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GENDER DIVERSTIY IN ORGANISATION STRUCTURE AND ITSIMPACT ON FINANCIAL PERFORMANCE

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ABSTRACT: In the present competitive era diversity in work culture and work force is as fact that cannot be ignored. Improving the gender balance in the board room not only increases the performance of the board and reinforces the business, but it is also good for the economy. This study intends to investigate if the companies will benefit financially from a gender diverse board. The impact of women directors on the board of five companies will be studied to evaluate if there is any relationship between the Genders diversified board and improved financial performance in context to return on investment (ROI), profit before and after tax) PBAT and turnover.

Keywords: *Gender Diversity, Organisation Structure, Financial Performance.*

INTRODUCTION

Modern businesses are less gender biased and going ahead with unprecedented financial growth backed by successful leadership. There are several successful business organizations in India and abroad. It is perhaps the globalization of economies, flow of FDI, advancement technological innovations and HR skills and competencies backed by cross cultural mobility across the globe. All these made businesses more competitive especially in emerging countries. To enhance competitiveness Countries and companies has to develop, attract and retain the best talent, both male and female. While governments have an important role to play in creating the right policy framework for improving women's access and opportunities, it is also the imperative of companies to create workplaces where the best talent can flourish. Civil society, educators and media also have an important role to play in both empowering women and engaging men in the process. Inclusion and diversity help the organisation to strengthen relationships with the clients, the partners, and the communities in which it operate.

In today's global village, diversity is a fact that cannot be ignored. Including everyone, irrespective of their gender, caste, sexual orientation, or physical ability is a choice, to see values in differences. Leveraging these differences can transform the culture of a company or the global image of country. Gender diversity in the workplace is the equal treatment and acceptance of both males and females in an organization. Diversity adds value to a company's bottom line due to the different viewpoints and backgrounds of diverse individuals.

REVIEW OF LITERATURE

Satria, P.A. Mahadwartha & E. Ernawati (2020),'*the Effect of Gender Diversity on Company Financial Performance.'* This study aims to examine the effect of gender diversity on the board of commissioners and board of directors on the financial performance of non-financial companies listed on the Indonesia Stock Exchange over the period of 2013-2017. The analytical method used was multiple linear regressions with the classical assumption test. As a result, the presence of women on the board of directors and board of commissioners measured by dummy and the proportion of women councils did not affect financial performance as measured by return on asset and return on equity. Meanwhile, control variables of company size and leverage are proven to influence financial performance significantly.

Nuria Reguera-Alvarado, Pilar de Fuentes & Joaquina Laffarga (2015) examined in their article titled,' *Does Board Gender Diversity Influence Financial Performance? Evidence from Spain'*, the relation between board gender diversity and economic results in Spain: the second country in the world to legally require gender quotas in boardrooms and historically characterized by a minimal female participation in the workforce. Based on a sample of 125 non-financial firms listed on the Madrid Stock Exchange from 2005 to 2009, their findings show that in the period analyzed the increase of the number of women on boards was over 98 %. This suggests that compulsory legislation offers an efficient framework to execute the recommendation of Spanish codes of good governance by means of the increase in the number of women in the boards of firms. Furthermore, the study finds that the increase in the number of women on the boards is positively related to higher economic results. Therefore, both results suggest that gender diversity in boardrooms should be incremented, mandatory laws being a key factor to do so.

Ferdinand A. GulBinSrinidhi Anthony C.Ng (2011) in their paper titled ' *Does board gender diversity improve the informativeness of stock prices?'* shows that stock prices of firms with gender-diverse boards reflect more firm-specific information after controlling for corporate governance, earnings quality, institutional ownership and acquisition activity. Further, they show that the relationship is stronger for firms with weak corporate governance suggesting that gender-diverse boards could act as a substitute mechanism for corporate governance that would be otherwise weak. The results are robust to alternative specifications of informative and gender diversity and to sensitivity tests controlling for time-invariant firm characteristics and alternative measures of stock price informative. They also find that gender diversity improves stock price informative through the mechanism of increased public disclosure in large firms and by encouraging private information collection in small firms.

Siri Terjesen, Ruth Sealy and Val Singh (2009),' *Women Directors on Corporate Boards: A Review and Research Agenda'*. This review examines how gender diversity on corporate boards influences corporate governance outcomes that in turn impact performance. It describes extant research on theoretical perspectives, characteristics, and impact of women on corporate boards (WOCB) at micro, meso, and macro levels: individual, board, firm, and industry/environment. e. The review indicates that WOCB research is about improving corporate governance through better use of the whole talent pool's capital, as well as about building more inclusive and fairer business institutions that better reflect their present generation of stakeholders.

Kevin Campbell & Antonio Mínguez-Vera (2008) published a paper,*' Gender Diversity in the Boardroom and Firm Financial Performance'*. This article adds to a growing number of non-U.S. studies by investigating the link between the gender diversity of the board and firm financial performance in Spain, a country which historically has had minimal female participation in the workforce, but which has now introduced legislation to improve equality of opportunities. The article investigate the topic using panel data analysis and find that gender diversity – as measured by the percentage of women on the board and by the Blau and Shannon indices – has a positive effect on firm value and that the opposite causal relationship is not significant. Our study suggests that investors in Spain do not penalise firms which increase their female board membership and that greater gender diversity may generate economic gains.

Claude Francoeur (2007) wrote an article on '*Gender Diversity in Corporate Governance and Top Management'*. This article examines whether and how the participation of women in the firm's board of directors and senior management enhances financial performance. Results indicate that firms operating in complex environments do generate positive and significant abnormal returns when they have a high proportion of women officers

Authors: Sean Dwyer, Orlando C Richards and Ken Chadwick (2003) wrote a paper on *'Gender diversity in management and firm performance: the influence of growth orientation and organizational culture'*. This study examines the influence of gender diversity in management on firm performance. The management group examined was composed of all firm members considered to be managers and officials, a broader level of analysis than past management-level diversity research that has primarily focused on groups composed of top management team (TMT) members. the results suggest that gender diversity's effects at the management level is conditional on, that is, moderated by, the firm's strategic orientation, the organizational culture in which it resides, and/or the multivariate interaction among these variables.

Julie I. Siciliano (1996) published a paper titled '*The relationship of board member diversity to organizational performance'.* In this paper wider diversity in board member characteristics has been advocated as a means of improving organizational performance by providing boards with new insights and perspectives. With data from 240 YMCA organizations, a board diversity index was constructed and compared to multiple measures of board member diversity. Results revealed higher levels of social performance and fundraising results when board members had greater occupational diversity. Gender diversity compared favourably to the organization's level of social performance but a negative association surfaced for level of funds raised.

RESEARCH GAP AND SIGNIFICANCE OF THE STUDY

The question is, however, if the companies will benefit financially from the gender diverse boards, i.e. if there is a link between gender diversity on boards and the economic performance of the companies. Former research has not been consistent answering this question. Some researchers claim that there is a positive relationship between the level of gender diversity in boards and financial performance of the company. Other researchers have found no such relationship between gender diversity and financial performance. With this in mind, prior researchers have not reached consensus in answering this question. However, this study aims to present an answer to this question

Across the globe, there is growing global awareness of the need to increase gender diversity in the workforce. According to a study conducted by the Pittsburgh-based human resources consulting firm DDI, the companies that perform best financially have the greatest numbers of women in leadership roles. In 2012, a Harvard study found that "at every level, more women were rated by their peers, their bosses, their direct reports, and their other associates as better overall leaders than their male counterparts — and the higher the level, the wider that gap grows." And if this is not sufficient reason to want more women in leadership roles in organizations, we must also recognize that women leaders can foster a better environment and introduce a strong team orientation into organizational culture. Companies with the most women board directors outperformed those with the least in terms of return on sales (ROS) by 16 percent and return on invested capital (ROIC) by 26 percent.

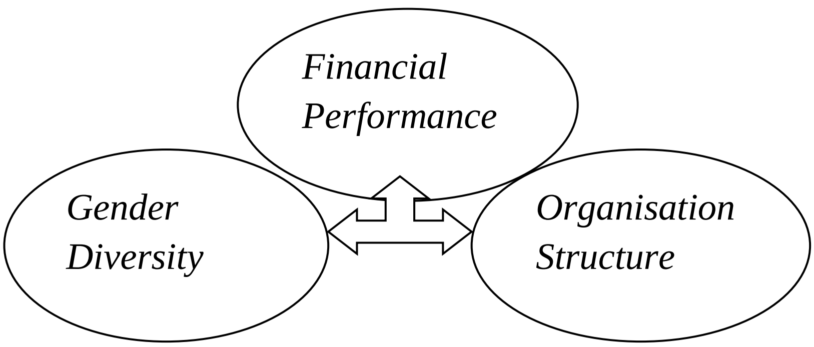
OBJECTIVES OF THE STUDY

The main aim of this study is to realize the following:

1. To analyze the emerging role of gender diversity in organisation structure and its impact on financial performance of select organizations operating their business in India; and
2. To measure the financial performance of select organizations in terms of return on investment (ROI), profit before and after tax (PBAT) and turnover.

GENDER DIVERSITY - AN OVERVIEW

Gender parity is no longer just a nice-to-have part of your organization or your business. There are lots of reasons for having as many women in the organization as men.



1. Women directors change the way boards work – for the better: According to the Harvard Business Review, women bring different perspectives and experiences – as well as approaches to decision making – to the boardroom. Female directors are more prudent and are less willing to make decisions they don't fully understand. They tend to have a different style of engagement, seeking a spectrum of opinions before making final decisions.

2. Companies with gender diverse boards make more money: A report by MSCI, which researched 4,000 public companies across the globe, found that companies with strong female leadership generated a return on equity of 10.1% per year versus 7.4% for those without. It's not just about profit either; the report also shows that companies with below average gender diversity suffered 24% more 'governance-related controversies'.

3. Increasing the number of women on a team increases its collective intelligence: Research has shown that having a gender diverse team increases the collective IQ of a group. Having more women on the board is literally a smart choice.

4. Gender diverse boards attract investment: Big investors, who are increasingly conscious of societal issues, are seeking out firms with gender-diverse boards. Helena Morrissey, Head of Personal Investing at LGIM and founder of the 30% Club, has just launched a £50m fund specifically for investors wishing to put their money into companies with gender-diverse boards.

5. Women are the prime financial decision makers: What better way to understand your biggest market than listening to it? Studies have shown that women are the prime decision makers when it comes to purchases large and small.

6. …and can supercharge the world economy: Gender equality has the potential to be the single biggest difference we can make to the world economy. If women around the world achieved economic equality with men, it would contribute $28 trillion to the global economy, roughly the size of the economies of the United States and China combined. Women are the ultimate economic accelerator.

7. Women own the social web: Women are not only making the big spending decisions, but they're also the dominate force on social media. Every major social media network – Facebook, Instagram, Pinterest and Twitter – has a higher proportion of women than men using it. If you want your company to win friends and influence people, make sure you have strong female voices around the boardroom table.

8. Women are more likely to be effective leaders: Analysis shows that women tend to exhibit many of the traits associated with effective leadership – effective communication, a tendency to empower all team members, and creative problem solving. They are also more likely to adopt effective leadership styles than men.

Research Methodology:

This research is descriptive and interrogative in nature. Data from secondary source will be used to study role of the variable and its impact**.**

Present study

To conduct the study the financial performance of five companies with women directors was conducted. To study the impact of women directors' financial performance pre and post diversification of board is also evaluated. The companies under the study are presented as below:

CHANDA KOCHHAR (ICICI BANK)

One of the most successful women in the country, Chanda Kochhar, is the Managing Director and CEO of ICICI Bank and has been ranked as one of the Most Powerful Business Women in India multiple times. She is responsible for implementing and following the strategy that enabled the bank to come out of a period of great crises. Under her leadership, ICICI became the largest privately owned bank with assets worth almost $80 billion. Under Kochhar's leadership, ICICI Bank started building the emerging retail business in 2000 focusing largely on technology, innovation, process engineering and expansion of distribution and scale. In April 2001, she took over as executive director.Under Kochhar, the bank did see some significant growth in advances and deposits. Its advances recorded 12.2% CAGR basis from just over Rs 2.25 trillion to a little under Rs 5.67 trillion while deposits posted annualized growth of 11.7%. Around the time Kochhar took over the bank, it was valued at just under Rs 59,000 crore. At the time she left, the bank has a market capitalization of around Rs 1.89 trillion. In fact, on at least three occasions--first in December 2014, then in January-February 2015 and then again in November 2017--it saw its market value go past the Rs 2 trillion mark.

ICICI Bank under Leadership of Chanda Kochhar

Variable	Before (2008)	After (2018)	Impact
CAGR	2.25	5.67	Increase
PBAT	4158	6777	Increase
TOTAL DEPOSITS	63781	480902	Increase
TOTAL ADVANCES	225616	473693	Increase
ROI	3.61	6.60	Increase

Source: ICICI Bank Anuual reports, All the figures in crores

SHIKHA SHARMA (AXIS BANK)

She is the Managing Director and Chief Executive Officer – CEO of Axis Bank. Since Sharma's appointment as MD & CEO of Axis Bank in 2009, the bank's stock has gained over 90%.The bank's compounded annual net profit growth rate was above 20 per cent in the three years ending 2014-15. The bank's net non-performing asset ratio was 1.34 per cent as of March 2015, much lower than the 4.4 per cent for the banking sector as a whole. Net profit in 2015-16 rose 18.3 per cent to Rs 7,358 crore; operating profit was up 24 per cent at Rs 3,582 crore, while net interest income grew 19 per cent to Rs 14,224 crore. Advances grew 22 per cent and deposits were up 15 per cent during the year, both higher than the industry.

Axis bank continues to grow bigger under her leadership. Today, the bank has achieved more than 36% of retail assets. Axis bank has assets of Rs 6.79 lakh crore. Axis Bank has more than 15,000 ATMs and over 3,500 branches making it the largest ATM network pan India. The share of retail loans in Axis Bank's total book rose to 46% at the end of December 2017 from 21% in June 2009, the quarter when Sharma took over. Moreover, Sharma could be given credit not only for managing to grow Axis Bank's profits in the first six years of her tenure at more than 22% on a CAGR basis, but also for putting the bank in the big league of investment banks with the Rs 1,396 crore acquisition of Enam Securities in November 2010. Sharma's tenure also saw the bank's network expand significantly to more than 3,300 branches, while its employee count also went up more than 2.5 times to more than 56,000.

Axis Bank under the Leadership of Shikha Sharma

Variable	**Before (2008)**	**After (2018)**	**Impact**
CAGR	13	26	Increase
PBAT	1071.03	4677	Increase
TOTAL DEPOSITS	87626.22	548471	Increase
TOTAL ADVANCES	59661.14	245812	Increase
ROI	16.09	8.09	Increase

Source: AXIS bank Annual Reports, All the figures in crores

MALLIKA SRINIVASAN (TAFE)

Women are usually not associated with farm equipment in India, but Mallika Srinivasan, the chairperson of Tractor and Farm Equipment (TAFE) has defied this notion. Under her leadership the company's revenues went from Rs. 85 crore back then; to over Rs 8,000 crore today. It has a 25 percent market share, and is the second largest tractor maker after Mahindra & Mahindra. Its growth last year was especially good. Its tractor sales grew 26.6 percent, more than twice the industry growth rate. In fact, in the last five months, when the sector barely grew (growth was less than 1 percent), Tafe grew at over 28 percent. When the market slowed down, Mallika initiated a cost-cutting exercise, but left one area untouched—research and development. When the market recovered, Tafe had new products to launch, which kept the growth going. Over two-thirds of the growth in the last three years has come from new pro It accounts for about a seventh of Tafe's revenues and it grew by 28 percent. Tafe's revenues were Rs 85 crore when, Mallika joined, today it stands at Rs 8,020 crore.

TAFE under the Leadership of Mallika Srinivasan

VARIABLE	BEFORE(1985)	AFTER(2011)	Impact
PBAT	8.556	4682.27	Increase
REVENUE	5648	28356.69	Increase
SALES	15000	117000	Increase
TURNOVER	86	5800	Increase

Source: Economic times , All figures are in crores

ARUNA JAYANTHI (CAPEGEMINI)

Jayanthi is the Chief Executive Officer of Capgemini India since January 2011, prior to which she worked out of Europe and North America. She is also the current Chairperson of Board of Governors of National Institute of Technology Calicut. Jayanthi is considered to be one of the most successful Indian women in the tech sector and is also an executive council member of the industry body NASSCOM. She is the former India head and grew the company's headcount in the country from 32,000 to 85,000 between 2011 and 2015. In 2016, Jayanthi took over as Head of Business Services, a strategic business unit created to provide BPO and Platform services. Aruna worked intricately on the business development aspects and helped the enterprise acquire the best of reputation in Indian and Global Market. When Aruna took the charge of Capgemini India as the CEO, the company was dealing only in few verticals. It was under her regime that company expanded its foot and boasted services like Outsourcing, consulting and technologies in India.

Capgemini under the Leadership of Aruna Jayanthi

VARIABLE	BEFORE (2016)	AFTER(2019)	Impact
Operating income	109003	140427	Increase
PBT	10966	21131	Increase
NETWORTH	75022	127670	Increase
EBIT MARGIN	10.13	15.40	Increase

Source: Annual Reports of Capgemini All figures in crores

CHITRA RAMAKRISHNA (NSE)

Chitra Ramkrishna is the first woman managing director and chief executive officer of the National STOCK EXCHANGE (NSE). She is also a part of CII's National Council on Financial Sector Development, FICCI's National Executive Committee and Capital Markets Committee. NSE has grown tremendously under her leadership and currently reaches out to more than 1,500 locations in the country. A chartered accountant from the Institute of Chartered Accountants of India, she is the third woman to head an Exchange in the Asia-Pacific region after Sri Lanka's Colombo Stock Exchange and China's Shenzen Stock Exchange.Ramkrishna has undertaken several key initiatives at the NSE that has had far-reaching impact and ensured the exchange remained India's most premier bourse. She was instrumental in setting up a pan-India VSAT network and building the infrastructure and legislative framework for India's first depositor. She is also credited with facilitating screen-based trading, providing trading access to retail investors even in remote corners of the country, ensuring continuous cost leadership and creating a technological backbone that is scalable and unassailable.

Under her supervision, NSE has launched products to suit all classes of investors, including futures and options, exchange traded funds, global indices like S&P 500. NSE introduced a dedicated debt platform to encourage retail investors and institutions to trade in corporate bonds. In March 1995, the exchange had 135 companies and the daily average turnover for equities was hardly Rs 17 crore. But it took only a few years for the exchange to take off and chart a frenetic pace of growth. Today, it has 1,672 companies and the average daily turnover in the cash segment has moved up 44 percent annually over the last 18 years to Rs 12,179 crore.Over the last 12 years since March 2001, NSE's average daily turnover for derivatives is up by 122 percent annually to Rs 1.58 lakh crore. Today, NSE has a combined daily average turnover at Rs 1.71 lakh crore. The exchange has a market share of 85% in both the cash and derivatives segment.

For the financial year 2013, the exchange had a total income of Rs 1,283 crore with a net profit of Rs 842 crore. What is even more interesting is that it generates a high return on equity at 16 percent, compared to 5 percent for the BSE.NSE currently processes around 1.6 lakh orders per second, which makes it one of the fastest exchanges and allows for horizontal scaling. Ramkrishna has invested considerable time and energy in making CNX Nifty 50 a global brand: today Nifty ETF's are being traded in 15 prominent international exchanges. Nifty derivatives are also being traded on the Singapore Stock Exchange and

Chicago Mercantile Exchange and will be trading soon on a derivative platform of the London Stock Exchange and the Osaka Securities Exchange.

NSE under the Leadership of Chitra Ramakrishna

Variable	Before (2005)	After (2018)	Impact
Listed companies	970	1733	Increase
Turnover	1,140,071	72,34,826	Increase
Profits	35.48	326.16	Increase
Market capitalization	1,585,585	1,40,44,152	Increase

Source: NSE Financial data on NSE website. All figures in crores

IMPLICATIONS OF THE STUDY

Women create a positive environment within the boardroom improving its culture and dynamics and they also bring in a comparatively balanced view of risks. Women leaders can foster a better environment and introduce a strong team orientation into organizational culture. They are able to tap into a fuller spectrum of creativity and innovation. Diversity is more than a gender issue — it's about race, ethnicity, skills, experience, age and even geography, in addition to diversity of thought and perspective.

The representation of women in India is dismally low. Catalyst's First Step: India Overview has shown that nearly 50 percent of Indian women drop out of the corporate employment pipeline between junior and mid-levels, compared to 29 percent across Asia. As per a Credit Suisse report, India ranks second lowest in terms of women in senior management levels. The study proposes following

To bring about a positive culture change, organizations should start being intentional in their approach and align diversity with every process, goal and objective. Set up diversity and inclusion teams. Diversity Council should be formed at the apex and unit levels. Implementing sponsorship and mentoring activities. Women employees should have sponsors and mentors in the top-level management who advocate for them and back them on their journey to the top. Mentors are needed to provide guidance, support, and encouragement to their mentees.

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