

Financial performance and gender diversity. The effect of family management after a decade attempt

Financial performance and gender diversity

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Abstract

Purpose – The purpose of this study is to investigate family management, financial performance and gender diversity of listed firms.

Design/methodology/approach – Using the India stock market as a testing ground, this paper used descriptive statistics and panel regression with random effect assumptions in the analysis of 800 firm-year observations between 2010 and 2019.

Findings – The findings show that an improvement in stock price returns leads to a corresponding increase in women employment. Also, the study shows that an increase in family-managed firms leads to a decrease in the number of women employed in listed firms. This paper speculates using the social role theory that family involvement may see women as the weaker vessel and with a role to concentrate on raising children and handling house affairs. The consequence is a decrease in women employment. The study also shows that the interactive variable of financial performance (return on assets and return on equity) \times family-managed firms still causes a decrease in women employment. This paper perceives that managers in family-managed firms see women as weaker vessels and home managers which is consistent with the Indian culture. The results are robust after controlling for endogeneity.

Research limitations/implications – The research study is limited to large firms on the Indian stock market that submit sustainability reports and also used a single country data that can potentially limit the generalisation of the study.

Originality/value – No studies have combined social role theory in examining the effect of family management on gender diversity in the emerging markets.

Keywords Financial performance, Gender diversity, Social role theory, Family management

Paper type Research paper

1. Introduction

The year 2000 marked the beginning of social scientists' attention to gender diversity research, but with inconsistent outcomes (Minguez-Vera and Campbell, 2007; Lynn *et al.*, 2009; Terjesen *et al.*, 2009; Brahma *et al.*, 2020). Nonetheless, gender diversity studies gained traction from 2008 (Appendix Figure A1 Web of science-gender diversity graph), as evident from the various studies reported during 2008–2018 (Francoeur *et al.*, 2008; Terjesen *et al.*, 2009; Dezso and Ross, 2012). However, these studies have not closed the gap in the past

