

## AN EMPIRICAL INVESTIGATION OF THE NEXUS BETWEEN GENDER DIVERSITY AND FIRM PERFORMANCE

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### **Abstract**

*The paper gives the nexus between the gender diversity and performance of firms. With the concept of gender diversity, the concept of resource-based View and Social Identity Theory is used by understanding gender diversity as a strategic human capital resource that can improve the outcomes of organizations. The research design used in the study is quantitative, cross-sectional, and the data gathered are analyzed on a sample of 200 respondents in some of the chosen organizations through a structured questionnaire. Gender diversity is gauged by eight items to measure representation and inclusive practices whereas firm performance is gauged by ten multidimensional indicators, such as the employee productivity, innovation and creativity, operational performance, and organizational reputation. The findings indicate that there is positive relationship between gender diversity and firm performance with a high and significant value ( $r = 0.621$ ,  $p < 0.01$ ). The regression analysis suggests that gender diversity can strongly predict the overall firm performance ( $b = 0.621$ ,  $t = 11.15$ ,  $p < 0.001$ ) with the help of which 38.6 percent of the variance ( $R^2 = 0.386$ ) are explained. Sub dimension analysis reveals that there are considerable positive impacts on employee productivity ( $b = 0.548$ ,  $R^2 = 0.300$ ), innovation and creativity ( $b = 0.603$ ,  $R^2 = 0.364$ ), operational performance ( $b = 0.472$ ,  $R^2 = 0.223$ ), and organizational reputation ( $b = 0.655$ ,  $R^2 = 0.429$ ). The greatest effect can be seen on the organizational reputation. The results confirm the theoretical hypothesis that gender-different human capital is a resource that is valuable, and imitable, which increases competitive advantage. The research paper is a contribution to diversity literature of performance in firms by taking a multidimensional approach to performance. In practice, the findings emphasize the strategic role of introducing gender-inclusive policies in order to improve productivity, innovation and long-term organizational sustainability. The paper ends by concluding that gender diversity is an obligation but is also a strategic resource that is of great importance in boosting the performance of a firm.*

**Keywords:** *Gender diversity, Firm performance, Innovation, Organizational reputation, Resource-Based View, Diversity management.*

### **1. Introduction**

#### **1.1 Background of the Study**

Over the past decades, gender diversity has become one of the themes of organizational studies and corporate governance. Companies and organizations in all industries are becoming more sensitive to the fact that diversity in workforce is not just a question of social fairness but also a business strategic necessity. International organizations have stressed that gender equality is an important aspect of sustainable development, and organizations are encouraged to create an inclusive environment where equal opportunities are encouraged (Mensah & Onumah, 2023). Due to the nature of highly competitive and dynamic markets that businesses operate in, harnessing the various human capitals has been a critical aspect towards attaining high-level performance results. Gender diversity in organizations is based on the fair representation and inclusion of the people of different genders in the different levels of hierarchy such as management and leadership (Laskar et al., 2024; Zhang, 2020a). Workforce diversification leads to diverse thinking, experience, and cognitive processes that can improve the

quality of the decisions made, creativity, and the ability to solve problems. Diversity, as a strategic management concept, is becoming a treasure trove of organizational resources that can be used to create competitive advantage (Ononye & Aloamaka, 2025; Roy, 2022).

## 1.2 Problem Statement

Although the gender diversity is increasingly being focused on, there is still no empirical evidence on whether it has an effect on the performance of firms. Although some of the studies document a positive relationship between gender diversity and financial and non-financial performance, others show weak or insignificant relationships. These inconclusive findings suggest that the connection might be situational and depend on the organization traits, measurement strategies and diversity management activities. Moreover, a significant number of current studies are concentrated more on the board-level diversity and on the financial indicators, but not on the wider organizational practices of diversities and the results of multidimensional performance. The issue of gender diversity with its effects on the productivity, innovation, effectiveness and the reputation of employees is still a crucial research question that needs to be addressed systematically in an empirical manner.

## 1.3 Theoretical Foundation

The basis of this research is the Resource-Based View (RBV) developed by Jay Barney and the Social Identity Theory, which is offered by (Tajfel, 2010).

The RBV states that the attainment of sustainable competitive advantage in organizations is made possible through valuable, rare, inimitable, and non-substitutable resources (S & M, 2024; Sundar et al., n.d.). It is possible to regard gender-diverse human capital as one of such strategic resources, which equally improves the variety of knowledge, the quality of decisions, and the opportunities of innovations.

The social Identity Theory describes the way people identify themselves into social groups and it affects the interaction and processing of teams (Hogg, 2016). In the well-managed environment, different teams can boost creativity, open up horizons, and enhance group problem solving. A combination of these theoretical views offers solid grounds in which the effects of gender diversity to firm performance can be explored (Ellemers & Haslam, 2012).

## 1.4 Research Objectives

The main aim of the research is to empirically investigate the nexus of gender diversity and performance of firms on an organizational level. In particular, the research will address:

1. Test the impact of gender diversity on employee productivity.
2. Look into its effect on innovation and creativity.
3. Evaluate its impact on performance of operations.
4. Determine its role in reputation of the organization.

## 1.5 Contribution of the Study

This study contributes to the existing literature in three important ways. First, it offers empirical research on propositions of theories that associate diversity with competitive advantage. Second, it builds on previous studies by providing a multidimensional approach to firm performance as opposed to emphasizing on financial metrics. Third, it provides valuable information to managers and policymakers who want to implement effective diversity and inclusion policies that would lead to better organizational performance.

## **2. Literature Review**

### **2.1 Concept of Gender Diversity**

The concept of gender diversity implies the distribution of people of various genders in an organization, especially on the levels and among decision making posts. It does not just relate to numerical representation but also involves fair representation in recruitment, promotion, leadership, and organization (Polderman et al., 2018). In modern organizations, gender diversity is starting to be perceived as a strategic method of human resource practice and not necessarily one of compliance. At the organizational level, indicators that can be used to access gender diversity include the percentage of women working in the organization, the number of women managers, equal opportunities, and inclusive policies of the workplace (Hunegnaw Kebede, 2017). Different teams, according to scholars, bring wider outlook, more extensive information processing, and better quality of decisions. The gender diversity is usually identified with the improved responsiveness and adaptability as companies are becoming more complex in the environment.

### **2.2 Firm Performance**

The concept of firm performance is multidimensional in nature as it takes into consideration the capability of an organization to attain its strategic and operational goals. Historically, the financial metrics that have been used to measure performance are profitability, a metric of earnings per asset (ROA), and a metric of earnings per share (Return on equity). Non-financial performance measures, such as the ability to innovate, operational efficiency, the productivity of employees, and organization reputation, are however, noted in the recent literature as crucial (Solakoglu & Demir, 2016). The multidimensional approach gives a clearer insight into organizational effectiveness. Innovation and creativity means that the firm can come up with new ideas and solutions (Zhang, 2020b). Operational performance shows efficiency and the attainment of targets whereas organizational reputation shows the perception of stakeholders and sustainability in the long term. This implies that the analysis of the firm performance based on the financial and non-financial levels provides a comprehensive analysis of the results based on the impact of gender diversity (Muthukkannu et al., 2025).

### **2.3 Gender Diversity and Firm Performance: Empirical Evidence**

The empirical research on the correlation between the gender diversity and firm performance is inconclusive. Some studies are indicating a positive impact and it is claimed that companies with higher female representation in the top management are the ones that show better performances in finance, higher innovation results, and better governance hours (Li & Chen, 2018). Such studies present the argument that gender-diverse groups have a wider perspective and effective risk management, resulting in excellent decision-making. On the other hand, other researchers establish insignificant or context dependent effects. They claim that diversity can be a source of communication difficulties, conflicts, or costs of coordination in case it is not managed with proper control. Through their leadership in corporate boardrooms, women directors play a critical role in promoting sustainable growth and driving economic development. This research explores this relationship. With the growing recognition of the value of gender diversity in society, identify and characterize the distinct contributions made by female directors to Corporate Governance, organizational performance, and overall economic growth. It explores the various ways that women directors influence decision-making processes and add to strategic initiatives. The research highlights the importance of varied viewpoints in augmenting inventiveness, efficacy, and durability in establishments. The report also explores the dynamics of empowerment related to women taking on leadership positions on corporate boards. It looks at the obstacles women must overcome to become directors, evaluates the methods used to get beyond those obstacles, and evaluates the empowerment that results for both the person and the larger community.

The analysis highlights the influential function of strong female directors as advocates for gender equality and as agents of good change. The study also looks into how initiatives and policies may support gender diversity in boardrooms and offers insights into the organizational and structural aspects that contribute to fostering an inclusive environment that supports women's leadership through the analysis of effective practices and case studies. This paper attempts to highlight corporate governance changes, leadership development programs, and mentorship programs that help women advancement to positions of directors and key managerial persons in corporate sector (Antony Nancy & Morarji, 2024). The effects can be different in industries, firm size, culture and methods of measurement. Such conflicting results justify the necessity of additional empirical research, specifically, by using multidimensional performance measures and data on the level of the organization survey (Arora, 2022).

## 2.4 Research Gap

Irrespective of the accumulating literature, a number of gaps are found:

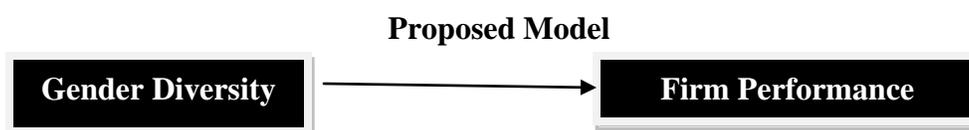
1. Most of the studies use financial performance indicators as the base of analysis thus overlooking the operational and reputational aspects.
2. The research on the gender diversity practices of an organization is limited to a few studies as opposed to diversity at the board level.
3. The lack of context-specific empirical evidence still exists, and especially in emerging and developing economies.

To close these gaps, the current study examines the direct impact of gender diversity on multidimensional firm performance through a structured approach of survey method. With the incorporation of both theoretical viewpoints of RBV and Social Identity Theory, this proposed study will seek to gain a more detailed insight into how gender diversity transforms to organizational performance outcomes.

## 3. Conceptual Framework and Hypotheses Development

### 3.1 Conceptual Framework

In the current research, a conceptual framework was suggested which is an observation of the direct correlation between gender diversity and firm performance. The conceptualization of gender diversity is based on the Resource-Based View (RBV) and the Social Identity Theory, according to which gender diversity is regarded as an organizational strategic resource that improves the performance of a firm on the level of various dimensions. The independent variable is gender diversity, which is considered to be a reflective indicator of equitable representation, the inclusion of different individuals within organizations, the inclusion of leadership, and the creation of equal opportunities. The dependent variable is firm performance which is measured in terms of multidimensional levels of performance such as employee productivity, innovation and creativity, operational performance, and organizational reputation (Schwab et al., 2016). The framework posits that gender diversity directly influences firm performance by enhancing knowledge diversity, improving decision-making quality, fostering innovation, and strengthening organizational image. By integrating theoretical insights and empirical perspectives, the model emphasizes that diversity is not merely a demographic attribute but a strategic capability (Kılıç & Kuzey, 2016).



In this study, the researchers use a direct effect-model without any mediation or moderation to investigate the quality and relevance of correlation between the two constructs.

### 3.2 Gender Diversity and Firm Performance

Gender diversity has gained grounds to be linked with better organizational performance. According to the Resource-Based View advanced by Jay Barney, various human capitals would increase the capacity of the firm to create a combination of unique knowledge thus, leading to the competitive advantage. Also, there is a Social Identity Theory postulated by Henri Tajfel that diversity in teams brings different cognitive frameworks and views. Such diversity can be harnessed in a positive way to drive positive debate, creativity, and strategic decisions. Consequently, companies that have elevated gender diversity might achieve increased productivity, output innovation, efficiency in operations, and stakeholder perception. There is conflicting evidence in empirical studies on this relationship. Although results of numerous studies indicate that gender diversity is positively related to performance outcomes, the issues of coordination difficulties and contextual issues are pointed out by other studies. The inconsistencies highlight the necessity of additional empirical research using overall measures of performance.

Performance of firms, in this study, is viewed as a multidimensional concept that includes:

1. Employee productivity.
2. Innovation and creativity.
3. Operational effectiveness.
4. Organizational reputation.

The analysis of the dimensions taken in unison gives the study a holistic assessment of the effect of gender diversity on organizational performance.

### 3.3 Hypotheses Development

On the basis of theoretical fundamentals and empirical results above, the following hypothesis will be proposed in this study:

**H1:** Gender diversity has a significant positive effect on firm performance.

Since the performance of a firm is a multidimensional one, a hypothesis can also be put in sub-hypotheses as they are as follows:

1. **H1a:** Gender diversity positively influences employee productivity.
2. **H1b:** Gender diversity positively influences innovation and creativity.
3. **H1c:** Gender diversity positively influences operational performance.
4. **H1d:** Gender diversity positively influences organizational reputation.

Quantitative empirical analysis is used to test these hypotheses to find out whether the gender diversity is significant in enhancing the organizational performance outcomes.

## 4. Research Methodology

### 4.1 Research Design

In the study, the research design is quantitative, empirical and cross sectional research design to investigate the relationship between gender diversity and firm performance. Quantitative research is suitable since it permits the systematic measurement of variables and the statistical test of hypothesized relationship. The study is descriptive and explanatory research design. The descriptive part seeks to evaluate the degree of gender diversity practices among the firms whereas the explanatory part explores the degree to which gender diversity impacts on the performance of the firms. It uses a cross-sectional time horizon since data was obtained at one time only on respondents.

## 4.2 Research Approach

The research used in the study has a deductive research approach. The hypotheses were developed and empirically tested with the help of the survey data basing on the available theories, including the Resource-Based View and Social Identity Theory. The deductive approach allows the testing of the theory, whether the results of the empirical research confirm the idea of the theoretical framework proposed to explain the relationship between gender diversity and firm performance.

## 4.3 Population and Sampling

The study population will consist of registered companies working in the chosen spheres. The sample populations are the HR managers, team leaders, and employees who have sufficient KSA on the aspects of the organizational diversity practices and performance results. To provide representation of the different organizational types and sectors, a stratified random sampling or purposive sampling is used. The last sample will be that of (enter your sample size) respondents. The sample size can be regarded as sufficient to conduct regression analysis and have statistical power to test the hypotheses.

## 4.4 Data Collection Procedure

A structured questionnaire was used in the collection of primary data. Questionnaire was made according to the existing theoretical and literature backgrounds to achieve content validity.

The instrument was divided into three sections:

1. Section A: Demographic profile of respondents.
2. Section B: Gender diversity practices.
3. Section C: Firm performance indicators.

## 4.5 Measurement of Variables

### 4.5.1 Independent Variable: Gender Diversity

Gender diversity is measured using eight items capturing organizational practices such as:

1. Balanced representation of men and women.
2. Women in managerial roles.
3. Equal career growth opportunities.
4. Inclusive recruitment and promotion policies.
5. Gender-supportive organizational culture.

These items assess both structural representation and inclusive workplace practices.

### 4.5.2 Dependent Variable: Firm Performance

Firm performance is conceptualized as a multidimensional construct and measured using ten items across the following dimensions:

1. Employee Productivity.
2. Innovation and Creativity.
3. Operational Performance.
4. Organizational Reputation.
5. Overall Organizational Success.

This multidimensional approach ensures a comprehensive assessment of performance outcomes.

## 4.6 Reliability and Validity

Cronbach's Alpha coefficient is applied to achieve measurement reliability. Internal consistency is acceptable with a value that is more than 0.70. The validity of the questionnaire content is determined by

reviewing literature and subjective evaluation of the items. Construct validity is determined by correlation research aimed at establishing relationships between variables.

#### 4.7 Statistical Tools and Data Analysis

The collected data are analyzed using statistical software (e.g., SPSS). The following analytical techniques are employed:

1. Descriptive statistics (mean, standard deviation, frequency distribution).
2. Reliability analysis (Cronbach's Alpha).
3. Correlation analysis to examine relationships between variables.
4. Multiple regression analysis to test the proposed hypothesis.

Regression analysis is used to determine the strength, direction, and statistical significance of the relationship between gender diversity and firm performance.

### 5. Data Analysis and Results

#### 5.1 Demographic Profile of Respondents

**Table 5.1: Demographic Characteristics of Respondents**

Variable	Category	Frequency	Percentage (%)
Gender	Male	82	41.0
	Female	118	59.0
Age	21–30 years	74	37.0
	31–40 years	86	43.0
	Above 40 years	40	20.0
Experience	< 5 years	69	34.5
	5–10 years	81	40.5
	> 10 years	50	25.0

The demographic profile shows that the sample is skewed towards female respondents with higher percentage of 59% than the percentage of male respondents who are 41%. Most of them are aged between 31-40 (43%), 21-30 (37%), implying a rather young and career-driven workforce. Most of the respondents in terms of experience have 5-10 years of work experience (40.5%), which means that the sample is predominantly formed by moderately experienced employees who can give informed answers on the topic of organizational diversity and performance practices.

#### 5.2 Reliability Analysis

**Table 5.2: Reliability Statistics**

Variable	No. of Items	Cronbach's Alpha
Gender Diversity	8	0.872
Firm Performance	10	0.914

The Alpha values of Gender Diversity (0.872) and Firm Performance (0.914) are all above the required 0.70 meaning that there is a strong internal consistency and reliability of the measurement scales. This implies that the tools applied in measuring each of the constructs are very consistent and can be subjected to additional statistics.

### 5.3 Descriptive Statistics

**Table 5.3: Descriptive Statistics**

Variable	Mean	Standard Deviation
Gender Diversity	3.78	0.64
Firm Performance	3.85	0.59

The average score of Gender Diversity (3.78) means that the respondents tend to believe that the practice of gender diversity exists in their companies. Correspondingly, the average of the Firm Performance (3.85) is a comparatively high level of the perceived organizational performance. The value of standard deviations (0.64 and 0.59) represents practical consistency in the responses, and there is no high variation between the respondents.

### 5.4 Correlation Analysis

**Table 5.4: Correlation Matrix**

Variables	1	2
1. Gender Diversity	1	
2. Firm Performance	0.621**	1

**Note:** \*\*p < 0.01

The correlation coefficient ( $r = 0.621$ ) records high positive relationship that exists between Gender Diversity and Firm Performance. The two asterisks ( $p < 0.01$ ) indicate that the correlation has a statistically significant value at the 1 percent level. This implies that increasing gender diversity is connected with excellent firm performance.

### 5.5 Regression Analysis

#### 5.5.1 Overall Effect of Gender Diversity on Firm Performance

**Table 5.5: Model Summary**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error
1	0.621	0.386	0.382	0.48

The variables in the model are much correlated ( $R = 0.621$ ). The R<sup>2</sup> of 0.386 means that the gender diversity explains 38.6 percent of the variance in the performance of the firm. The adjusted R<sup>2</sup> (0.382) is an indicator of the strong model, although the standard error (0.48) indicates a reasonable degree of prediction performance.

**Table 5.6: ANOVA**

Model	F	Sig.
1	124.35	0.000

The results of the ANOVA show that the regression model has a statistically significant value ( $F = 124.35$ ,  $p = 0.000$ ). The significance value is lower than 0.05, so the model can be described as a good fit, and gender diversity is an important factor to predict the firm performance.

**Table 5.7: Regression Coefficients**

Variable	Beta ( $\beta$ )	t-value	Sig.
Gender Diversity	0.621	11.15	0.000

According to the regression findings, Gender Diversity positively and significantly affects Firm Performance ( $b = 0.621$ ,  $t = 11.15$ ,  $p = 0.000$ ). The relationship is statistically significant since the p-

value is lower than 0.05. This shows that a growth in gender diversity results in a drastic performance of the firms, hence confirming the hypothesis.

### 5.6 Sub-Dimension Analysis of Firm Performance

**Table 5.8 Gender Diversity and Employee Productivity, Innovation, Operational Performance, Organizational Reputation**

	Beta ( $\beta$ )	t-value	Sig.	R <sup>2</sup>
Gender Diversity and Employee Productivity	0.548	9.42	0.000	0.300
Gender Diversity and Innovation	0.603	10.78	0.000	0.364
Gender Diversity and Operational Performance	0.472	7.85	0.000	0.223
Gender Diversity and Organizational Reputation	0.655	12.04	0.000	0.429

According to the regression findings, the gender diversity shows the positive and statistically significant influence on the productivity of employees ( $b = 0.548$ ,  $t = 9.42$ ,  $p = 0.000$ ). The relationship is statistically significant, as the value than 0.05 is lower. The R2 value is 0.300 indicating that the gender diversity accounts 30 percent of the employee productivity variation. This is an indication that the greater the gender diversity, the higher the level of productive employees. There is a high and considerable positive correlation between gender diversity and innovation and creativity ( $b = 0.603$ ,  $t = 10.78$ ,  $p = 0.000$ ). The value of R2 0.364 shows that the innovation variance is explained by the gender diversity 36.4 percent. This observation indicates that gender diverse teams can be more effective in creating creative ideas and innovative solutions in organizations. According to the findings, the gender diversity plays a significant role in the operational performance ( $b = 0.472$ ,  $t = 7.85$ ,  $p = 0.000$ ). The value of R 2 is 0.223, which implies that 22.3% of the operational performance variance is described by gender diversity. The effect is rather moderate, but it is still statistically significant, which indicates that diversity has a positive impact on operational effectiveness. The greatest effect on the organizational reputation is to be gender diversity ( $b = 0.655$ ,  $t = 12.04$ ,  $p = 0.000$ ). The value of R2 is 0.429, and it implies that gender diversity can explain 42.9 percent of the variation in organizational reputation. This implies that organizations that have a greater degree of gender diversity are observed more favorably by the stakeholders and have a better reputation.

### 5.7 Summary of Hypothesis Testing

**Table: 5.9 Summary of Hypothesis Testing**

Hypothesis	Statement	Result
H1	Gender diversity → Firm performance	Supported
H1a	Gender diversity → Employee productivity	Supported
H1b	Gender diversity → Innovation	Supported
H1c	Gender diversity → Operational performance	Supported
H1d	Gender diversity → Organizational reputation	Supported

The hypothesis test outcomes have high empirical evidence that supports the proposed conceptual framework. It supports the main hypothesis (H1), which states that the gender diversity positively and statistically positively influences the overall performance of the firm. This proves the fact that companies that have adopted equal gender balance and inclusive cultures are well placed to attain better performance results. This conclusion is also reinforced by the sub-hypotheses. Hypothesis H1a is confirmed, leading to proving that diversity in terms of gender is very effective in increasing the productivity of employees. This implies that the different teams can experience better teamwork, a wider view and increased problem solving skills that can result in increased efficiency and output. Hypothesis

H1b is also valid and it shows that gender diversity has a positive impact on innovation and creativity. The results suggest that the heterogeneous teams lead to diversity in ideas and alternative thoughts that promote creative thinking and innovative solutions in the organizations.

On the same note, the supported H1c indicates that there is gender diversity that is a significant contributor to the operational performance. Even though the impact is relatively moderate, it implies that inclusive organizational practices enhance coordination, quality decision-making, and goal attainment. Lastly, H1d is confirmed and it is found that gender diversity exerts the highest influence on the organizational reputation. This implies that companies that engage in gender inclusivity receive a better reputation among the stakeholders, which increases corporate image, credibility and sustainability. Generally, the general affirmation of all hypotheses confirms that diversity in terms of gender is a significant factor that leads to multidimensional performance of firms. The results support the opinion that diversity is not just a social or ethical responsibility but a strategic organizational capability that leads to sustainable competitive advantage.

## **6. Discussion**

### **6.1 Overview of Findings**

The main aim of this research was to investigate the nexus of gender diversity and firm performance. The empirical findings show that gender diversity positively and statistically affects the overall firm performance. Moreover, the sub-dimension analysis shows that gender diversity has significant impacts on the employee productivity, innovation and creativity, the performance of operations, and the reputation of the organization. Out of these dimensions, the greatest change was realized on the organizational reputation, then innovation and employee productivity. Implications of these findings are that gender-diverse organizations are better placed to record improved efficiency internally and also the external perception.

### **6.2 Theoretical Implications**

The findings have a solid backing of the assumptions of the Resource-Based View (RBV) of Jay Barney. It is argued by RBV that sustainable competitive advantage is attainable by firms using valuable, rare, inimitable, and non-substitutable resources. This research study has validated the hypothesis that gender-diverse human capital is such a strategic resource. Diverse teams have wider horizons, greater experience base and decision making and are ultimately advantageous to the organizations. Also, the results are in line with the Social Identity Theory created by Henri Tajfel. Despite the fact that diversity is likely to create group segmentation, diversity can be managed well to change the cognitive differences into constructive debate and innovation. The high positive impact of gender diversity on innovation justifies the fact that heterogeneous teams are the ones that promote creative solutions and idea generation. Generally, the theoretical hypothesis proposing that the management of diversity promotes firm performance has been confirmed by empirical evidence.

### **6.3 Comparison with Prior Studies**

This has been found to be in line with other studies that show that there is a positive relation between gender diversity and performance of firm. Some researchers have debated that gender-diverse organizations have better governance, enhanced trust of stakeholders, and strategic decision-making. It is especially noteworthy that the high effect is produced on organizational reputation. Gender-inclusive organizations are frequently viewed as socially responsible, ethically progressive, along with which, the stakeholder confidence and corporate image are improved. Previous studies have also however reported mixed or insignificant gender diversity and performance. These inconsistencies can be as a result of

variation in the contextual settings, methodology of measurement or even the characteristics of the industry. The current research adds to the literature in that it employs multidimensional performance indicators as opposed to adopting the financial metrics only hence providing a holistic picture of the performance results.

#### **6.4 Managerial Implications**

The results of this paper can be valuable to organizational leaders and policymakers. To begin with, organizations ought to view gender diversity as a strategic investment as opposed to more of a compliance measure. Individualized recruitment, promotion and leadership development programs can have quantifiable performance results. Second, the considerable impact on innovation implies that teams comprising of diverse genders ought to be promoted in research, product development, as well as strategic decision-making departments. Third, the high correlation between gender diversity and organizational reputation suggests that diversity programs can increase brand image and stakeholder trust, which will lead to sustainability in the long term. The managers are therefore advised to adapt diversity management plans in wider organizational performance frames.

#### **6.5 Policy Implications**

The findings at the level of policy attract initiatives that facilitate gender inclusion in organization structure. The reforms in regulatory procedures and leadership that promote gender balanced representation can not only promote equity in society, but also economic efficiency. The policymakers need to urge organizations to go beyond the practice of token representation and prioritize on the practices of meaningful inclusion, which will create equal participation and promotion opportunities.

### **7. Limitations and Future Research Directions**

#### **7.1 Limitations of the Study**

Although this research has offered some important empirical evidence on the relationship between gender diversity and the performance of firms, there are many limitations to the study that need to be mentioned. To begin with, the study uses a cross-sectional research design, in which data were taken at one instance. This design does not allow the determination of the causal links between gender diversity and firm performance. Longitudinal studies would be better evidence on the direction and sustainability of the effects observed. Second, the research uses self-reports of surveys, which can lead to common method bias and subjective perception bias. The judgment by respondents concerning gender diversity practices and performance of firms can be subjected to the effects of personal experiences or of organizational culture.

Third, the firm performance was gauged on perceptual and multidimensional parameters other than objective financial measures such as a ratio of the returns on the assets or profitability. Although perceptual measures reflect the general performance of the organisation, upcoming research might include financial performance data to support the measurement. Fourth, the research only looks at gender diversity and fails to look at other types of workforce diversity, including age diversity, educational diversity, cultural diversity, and ethnic diversity. The effects of various dimensions of diversity can lead to organizational performance. Lastly, the research can be context-dependent with regards to sector or geographical coverage and thus the lack of generalization of the research to other industries or nations.

## 7.2 Directions for Future Research

This current study can be expanded in quite a number of meaningful aspects in future research. To begin with, scholars can consider using longitudinal research design to investigate the extended effects of gender diversity on the firm performance and to more adequately determine causal links. Second, in the future, objective financial measures, including profitability ratios and measures of market performance, could be used to supplement perceptual data to increase the rigor of the methodology. Third, researchers can consider moderating and mediating variables that identify how and when gender diversity has an effect on performance. Indicatively, employee engagement, organizational culture, leadership style or the size of the firm may serve as a mediator or moderator between diversity-performance relationship. Fourth, more sophisticated analytical instruments like Structural Equation Modeling (SEM) or Partial Least Squares (PLS-SEM) can be utilized to analyze a more complicated relationship between a number of constructs. Fifth, cross-country comparative research can help reveal more about the role of cultural, regulatory, and institutional aspects in the success of gender diversity initiatives. Lastly, a study that can be conducted in the future would be to study intersectional diversity by looking at how gender interacts with other dimensions of diversity to bring about organizational results.

## 8. Conclusion

The key aim of the study was to conduct an empirical research of the nexus between gender diversity and the performance of firms. The research project utilized the concepts of the Resource-Based View and the Social Identity Theory to conceptualize gender diversity as a strategic organizational resource that would be able to provide improved multidimensional performance results. The study was based on a quantitative cross sectional research design and regression analysis that explored the direct impact of gender diversity on the overall firm performance and its individual dimensions, such as, employee productivity, innovation and creativity, operational performance, and organizational reputation. The empirical results prove that the effect of gender diversity on firm performance is positive and statistically significant. The findings suggest that companies with equal gender balance and an inclusive workforce have better productivity rates, greater innovation ability, greater efficiency, and their organizational image are more positive. Among these dimensions, the greatest change was identified on the organizational reputation that indicates that diversity initiatives add significantly to the stakeholders perceptions and corporate image.

Such results support the theoretical hypothesis put forward by Jay Barney through the Resource-Based View framework, that competitive advantage is created by valuable and inimitable resources of human capital. Gender-heterogeneous human capital seems to act as a resource in this way by expanding the cognitive views and enhancing the organizational capacity. Moreover, the findings are consistent with the Social Identity Theory proposed by Henri Tayef, who notes that diversity can facilitate creativity and collective decision-making in case it is successfully managed. The research contributes significantly to both the practice and the theory. Theoretically, it expands the research on diversity by taking a multidimensional perspective of firm performance and not focusing on financial indicators. It is empirically proven as evidence of the positive impact of gender diversity on the organizational level. In practice, the results would imply that the managers are supposed to incorporate gender-inclusive policies in their strategic planning and human resource management system to improve the overall effectiveness of the organization. Summing up, the paper confirms that gender diversity cannot only be compliance or ethical requirement but also a strategic potential that can make a notable improvement to the performance of firms. Those organizations which promote an inclusive practices and fair participation tend to gain a sustainable growth and long term competitive advantage.

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