Bulletin of the *Transilvania* University of Braşov
Series V: Economic Sciences • Vol. 9 (58) No. 2 - 2016

Gender diversity and firm performance in seeking for sustainable development

Silvia SUMEDREA[1]

Abstract: *This paper is focused on identifying possible relations between companies' performance and their board structure and managerial team after the recent world financial crisis, in an attempt to identify possible ways to support corporate sustainable development. Companies with board and management team gender diversity tend to score higher in terms of ROA and ROS than companies where men are in charge. Women in managerial positions in large companies tend to relate better with customers and help sales improvement, but in companies that are old and big the women participation in the process of strategic decision making is not particularly encouraged.*

Key-words: *gender diversity, management, financial performance, sustainable development*

1. Introduction

There is a very actual debate about companies' performances and their ability to maintain their operation in a sustainable manner after the tough crisis that hit the world in 2008-2011. The present post-crisis world is a more polarized one, with many gaps and disparities between various economies and with many companies around the globe struggling hard to survive and develop. Various performance drivers were studied, new econometric models were tested and alternative development strategies were implemented, both in the developed and in the less developed economies, at national and companies level, in an attempt to diminish the negative effects of the financial crisis.

Following the crisis, even the EU economic space is perceived as an unbalanced one, and is more and more confronted with the concept of two-speed development (Piris, 2012), as it seeks for possible solutions for its future sustainable development.

Cross-countries studies developed by Eurostat examined all the 28 EU countries for a better understanding of their common points and biggest disparities in their common sustainable development. Themes such as population dynamics, education and labour market, combined with issues related to economy and finance,

[1] Transilvania University of Braşov, silvia.sumedrea@unitbv.ro

and innovation and information society must now be assembled in new ways for building more coherent future EU sustainable development policies.

The development of new communication technologies combined with the easy access to a huge amount of knowledge already began to bring a series of changes on both the labour and the education markets in the EU. Different cultural patterns, combined with new expectations based on a different education and work motivation will influence the EU economies in their future growth, too.

This paper will examine the possible connection between firm performance and gender diversity in an attempt to discover how the board of directors and the managerial teams are doing their jobs and are using their skills and knowledge when confronted with gender diversity and, furthermore, if there is a link between gender diversity and the financial performance of companies that could be used to promote their sustainable development, in one of the less performing European country, namely Romania. Based on the results, some suggestions will be formulated for a future development of the subject, some recommendations to policy makers will be presented along with some possible solutions for companies' future development.

2. Literature review

Comprehensive studies on the companies' management structure in various cultural contexts have been the subject of many interesting books and scientific papers, starting with years '80-'90 of the past century, among the most famous being those published by Gert Hofstede and his collaborators (Hofstede, 1983, 1990, 1993). Hofstede developed the well-known *cultural dimension* theory where an important explanatory factor of each national culture was the one called *"masculinity versus femininity (MAS)"*. Hofstede said that *culture* is a collective learned programming of the mind that derives from the social environment and allows us to differentiate between the members of various groups and understand their behaviour. In some cultures, he said, there is a preference for "masculinity" (e.g. for competition, achievement, material rewards for success and assertiveness), while in others "femininity" prevails (e.g. a preference for cooperation, modesty, quality of life and environment and, also, attention for the weak). His cultural dimension theory served as a base for further studies related to how various cultural drivers could influence companies' performance. In their study, Watson, Kumar & Michaelsen (1993) suggest that group diversity leads to a competitive advantage due to improved knowledge base and increased creativity and innovation.

Other studies focused on how (and if) the managerial team structure, the organisational performance, and company's size are correlated in an attempt to explain certain financial or non-financial performances (Chaganti et al. 1985; Baysinger, 1985; Barney, 1986, Shrader et al., 1997, Carter et al., 2003, Erhardt et al., 2003, Deszo et al., 2013). The link between company performance and the board

and managerial team structure has been also analysed in more recent studies, both in developed countries - such as Denmark (Rose, 2007), Italy or Australia (Galbreath, 2011), Nederland (Luckerath-Rovers, 2013), US (Mohan, 2014) -, but also in emergent economies such as Malaysia (Marimuthu and Rahman, 2009, Julizaerma and Sori, 2012,) or Pakistan (Al-Mamun et al., 2013).

As a result, currently there exist four major groups of theories related to board structure and companies performances, two of them focused on the possibility of improving financial performances of companies (*agency theory* and *stewardship theory*), and other two focused on non-financial performance improvement via board structure (*stakeholder theory* and *legitimacy theory).* The *agency theory* is clamming that a more diverse boardroom is able to offer new perspectives on complex issues and to formulate more adequate strategies for problem solving, by sharing more diverse knowledge and experience through open communication between board members and staff. The *stakeholder theory* states that managers and board members should act not only in the interest of shareholders, but also of all stakeholders in order to improve the value of the company. A gender diverse board is meeting the expectation of the community and is signalling the availability for organisational reforms (for example the commitment to enhance women's opportunity to a managerial career). It is also representing a sign of promoting good policies (e.g. social corporate responsibilities) to meet the pressure from stakeholders (shareholders, employees, customers, suppliers, government, and local community).

Being highly valued, the topic of board characteristics (diversity, size and performance) was discussed by Ferreira & Kirchmaier (2013) who compared data for 22 European countries and discovered that good governance depends by country characteristics. Also, another recent published research revealed the results of a study performed by The Centre for Inclusive Leadership (Visser, 2015) that compares data from five EU countries (Italy, Latvia, Romania, Spain and UK) related to board structure and women role as CEO and managers in publicly traded companies for a better understanding of their diverse level of performance. The results showed that there are numerous differences among the EU states, and also between the EU and the rest of the world, regarding gender representation on companies' board and on managerial teams. These studies showed that women are frequently employed in inferior managerial positions, in low-paying occupations, low skilled or unskilled working places, being under-represented in top managerial and board positions (Foubert, 2010, Visser, 2015). In 2015, the female representation in senior managerial teams in the EU (18%) was slightly higher than in the US (16.9%), but considerably better than in Asian countries such as China (8.1%) or Japan (1.1%). In a previous research, Sender and Visser (2014) searched for various possible explanations of the differences between employment practices of women in leadership positions, finding various explanations in the Management of Human Resources theories (which emphasize different career choices that are proper for men and women), in the theories of discrimination (negative stereotypes

about women) and even in the theories related to cultural-political and status features ("glass ceiling" theory). In their report, five case studies of companies from different sectors and different parts of Europe were presented, and alternative strategies of promoting women in higher managerial positions were examined. In their search for improving women inclusion, some companies discussed the possibility of integrating the theme of gender diversity into a broader theme of sustainable development. Even from 2011, Miles found that there exists an increase in the stakeholders' demand for gender performance information, particularly on the number of women in management via sustainability performance reports. And an IMF annual report on gender and inclusion (2015) stated that there was some progress towards benchmarks in diversity and inclusion preoccupation and that, through cultural changes, this could lead to an increase in the competitive advantage for the sustainable development of mature companies. Such statement is confirmed by numerous companies' reports worldwide (AGL, Henkel, PepsiCo, Volvo, etc.) related to gender diversity, economic performance and long term sustainability

While many studies and scientific articles support the idea of a positive correlation between gender diversity and economic performance, other research studies exist, mostly applied to US listed companies, (Farrell and Hersch, 2005; Smith, Smith & Verner 2006; Adams and Ferreira, 2009, Zhen Zeng, 2011) that indicate that there is no direct relationship between an increased gender diversity and an improved stock price performance and profitability because a diverse board that is more open to conflicts in the decision making process will need more time to decide.

3. Research methodology

Usually, experts consider that gender diversity means considering and promoting different skills, resources and potential of women and men (Ely, Foldy & Scully, 2003). Men and women are different in the workplace and they can influence the organisation's performance (Herring 2009). Man and women have different communication styles, influencing tactics, and leadership styles. For the purpose of this paper, gender diversity will refer to the presence of women as board and managerial team members.

The purpose of this research is to:

a. Identify the degree of women participation in boardrooms and senior decision-making positions in for-profit organisations;
b. Identify if there exist any link between companies' financial performance and the presence of women in the boardrooms and managerial team;
c. Identify the characteristics of firms that appoint more women to their board of directors or top management team.

The focus of this research is to identify the possible link between company performance and board and managerial team structure (based on gender representation) in an attempt to better understand the possible ways of maintaining and increasing the sustainable development of companies. A sustainable company is nowadays counting for three key aspects of development (economic, environmental and social), e.g. it must be able to produce goods and/or services in a continuous manner, by using stable resources, avoiding over-exploitation of them and being concerned about various social aspects, among which gender equity and participation (Holmberg and Sandbrook, 1992). In order to achieve the purpose of this paper, the following hypotheses were formulated:

H1: The board dimension of a company is positively correlated with the presence of women in the board

H2: A positive correlation exists between women in boardrooms and women in senior positions in managerial teams.

H3: A positive correlation exists between women in boards and/or managerial teams and financial performance of companies

H4: Larger companies tend to include more women in the decisional process

H5: Older companies tend to reject the presence of women in decisional positions

H6: Friendly-environmental companies tend to include more women in the decisional process.

Because the necessary information about companies' characteristics is not always easy to obtain, some of the most visible, sustainable and open companies have to be selected, e.g. those that are publicly traded on a stock market exchange, where a Code of Corporate Governance (CCG) is in place. Such Code defines a general system of rules, policies and practices by which companies are managed and controlled for the interest of stakeholders (shareholders, managers, employees, suppliers, customers, government, and investors) and therefore should provide accountability, transparency, and trust. Essentially, corporate governance refers to the way rights and responsibilities of various categories of participants in the company's business are divided, such as of the board of directors, managers, shareholders and of other interest groups, while specifying how decisions are made, how strategic objectives are defined and achieved and how economic performance is monitored.

The present study is based on data obtained from Romanian companies listed at Bucharest Stock Exchange (BSE); these companies must comply with the obligation to publicly disclose detailed information about their board and management team structure, along with detailed reports on financial data, as is stipulated in the BSE Code of Corporate Governance. Beginning with the year 2014, all listed companies must fill in and publish a CCG declaration (named "*Complain or explain*") as part of their compliance with the code of good governance. At Bucharest Stock Exchange there are 84 companies listed in premium and standard

categories that must comply with the CCG stipulations, and according to the National Classification of Economic Activities list (CAEN), 47 companies are operating in various manufacturing businesses (food, drinks, textile, paper, machineries), 13 are operating in the financial domain (banks, investment funds, etc.), and others in transport and storage, mining and quarrying sector, electricity, gas, steam and air conditioning production and supply, construction, wholesale and retail, hotels and restaurants and also in real estate activities - see table 1.

Companies' activity (CAEN Rev.2 sections)	*No. of companies listed at BVB*	*% of total*
Mining and quarrying	4	4.76
Manufacturing (food, drinks, textile, paper, machineries, pharmaceutical, etc.)	47	55.95
Electricity, gas, steam and air conditioning production and supply	3	3.57
Construction	3	3.57
Wholesale and retail	4	4.76
Transport and storage	5	5.95
Hotels and restaurants	4	4.76
Financial intermediation and insurance	13	15.48
Real estate activities	1	1.19
Total	**84**	**100.00**

Table 1. *Listed companies at BSE by their main domain of activity*

Out of 84 listed companies, 10 are suspended, being under insolvency procedure or having various litigations. Additionally, one company was admitted to trading in the year of analysis (June 2014). Given the different ways the financial firms compile their reports, they have been excluded from processing along with the ten companies suspended (because their behaviour is not sustainable, being under special judicial procedures). For data comparability the newly admitted company was also excluded. As a result, a total number of 60 companies were analysed, based on the following main data sources: the BSE website (www.bvb.ro), the websites of the listed companies, the annual reports of each company and the Ministry of Finance website (www.mfinante.ro). From the BSE website, I obtained detailed information related to the following matters for the last available period (2014) with complete data:

- Stock issuers (name, ticker, website, domain of activity, number of years in business, shareholder structure);
- Financial data for year 2014 (fixed and total assets, EBIT, net sales and net income).

Moreover, data related to the following topics were collected from companies' annual reports (that includes the "*Complain or explain*" declaration) and websites:

- Board number and structure (executive vs. non-executive members)
- Total number of females in the board and their current position there
- Total number of senior managers and the number of women managers, along with their current team position.

As we discussed in the previous section, companies' performance could be measured in multiple ways, some of them emphasizing financial results, whilst others highlighting non-financial ones (social and environmental performance). Many studies (Erhard at al., 2003, Carter et al, 2003; Hagel III et al., 2010; Segal, 2010; Barnet, et al, 2012, etc.) indicated ROA (return on assets), ROE (return on equity), ROS (return on sales) and Tobin's Q as being adequate measures of the financial performance of the companies.

$$ROA = EBIT/total\ assets \quad (1)$$

$$ROE = Net\ income/Common\ equity \quad (2)$$

$$ROS = Net\ income/Net\ sales \quad (3)$$

$$Q\ ratio = Total\ market\ value\ of\ company/Total\ assets\ value \quad (4)$$

In this research, I opted for the use of ROA and ROS as being the most appropriate dependent variables of the model, because ROA explicitly takes into account the total assets needed to support the business and, moreover, because the managers are the ones who decide the way these assets are used in operational activities. After all, ROA is measuring the degree to which managers are able to use the assets to generate adequate return (EBIT). ROS was also considered, because in many cases women in management team are occupying positions as financial managers, sales managers or operation managers, and are crucial decisional persons in those areas. EBIT is a result of politics and strategies developed by managers, of the relations developed with clients and suppliers that are selected by managers and by employees recruited, selected, hired and remunerated by same managers. But, the net income is a result not only of the above operations, but of how the company is financed, so it is influenced by the corporate financial structure and the financial market (via interest rates on loans and currency exchange rates) thus, seeing the net sales in relation with the net income, ROS becomes also relevant as a dependent variable. For the current analysis, the following independent variables were set up:

X1 = BOARD - board size (number of executive and non-executive members in board)
X2 = PWOMAN - percentage of women in board
X3 = MNWOMAN - percentage of women in top management team
X6 = MEET - annual number of board meetings
X7 = ENV - type of operational process

Also, the following control variables were developed:

X4 = SIZE - log (Net sales), size of the company
X5 = AGE - number of years in business

I used the number of years in business as a proxy variable to simulate the organisational culture of a company (e.g. the number of years a company operates in a domain assumes that the company has an organisational system that is functional, with stable and known rules and with common ideas and shared values and behaviours). Hofstede (1980) and Barney (1986) were among the first authors to identify the cultural variables as determinant of economic performance.

4. Research results

From a total of 60 analysed companies, 37 are owned by Romanian shareholders (10 of them being state-owned), while 23 by a mix of Romanian and foreign shareholders – see table 2.

No.r of companies, of which:	*Romanian capital*	*Mixt capital*	*State owned companies*	*Private owned companies*
60	37	23	10	50
100.00%	61.67%	38.33%	16.67%	83.33%

Table 2. *Capital structure of BVB publicly traded companies*

The 60 companies listed at BSE registered different financial results in the year 2014, some of them being profitable, and some not. The most lucrative were the companies in the pharmaceutical domain (with a maximum ROA of 16.56%), along with those in the public utilities domain (electricity, gas), whilst heavy dependent on electricity-to-operate companies suffered losses (with a minimum ROA of -8.07%).

Moreover, for one of the companies, the oil market was adverse in that it not only decreased its sales in 2014 compared with the past two years, but also made the company to register an important loss in profitability (ROS: -138.57%). There is only one "young" company with only 16 years of activity in 2014 (for descriptive statistics - see table 3).

	Mean	*Standard deviation*	*Min*	*Max*
Total assets	1,570,000,000	5,880,000,000	11,484,922	43,200,000,000
EBIT	97,387,508	396,000,000	-150,000,000	2,480,000,000
Net income	57,811,037	338,000,000	-1,100,000,000	1,840,000,000
Net sales	844,000,000	2,770,000,000	986,001	16,500,000,000
ROA	4.07%	4.97%	-8.07%	16.56%
ROS	1.82%	22.79%	-138.57%	31.37%
Age in business	56.77	27.05	16	124

Table 3. *Descriptive statistics of financial data*

The boards of the 60 studied companies have a size varying from minimum 3 to maximum 9 members, with an average number of member of 4.68 (see table 4). Taking into consideration the fact that seats on boards are limited and their occupants are nominated by shareholders, whose decision power depends on the number of shares they hold, we can say that each board structure reflects the structure of company's decisional power. Essentially, the Board of Directors performs activities related to: setting out the main directions of company's activity and development; establishing the accounting policies and the financial control system; approving the financial plans (budgets, investment programs).

	Board number, out of which:	*Number of women in board, out of which:*	*Number of executive members (women)*	*Number of non-executive members (women)*	*Top management, total, out of which:*	*Women*
Mean	4.6833	0.7333	0.15	0.5932	4.667	1.20
Std. Dev.	1.53	0.8995	0.4044	0.8329	2.9428	1.6135
Minimum	3	0	0	0	1	0
Maximum	9	3	2	3	15	7
Total	281	44	9	35	268	72
Count	60	60	60	60	60	60

Table 4. *Descriptive statistics of boards and management teams*

Of course, the board also determines the organisational and functional structure of the company, the structure and the number of directors, who are appointed and discharged by the board. The board prepares the annual report, organises the general meetings of shareholders and implements its decisions. The organisational and functional structure of the company is approved by the board, too and so is the management plan drawn up by managers, whose work is supervised also by board.

Out of a 281 total number of board members in 60 companies, there are 44 women, only 9 of them being executive members (3.20%): 6 being board or vice-board chairpersons, other 3 being executive members, and the rest of them being non-executive members. But where state ownership exists, more women are appointed in companies board (correlation coefficient being 0.2841), in contrast with those mixt-owned companies (with foreign shareholders) where tends to be a men's world (correlation between women executives and companies ownership being negative, -0.1486). Management teams (which vary from 1 to 15 persons with an average of 4,67 members) can include in their structure one or more board members, or even none. The board is delegating decisional power for current management operations towards management team, keeping for itself the attributions related to company's strategies. If women are part of the managerial team, they are usually occupying the financial manager position (8.21%), production/operations/services

manager (4.10%), and general manager positions (3.36%) or, in rare cases, sales manager (2.99%), HR manager (2.61%) or other managerial positions related to quality, communications, PR or development - see table 5.

Women percentage in boards	15.66%
Executives-women percentage in boards	3.20%
Women percentage in top management	26.87%
Positions women occupied in managerial team:	
- general manager	3.36%
- financial manager	8.21%
- production/operation/services manager	4.10%
- sales/commercial/marketing manager	2.99%
- HR manager	2.61%
- quality manager	1.87%
- development manager	1.12%
- PR/communication manager	0.37%

Table 5. *Women in management – 2014 (%)*

For identifying the possible link between companies' financial performance and the presence of women in the boardrooms and managerial team, I calculated the average value of ROA and ROS after grouping the companies in 7 groups according with their board and managerial team gender diversity and, for further analyses, I calculated also the companies' average age for each group (see table 6).

Groups of companies being compared	*Number of companies*	*ROA (%)*	*ROS (%)*	*Company's average age (years)*
All listed companies	60	4.07	1.83	55.13
Companies with no women in boardrooms	30	3.69	-2.27	53.57
Companies with no women in management teams	27	3.13	-3.79	55.63
Companies with no women in board or in management teams	15	3.00	-11.50	**62.13**
Companies with board gender diversity	30	**4.45**	**5.92**	56.70
Companies with board and managerial team gender diversity	18	**5.23**	**5.97**	57.39
Companies with managerial team gender diversity	33	**4.84**	**6.42**	54.73

Table 6. *ROA and ROS for listed companies with and without gender diversity*

The results that I obtained regarding ROS confirm Herring (2009) findings that "gender diversity is associated with increased sales revenue, more customers, and greater relative profits", because ROE is greater in that group of companies that have women in boardrooms and/or in managerial teams compared with those groups where are only men. Comparing the average result of ROA in table 6, we can

observe that the assets are also better exploited in companies where there exist female in boardrooms and/or managerial teams. But, the older a company is, the more masculine the board and management team tend to be. Companies with no women in board and management team that are the oldest (with an average of 62.13 years) tend to have the weakest financial performance. For further clarifications, the correlation degree among the variables was tested and a correlation matrix for a 95% confidence level has been developed (see table 7 - Pearson correlation matrix). At first, we can see that ROA and ROS are positively correlated and also the board dimension is positively correlated with ROS as expressions of financial performance. The larger the board, the more positive the financial performance tends to be. According to Jurkonis & Anicas (2015) "larger boards usually have more connections, better ability to attract financing, competent managers and employees, more experience". But is the board size positively correlated with the female presence in its structure as the first hypothesis stated?

In the beginning of this section, the hypothesis of positive correlation between the board dimension and the presence of women in board has been formulated. The calculations indicate that the Pearson correlation coefficient between the analysed variables (X1 – BOARD, and X2 – PWOMEN) is not statistically significant - see table 7. But, if there are women are appointed in boardrooms, a positive correlation can be observed in relation with women in managerial teams (0.3095), validating the hypothesis H2 and also the one tested by Gupta and Raman in their recent study in 2014. A more gender diverse board tends to appoint more women in the managerial team. And there is good news in this behaviour, because a positive correlation exists between women in decisional positions and financial performance of companies (correlation coefficient being positive when linking the managerial team structure to financial performance, 0.234), validating the third hypothesis of the research.

	Y1 ROA	Y2 ROS	X1 BOARD	X2 PWOMEN	X3 MNWOMEN	X4 SIZE	X5 AGE	X6 MEET	X7 ENV
Y1 ROA	1								
Y2 ROS	.391**	1							
X1 BOARD	.117	.228*	1						
X2 PWOMEN	.045	.146	-.103	1					
X3 MNWOMEN	.205	.234*	-.123	.309**	1				
X4 SIZE	.351**	.444**	.603**	-.088	-.008	1			
X5 AGE	.036	.038	.079	-.139	-.147	.009	1		
X6 MEET	.074	.119	.359**	.007	-.035	.465**	.092	1	
X7 ENV	.177	.079	.129	-.069	-.193	.249*	.250*	-.085	1

Table 7. *Pearson correlation matrix*

(**. Correlation is significant at the 0.01 level (1-tailed),

(*. Correlation is significant at the 0.05 level (1-tailed))

Data in tables 5 confirm these findings, too. But, the figures confirms also the founding of Akpinar-Sposito (2012) who discovered in companies both from France and Turkey that "female managers generally tend to be concentrated in lower management positions and have less authority than men" e.g. women are more likely to be appointed at the middle level of managerial team rather than on top positions (as the figures in table 4 shows, too).

Analysing the size of companies in correlation with financial performance and the boards dimension strong positive correlations can be observed, confirming results obtained in other studies (Rodriguez-Dominguez et al., 2012). Competitive and complex businesses need a strong leadership. Such companies that have the largest boards will seek for more consensuses, by holding an increased number of meetings (BOARD, SIZE and MEET being positive correlated). A larger company will have this tendency to increase the number of board members, but not necessarily to encourage women participation. Based on primary figures, we can say that the larger a company's board is, the fewer women are in it and/or in the management team and, additionally, the older and larger a company is the fewer women are in leading positions in managerial teams. If the company is both old and big, the women participation in the process of strategic decision making is not particularly encouraged. Unfortunately, the financial performance of these "man world" companies is lower than of those encouraging women decisional presence (see table 6).

Pearson coefficients indicate that there cannot be established a correlation between the significant presence of women in boards and managerial teams of eco-friendly companies, meaning that women are not particularly choosing to work for such companies, even if at national level this trend exists (more women being engaged in activities related to services, real estate, and other eco-friendly activities).

Recalling the initial idea of this paper that a sustainable company must be able to produce and sell goods and/or services in a continuous manner and (among other aspects) being concerned about gender equity and participation, the finding that companies with no female presence in the decisional process led to the idea that such companies are less sustainable on long perspective for at least two reasons. Firstly, there is an obvious lack of performance in those "mans' world" companies compared with the rest of analysed ones (ROS being negative for them and ROA being low for the analysed period – see table 6). And secondly, according to Eurostat, if we take a closer look to the educational choices made by women and men in Romania, we can see that more than half the number of students enrolled in each of the past 10 years are women (54%), out of which an average proportion of at least 55% follows a specialization in "Science, mathematics and computing - engineering, manufacture and construction", areas traditionally covered rather by men (according to Eurostat). These figures suggest that there exists a potentially valuable local expertise that is underused by analysed companies, because as Rodriguez-Dominguez et al. (2012) also found out: "the results obtained show that when working conditions and academic background are similar, women achieve better performance in sectors traditionally dominated by men".

5. Conclusions

A more and more globalised world has brought into attention these years an increased need for new ways of improving companies' performance at various levels. The concept of sustainable development gain more adepts in the post-crisis economies. Stakeholders are more attentive than in the past to complex ways of evaluating companies' results. Including more diverse perspectives might improve the performance of companies and therefore new ways of understanding business were studied and applied.

This paper searched for finding new ways of understanding the performance of companies and its relation with the presence of women in the decisional-making process. The board and managerial team composition were analysed in finding the possible connections with financial performance and long-term sustainability. The empirical evidence have shown that BSE listed companies (financial companies excluded) have boards with an average number of 4.68 members, like many other companies that are listed worldwide. Various characteristics of companies were analysed and some correlations appeared: the larger the company size and board dimension, the more profitable the company tend to be; large boards are needed for developing complex strategies that allow companies to develop sustainable businesses. Large companies not necessarily encourage women participation to decision-making process; as a result, women percentage in boards of listed companies is 15.66%, but the presence of executive women in boards - where the strategies are developed - is less significant (only 3.2%), whilst the ratio of women presence in managerial teams is higher (26.87%).

If there are women appointed in companies' boards, then more women will participate in the decisional-making process in managerial teams, more often in middle-levels positions, as financial managers, sales managers, administrative managers, etc. A positive correlation between financial performance and women contribution on it is not easy to establish, but it exist, particularly between sales ratio (ROS) and the presence of women in managerial teams. Big companies tend to sell more and be more efficient if there are women involved in the decision-making process. There is no significant relationship between company's age (as a proxy for organisational culture) and the appointment of women in boards and managerial teams, but is possible that old and big companies that have eco-friendly operations and appoint more women in decisional positions to be more profitable and, therefore, more sustainable. The results obtained can be used not only by companies' shareholders, but also by policy-makers in order to improve gender representation in business sustainability. Some suggestions for improvement might include the following:

- encouraging a better disclosure of gender statistics for all companies (not only for listed ones), including percentage of individual shareholders by gender, board and senior-management positions offered for women, work opportunities, benefits and career-building programs developed for women;

- advocating for a better promotion of female business success models (as managers and shareholders), so that more educated girls to follow them in the future;
- supporting a more diverse educated workforce as a sustainable resource for future competitive advantages at national level.

7. References

Adams, R., B. and Ferreira, D., 2009. Women in the boardroom and their impact on governance and performance. Journal *of Financial Economics,* 94, pp. 291–309.

AGL, 2015. *People diversity and inclusion report* [online]. Available at: http://agl2015.sustainability-report.com.au/people/diversity-and-inclusion.

Al-Mamun, A., Yasser, Q. R., Entebang, H., Nathan, T. M., Rahman, M. A., 2013. Gender Diversity and Economic Performance of Firms: Evidences from Emerging Market. *Journal of Economic Development, Management, IT, Finance, and Marketing*, *5*(2), p. 100.

Akpinar-Sposito, C. 2012. Career barriers for women executives and the Glass Ceiling Syndrome: the case study comparison between French and Turkish women executives. *2nd International Conference on Leadership, Technology and Innovation Management*, *Procedia - Social and Behavioral Sciences*, 75(3), April 2013, pp.488–497.

Barney, J., 1986. Organizational culture: Can it be a source of competitive advantage? *Academy of Management Review,* 3, pp. 656-665.

Baysinger, B. D. and Butler, H. N., 1985. Corporate governance and the board of directors: Value effects of changes in board composition. *Journal of Law, Economics and Organization,* 1(1), pp. 101-124.

Carter, D.A., Simkins B.J., and Simpson, W.G., 2003. Corporate governance, board diversity and firm value. *The Financial Review,* 38(1), pp. 33-53.

Chaganti, R. S., Mahajan, V. and Sharma, S., 1985. Corporate board size, composition, and corporate failures in retailing industry. *Journal of Management Studies,* 22(4), pp. 400-417

Deszo, C., Ross, D. G. and Uribe, J., 2013. *Why are there so few women top managers? A large-sample empirical study of the antecedents of female participation in top management.* Working paper, Columbia Business School, March 2013 [online]. Available at: https://www0.gsb.columbia.edu/mygsb/faculty/research/pubfiles/5848/WomeninTMT.pdf

Ely, R., Foldy, E. and Scully, M., 2003. *Reader in Gender, Work and Organization*. Oxford, U.K.: Blackwell Publishing.

Erhardt, N.L., Werbel, J., D., Shrader, Ch. B., 2003. Board of Director Diversity and Firm Financial Performance. *Corporate Governance: An International Review,* 11(2), pp. 102-111.

Ferreira, D. and Kirchmayer, T. 2013. Corporate boards in Europe: size, independence and gender diversity. In: Belcredi, M., Ferrarini, G. (Eds.). *Boards and Shareholders in European Listed Companies. Facts, Context and Post-Crisis Reforms*, UK, Cambridge University Press, pp.191-223.

Farrell, K., A. and Hersch, P., L. 2005. Additions to corporate boards: The effect of gender. *Journal of Corporate Finance,* 11, pp. 85-106.

Foubert, P., 2010. *The Gender Pay Gap in Europe from a Legal Perspective* [online]. Available at: http://ec.europa.eu/justice/gender-equality/files/gender_pay_gap/genderpaygapfromlegalperspective-nov2010_en.pdf

Galbreath, J., 2011. Are there gender-related influences on corporate sustainability? A study of women on boards of directors. *Journal of Management & Organization*, 17(1), pp. 17–38.

Gupta, A. and Raman, K., 2014. Board diversity and CEO selection. *Journal of Financial Research*, 37(4), pp. 495–518.

Hagel III, J.J., Brown, S. and Davison, L., 2010. *The Best Way to Measure Company Performance*, available from internet at: https://hbr.org/2010/03 /the-best-way-to-measure-compan.html

HENKEL, 2015. Sustainability report [online]. Available at: http://www.henkel.com/blob/638616/055568a710b212cb4eb8a55fe13095fc/data/2015-sustainability-report.pdf

Herring, C., 2009. Does diversity pay?: Race, gender, and the business case for diversity. *American Sociological Review*, 74(2), pp. 208-224.

Hofstede, G., Neuijen, B., Ohayv, D. D. and Sanders, G., 1990. Measuring organizational cultures: A qualitative and quantitative study across twenty cases. *Administrative Science Quarterly,* 35(2), pp. 286-316.

Hofstede, G., 1983. Culture's Consequences: International Differences in Work-Related Values, *Administrative Science Quarterly (Johnson Graduate School of Management, Cornell University),* 28 (4), pp. 625–629.

Hofstede, G., 1993. Cultures and Organizations: Software of the Mind, *Administrative Science Quarterly (Johnson Graduate School of Management, Cornell University),* 38 (1), pp. 132–134.

Holmberg, J. and Sandbrook, R. 1992. Sustainable Development: What Is to Be Done? In: Holmberg, (ed.), *Making Development Sustainable- Redefining Institutions, Policy and Economics*. International Institute for Environment and Development, Chapter 1.

IMF Annual Report 2015. *Diversity and inclusion*. Available at https://www.imf.org/external/np/div/2015/index.pdf

Julizaerma, M. K. and Sori, Z. M., 2012. Gender diversity in the boardroom and firm performance of Malaysian public listed companies. *Procedia Social and Behavioral Sciences,* 65, pp. 1077-1085.

Jurkonis, L. and Anicas, I., 2015. Impact of the board on management of Lithuanian state-owned enterprises. *Ekonomika,* 94(3), pp. 139-151

Luckerath-Rovers, M., 2013. Women on boards and firm performance. *Journal of Management & Governance*, 17(2), pp. 491–509.

Marimuthu, M. and Rahman, T., A., 2009. Ethnic and Gender Diversity in Boards of Directors and Their Relevance to Financial Performance of Malaysian Companies. *Journal of Sustainable Development*, 2(3), pp. 139-148.

Miles, K., 2011. Embedding gender in sustainability reports. *Sustainability Accounting, Management and Policy Journal*, 2(1), pp. 139 – 146.

Mohan, N., 2014. A review of the gender effect on pay, corporate performance and entry into top management. *International Review of Economics and Finance* 34 (2014), pp. 41–51.

Piris, J. C., 2012. *The future of Europe: Towards a two-speed EU*? Cambridge, UK: Cambridge University Press [online]. Available at: www.cambridge.org/ 9781107021372

PepsiCo, 2014. *Diversity and inclusion* [online]. Available at: http://www.pepsico.com/Purpose/Talent-Sustainability/Diversity-and-Inclusion

Rodríguez-Domínguez, L., García-Sánchez, I. and Gallego-Álvarez, I., 2012. Explanatory factors of the relationship between gender diversity and corporate performance. *European Journal of Law and Economics,* 33(3), pp. 603-620.

Rose, C., 2007. Does female board representation influence firm performance? The Danish evidence. *Corporate Governance: An International Review*, 15(2), pp. 404-413.

Sender, L., Visser, M. 2014. *Promoting Women in Management* [online]. Available at: www.womeninmanagement.eu

Shrader, Ch., B., Blackburn., B. and Iles, P., 1997. Women in management and firm performance. An exploratory study. Journal *of Managerial Issues,* 9(3), pp. 355-372.

Smith, N., Smith, V. and Verner, M., 2006. Do women in top management affect firm performance? A panel study of 2,500 Danish firms. *International Journal of Productivity and Performance Management*, 55(7), pp. 569-593.

Visser, M., 2015. *Accelerating business growth by gender balance in decision-Making Women in top management in Italy, Latvia, Romania, Spain and the UK*. Centre for Inclusive Leadership [online]. Available at: http://www.afaemme.org/projects/ongoing/she-decides-you-succeed

VOLVO, 2011. *Diversity enhances innovation*, Annual Report 2011 [online]. Available at: http://www3.volvo.com/investors/finrep/sr11/en/ socialresponsibilit/employees/diversity/diversity.html

Watson, E., Kumar, K. and Michaelsen, L., 1993. Cultural Diversity's Impact on Interaction Process and Performance: Comparing Homogeneous and Diverse Task Groups. *Academy of Management Journal*, 36(3), pp. 590-603.

Zhen Zeng, 2011. The myth of the glass ceiling: Evidence from a stock-flow analysis of authority attainment, *Social Science Research* 40(1), pp. 312–325.