

**IMPACT OF BOARD'S GENDER DIVERSITY ON PROFITABILITY: EVIDENCE  
FROM INDIAN BANKING SECTOR**

**A  
THESIS  
SUBMITTED TO**



**MAHARAJA RANJIT SINGH  
PUNJAB TECHNICAL UNIVERSITY  
BATHINDA (PUNJAB)**

**IN FULFILLMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF**

**DOCTOR IN PHILOSOPHY  
IN  
COMMERCE & MANAGEMENT**

**By**

**MONIKA BHATIA**

**Regd. No: 17311FPE03**

**UNIVERSITY BUSINESS SCHOOL  
MAHARAJA RANJIT SINGH PUNJAB TECHNICAL UNIVERSITY  
BATHINDA-151001(PUNJAB)**

**2023**

## CERTIFICATE

---

I, **Monika Bhatia**, hereby declare that the work contained in the thesis entitled '**Impact of Board's Gender Diversity on Profitability: Evidence from Indian Banking Sector**' in the partial fulfillment of requirements for the award of the degree of the **DOCTOR OF PHILOSOPHY**, submitted in the University Business School, Maharaja Ranjit Singh Punjab Technical University, Bathinda is an authentic record of my own work carried under the guidance and supervision of **Dr. Pritpal Singh Bhullar**, Assistant Professor, University Business School, Maharaja Ranjit Singh Punjab Technical University, Bathinda and under the co- supervision of **Dr. Dipayan Roy**, Associate Professor, National Institute of Construction Management and Research, Pune.

The matter presented in the thesis has not been submitted either in part or full to any other University or Institute for the award of any degree.

**Dated:**

**(Monika Bhatia)**  
**Research Scholar**  
**Regd. No.: 17311FPE03**

## CANDIDATE'S DECLARATION

I hereby certify that the work presented in the thesis entitled '**Impact of Board's Gender Diversity on Profitability: Evidence from Indian Banking Sector**' in the partial fulfillment of requirements for the award of the degree of the **DOCTOR OF PHILOSOPHY**, submitted in the University Business School, Maharaja Ranjit Singh Punjab Technical University, Bathinda is an authentic record of my own work carried out **from January 2018 to April 2023** under the guidance and supervision of Dr. Pritpal Singh Bhullar, Assistant Professor, University Business School, Maharaja Ranjit Singh Punjab Technical University, Bathinda and under the co- supervision of **Dr. Dipayan Roy**, Associate Professor, National Institute of Construction Management and Research, Pune.

The matter embodied in the thesis has not been submitted by me for the award of any other degree of this or any other University/Institute.

**(Monika Bhatia)**  
**Research Scholar**

This is to certify that the above statement made by the candidate is correct to the best of my knowledge and belief.

**Dr. Pritpal Singh Bhullar**  
(Supervisor)  
Assistant Professor  
University Business School  
MRSPTU, Bathinda



**Dr. Dipayan Roy**  
(Co-Supervisor)  
Associate Professor  
National Institute of Construction  
Management and Research Pune

**Sign. of Supervisor**

**Sign. of Co-Supervisor**

**Sign. of External Examiner**

## ABSTRACT

---

Members of the board play a crucial role in the development of any organization. The major responsibility of board members is to increase shareholder wealth. Board members play a crucial role in banks because of their lack of transparency. Their responsibility extends beyond just formulating policies and includes working to ensure that the banking industry is sustainable. Women's representation on boards is encouraged by corporate governance laws everywhere in the world. The main purpose of this study is to examine the impact of board's gender diversity on profitability of banks. Additionally, the study emphasizes investigating the significance of board gender diversity in the Indian banking sector. A sample of publicly trading 13 public and 13 private banks from 2013 to 2022 is examined for this purpose with the help of Panel data analysis by using STATA 12.

This study contributes to the understanding of the association between gender diversity and profitability of banks by elucidating multi-dimensional aspects such as risk performance, lending practices, market price performance and comparative analysis of relationship between the gender diversity of board members and profitability of public and private sector banks. The results indicate towards risk taking attitude of the women directors. The findings suggest that the gender diversity has negative impact on lending practices of the banks. Further, market price performance is positively associated with gender diversity. The results also indicate that gender diversity has a positive impact on the profitability of public and private banks. The results will be helpful for the present and potential market investors. The findings might also help policymakers to boost the proportion of female board members so that they can act as capable decision-makers and enhance the performance of the firm.

## ACKNOWLEDGEMENTS

---

I would like to express my deep gratitude and appreciation to everyone who contributed to the completion of this thesis. First of all, I would like to convey my heartfelt gratitude to Dr. Pritpal Singh Bhullar, Assistant Professor, University Business School, MRSPTU, Bathinda, for his thorough guidance and supervision during this work. His mentoring contribution is shown throughout my entire scholarly work.

I am highly indebted to Dr. Dipayan Roy, Associate Professor, National Institute of Construction Management and Research, Pune, for his scholarly co-guidance and intellectual suggestions. My special thanks to Dr. Sultan Singh, Professor, CDLU, Sirsa, for rendering his expert advice whenever required. I would like to express my appreciation to the faculty members of the University Business School, MRSPTU, Bathinda, for their kind cooperation at all stages.

I am grateful to Prof. (Dr.) Ashish Baldi, Dean (R & D), MRSPTU, Bathinda for his help and earnest cooperation, which enabled me to work in a congenial and comfortable atmosphere. I also thank the administrative, technical staff and all the library staff of MRSPTU, Bathinda, for their prompt assistance and support in their respective roles.

I would like to convey my sincere thanks to Dr. Krishan Lal, Assistant Professor, SGHS College Sri Jiwan Nagar, whose immense support and encouragement really motivated me to complete my thesis.

I would like to thank each and every friend and colleague of mine who have supported me in this endeavour. I have special words of appreciation for my loving daughters, Ms Kavya and Ms Harshita for supporting and helping me in every sphere of life. I am very grateful to my husband, Dr Ved Parkash, Assistant Professor, GZSCCET, MRSPTU, Bathinda, for his blessing and moral support through the thick and thin. Last but not the least, I express my gratitude and apology to everyone whose contribution and well wishes could not be mentioned in this page.

**Monika Bhatia**



## LIST OF TABLES

<b>Table No.</b>	<b>Particular</b>	<b>Page No.</b>
1.1	Categorization of Directors	2
1.2	Gender Quota Regulations in the Board Globally	5-6
1.3	Representation of Women in the Board Globally	6
1.4	Agency Theory for Corporate Governance	9
1.5	Women directorships of NIFTY 500 companies on 30 March 2020 based on Ownership	12
1.6	Women directorships of NIFTY 500 companies on 30 March 2020 based on sectors	12-13
3.1	Research Framework	47
3.2	Descriptive Statistics for all banks	53
3.3	Descriptive Statistics for Public banks	54
3.4	Descriptive Statistics for Private banks	55
3.5	Variance Inflation Factor (VIF) Statistics	55
4.1	Correlation Matrix of TobinQ and other variables	61
4.2	Hausman Test statistics	62
4.3	Effect of BGD and other control variables on TobinQ	62
4.4	Random Effect Regression Model Summary	63
4.5	Correlation Matrix of Provision towards NPA and other variables	64
4.6	Hausman Test statistics	64
4.7	Effect of BGD and other control variables on Provision towards NPA	65
4.8	Random Effect Regression Model Summary	65
4.9	Correlation Matrix of Capital Adequacy Ratio and other variables	66
4.10	Hausman Test statistics	67
4.11	Effect of BGD and other control variables on Capital Adequacy Ratio	67

4.12	Fixed Effect Regression Model Summary	68
4.13	Correlation Matrix of Priority Sector Lending and other variables	69
4.14	Hausman Test statistics	69
4.15	Effect of BGD and other control variables on PSL	69
4.16	Random Effect Regression Model Summary	70
4.17	Correlation Matrix of NPL/TA and other variables	71
4.18	Hausman Test statistics	71
4.19	Effect of BGD and other control variables on NPL/TA	72
4.20	Random Effect Regression Model Summary	72
4.21	Correlation Matrix of Market Cap and other variables	73
4.22	Hausman Test statistics	74
4.23	Effect of BGD and other control variables on Market Cap	74
4.24	Random Effect Regression Model Summary	75
4.25	Correlation Matrix of Earning per Share and other variables	76
4.26	Hausman Test statistics	76
4.27	Effect of BGD and other control variables on EPS	77
4.28	Random Effect Regression Model Summary	77
4.29	Correlation Matrix of EPS of private banks and other variables	78
4.30	Hausman Test statistics	79
4.31	Effect of BGD and other control variables on EPS of private banks	79
4.32	Random Effect Regression Model Summary	80
4.33	Correlation Matrix of PPER of private banks and other variables	81
4.34	Hausman Test statistics	81



4.35	Effect of BGD and other control variables on Productivity per Employee Ratio (PPER) of private banks	82
4.36	Random Effect Regression Model Summary	82
4.37	Correlation Matrix of Return on assets of private banks and other variables	83
4.38	Hausman Test statistics	84
4.39	Effect of BGD and other control variables on ROA of private banks	84
4.40	Random Effect Regression Model Summary	85
4.41	Correlation Matrix of Return on Equity (ROE) of private banks and other variables	86
4.42	Hausman Test statistics	86
4.43	Effect of BGD and other control variables on ROE of private banks	86
4.44	Random Effect Regression Model Summary	87
4.45	Correlation Matrix of EPS of public banks and other variables	88
4.46	Hausman Test statistics	88
4.47	Effect of BGD and other control variables on EPS of public banks	89
4.48	Random Effect Regression Model Summary	89
4.49	Correlation Matrix of PPER of public banks and other variables	90
4.50	Hausman Test statistics	91
4.51	Effect of BGD and other control variables on Productivity per Employee Ratio (PPER) of public banks	91
4.52	Random Effect Regression Model Summary	92
4.53	Correlation Matrix of Return on assets of public banks and other variables	93

4.54	Hausman Test statistics	93
4.55	Effect of BGD and other control variables on ROA of public banks	94
4.56	Fixed Effect Regression Model Summary	94
4.57	Correlation Matrix of Return on Equity (ROE) of public banks and other variables	95
4.58	Hausman Test statistics	96
4.59	Effect of BGD and other control variables on ROE of public banks	96
4.60	Fixed Effect Regression Model Summary	97
4.61	Summary of Statistical Output of Objective 1 to Objective 3	97
4.62	Summary of Statistical Output of Objective 4	100

## LIST OF ABBREVIATIONS

1	<b>BGD</b>	BOARD GENDER DIVERSITY
2	<b>BOP</b>	BOTTOM OF ECONOMIC PYRAMID
3	<b>BSE</b>	BOMBAY STOCK EXCHANGE
4	<b>CAR</b>	CAPITAL ADEQUACY RATIO
5	<b>CEO</b>	CHIEF EXECUTIVE OFFICER
6	<b>EPS</b>	EARNING PER SHARE
7	<b>FE</b>	FIXED EFFECTS
8	<b>FTSE</b>	FINANCIAL TIMES STOCK EXCHANGE
9	<b>ICICI</b>	INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA
10	<b>Id</b>	PERCENTAGE OF INDEPENDENT DIRECTORS
11	<b>Market CAP</b>	MARKET CAPITALIZATION
12	<b>MBA</b>	MASTER OF BUSINESS ADMINISTRATION
13	<b>MFI</b>	MICRO FINANCE INSTITUTION
14	<b>MNCs</b>	MULTI-NATIONAL CORPORATIONS
15	<b>NIFTY</b>	NATIONAL STOCK EXCHANGE FIFTY
16	<b>NPA</b>	NON- PERFORMING ASSETS
17	<b>NPL/TA</b>	NON- PERFORMING LOAN TO TOTAL ASSETS
18	<b>NSE</b>	NATIONAL STOCK EXCHANGE
19	<b>OLS</b>	ORDINARY LEAST SQUARE
20	<b>PAT</b>	PROFIT AFTER TAX
21	<b>PPER</b>	PRODUCTIVITY PER EMPLOYEE RATIO
22	<b>PSL</b>	PRIORITY SECTOR LENDING

23	<b>PSU</b>	PUBLIC SECTOR UNITS
24	<b>RE</b>	RANDOM EFFECTS
25	<b>ROA</b>	RETURN ON ASSETS
26	<b>ROE</b>	RETURN ON EQUITY
27	<b>SEBI</b>	SECURITIES EXCHANGE BOARD OF INDIA
28	<b>SMEs</b>	SMALL AND MEDIUM SIZED ENTERPRISES
29	<b>UK</b>	UNITED KINGDOM
30	<b>US</b>	UNITED STATES
31	<b>VIF</b>	VARIANCE INFLATION FACTOR