

Gender Diversity and Their Impact on Corporate Social Responsibility: Evidence from Listed Companies in Sri Lanka

¹Chandula A.M.T., ²Dissanayake H. & ³Iddagoda Anuradha

Abstract

Since the word Corporate Social Responsibility (CSR) was initially used decades ago, only a few efforts have been made to determine the relationship between gender diversity and CSR in the Sri Lankan context. Therefore, this study shows a willingness to analyze the impact of gender diversity on CSR in Sri Lanka based on empirical data and knowledge gaps in this field. The data was collected from 133 companies, by using a structured questionnaire. Therefore, this study is quantitative. Secondary data was collected from the annual reports for 2021. The data analysis included the descriptive, and correlation, by using Statistical Package for Social Science (SPSS) and regression analysis by using SMART PLS3. The findings revealed that gender diversity and legal responsibility have a significant impact while economic, ethical, and philanthropic have no impact on Sri Lankan companies. Although the finding of the study is added to the stakeholder theory. This study is only limited to the listed companies in Sri Lanka the sample consists of 164 companies and only 133 responses have been obtained. Furthermore, there is a possibility of not gathering enough data, and the issue of social desirability bias exists. As Sri Lanka is a developing country companies have to make more policies to achieve sustainable goals by imposing new rules to ensure that women's representation is on board. Additionally, representing female directors on boards is significant for the economy since women contribute to both social and economic development.

Keywords: *Corporate Social Responsibility, Gender Diversity, Economic Responsibility, Ethical Responsibility, Legal Responsibility, Philanthropic Responsibility*

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About the authors:

¹Undergraduate, B.Sc. (Special) Accountancy & Business Finance, Department of Accountancy Wayamba University of Sri Lanka

²Senior Lecturer, Department of Accountancy Wayamba University of Sri Lanka

³Senior Lecturer, University of Sri Jayewardenepura – Email –anuradha_iddagoda@yahoo.com

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Introduction

“Women, which constitute half of the world’s human capital, are one of its most underutilized resources. Sustainable economic growth at national and global levels depends on women joining the labor force and fuller use being made of their skills and qualifications” (Foster, 2016, p 11). Above and beyond, sustainability Development Goals for 2030 also include a specific goal for Gender Equality. Hence, gender diversity in the workplace is desperately needed because it does not currently exist. It is advantageous to have a varied workforce since having a variety of perspectives is essential for growing in a workplace that is constantly changing.

Over the last decagons, Corporate Social Responsibility (CSR) and its consequences for corporations have gained considerable interest from academics and professionals. As a result of the rise in environmental and ethical concerns, CSR has become an essential tool for companies throughout a variety of industries. Moreover, CSR may help organizations to form strong affairs, and make both proprietors and personnel feel more connected to the world around them. In addition, the connection between CSR and directors’ diversification in the board, with specific attention to gender as one of the most fundamental characteristics of diverse boards is examined throughout this study.

On the other hand, the current impact caused by COVID-19 has disclosed that several industries have shown commitment by adapting their CSR strategies and activities to current healthiness, financial, and social desires. Considering the pandemic, companies are redefining their goals by considering how to fulfill the financial, social, and environmental targets, granting more consequences to CSR they have to perform in society (García-Sánchez, 2020).

In the previous decagon, many scholars focused more on gender diversity and its impact on CSR. Much new empirical evidence has been added to the literature as a result of these investigations. There is inconclusive evidence related to gender diversity and CSR in the world, and there is a dearth of studies related to gender diversity and CSR in the Sri Lankan context. Instead, gender diversity on board has a very critical impact on those economic and environmental environments and sustainable development. Thus, the major research problem associated with this study is whether there is an impact of gender diversity on corporate social responsibility in Sri Lanka. Moreover, the main objective of the study is to examine the impact of gender diversity on CSR among listed companies in Sri Lanka. The secondary objectives are:

to examine the impact of gender diversity on economic, legal, ethical, and philanthropic responsibilities among listed companies in Sri Lanka.

Methodology

The study examines the relationships between variables, and thus, a quantitative strategy was utilized that falls under the positivistic paradigm. The population of this study constituted 281 listed companies in Sri Lanka and the sample was 164 listed companies that were selected by random sampling. Data was collected by distributing a self-administered structured questionnaire which was developed based on a comprehensive literature review by Ehie (2016) and refined based on expert opinions and a pilot survey. However, the researcher has obtained only 133 responses for the study. Blau index, percentage of women on board, and critical mass were used to measure gender diversity which is derived from secondary data.

The researcher ensured the demographic profile of the population has been reasonably represented and approximated by the selected sample. After conducting the reliability and validity analysis hypotheses of this study have been analyzed by partial least square analysis accompanied by Smart PLS.

Findings

After testing for the convergent validity and discriminant validity of the measurement model, the structural models were analyzed. Since there are four dependent variables in this study, mainly four models were analyzed and under that, there are three sub-models for each main model. The findings of the study reveal that one dimension of CSR, namely legal responsibility is positively and significantly associated with gender diversity consistent with the findings of (Wu, Furuoka, and Lau, 2021) which highlighted that gender diversity has a significant impact on CSR. This finding is also supported by the correlation analysis. However, the current results contradict studies by Quintana-García et al. (2018) and Wu et al. (2021), where economic, ethical, and philanthropic responsibility has no significant association with gender diversity.

Conclusion

The main objective of this study was to investigate the impact of gender diversity on CSR. The results of this study indicated that only legal responsibility gets a positive relationship

with gender diversity while the other three responsibilities are not had a significant relationship. The significance in this regard is to highlight and emphasize the women directors' impact on CSR in Sri Lanka. There is evidence from global cases that there is an inconclusive relationship related to gender diversity and CSR. In addition to that, there is a dearth of studies related to female representation and CSR in the Sri Lankan context. Therefore, this study further enriches the existing dearth of literature on the impact of gender diversity at CSR Sri Lankan listed companies.

Practically, highlight the relevance of having gender diversity and, as a result, motivate CSR efforts in the company. Additionally, expanding the number of women directors on boards will encourage the industry to commit to more CSR practices. Concerning the results, the evidence proves that when there are women on board the legal responsibility will enhance. Representing female directors on boards is significant for the economy since women contribute to both social and economic development.

The current study is only limited to the listed companies in Sri Lanka. Hence future research can be expanded to private limited companies and companies limited by guarantee. In addition, the future study can make a comparison between the CSR initiatives practiced by public and private companies as it will provide meaningful information about the practices of CSR. As well Future researchers can use a qualitative research approach and conduct this study using qualitative data collection methods like interviews.

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