of how several women directors or their backgrounds could be influencing the outcome. The results of the study suggest that a higher number of women directors could lead to better performance. In continuation with more such studies, the study by (Arena et al., 2015) highlighted that educational levels negatively impacted the firm's performance. Also the concept of 'critical mass' has been tested in the study. Critical mass theory indicates the exact number of women directors which helps the firm perform better. Any number above or less is detrimental to the firm's performance. The results of the study also suggest that such a 'critical mass' is helpful for firms to perform better.

Developing economies

In the case of developing countries, the results have been different owing to specific business environments across these countries. In the study by (Haldar, Shah, & Nageswara Rao, 2015) for large Indian-listed firms, the results were significant for the relationship between women directors and firm performance. The study pointed out that larger board sizes positively enhance the relationship. A study by (Sanan, 2016) also points towards very similar results where the relationship is positive. The unique point of the study is the deep dive into the aspect of independent woman directors. The study points to the aspect that regulatory requirement has led to an increase in one women director firm but firms with 2 or more women directors have remained stagnant throughout the study. However, not all studies show a positive relationship. A study by (Srivastava, Das, & Pattanayak, 2018) shows that the results are not all positive.

The presence of women directors especially independent women directors has a negative effect on a firm’s financial performance. A study by (Girón, Kazemikhasragh, Cicchiello, & Monferrá, 2022) discusses how gender-diverse boards impact the sustainability reporting of a firm across developing and underdeveloped countries of Asia and Africa. The results of the study suggested a positive relationship between gender-diverse boards and sustainability reporting a metric that is a pillar of a firm’s performance in modern times. A study by (Abang’a, Tauringana, Wang’ombe, & Achiro, 2022) also found a positive relationship between gender diversity and financial performance for public companies in Kenya.

With such varied results across various economies, it is a matter of immense matter that an extensive systematic review of literature is taken up to understand the phenomenon of gender diversity on board and its impact on the firm's performance.

METHODOLOGY

The study uses the SCOPUS database as its source of information. Also the keywords ‘performance’, ‘woman director’, ‘women directors’, and ‘Gender diversity’ were used. The sample was specific to only countries where the presence of women directors came in the form of legislation. All countries where specific laws make it compulsory to have gender diversity on the board were part of the final sample. The countries were –

Australia	India
Belgium	Italy
Finland	Norway
France	Portugal
Germany	Spain

Table 1 – List of countries with mandatory gender diversity on board laws

The concept of having compulsory representation changes the whole scenario. The policy scenario pushes the business case of having woman directors. Is this the right way to go is the research question the systematic literature review answers in the following sections? Extensive pieces of literature across these geographies have tested the business case of the policy for compulsory gender diversity. The author reviews these papers from an empirical perspective. For the empirical review, the authors have reviewed the impact of gender diversity on theme-based metrics of performance. These included accounting performance indicators, market performance indicators, corporate social responsibility (CSR)

performance indicators, and Environmental performance indicators. These indicators through various metrics have been extensively researched across the countries where gender diversity has been made compulsory.

Search on Scopus Database with words 'gender diversity' OR 'women directors' OR 'woman director' AND 'Performance' = 1010 documents

Exclude documents before the year 2001 = 1007 documents

Limit to Business, Management and Accounting; Economics, Econometrics, and Finance; Social Sciences = 912 documents

Limit English Language = 897 documents

Limit to only Articles = 802 documents

The selection of the year 2001 has been made based on the true emergence of corporate governance in the industrial landscape. This was the year of the Enron Scandal which changed the whole way how corporate governance was viewed and conceived in the industry. Thus the year 2001 is the logical choice as the inception year for the study.

RESULTS

Journals and Country

The first form of analysis included understanding the total publications and citations for journals on the specific topic. It was found that the journal with the highest number of citations was the Journal of Business Ethics. But at the same time, it was not one with the highest number of publications indicating good quality work. The Journal of Business Research and the Journal of Corporate Finance stood at the second and third positions respectively. In terms of citations per publication, the best quality journal is the Journal of Corporate Finance. There is a good mix of journals ranging from the areas of research, strategy, corporate governance, finance, human resources, etc.

As for the countries, the outright leader of the pack is the United States both in terms of the number of documents and citations. But at the same time, a lot of quality publications have been published in the countries of Belgium and the United Kingdom. The citations are concentrated highly in the developed economies with the bottom part of the list seeing many developing economies like China, India, Malaysia, etc.

Table 2 - Publication, Journals and Countries

Journal	TP	TC	Country	TP	TC
Journal of Business Ethics	24	4381	United States	142	10071
Journal of Business Research	11	1203	United Kingdom	76	6776

Journal of Corporate Finance	6	1181	Australia	54	4142
Corporate Governance (Bingley)	29	964	Spain	64	3317
Human Resource Management	12	844	Belgium	6	2413
Business Strategy and the Environment	15	837	Canada	21	1215
Journal of Management and Governance	9	750	New Zealand	26	1162
Corporate Social Responsibility and Environmental Management	22	719	Netherlands	16	1011
International Journal of Human Resource Management	10	483	China	51	978
Sustainability (Switzerland)	36	420	France	37	928
Gender in Management	19	366	Germany	24	887
Management Decision	6	156	Malaysia	63	731
Corporate Ownership and Control	10	152	Italy	44	725
International Journal of Accounting and Information Management	6	115	Portugal	14	701
Management Research Review	6	112	Norway	10	496
Managerial Finance	6	97	Egypt	9	461
Cogent Business and Management	8	77	Pakistan	33	457
Equality, Diversity, and Inclusion	7	35	India	65	416
Indian Journal of Corporate Governance	6	28	Turkey	18	398

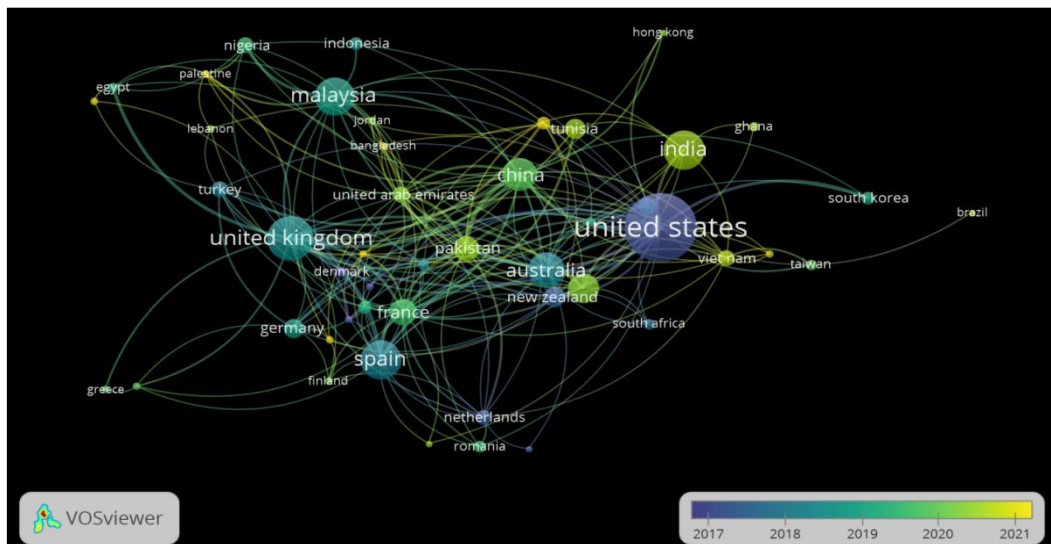


Figure 1 – Literature across geographies and time

Figure-1 was made which showed how literature had grown and moved geographically in the past few years. As expected the studies were predominantly concentrated in developed countries like the United States of America, the United Kingdom, Spain, Australia, etc. However, the new literature seems to be majorly concentrated in the developing economies. With developing economies taking the front seat in business and development this is a normal chain of events. The figure highlights this trend with studies in 2020-21 coming from countries like Pakistan, India, and China.

Publications

Figure-2 as shown below was made to signify the growth in the area of research which is an important aspect while considering the importance and relevance of the area of research.

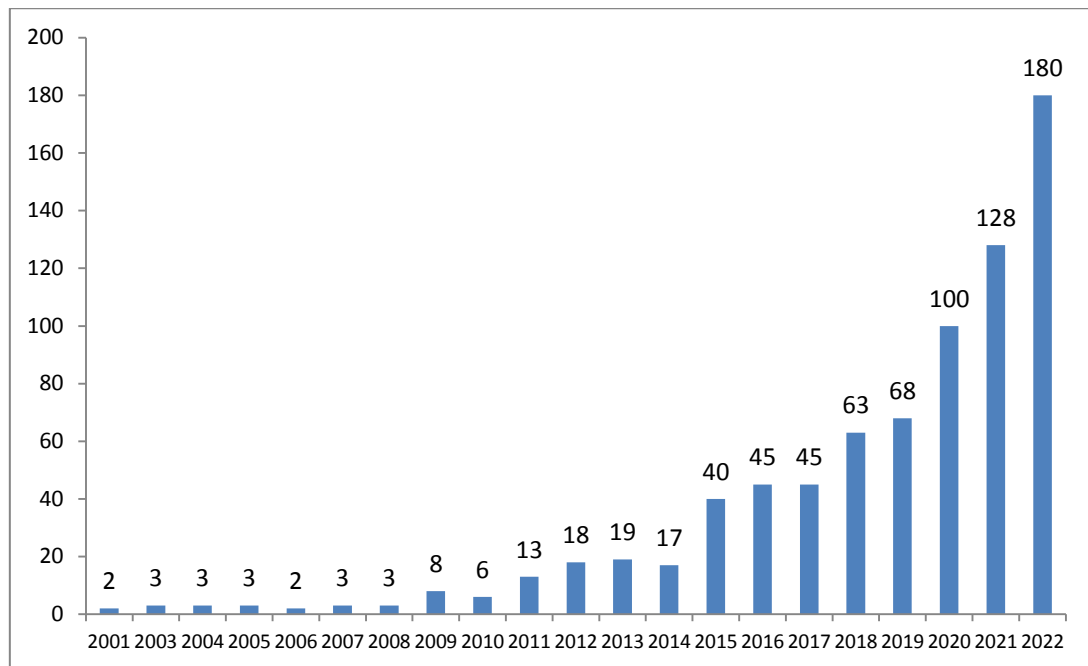


Figure-2 No. of publication year-wise

The number of documents published has shown a steady growth over the past two decades. The publications have seen some considerable bumps in the years 2011 (54 percent), 2015 (58 percent), and 2020 (32 percent). The constant increase only highlights the increase in academic interest over time. The growth over the last two decades has been phenomenal with a compound annual growth rate (CAGR) of approximately 24 percent. An aspect of future research could be to find out what areas geographically saw considerable growth in the milestone years of 2011, 2015 and 2020. It can lead to some important insights. At the same time with more women taking up leadership roles and gender diversity spreading across the globe, this is still just the tip of the iceberg. The effects and changes in the dynamics of the top management as well as the whole firm's culture are bound to get more and more attention. Thus Figure-2 is only part of the trend it is expected to grow exponentially as our women in the workforce command their space and stature.

The next section of the analysis covered the most reputed works by authors and the titles of those highly cited research papers and the years that they were published.

Author and Keywords

Table-3 Most Cited Research Papers

Year	Title	Author	Citation
2009	Women in the boardroom and their impact on governance and performance	Adams R.B., Ferreira D.	2291
2008	Gender diversity in the boardroom and firm financial performance	Campbell K., Mínguez-Vera A.	980
2010	The gender and ethnic diversity of US boards and board committees and firm financial performance	Carter D.A., D'Souza F., Simkins B.J., Simpson W.G.	863
2009	Women directors on corporate boards: A review and research agenda	Terjesen S., Sealy R., Singh V.	793
2009	Demographic diversity in the boardroom: Mediators of the board diversity-firm performance relationship	Miller T., Del Carmen Triana M.	688

The most cited article is by Renee Adams and Daniel Ferreira which has a citation of 2291. All the highest cited articles are a part of the first decade of the period of the study. This also highlights how these are pioneering works in the area of research.

The most cited authors were Antonio Mínguez Vera and Orlando C. Richard, both of whom have been important contributors to the area of research. Antonia Vera with a lower number of publications (4) and a high citation score (1167) shows how the quality of research matters. These are results when the minimum number of papers published by the authors is 4, which highlights consistent work in the particular area of research.

Author	TP	TC	Author	TP	TC
Antonio Mínguez Vera	4	1167	Junrui Zhang	4	64
Orlando C. Richard	6	860	Ammad Ahmed	4	62
Collins G. Ntim	4	385	Rohail Hassan	5	51
Muhammad Ali	8	382	Maran Marimuthu	4	43
Isabel-María García-Sánchez	5	297	Shubham Singhania.	5	18
Muhammad Nadeem	6	240	Moncef Guizani	4	10
Khaled Hussainey	4	214	Noor Afza Amran	5	4
Lhocine Houanti	4	135	Rokiah Ishak	5	2
Shamsul Nahar Abdullah	5	129			

Table-4 Authors with Total Publication and Total Citations

and its impact on firm performance have been the attention of the researchers. From the density map as shown in Figure-3 we found that the core of the research had been gender diversity, corporate governance, and financial performance. These three keywords have been used most extensively in the literature.

Table-5 High link Strength Keywords

Sr. No.	Keywords	Occurrences	Total Link Strength
1	Gender Diversity	331	1428
2	Corporate Governance	193	852
3	Gender	101	632
4	Firm Performance	129	508
5	Board of Directors	101	463
6	Performance Assessment	31	370
7	Corporate Social Responsibility	50	335
8	Female	25	333
9	Diversity	70	319
10	Board Gender Diversity	71	318

CONCLUSION & LIMITATIONS

The study threw up important outcomes in the area of research. The analysis shows the shifting paradigm of interest from researchers from developed to developing countries. Even with this trend the publication in developed countries far exceeds that of developing countries with the United States and the United Kingdom taking the first two positions. In terms of developing nations, China takes the lead. The last decade has seen a lot of attention given to the area of research with a considerable increase in publications trying to understand the relationship/impact of gender diversity on the firm/s performance. Even though the study captures more than the last two decades a rather big shift has been noticed since 2014. A stark increase has been seen since then. Also, gender diversity, corporate governance, and firm performance have been found as the keywords that highlighted how the three simultaneously occur in the papers and are being studied collectively to understand the phenomena and their impact. Antonio Minguez Vera and Orlando C. Richard have been pioneers in the area of research with starkly high citations. as compared to their peer group. These results provide a very important insight as to how this area of research has grown over the past decade in countries where gender diversity has been mandated by policymakers. All these insights provide a direction for future researchers and academicians.

Even with all efforts to make the study comprehensive and exhaustive, there were a few limitations. The limitation of only using the SCOPUS database leads to many articles being missed due to non-inclusion. of articles. Also, the number of

articles only includes countries where gender diversity legislation has been in force by lawmakers. This leads to several countries not being part of the sample. Also limiting the articles only to the English language and not including articles published in the physical form such as proceedings etc. are a source of limitations. Future researchers can expand their knowledge by incorporating these limitations of the present study. The results even with these limitations are still robust and exhaustive.

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