Gender diversity found to improve corporate social responsibility

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A study in the *International Journal of Business Excellence* examining the relationship between gender diversity on corporate boards and corporate social responsibility spending has found a positive correlation. The research focused on 738 firms across India listed on the national stock exchange over a seven-year period.

Corporate social responsibility refers to initiatives at a company that essentially take responsibility for the company's impact on the environment and social well-being. These initiatives might encompass a wide range of actions, including reducing carbon emissions, improving labor practices, supporting community development, promoting diversity and inclusion, and engaging in philanthropy.

The aim is to ensure that businesses operate in an ethical and sustainable manner, and rather than considering success by looking at their financial bottom line, they can take into account their wider impact on society and the environment.

Sudheer Reddy, Aditya Jadhav, and Krishna Prasad of the T A Pai Management Institute in Manipal, Karnataka, India, found that the presence of women directors on corporate boards was correlated with greater spending on corporate social responsibility. This phenomenon was consistent even within loss-making firms, indicating that women board members may exert influence towards larger contributions regardless of financial performance.

Additionally, the research identifies a negative impact of board independence on such spending, suggesting that a higher degree of independence may hinder social responsibility initiatives. Conversely, a larger board size correlates with greater spending, hinting at the potential positive influence of diverse perspectives on corporate social initiatives.

The team's findings highlight the role of gender diversity on corporate boards in shaping corporate social responsibility agendas, particularly in emerging markets such as that of India. Understanding the dynamics of board composition becomes crucial in the global business environment, which is increasingly prioritizing sustainability and so-called stakeholder engagement.

This can fulfill ethical obligations but also boost brand reputation, mitigate risks, and improve long-term relationships with stakeholders, including the people who work with the companies up and down the supply chain, their customers, and, of course, the wider public.

More information: Sudheer Reddy et al, Board gender diversity and corporate social responsibility: evidence from India, *International Journal of Business Excellence* (2024). DOI: 10.1504/IJBEX.2024.137261

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