Journal of Positive School Psychology http://journalppw.com
2022, Vol. 6, No. 4, 1582-1590

Workforce Gender Diversity and Performance of Multinational Companies in Nigeria

Dr. Mrs. OBOREH, Justina ,
Department of Business Administration, Faculty of Management Sciences, Delta State University, Abraka, Nigeria. E-mail oborehj@gmail.com

Dr. EGBERI, Kelvin Agbarha
Department of Business Administration, Faculty of Administration and Management, Delta State University of Science and Technology, Ozoro, Nigeria E-mail:kelvinegberi76@gmail.com

Dr. Mrs. EGBERI, Edith Onyeyime
Department of Entrepreneurship, Faculty of Administration and Management, Delta State University of Science and Technology ,Ozoro, Nigeria.

Abstract

The main aim of this paper was to investigate the effect of workforce gender diversity on the performance of multinational companies in Nigeria. Using the ex-post facto research design, data were obtained from the annual reports and accounts of ten (10) multinational companies from 2012-2021. Workforce gender diversity was measured using the ratio of women in the boardrooms while performance by return on asset (firm-level measure) and Tobin's Q (market-level measure). Panel data regression was done to test the research hypotheses of the study. The empirical results revealed that workforce gender diversity positively and significantly affect organizational performance. Thus, there is the need for management of organizations to pay attention to how the boardroom is composed in order to enhance the performance of multinational companies. Besides, decision-making in the boardroom should not be done with gender-bias, as more opportunity to participate in the decision-making processes of the organization should be given to females.

Keywords: Workforce gender diversity; Firm performance; Multinational companies; Return on assets;
JEL Classification: M10; M12

INTRODUCTION

In the past two decades, with diverse female employees joining the workforce in Africa and Nigeria in particular, it is stunning that only a small number of senior executive positions in multinational companies are held by women. With the gender gap, workforce gender diversity has become a key issue of discuss among management, government and researcher alike. Conceivably, the gender gap has promoted numerous nations to introduce quotas for women on boards of publicly quoted companies and multinationals inclusive (Ahmadi, Nakaa&Bouri, 2018; Awaworyi, Nuhu& Lopez, 2019; Belaounia, Tao & Zhao, 2020).Even where no legal circumstances exist, multinational corporations are under greater coerce to appoint female directors in the boardroom.

Priorstudies(seeDezsö& Ross, 2012; Brahma, Nwafor&Boateng, 2020; Hoch &Seyberth, 2021; Kanyutu, 2021) have shown that workforce gender diversity could improve financial performance of companies via a number of channels. For instance, better representation of females in the executive boards could result to heterogeneity in beliefs, attitudes and values, which can broaden the range of views in decision-making processes (Cai, Kim, Li & Pan, 2019; Isidro &Sobral, 2015). Aside this, better workforce gender diversity can stimulate creativity and thinking (Abdullah, Ismail &Nachum, 2016).

More so, with the rise of females in the workforce, mounting their representation in the board would ease gender disparities between subordinates and managers, which could promote organizational performance (Kılıç&Kuzey, 2016; Lee & Kim, 2019; Nguyen, Nguyen, Nguyen & Truong, 2021). Nonetheless, existing empirical evidence on the relationship between workforce gender diversity in the boardroom and companies' performance is inconclusive; peculiar to all studies on workforce gender diversity and firms' performance is a vital constraint - data availability.

In addition, little is known on workforce gender diversity in the board and how it affects performance of multinationals. This shortcoming is pertinent in Nigeria, where multinational corporations often constitute a larger share of the aggregate employment. In this study, we presented the relationship of the proportion of females in the boardroom (workforce gender diversity) and return on assets and Tobin's Q(firm performance) of multinational companies in Nigeria from 2012-2021.

LITERATURE REVIEW

Workforce Gender Diversity(WGD)

Workforce gender diversity (WGD) is one of the dynamics considered in human resource management (HRM) literature, given that there have been much studies which opposes each on whether WGD positively and significantly affects firms' performance. Workforce gender diversity can be situated by numerous dynamics like industry type, sizes, cultural and legal systems etc. For instance, Grosvold and Brammer (2011) found that workforce gender diversity is shaped by cultural and legal dynamics.

Lewellyn and Muller-Kahle (2020) results are similar to those of Grosvold and Brammer (2011) who found that workforce gender diversity plays a major role in enhancing organizational performance. Interestingly, government of most nation have also strived towards raising female representations in the boardroom via mandatory promulgations (Soare, Detilleux&Deschacht, 2021). Similarly, other studies (Li & Chen, 2018; Yang, Riepe, Moser, Pull &Terjesen, 2019; Naghavi, Pahlevan& Iqbal, 2020) have shown that the composition of workforce gender can affect various firm performance dimensions such as return on assets, return on equity, market value, business sustainability, and social responsibility.

More importantly, the effect of workforce gender diversity occur in diverse ways such as increasing the pool of viable human capital (Brahma, *et al,* 2020; Kent Baker, Pandey, Kumar &Haldar, 2020); good norms and values (Zhang, 2020;
Sial, Zheng, Cherian, Gulzar, Thu, Khan &Khuong, 2018); and inimitable skills (Baker & Palmieri, 2021; Palomo-Zurdo, Gutiérrez-Fernández&Fernández-Torres, 2017).

Organizational Performance

Organizational performance is the aggregate outcome of the company in terms of financial and competitiveness that is captured by an all inclusive framework. Organizational performance can be gauged in diverse ways; one of the measures gauge organizational performance in terms of stewardship of management (i.e. how management are able to effectively and efficiently utilize the resources of the organization to produce profit – the firm-level measure) and measurement on the basis of prevailing stock prices (market measure) (Hoch &Seyberth, 2021; and Kanyutu, 2021)

Some studies (Nguyen, *et al,* 2021; Soare, *et al,* 2021; Zhang, 2020; Brahma, *et al,* 2020; Yang, *et al,* 2019; Kılıç&Kuzey, 2016; Isidro &Sobral, 2015) have employed firm-level measure of organizational performance (such as return on asset, return of equity, earnings per share, profit margin, sales martin, dividend per share, etc.) and market measure (Tobin's Q, and stock prices). In this study, two (2) measures of organizational performance will be employed – return on assets and Tobin's Q.

Notably, some studies have shown that workforce gender diversity contributes significantly and positively to organizational performance (Belaounia, *et al,* 2020; Naghavi, *et al,* 2020; Ahmadi, *et al,* 2018); however, whether this is the case for multinational companies in Nigeria has not been deeply researched in human resource management literature. In view of this, we thus hypothesized as follows:

Hypothesis 1: Workforce gender diversity has no significant and positive effects on return on assets of multinational companies

Hypothesis 2: Workforce gender diversity has no significant and positive effects on Tobin's Q of multinational companies

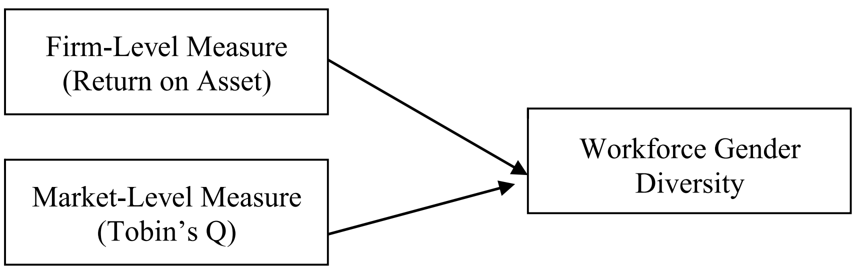

Figure 1: Conceptual Model of the Study
Source: Conceptualized by the Researcher

Theoretical Underpinning

The paper is anchored on Social Identity Theory (SIT) used by organizations to obtain improved organizational performance. The underlying philosophy of SIT is that it accords improved knowledge on diversity in areas of understanding the role of group division in the workplace (Kanyutu, 2021; Abdullah, *et al,* 2016). The diversity in the workplace results to diverse values, attitude, behaviors and interactions within the workplace. SIT suggests that in the workplace, there are specific ways to characterize people – in terms of gender, education, race, religion, culture, nationality, age etc. (Kanyutu, 2021)

With this characterization, it makes it easy to know their contributions to the organization. In this study, one categorization of the workforce was employed – gender diversity as it relates to organizational performance. One of the reasons for such characterization is that workforce gender diversity shows how people relate in the workplace (Dezsö& Ross, 2012; Grosvold&Brammer, 2011); thus, SIT plays a vital role in workforce gender diversity.

The relevance of SIT to this current study is that it provides a blueprint of debate and thought on workforce gender diversity and organizational performance. SIT hence explains the characterization thing in gender grouping. Notably, SIT does not have a robust anchor on organizational performance but explains it effects to the workforce gender diversity process.

DATA AND ANALYTICAL FRAMEWORK

In this study, the expost-facto research design was employed and the population of this study comprised of all publicly quoted multinational companies on the floor of the Nigerian Exchange Group. Given the small nature of the population of study, sample of ten (10) multinational companies were obtained. Workforce gender diversity (independent variable) was gauged as the proportion of females in boardroom while organizational performance (dependent variable), by return on assets (firm-level measure) and Tobin's Q (market-level measure).

Data were obtained from 2012-2020 and the study adapted the models of Dezsö and Ross (2012); Ahmadi, *et al* (2018); Awaworyi, *et al* (2019); Belaounia, *et al* (2020); Brahma, *et al* (2020); Hoch and Seyberth (2021); and Kanyutu (2021) . The model of the study is expressed as follows:

$$RoA_i = f(WGD_i) \qquad eq.\ 1$$

$$TobQ_i = f(WGD_i) \qquad eq.\ 2$$

Where: RoA_i= Return on asset for firm *i*; $TobQ_i$ = Tobin's quotient for firm *i*; WGD_i = Workforce gender diversity for firm *i*. Eqs. 1 and 2 were re-estimated in their explicit forms as follows:

$$RoA_{it}= \alpha_0 + \beta_1 WGD_{it} + €_{it} \qquad eq.\ 3$$

$$TobQ_{it}= \alpha_0 + \beta_1 WGD_{it} + €_{it} \qquad eq.\ 4$$

Data were obtained from the Nigerian Exchange Group and Annual Reports and Accounts of the publicly quoted multinational companies in Nigeria. Data obtained were analyzed via descriptive (mean, standard deviation, minimum and maximum values, correlation) and inferential (ordinary least square, fixed and random effects) statistical tools. The analysis was performed using STATA 13.0.

RESULTS AND DISCUSSION

Table 1: Summary of Descriptive Analysis

Variables	Minimum	Maximum	Mean	Std. Deviation
RoA	1.43	12.24	4.34	1.02
TobQ	3.53	16.10	3.13	0.78
WGD	0	14.27	6.72	1.06

Source: Computed by the Researcher (2022) via STATA 13.0

The descriptive analysis revealed that the mean organizational performance (RoA and TobQ) and workforce gender diversity (WGD) of the publicly quoted multinational companies are 4.34, 3.13 and 6.72 respectively. The highest mean organizational performance score was recorded in Tobin's Q (TobQ); the reason being that investors are keen on the market-level performance as opposed to the firm-level performance

Moreover, the lowest score is zero (0); this is expected since workforce gender diversity (WGD) in ratio. The standard deviation values indicate that most likely the organizational performance (RoA and TobQ) and workforce gender diversity (WGD) measures are not too dispersed from each other.

Table 2: Correlation Matrix

Parameters	RoA	TobQ	WGD
RoA	1.000		
TobQ	0.060	1.000	
WGD	0.200	0.058	0.220

Source: Computed by the Researcher (2022) via STATA 13.0

The correlation matrix revealed that the market-level and firm-level performance measures (TobQ and RoA) positively correlates with workforce gender diversity (WGD = 0.200). Remarkably, the independent variable (WGD) coefficient did not exceed 0.8 as recommended by Gujarati(2003)as cited in Okoro and Ihenyen (2020); Okoro and Ekwueme (2021). This indicates absence of multicolinearityin the explanatory variables of the study.

Table 3: Ordinary Least Square (OLS), Fixed Effect (FE) and Random Effect (RE) Results of Workforce Gender Diversity and Multinational Companies Performance

Estimator	OLS		FE		RE	
Variable	Coef.	Prob.	Coef.	Prob.	Coef.	Prob.
AA	0.04	0.00	0.04	0.000	0.04	0.000
	(3.47)		(3.40)		(3.47)	
R-Squared	0.7500					
R-Sq. Adj.	0.5500					
F-ratio	14.31					
Prob. F.	0.000					
R-Sq. (within)			0.7300		0.7300	
R-Sq. (between)			0.5800		0.6300	
R-Sq. (overall)			0.7500		0.7500	

Source: Computed by the Researcher (2022) via STATA 13.0

The results in Table 3 revealed that workforce gender diversity (WGD) is highly significant at 5% level in explaining multinational companies' performance. The OLS and RE resultscoefficients are 0.04 and 0.04 respectively, indicating that when publicly quoted multinational companies in Nigeria have a workforce that is gender diversified, it will lead to approximately 4% changes in return on asset and Tobin's Q.

Furthermore, the $R^2$is 0.7500 for OLS, which is higher than FE and RE. This implies that WGD explains about 75% variation in return on asset and Tobin's Q. The f-value is 14.31 (p-value=0.000< 0.05), which is significant suggests that there is a positive relationship between workforce gender diversity and the performance of multinational companies in Nigeria.

Hypothesis Testing

Table 4: Wald Results

Wald Ch2	23.52
Prob. Ch2	0.0000
Hausman Specification Test	Prob>Chi2= 0.8453

Source: Computed by the Researcher (2022) via STATA 13.0

The results of Wald result is23.52 with Prob. value of 0.0000, indicating a rejection of the null hypotheses and acceptance of alternate hypothesesthatworkforce gender diversity has significant and positive effects on return on asset and Tobin's Q of multinational companies in Nigeria.

CONCLUSION AND RECOMMENDATIONS

This paper investigated the nexus between workforce gender diversity and the performance of multinational companies in Nigeria from 2012-2021. Two (2) firm performance measures were employed, namely return on assets and Tobin's Q together with workforce gender diversity (ratio of women in the boardrooms). The panel regression results showed that workforce gender diversity contributes positively and significantly to organizational performance in Nigeria.

Given the above results, it was recommended that management of organizational needs to pay attention to how the boardroom is composed in order to promote the performance of multinational companies in Nigeria. More so, boardroom decision-making should not be done with gender-bias; thus, more opportunities to participate in decision-making processes of multinational organizations should be accorded a balanced gender-structure.

CONTRIBUTIONS TO KNOWLEDGE

This study contributes to management literature by establishing that workforce gender diversity play a vital role in enhancing the performance of multinational companies in Nigeria.

In addition, the study fills the gap in the literature on what is known about workforce gender diversity and how it affects the performance of multinational companies.

REFERENCES

Abdullah, S.N., Ismail, K.N.I.K. &Nachum, L. (2016): Does having women on boards create value? The impact of societal perceptions and corporate governance in emerging markets. *Strategic Management Journal, 37*(3), 466-476.

Ahmadi, A., Nakaa, N. &Bouri, A. (2018). Chief executive officer attributes, board structures, gender diversity and firm performance among French CAC 40 listed firms. *Research in International Business and Finance, 44,* 218-226.

Awaworyi C.S., Nuhu, A.S. & Lopez, K. (2019). Persistence of gender inequality: The role of ethnic divisions. *Applied Economics, 51*(8), 781-796.

Baker, K. & Palmieri, S. (2021). Can women dynasty politicians disrupt social norms of political leadership? A proposed typology of normative change. *International Political Science Review,* 1-15.

Belaounia, S., Tao, R. & Zhao, H. (2020). Gender equality's impact on female directors' efficacy: A multi-country study. *International Business Review, 29*(5), 1-13.

Brahma, S., Nwafor, C. &Boateng, A. (2020). Board gender diversity and firm performance: The UK evidence. *International Journal of Finance and Economics,* 1–16.

Cai, Y., Kim, Y., Li, S., & Pan, C. (2019). Tone at the top: CEOs' religious beliefs and earnings management. *Journal of Banking and Finance, 106,* 195-213.

Dezsö, C.L. & Ross, D.G. (2012). Does female representation in top management improve firm performance? A panel data investigation. *Strategic Management Journal, 33*(9), 1072-1089.

Grosvold, J. &Brammer, S. (2011). National institutional systems as antecedents of female board representation: An empirical study. *Corporate Governance: An International Review, 19*(2), 116-135.

Hoch, F. &Seyberth, L. (2021). How institutions moderate the effect of gender diversity on firm performance, *Diskussionspapier des InstitutsfürOrganisationsökonomik,* No. 11/2021, 1-42

Isidro, H. &Sobral, M. (2015). The effects of women on corporate boards on firm value, financial performance, and ethical and social compliance. *Journal of Business Ethics, 132*(1), 1-19.

Kanyutu, E. (2021). Effect of board gender diversity on organization performance: A critical literature review. *International Journal of Leadership and Governance, 1*(4), 35-45

Kent Baker, H., Pandey, N., Kumar, S. &Haldar, A. (2020). A bibliometric analysis of board diversity: Current status, development, and future research directions. *Journal of Business Research, 108,* 232-246.

Kılıç, M. &Kuzey, C. (2016). The effect of board gender diversity on firm performance: Evidence from Turkey. *Gender in Management, 31*(7), 434-455.

Lee, H.W. & Kim, E. (2019). Workforce diversity and firm performance: Relational coordination as a mediator and structural empowerment and multisource feedback as moderators. *Human Resource Management Journal, 1,* 1-19

Lewellyn, K.B. & Muller-Kahle, M.I. (2020). The corporate board glass ceiling: The role of empowerment and culture in shaping board gender diversity. *Journal of Business Ethics, 165*(2), 329-346.

Li, H. & Chen, P. (2018). Board gender diversity and firm performance: The moderating role of firm size. *Business Ethics, 27*(4), 294-308.

Naghavi, N., Pahlevan S.S. & Iqbal, H.B. (2020). The role of national culture in the impact of board gender diversity on firm performance: Evidence from a multi-country study. *Equality, Diversity and Inclusion, 40*(5), 631-650.

Nguyen, T., Nguyen, A., Nguyen, M., & Truong, T. (2021). Is national governance quality a key moderator of the boardroom gender diversity-firm performance relationship? International evidence from a multi-hierarchical analysis. *International Review of Economics and Finance, 73,* 370-390.

Okoro, E. G., &Ekwueme, C. M. (2021). Is accounting alchemy still the right medicine for firm's earnings and book value? Evidence from Sub-Saharan Africa. *Revista de Administração Mackenzie, 22*(3), 1–27. doi:10.1590/1678-6971/eRAMF21000

Okoro, E.G. &Ihenyen, C.J. (2020). Does earnings management exert pressure on firms' return on assets and equity?: The case of sub-Saharan Africa. *EkonomskiHorizonti, 22*(3), 207-218

Palomo-Zurdo, R., Gutiérrez-Fernández, M., &Fernández-Torres, Y. (2017). The gender issue at the boards of directors of co-operative banks. *CIRIEC-Esp Rev. Econ. Publica Soc. Coop.* 89, 137 -166.

Sial, M.S., Zheng, C., Cherian, J., Gulzar, M.A., Thu, P.A., Khan, T. &Khuong, N.V. (2018). Does corporate social responsibility mediate the relation between boardroom gender diversity and firm performance of Chinese listed companies? *Sustainability,10,* 35-91

Soare, T.M., Detilleux, C. &Deschacht, N. (2021). The impact of the gender composition of company boards on firm performance. *International Journal of Productivity and Performance Management, 1*(1), 1-12

Yang, P., Riepe, J., Moser, K., Pull, K. &Terjesen, S. (2019). Women directors, firm performance, and firm risk: A causal perspective. *Leadership Quarterly, 30*(5), 101297

Zhang, L. (2020). An institutional approach to gender diversity and firm performance. *Organization Science, 31*(2), 439-457