

Gender Balance in Corporate Governance

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Abstract

Gender balance in corporate boards is an ongoing issue in modern corporate governance and a symbol of a global workplace equality movement. Our discussion centers on corporate board gender balance progression, the challenges of achieving gender equity, and the need for a diverse and inclusive boardroom. Significant advancements have been achieved in recent decades towards accomplishing gender parity in the managerial positions of the business sector. In an effort to boost the number of female directors on business boards, several countries have implemented legal measures including quotas and mandates. These legal measures have been matched by voluntary initiatives by enterprises recognizing the advantages of diverse leadership teams. Proceed to examine the methods for documenting progress; nonetheless, it is essential to recognize that gender disparity persists in several nations and industries. Unconscious prejudice, cultural norms, and restricted access to leadership development opportunities persistently obstruct female progression to board-level roles. The significance of gender balance on corporate boards is paramount. Diverse boards provide a broad spectrum of viewpoints and experiences, which enhances decision-making and improves governance. Studies have consistently demonstrated that organizations with diverse boards have superior financial performance and reflect enhanced creativity. Furthermore, gender-diverse boards are more inclined to tackle gender equality concerns within the firm, promoting a more inclusive corporate culture. This study delves into the global acceptability of gender equality in corporate management, the importance of female presence in corporate board, and what this sequence of trend could mean. It examines the advantages of augmenting Women's presence on corporate boards, including improved governance, enhanced financial outcomes, and heightened innovation. The paper also examines the challenges and barriers hindering gender equality in boardrooms. Also, it analyzes the level of global acceptance by referring to relevant studies and statistics. Gender diversity in company leadership has become a significant topic of discussion. The underrepresentation of women in boardrooms has raised concerns about gender equality, corporate governance, and organizational performance. This Study strives to emphasize the value of female directorships and assess the global acceptance of this concept. In conclusion, attaining gender parity on corporate boards requires sustained dedication from legislators and organizations. By tackling structural impediments and fostering inclusive practices, boardrooms that authentically represent the varied population they serve may be established, improving company performance and societal welfare. Research methodology used in this paper describes and reviews relevant literatures such as; journals, books and reports to further explore the study.

Keywords: gender balance, board diversity, corporate board structure, leadership and company performance.

JEL Classification: K22, K38

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1. Introduction: gender balance

Gender balance means that each gender is equally constituted in all areas of an organization's operations and projects. It seeks to guarantee that both genders possess equitable chances and access to resources, policymaking roles, and advantages. To attain gender balance, a comprehensive study of the policies, processes, and laws that pertain to women's working conditions.

The European Union approves the Directive (EU) 2022/2381² on November 23, 2022 to enhance gender parity among directors of publicly traded firms. Having equal numbers of men and women holding positions of power in firms is assured by this Directive, which also sets goals for strengthening corporate boards through boosting the representation of women. To encourage boards that have more women serving as members of publicly traded firms within the European Union is one of the objectives of new regulations that must be transposed into state legislation. Regardless of the reality that women make up almost 60% of the EU's recent college graduates, they remain significantly underrepresented in positions of power within companies, particularly at the executive level. In the European Union's most prominent public companies as of October 2022, have just 32.2% of women board members, and just 8% of board chairpersons were women.

To a certain extent, legislation that protect against discrimination based on gender and promote equal opportunity will be reviewed. Among other things, the Romanian Labor Code has been brought into line with the rules of the European Union Directive by Law No. 53/2003³. Discrimination against workers because of their gender is forbidden by law in Romania. This EU Directive ensures that all workers are treated in the same manner. Article 5 of the Romanian Labour Code prioritizes treating employees fairly and employers, the primary provision concerning gender balance. Discrimination of any kind is made illegal under this article, whether it is predicated on sexual orientation, age, gender identity, genetic factors, age, color, nationality, ancestry, faith, ideological leanings, socioeconomic status, physical or mental impairment, familial circumstances, tasks, and involvement in association, etc.

To create a more gender-balanced job setting or environment, this legal protection given by Article 5 of the Labour Code of Romanian is vital⁴. In recent years, affirmative action measures have been introduced through legal frameworks that are in place to help achieve gender parity,⁵ such as the Gender Equality Directive and Pay Transparency, Women on Board's Directive (2022 Directive) quotas for women in leadership positions⁶, Employment and Racial Equality Directives, and others. These

² Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures (Text with EEA relevance), OJ L 315, 7.12.2022, pp. 44–59.

³ Law No. 53 of 24 January 2003 on Labour Code, republished, with further amendments and supplements, published in the Official Gazette of Romania, Part I, No 345 of 18 May 2011

⁴ The Parliament of Romania, Labour Code (2003) <http://csnmeridian.ro/files/docs/Law%20No%2053%200f%2024%20January%202003.pdf>.

⁵ Ministry of Human Resources and Social Development (HRSD) and United Nations Development Program (UNDP), *Analysis of Legislative Frameworks, Procedures and Practices Regulating Work from Gender Perspective to Achieve Gender Balance* (2020) <https://www.undp.org/sites/g/files/zskgke326/files/migration/sa/Analysis-of-Legislative.pdf>. Accessed on 20 November 2025).

⁶ Birte Böök, Susanne Burri, Linda Senden and Alexandra Timmer, *A Comparative Analysis of Gender*

measures in Romania aim to address historical imbalances and promote equal representation.

It is strongly recommended that organizations incorporate gender perspectives into their policies, processes, and practices to achieve gender balance. Incorporating gender perspectives in organizations involves implementing anti-harassment measures, providing leadership development programs for women, and promoting equal pay for equal labour.

Some significant provisions are included in the Directive that the European Union approved intending to achieve a better gender balance on company boards, such as:

1. Targets: By June 31, 2026, listed firms should have members of the underrepresented sex holding at least forty per cent of non-executive director posts or thirty-three per cent of all director positions.

2. Transparent Selection Process: Companies are obligated to guarantee a selection process that is gender-neutral, transparent, and based on established criteria.

3. Penalties: Companies that cannot fulfill these objectives must submit the reasons for their failure and run the risk of facing consequences like fines or having their director's appointment overturned.

Additionally, the Gender Equality Strategy⁷ (2020-2025) of the European Union is a strategy which the European Union Commission proposed with the intention of promoting parity between the sexes and empowering women across the entirety of the Community of European Union. The plan's stated goals include reducing the male to female wage disparity, boosting women's engagement in the workforce, and achieving more gender equity in leadership roles. The Gender Equality Strategy⁸ (2020-2025) of the European Union aims to create a Union of Equality by emphasizing on ending violence against women, eliminating gender stereotypes, reducing gender gaps in firms, and achieving gender parity in directorship ascendancy. Between the years 2020 and 2025, it is anticipated that it will manifest itself in Romania as follows:

1. Ending Gender-Based Violence: The strategy includes ways to tackle and prevent violence against women and violence inside the home. New directives and extensive legislative instruments are anticipated to implement these measures in Romania.

2. Challenging Gender Stereotypes: The approach encourages the organization of campaigns to combat detrimental gender norms and stereotypes. Romania is expected to witness increased initiatives to combat stereotypes in education, media, and workplace policies.

3. Equalizing the Competitive Field for women in firms: The strategy intends to enhance professional life balance and reduce salary and pension disparities between men and women. Romania must implement regulations that guarantee equal

Equality Law in Europe, European Commission 2022 report. https://dspace.library.uu.nl/bitstream/handle/1874/420118/EELN_A_comparative_analysis_of_gender_equality_law_in_Europe_2021.pdf?sequence=1. Accessed on 20 November 2025.

⁷ European Commission publishes new progressive Gender Equality Strategy (EPF) <https://www.epfweb.org/node/523>; Gender Equality Strategy: Achievements and Key Areas for Action, 2020, available at https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/gender-equality-strategy_en. Accessed on November 20, 2025.

⁸ Ibid. European Commission publishes new progressive Gender Equality Strategy (EPF).

compensation for equal effort and support projects that promote work-life balance.

4. Achieving Gender Equity in Leadership Roles: The strategy includes a directive to strengthen the female balance in corporate boards. By implementing this regulation, Romania will be obligated to multiply the number of women holding senior managerial roles.

In December 2022, a government decision approved the 2022–2027 national strategy for the promotion of equal opportunity and treatment between women and men and preventing and combating domestic violence⁹, subsequent to the passing of Law 202/2002 on Gender Parity in Career Opportunities in 2002. This Law was mainly focused on gender equality and was known as the Gender Equality Law. In addition to preventing domestic violence and ensuring equitable opportunities for people of all genders, the objective of this policy is to advance equality among genders.¹⁰

Key Objectives of the National Agency for Equal Opportunities between Women and Men (Agenția Națională pentru Egalitatea de Șanse între Femei și Bărbați (NAEO)) are;¹¹

1. Promoting sexual and reproductive health for all people requires securing essential health services for women and girls.

2. Supporting programs that encourage a healthy work-life balance may be a huge help in assisting both sexes juggle their personal and professional tasks.

3. Promoting the involvement of females in operational policymaking: There needs to be more encouragement for more females to participate in policy making if we want to see more women in positions of executive power and authority.

The implementation plan will follow:¹²

a) A consistent methodology for integrating gender considerations into national policies and programs must be established.

b) A comprehensive national network of professionals proficient in equal opportunity should be developed.

c) The ability of non-governmental organizations (NGOs) to promote and offer equitable budgeting options needs strengthening.

Among the actions that are included in the plan there are the creations of a national network of specialists in equal opportunities, the principal aim is to generate a coherent agenda for equal opportunity integration of government strategy and to augment the capacity of non-governmental organizations to advocate for gender budgeting. In the course of this research, it was notable to conclude that connective synergy that exists between gender balance and corporate diversity is the actualization of better decision-making, creativity, and overall performance that diverse teams provide to a business and this set the foundation for steady productivity, economy growth and the wellbeing of everyone. A gender balance guarantees that both men and women have equal opportunity to contribute their distinct perspectives, talents, and experiences, which ultimately results in solutions that are more complete and successful.

⁹ European Institute for Gender Equality, *Country information: Romania*, https://eige.europa.eu/gender-mainstreaming/countries/romania?language_content_entity=en. Accessed on 20 November 2025.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

The gender balance within Romania's judiciary has shown some advancement; yet, obstacles persist. Women are progressively occupying judicial posts; yet, a substantial gender disparity persists, particularly in senior and management capacities. There are very few women serving as senior judges since the issue of male dominance continues to be an obstacle for many women in the judiciary. The¹³European Commission for the Efficiency of Justice (CEPEJ) has advocated for more initiatives to encourage gender parity among senior judges and to assist women succeed in their chosen profession within the judiciary.¹⁴ Also Romania has joined the European Diversity Platform and initiated the Romanian Diversity Charter to advance diversity and inclusion across several sectors, including the judiciary, as per the Romanian Diversity Charter.¹⁵

2. Board diversity

When we talk about board diversity, we mean *the wide range of personal characteristics represented on the board*, including gender, age, ethnicity, education, experience, nationality, lifestyle, culture, religion, and many more. The mix of complementary abilities and experiences of the members is what important, and it is this combination that enables board's to drive the firm toward success and long-term stability. Diversity, on the other hand, is not an enhancement in governance, it is a journey.

For the purpose of diversity alone and to ensure a diverse and inclusive board of directors, it is crucial not to appoint anyone just to satisfy the balance of diversity. For example, there is no purpose in assigning a woman to a position on the board if she does not possess the appropriate expertise or experience to take part in the processes that are being discussed. It is of the utmost importance to have a board that is well-balanced and comprised of individuals who are equipped to make a constructive contribution to the board.

2.1. What makes the board a team

A board is considered to be effective if it is able to successfully carry out its respective tasks, which include governance, strategic direction, and supervision. This necessitates the existence of a balancing board that is capable of thinking, acting, and regulating; this type of board is referred to as a balanced board.

It will not yield any positivity in the company's achievement, if a board of directors devises an exceptional strategy capable of elevating the company to the pinnacle of its industry yet fails to execute it effectively. As long as there is no good

¹³ Council of Europe, 2020 *Report on European Judicial Systems Shows Increasing Number of Women Judges and Prosecutors, but the Glass Ceiling Remains Firmly in Place for Managerial Positions Gender Equality* (October 26, 2020) <https://www.coe.int/en/web/genderequality/-/2020-report-on-european-judicial-systems-shows-increasing-number-of-women-judges-and-prosecutors-but-the-glass-ceiling-remains-firmly-in-place-for-man>. Accessed on November 20, 2025.

¹⁴ Ibid.

¹⁵ World Bank Group, *Gender Equality in Romania: Where Do We Stand? – 2023 Romania Gender Assessment* (2023). <https://www.worldbank.org/en/country/romania/publication/gender-equality-in-romania-where-do-we-stand-2023-romania-gender-assessment>. Accessed on December 8, 2024.

strategy, there will be no development and sustainability over a long period, regardless of what the board decides to do. Hence, the thinking board requires individuals who are thoughtful leaders, intellectuals, and creative. It is necessary for the balanced board to have members who are task-focused, executors, and organizers. The regulatory board needs to be stern and methodical, but it also has to have a keen eye for detail. Therefore, in order for a holistic or balanced board to properly carry out its duty and obligations, it is necessary for the board to have members that possess diverse of personalities.¹⁶

2.2. Establishing a highly functional board¹⁷

Effective board's selects an appropriate mix of diverse directors and adeptly navigate the intricacies of diversity to capitalize on those distinctions. A board may be classified as one of the following:

- a) A board that generates negative value (degrades the organization from its previous state);
- b) A board that produces no value (ensures compliance and preserves the status quo); or
- c) A board that generates value (through vision and strategic direction).

Every board aspires to be a value creator. They all aspire to meet the expectations imposed upon them. They want to establish remarkable enterprises, *organizations that are not only documented by history but rather create history*. A visionary board with robust character and the capacity for innovative approaches may achieve that. This necessitates a board with a dynamic character, a comprehensive perspective adept at making complicated judgments in challenging scenarios, ensuring the execution of those decisions, but also swiftly altering them as conditions evolve.

As previously said, *the board must have members who are diverse in personality, gender, age, ethnicity, nationality, education, and experience*. While diversity is rational and intuitively beneficial for improving board performance, a perspective that has gained widespread acceptance — empirical evidence has not proven very compelling.

2.3. Uniqueness in the board's personalities

Uniqueness in the board's personalities can be analyzed:

- *Long-term perspective vs. immediate interest*: Long-term perspective shall maintain a broad perspective, formulating the company's long-term mission, while those with immediate interests will guarantee the fulfillment of the firm's current objectives.

- *Solver of problems vs. unwavering personality*: The board requires individuals capable of addressing the company's challenges and resolving disagreements, as well as steadfast personalities who critically examine the company's systems, procedures, and choices to foster continual progress.

¹⁶ Ram Kumar Mishra, Shital Jhunjunwala, *Diversity and the Effective Corporate Board*, Academic Press, 2013, p. 13-35, <https://doi.org/10.1016/C2012-0-06237-0>.

¹⁷ Ibid.

- *Logical reasoning vs. opposing reasoning*: A logical thinker has opinions based on analysis and a methodical flow of reasoning, demonstrating coherence in their mental process. More innovation and original ideas are produced by opposing thinkers.

- *Target achiever vs. aimless wander*: Although focusing on an ongoing discussion is crucial, periodic distractions may yield spontaneous insights, since such individuals are inclined to interact more with future possibilities than previous experiences.

- *Strategist vs. implementer*: Board's require directors proficient in formulating strategy and long-term objectives for the organization, as well as members capable of acquiring resources and overseeing the successful execution of the plan of actions.

- *Versatility vs. inflexibility*: Board's must be flexible enough to incorporate novel ideas and changes while yet maintaining their resolve when called upon. For example, Starbucks ability to challenge conventional wisdom is credited with its success.

- *Assertive vs. the collaborative*: Board's must have emphatic directors capable of exercising supervision over management, while also including directors who possess a knowledge, appreciation, and tolerance for all individuals and the natural environment. By employing a collaborative strategy, they should unite all stakeholders, shareholders, directors, workers, and consumers around a singular objective: the collective benefit of everyone.

- *Innovative vs. hazards averse*: The board needs directors who have an entrepreneurial spirit, who can spot opportunities, take calculated risks, and launch new businesses. People who can recognize and warn against extreme danger must be on the team.

- *Task oriented vs. people oriented*: Some individuals prioritize job completion, whilst others focus on the effectiveness of collaboration among team members. Directors who prioritize people are inclined to evaluate the consequences of actions on various stakeholders and seek options that equitably serve all interests. For instance, Infosys IT service industry's success is attributed to its exceptional customer service supported by highly skilled individuals who were incentivized with firm ownership via equity derivatives.

- *Structured vs. impulsive*: Board need directors who are methodical and capable of executing tasks in a systematic and ordered fashion. But, periods of chaos and upheaval demand directors who thrive creatively in a volatile environment replete with uncertainty. For instance, the success of the bargain retailer Wal-Mart is ascribed to the efficacy of its processes combined with a capacity for innovation.

- *Practical vs. Intuitive*: Practical directors rely on facts and statistics, demonstrating a meticulous attention to detail. Intuitive directors depend on instinct and are predominantly holistic thinkers; they are the originators of ideas. Both the overarching perspective and the specifics are essential when assessing processes, procedures, or best practices. For instance, Steve Jobs foresight in new technology led to the creation of items such as the iPod; nevertheless, without Tim Cook's pragmatism, Apple would not have attained such success.

2.4. Aspects to consider while building an effective board

As aforementioned, several aspects of board diversity and their effects on

board performance have to be examined. The effectiveness of the executive structure's oversight is contingent upon the makes up its leadership structure. The board of directors should consist of exceptionally skilled, energetic professionals prepared to confront the contemporary, tough, and evolving corporate landscape. A diverse team of heterogeneous directors is essential for the intricate function of board's. Diversity pursued only for its own sake will not yield advantages. The SWOT analysis of the board will assess its capability to address current business difficulties and pinpoint areas for development. Simultaneously, certain board members may have exceeded their effectiveness, warranting their replacement. S.W.O.T. (Strengths, Weaknesses, Opportunities, and Threats) evaluation is a method employed to assess an organization's competitive reputation and for the formulation of a plan of action.

Board members convene four times annually, maybe six to eight times for more busy boards. They arrive as individuals, each an achiever in their own capacity. They lack the opportunity to cultivate a shared culture and sense of unity. They must strategize and make choices rapidly, although they possess limited resources allocated to them. The shareholders shoulder some responsibility, although it is the CEO and their team that manage operations. However, they must be efficacious. The selection of appropriate members is therefore essential. The selection of board members must adhere to specific criteria, including a performance evaluation of each director, and incorporate a skill gap analysis concentrating on the following:

- a) What talents and attributes are necessary yet absent on the existing board?
- b) Are all members aged above 60 years?
- c) Is a younger and more vibrant individual required?
- d) What efficient expertise is necessary?
- e) Are we contemplating additional acquisitions, and should the board include a legal specialist in mergers and acquisitions?
- f) Is the organization aiming to expand in what other country?
- g) Will it be advantageous to have an individual who comprehends that market?

Such inquiries must be addressed prior to contemplating the appointment of board members. The analyzed results may indicate that the board requires a member possessing specific qualities, abilities, and competences. Subsequently, endeavors may be undertaken to identify a candidate who meets the criteria. The selecting process must be systematic and include all parties. Although a precise match may be unattainable, the optimal candidate must be chosen.

Ideally, the significant factor is the distinctive contribution each prospective board member will have to offer. The emphasis should be on the objectives of board diversity. The objective should be to cultivate a diverse talent pool. An optimal composition of directors is contingent upon the specific requirements of the firm and its operations. Recognizing the requisite abilities and skills for the future and strategizing accordingly is essential. Similar to personnel management, board talent must be systematically overseen to cultivate a capable board with varied viewpoints and expertise. A dynamic board succession planning strategy, alongside CEO succession planning, must be established, wherein top-quality members are picked through an aggressive recruiting process based on present and future requirements.

2.5. Managing diverse personalities in the board

Board directors must recognize the necessity for diverse personalities and show mutual respect. To achieve success, a board must comprehend and effectively utilize the talents and limits of each member. An individual predisposed to risk should not be assigned the responsibility of supervising internal control systems, nor should a task-oriented individual be appointed to cultivate stakeholder relationships. In this respect, the responsibility of the leader of the executive structure is vital. He or She must possess the requisite abilities to manage varied personalities. As chairpersons, rather than anticipating uniformity, they should leverage the capabilities of diverse personalities for the benefit of the board. Every board member is essential to the team. While each member is a director in their own capacity, it is the board chairs leadership that inspires them to collaborate towards a shared objective. The directors must prioritize the company's interests above anything else. Directors must also assume the role dictated by the circumstances.¹⁸

Personality diversity, or deep-level diversity¹⁹, pertains to the differing attitudes, beliefs, and value systems among individuals. Research indicates that when teams collaborate, the impact of surface-level diversity diminishes with time, whereas deep-level diversity becomes more prominent. Individuals who have different personalities use distinct approaches to decision-making. *The way someone behaves is influenced by his or her mindset, traits, social advantages, and abilities.* Individuals can differ not simply in their interests and abilities but also in their perceptions, attitudes, values, motives, and methods of interaction and reasoning. Research indicates that the diversity of types of personalities enables businesses to foster creativity, attract a broader spectrum of potential candidates, enhance brand image, and engage with a wider array of consumers.

According to Ram Kumar Mishra and Shital Jhunjunwala book²⁰, the final success of these teams results not only from the member's capacity and resources but also from the nature of their relationships. The personality characteristics of individual team members are key factors of these relationships. Differences between individuals significantly influence the performance of any team. Certain distinctions are immediately apparent (for instance, ethnicity, age, gender), but others are not (such as; perspectives, principles, character traits). However, those qualities that is not easily visible. The interpersonal traits of directors influence the operation of board's. Even the most advanced computer hardware will be ineffective without the appropriate software installed. Although some attributes like confidence, self-motivation, honesty, and a sense of duty may be universally advantageous for board members, possessing a range of distinctive personal traits will enable them to assume distinct duties within the team and fulfill various roles in the decision-making process²¹. For instance, the board requires members with diverse talents, like a cricket or football team, necessitating individuals with varied personalities capable of fulfilling distinct responsibilities in the quest for the ultimate success.

¹⁸ Ram Kumar Mishra, Shital Jhunjunwala, *op. cit.*, pp. 102-103.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

Organizations are using teams with diverse talents and experience at all levels, since they are anticipated to deliver superior outcomes compared to teams comprised of people with homogeneous competence. For example, it is essential for the Audit Committee to have individuals with financial expertise and background. Diversity without appropriate alignment of skills and expertise can, however, it may adversely impact performance if not managed properly. This is mostly attributable to inadequate communication among team members and insufficient clarity in the board selection process.

3. Corporate board

Corporate Board is often referred to as the executive board, senior management, corporate leadership structure, business boards or board of directors (BOD). It is a body or a group of people selected or authorized by the investors of a business to oversee daily affairs and standard operations of their business. The enterprise's key leadership responsibilities have been given to them. The board's authority and responsibilities are defined by corporate legislation and the organizations bylaws. It is extremely difficult to achieve peak performance in a complicated and competitive setting. The makeup of a board, or the individual director roles played by each member, is a major component in the board's overall effectiveness. More and more, people are coming to the conclusion that a diverse board is a better board. There should be a balance of cooperation in the corporate board for its overall performance. Just as Malcolm Stevenson Forbes quoted,²² diversity is the art of thinking independently together. Aaron A. Dhir (2015)²³ describes the corporate board structure as a multi-tiered system of governance that includes corporate leadership structure; a chairman and a variety of committees that are accountable for monitoring the administration of the firm. This structure is referred to as the corporate board structure.

In line with Aaron A. Dhir (2015)²⁴, the establishment of a business long-term goal is the duty that rest on the shoulders of the executive structure of the corporation; they deliberate on ideas and potential options about important transactions, and oversee the performance of management. It is the responsibility of the chairperson, who is appointed by the board, to preside over board deliberations and to make certain that the leadership structure carries out its duties. The leadership structure in charge of audits, compensation, and nominations are only few of the committees that are responsible for various aspects of governance. For example, the inventory management review and oversight Committee (audit) conducts all audits of the business. In areas such as financial reporting, executive compensation, and corporate governance, these committees are tasked with the responsibility of making decisions and offering advice to the board of directors concerned with these issues.²⁵

The structural corporate composition of the organization comprises primarily

²² Spencer King, *Diversity: The Art of Thinking Independently Together*, Louisiana State University (LSU), March 3, 2018, <https://www.lsu.edu/eng/news/2018/03/03-28-18-diversity.php>. Accessed on 20 November 2025.

²³ Aaron A. Dhir, *Challenging Boardroom Homogeneity: Corporate Law, Governance, and Diversity*, Cambridge University Press, 2015, p. 24 et seq., <https://doi.org/10.1017/CBO9781139053327>.

²⁴ Ibid, p. 25.

²⁵ Ibid, p. 25.

and traditionally of²⁶:

- a) Shareholders.
- b) Board of directors.
- c) Executive officers/or Management.
- d) Stakeholders (as included in the new models of corporate governance).²⁷

According to Aaron A. Dhir (2015),²⁸ these four components, when combined, they establish the governing framework for the organization. The leadership structure is accountable for ensuring that the company is running efficiently while also adequately representing the interests of stakeholders and stockholders. The executive officers oversee the daily operations of the firm and maintain adherence to the regulatory law and financial requirements.

The shareholders, as proprietors of the firm, are tasked with choosing the executive structure and sanctioning any vital alterations in the company's plan. The latest form of corporate governance now incorporates stakeholders into the board's corporate framework.

The latest form of corporate leadership has been instituted to ensure responsible and accountable administration of the organization. This stewardship-oriented framework emphasizes the imperative for organizations to be governed effectively and with responsibility to all stakeholders, not alone to shareholders. Stakeholders hold a vested investment or stake in the company, and in formulating a stakeholder model, it is emphasized that each stakeholder is regarded as both contributing to and getting benefits from the corporation, whether freely or involuntarily.²⁹

The corporate board structure is established to guarantee the efficient and effective management of the organization. According to Aaron A. Dhir (2015)³⁰, the executive structures must consist of persons with varied experiences and talents to successfully address the business's demands. An executive structure comprised of members with analogous backgrounds and experiences may result in groupthink and a deficiency of fresh ideas. Consequently, board diversity is a crucial element in facilitating good corporate governance.

The past couple of years have witnessed an emphasis on enhancing diversity within the boardroom. Organizations have endeavored to diversify their board's by incorporating persons from diverse backgrounds and experiences, including women and people of color. This enhanced variety results in superior decision-making and elevated performance. Moreover, corporations have endeavored to enhance board diversity by implementing rules that foster diversity and inclusion within the boardroom.

The corporate board structure is a crucial element in facilitating good corporate leadership³¹. According to Aaron A. Dhir (2015)³², the appointed/selected board of

²⁶ Radu N. Catana, *The Reform of Corporate Governance of State Owned Enterprises in Romania. A Critical Analysis*, Universul Juridic, Bucharest, 2012, p. 50 et seq.

²⁷ Aaron A. Dhir, *op. cit.*, p. 26.

²⁸ *Ibid*, p. 26.

²⁹ Margaret M. Blair, *Ownership and Control: Rethinking Corporate Governance for the Twenty-First Century*, Brookings Institution Press, 2011, p. 75.

³⁰ Aaron A. Dhir, *op. cit.*, p. 26.

³¹ Aaron A. Dhir, *op. cit.*, p. 27.

directors should include persons from different backgrounds and skills to successfully address the company's demands. Furthermore, organizations ought to enhance board diversity by implementing policies that advocate for inclusion and diversity inside the boardroom. Obviously, the company is owned by shareholders who elect a board of directors to serve as trustees and safeguard their financial assets and interests, and then other managerial cradles are chosen by the executive structure. They have the duty of executing the everyday affairs of business. The management regularly updates the leadership structure on the organizations operations. The executive leaders are accountable to the shareholders and stakeholders respectively.

While the board is in charge of keeping the company in check, the daily operations of the company is handled by the managers, including the CEO and their staff, who follow the guidelines, regulations, and goals outlined by the board. The aim of a corporation is enduring expansion and sustainability. It is the responsibility of the board, acting as representatives of the shareholders, to monitor the organizations activities and make sure they serve the interests of everyone involved. A corporate board of directors has three main duties:

- a) Govern
- b) Direct
- c) Supervise.

Directors are very important for corporate governance in terms of leadership, responsibility, and strategic direction. Adams RB (2010) and colleagues³³ claim the responsibilities are as:

1) Management Control: Directors are tasked with supervising management activities, which encompass the assessment and endorsement of corporate strategies and policies, the selection and assessment of the chief executive officer and managerial team regarding the attainment of organizational objectives, and the monitoring of performance metrics.

2) Establishing Strategic Direction: Directors are responsibility for establishing the business's future goals and keeping the executive team informed of any changes that could affect the business. This includes the formulation and endorsement of long-term objectives and goals, in addition to the approval of significant investments, acquisitions, and new projects.

3) Ensuring Effective Corporate Governance: Directors are accountable for guaranteeing that the organizations rules, processes and corporate culture observe all the laws and rules that apply to company operations in an ethical, transparent, and responsible manner.

4) Risk Management: Directors are accountable for recognizing, evaluating, and mitigating the risks linked to the organizations activities. They must guarantee that the organization have sufficient processes to detect, manage, and reduce possible risks.

5) Financial Administration: Directors are tasked with scrutinizing and authorization of the organizations financial statements, as well as the supervision of budgeting and use of the company's cash. They offer counsel and recommendations on

³² Aaron A. Dhir, *op. cit.*, p. 27.

³³ Renee B. Adams, Benjamin E. Hermlin, Michael S. Weisbach, „The Role of Boards of Directors in Corporate Governance: A Conceptual Framework and Survey”, *Journal of Economic Literature*, vol. 48, no. 1, March 2010 (pp. 58–107), DOI: 10.1257/jel.48.1.58.

financial issues.

6) Representing the interests of stakeholders in the organization, which includes: shareholders, customers, suppliers, and creditors: The representation of the interests of all stakeholders and making sure they are included into the decision-making process falls on directors. This entails overseeing managerial performance and ensuring the firm delivers a return on investment for shareholders.

For boards to work at their best, they need to make sure that insiders and senior owners can't have too much power over the board's operations and resolutions. This can be done through their structures and nomination processes. To protect shareholder value, boards should be sufficiently autonomous to hear from a variety of stakeholders, including shareholders, on issues related to strategy, management, and financial results. Boards should seek for competent specialists and refrain from endorsing candidates with multiple company affiliations.

The business boards are in charge of protecting shareholder assets and ensuring a good return on investment for the organization. More elaborately, under US law, the business boards is obligated to the corporation's shareholders.

In the structure of management for a company or publicly traded business, the company directors are the highest level of authority. The board has several responsibilities, including but not limited to: choosing, reviewing, and approving the CEO's salary; determining the value and remuneration of dividends; suggesting stock allocates; supervising share repurchases; approving reports on finances; and suggesting or rejecting merger and acquisition possibilities.

Men and women are chosen by the shareholders of a corporation to serve on its board for terms ranging from one to several years. Numerous firms have a rotational system whereby only certain percentage of directors is subject to election annually. This is done to complicate the process of a complete board change during a hostile takeover. Typically, company directors either:

- a) Have an equity stake in the company.
- b) Participate in executive management within the organization (so-called executive directors)
- c) Are autonomous from the corporation yet recognized for their entrepreneurial acumen.

In the United States, minimum 50% of the board members must satisfy the prerequisites for autonomy, indicating that they are not linked with or recruited by the corporation.

In principle, impartial directors are insulated from coercion, so they are more inclined to prioritize shareholders' interests when these objectives conflict with those of established management.

Consequently, a crucial element affecting board effectiveness is its composition; example, the nature of the directors constituting the board. A consensus emerges that put a diversity balance on board membership, which is essential for optimal board performance.³⁴ Corporate boards have to possess a mainstream of independent members. A leadership structure with an impartial majority is more likely

³⁴ Board of Directors Structure (CFA Institute Research and Policy Center, October 29, 2019) <https://rpc.cfainstitute.org/policy/positions/board-structure>. Accessed on 20 November 2025; Radu N. Catana, *op. cit.*, p. 50 et seq.

to prioritize the securities of shareholders. It is also likely to encourage autonomous policymaking and reduce potential conflicts of interest.

3.1. Corporate diversity

Corporate diversity means that companies try to hire people with various abilities, talents and backgrounds. Diversity in the workplace and in leadership of firms means³⁵ including people from mixed socioeconomic origins, such as race, gender, culture, sexual orientation, age, religion, political beliefs, financial position, and physical ability. It includes programs and rules that try to improve fairness, equality, and participation at all stages of the company. When it comes to business governance, diversity includes the people who serve in the executive structure. Corporations want boards with people with various abilities, talents, backgrounds, competences and perspectives. The objective is to improve how decisions are made, how new ideas are made, and how well the company does generally.

While there is no specific case law that directly addresses corporate diversity, there are some legal precedents that relate to affirmative action, equal employment opportunity, and anti-discrimination laws that contribute to shaping diversity practices within organizations. For instance: One notable case law precedence that highlights the importance of corporate diversity is the case of Ricci Vs. DeStefano³⁶ the Supreme Court of the United States considered the topic of diversity in the workplace in the case of Ricci v. DeStefano. Outline of Rule of Law of the Title VII of the 1964 Civil Rights Act³⁷ is violated by a municipality that refuses to validate the outcomes of a legitimate civil service examination due to the inadvertent disparate impact it had on minority candidates.

A number of white New Haven, Connecticut, firemen took legal action against the city when it chose to declare a promotion assessment's scores invalid because no African American applicants had achieved the minimum required score. The white firefighters argued that the panel's conclusion on the assessment's scores constituted illegal discrimination against them based on their race.

The decision reached by the Supreme Court in Ricci Vs. DeStefano affirmed the usefulness of considering varied in the workplace while also highlighting the complexities and legal challenges associated with affirmative action and diversity initiatives. While the case did not directly address corporate diversity within the private sector, it underscored the broader societal and legal implications of diversity-related decisions in employment practices.

The case highlights the importance of corporate diversity and the need for organizations to navigate diversity-related issues within laws and regulations. It also prevented lawsuits by making it more difficult for companies to reject employment tests that negatively impact protected groups. Corporate diversity leads to increased

³⁵ Deborah L. Rhode, Amanda Packel, „Diversity on Corporate Boards: How Much Difference Does Difference Make?“, *Delaware Journal of Corporate Law*, Vol. 39, No. 2, 2014: 377-426. Available at SSRN: <https://ssrn.com/abstract=1685615> or <http://dx.doi.org/10.2139/ssrn.1685615>.

³⁶ Ricci v. DeStefano, 557 U.S. 557 (2009) (Justia Law) <https://supreme.justia.com/cases/federal/us/557/557/>. Accessed on 20 November 2025.

³⁷ The Harvard Law Review Association, „The Civil Rights Act of 1964“, *Harvard Law Review*, Vol. 78, No. 3, Jan. 1965: 684-696, <https://doi.org/10.2307/1339128>.

creativity, decision-making, problem-solving, and team performance. Cox and Blake (1991)³⁸ emphasize the significance of overseeing different cultures in working environments for organizational competitiveness. They suggest strategies for effective cross-cultural communication, building relationships, and creating an inclusive environment, emphasizing the need for diverse values, beliefs, and behaviors.

The European Court of Human Rights case number 64480/19, *Moraru v. Romania*³⁹ Ms. Elena Moraru is the subject of this case; she is a Romanian native, who was denied the opportunity to take the entrance examination for military medicine due to her height and weight falling below the standards established by the Ministry of native Defense. The Court reached a decision. that there was not an impartial and adequate explanation for this rejection, constituting discrimination based on sex.

Numerous cases of employment discrimination, frequently involving Roma people, have been filed under EU non-discrimination laws, and both the ECtHR and the CJEU have provided guidance to Roma. In some cases, Romania has been found to violate EU employment discrimination laws, which could result in rulings by the ECtHR, as EU anti-discrimination directives have been integrated into Romania's national laws.

For instance, *D.H. and Others Vs. the Czech Republic* (2007)⁴⁰ is another the case that is relevant to Romania through broader principles. Despite being a case involving the Czech Republic, this ruling has been cited in relation to Romania's duties to assure that ethnic minorities, including the Roma, are not discriminated against in employment, and it sets out broad principles regarding ethnic discrimination in employment, in particular the rights of Roma individuals. The case involved an objection to the Czech Republic's system of special schools for Romani children and its broader discriminatory effect on the employment and social integration of the Roma community. The highlight of the case focused on systematic prejudice and unfair treatment, specifically as it pertained to Roma individuals. The ECtHR's decision in this case established non-discrimination and equal treatment in employment as principles of EU law, which Romania, as a member state, is obligated to uphold.

Another case is *Mehmet and Suna Yiğit Vs. Turkey* (2010)⁴¹: applied to Romanian contexts in EU frameworks. In this case, which is relevant to Turkey but has been cited in the context of EU-wide anti-discrimination laws (including those in Romania), The court determined that a private corporation had refused employment to a married couple based on their gender and ethnic background, constituting an abuse of Article 14⁴² (prohibition of discrimination) and Article 8 guarantees the liberty to personal and family affairs equality). The highlight of the case state that, using gender and ethnicity as grounds for hiring discrimination. Romania is an EU member state,

³⁸ Taylor H. Cox and Stacy Blake, „Managing Cultural Diversity: Implications for Organizational Competitiveness”, *Academy of Management Perspectives* vol. 5, no. 3, 1991. <https://doi.org/10.5465/ame.1991.4274465>.

³⁹ Case of *Moraru v. Romania*, European Court of Human Rightsm 64480/19 – LawEuro, <https://laweuro.com/?p=20045>. Accessed on 20 November 2025.

⁴⁰ Case of *D.H. and Others v. the Czech Republic* (2007) Echr, HUDOC - European Court of Human Rights <https://hudoc.echr.coe.int/fre#%7B%22itemid%22:%5B%22001-83256%22%5D%7D>. Accessed on 20 November 2025.

⁴¹ Case of *Mehmet and Suna Yiğit v. Turkey* (2010) HUDOC - European Court of Human Rights, <https://hudoc.echr.coe.int/eng#%7B%22itemid%22:%5B%22001-191336%22%5D%7D>. Accessed on 20 November 2025.

⁴² The Harvard Law Review Association, *op. cit.* („The Civil Rights Act of 1964”): 684-696.

and she is obligated to adhere to European jurisprudence, which it helped define in this case, when it comes to employment discrimination.

With regards the issues of disability discrimination; one way to look at Romania's compliance with EU rules prohibiting discrimination against people with disabilities in the workplace is as an application of the principles outlined in this case of *Cudak v. Lithuania* (2010), As demonstrated. The larger problem of disability-based discrimination is addressed in this case, making it relevant to Romanian employment discrimination law. The applicant was a judge who was fired because of his disability; he was a citizen of Lithuania. Article 14 (anti-discrimination legislation), Article 6 (the guarantee of an impartial trial), and Article 8 guarantees the liberty to personal and family affairs equality) were all found to be breached by his dismissal, according to the ECtHR. Romania is an EU member state must comply with EU rules prohibiting prejudice against individuals with disabilities in the workplace is as an application of the principles outlined in this case. It confirmed the notion that individuals with disabilities face prejudice in the workplace goes against the directives of the Human Rights in Europe (*Cudak v. Lithuania* (2010)).

The EU Employment Equality Directive (2000/78/EC) prohibits prejudice in job settings based on gender characterization or expression, age, disability, or belief system. Concerning Romania's Roma population and other lawful immigrants, the European Union Race Equality Directive (2000/43/EC)⁴³ prohibits unfair treatment or prejudice that is based on a person's race or ethnicity. Therefore, Romania must continue to adjust its legal frameworks to guarantee that employment prejudice, whether based on race, gender, or disability, is properly addressed in conformity with European human rights norms. Nevertheless, scholars continue to pore over real data in an attempt to infer a connection between diversity management and organizational viability, even though this connection is seldom clarified.

This study examines claims and practical statistics pertaining to the potential benefits of diversity management for competitive advantage. We will go over some of the ways in which cultural diversity management affects business outcomes, including: budget, talent acquisition, marketing effectiveness, creative thinking, innovation, analytical skills and organizational adaptability impact corporate performance of organizations. We will also offer recommendations for how organizations might better handle multiculturalism in the workplace. Managers and supervisors have to acknowledge the changes and developments in the workplace. *Managing diversity is a major organizational obstacle; so, management abilities have to change to fit a multicultural workplace.*⁴⁴

Harold Andrew Patrick (2012)⁴⁵, article examines the benefits and challenges of corporate diversity and the managerial tools necessary to ensure its success. The authors argue that workplace diversity can provide numerous positive outcomes, such as enhanced creativity and policymaking, increased output, and better customer

⁴³ Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin, OJ L 180, 19.7.2000, pp. 22–26.

⁴⁴ Derek Farnsworth, Jennifer L. Clark, Kelli Green, Mayra López, Allen Wysocki, and Karl Kepner, *Diversity in the Workplace: Benefits, Challenges, and the Required Managerial Tools*, Ask IFAS - Powered by EDIS, <https://edis.ifas.ufl.edu/publication/HR022>. Accessed on 20 November 2025.

⁴⁵ Harold Andrew Patrick and Vincent Raj Kumar, „Managing Workplace Diversity: Issues and Challenges”, *Sage Open*, 2(2), 2012, <https://doi.org/10.1177/2158244012444615>.

service. At the same time, they acknowledge that managing diversity can be difficult, especially when it comes to cultural differences. Organizations should invest in employee training, foster an inclusive environment, and provide leadership support for diversity initiatives. *Effective diversity management can boost productivity, profitability, and customer relations, fostering a sense of belonging and respect for diverse perspectives.* Furthermore, Harold Andrew Patrick et al (2012), critically review the literature on corporate diversity, focusing on the main themes that have emerged in the field, such as: how diversity affects corporate performance, what motivates diversity initiatives (both internally and outside), and what obstacles arise when programs are put into place to promote diversity. The authors discuss the various perspectives of diversity in a conceptualized form. They then explore the evidence on the benefits and drawbacks of variety or multiculturalism, as well as the internal and external drivers of diversity initiatives, such as *corporate culture, organizational change, and industry-wide trends*. Diversity in organizations enhances public image, community reputation, recruitment, retention, morale, and employee engagement. Prioritizing diversity boosts profitability increases employee morale, and improves public image, making it a crucial priority for businesses.

4. Inadequate representation of females in the board

The persistent underrepresentation of females in boardrooms is a significant global issue. Deloitte's most recent Women in the Boardroom Report (2024) indicate that women occupy fewer than one-quarter (23.3%) of global board positions. Notwithstanding recent advancements, the rate of transformation remains sluggish and in the absence of intensified emphasis and effort, gender parity in the boardroom is improbable before 2038.⁴⁶ Some remarkable highlights of the Deloitte's most recent Women in the Boardroom Report (2024) are as follows:

a) Global Representation: Since 2022 Women occupy 23.3% of executive positions worldwide, reflecting a 3.6% of the population improvement on board (Deloitte Latest Women in the Boardroom Report, 2024).

b) Chairs and CEOs: Approximately 8.4% of global boards are presided over by women; merely 6% of CEOs are female.

c) Quotas and Targets: Countries implementing quota laws have experienced increased female participation on boards. France, Norway, and Italy impose quotas mandating 40% representation of female board members.

d) Challenges: Notwithstanding endeavors, the general pace of advancement remains sluggish, necessitating more determined efforts to attain gender parity.

Although more than fifty percent of the U.S. workforce comprises women, they are still significantly underrepresented on business boards. A 2020 analysis by the Alliance for Board Diversity indicates that women constitute just 19.9% of Fortune 500 board directors and merely 10.5% of Fortune 500 board chairpersons. The absence of representation has considerable ramifications for corporate governance and performance. The Alliance for Board Diversity (ABD) is an organization dedicated to

⁴⁶ Deloitte Latest Women in the Boardroom Report | Deloitte Global (Deloitte, March 7, 2024) <https://www.deloitte.com/global/en/about/press-room/deloitte-global-latest-women-in-the-boardroom-report.html>. Accessed on 20 November 2025).

achieving enhanced representation of minorities on corporate boards. The 2020 Board Diversity Census of the Fortune 500, published by the ABD in 2020, offers an analysis of board member diversity among the 500 most massive publicly listed enterprises in the United States. It is stated in the study that, despite a minimal advancement in the representation of females and minority board members within the past 15 years, the overall scenario remains one of underrepresentation. Women and minority board members constitute less than 40% of total board representation. Moreover, a substantial disparity persists in the proportion of members of women and racial/ethnic minorities, with merely 28% of board positions occupied by women and 8% by minorities.⁴⁷

The ABDs research underscores ongoing problems that hinder advancements in board diversity, including insufficient recruiting initiatives aimed at minority candidates and a dearth of diverse talent streams within the corporate sector.

The ABDs study serves as a crucial resource for comprehending the current situation of board diversity and the obstacles that must be overcome in order for the business world can be improved for everyone. The study serves as a crucial foundation for companies and other stakeholders to initiate efforts geared at enhancing the participation of female directors and members of underrepresented groups as corporate executives. The most recent edition of the definitive Report on the Absence of Diversity on Boards (ABD) shows that in 2022, more than 45 percent of females and minority groups that were unrecognized held board seats, a rise from 38% in 2020. In its seventh edition, the rate of change continues to be irregular and varied among different demographics. This comprehensive biennial study of seventh edition of Missing Pieces examines the involvement and presence of females and members of underrepresented groups as corporate executives of Fortune 500 companies. The findings were evaluated from 2020 to 2022, elucidates trends in board diversity among Fortune-ranked firms, discrepancies between these board's and the United States living population, and divergences in boardroom equality across different sectors worldwide. The results reflect the necessity for a more diverse board composition.

Aaron A. Dhir⁴⁸ analyzes the underrepresentation of females on executive leadership team. He contends that a number of problems contribute to this underrepresentation, including the conventional emphasis on male-dominated corporate boards, the scarcity of suitable female candidates, and the absence of incentives for firms to foster gender diversity.

Aaron A. Dhir asserts that the lack of involvement and presence of females on executive leadership team is a corporate governance issue that adversely affects business performance. He contends that gender diversity is advantageous as it aids in attracting and retaining talent, offers a varied array of skills and perspectives, and facilitates improved decision-making. *He proposes many measures to tackle this issue, such as augmenting the percentage of female board members, establishing incentives for corporations to enhance gender diversity, and expanding the pool of eligible female*

⁴⁷ Deloitte Globe's latest Women in the Boardroom report reveals some progress toward gender parity but accelerated momentum is required (Deloitte, March 7, 2024) <https://www.deloitte.com/global/en/about/press-room/deloitte-global-latest-women-in-the-boardroom-report.html>. Accessed on 20 November 2025.

⁴⁸ Aaron A. Dhir, *op. cit.*, pp. 243-245.

applicants.⁴⁹

Aaron A. Dhir presents compelling evidence from studies and international examples to back up his claims. He analyzes the regulatory and legal frameworks in place across countries and demonstrates how these frameworks affect the number of females on executive leadership team. He then delves into the role of corporate culture in fostering diversity, and offers several suggestions for companies looking to increase their gender diversity.

Aaron A. Dhir book is a comprehensive and meticulously researched work that offers a thorough examination of the insufficient participation of females on executive leadership team. This book significantly contributes to the domains of corporate law and governance, elucidating the critical relevance of gender diversity within boardrooms.

Studies indicate that organizations with greater female participation on their board's exhibit superior performance compared to those with less women. *Research indicates the inclusivity and activeness of females in the executive structure of the company might mitigate chances of unethical organizational conduct and enhance the efficacy of board monitoring.* Moreover, a greater engagement of females on management boards could foster a more diverse and inclusive workplace, thereby enhancing employee engagement and productivity. Fagan C⁵⁰ opines that, a major issue in the business sector is the lack of female directorship in business boards. Studies have consistently demonstrated that companies whose boards include members of both sexes do better those with homogeneous boards. Women on corporate boards provide firms several advantages, including enhanced innovation, improved risk management, and superior corporate governance. Research indicates that women are generally more attuned to the requirements of their fellow board members, resulting in enhanced teamwork and policymaking. *Moreover, women on company boards contribute a distinct viewpoint, potentially enhancing decision-making and fostering better organizational performance. The involvement and presence of females on company management structure can greatly boost firm productivity.*

Fagan Cs research investigates the significance of female involvement in executive team. His essay encapsulates the principal conclusions from a comprehensive international survey of changes in female presence and involvement on executive team, supplemented with an in-depth case study examination of European nations. His research suggests both administrative policymaking and a company's financial boost might benefit from having more females in executive positions. Additionally, it analyzes the advantages derived from a massive presence and involvement of women on corporate boards, including enhanced diversity, improved risk management, and greater creativity. Fagan C articulates a compelling argument that increasing female presence and involvement on company boards may enhance both the financial performance and decision-making processes of the organization. It presents data from several researches indicating that an increased involvement and

⁴⁹ Ibid, p. 225.

⁵⁰ Colette Fagan, *Women on Corporate Boards in Europe*, European Parliament, 2013, report PE 474.412 EN, <https://www.europarl.europa.eu/document/activities/cont/201303/20130321ATT63598/20130321ATT63598EN.pdf>. Accessed on 20 November 2025.

presence of females in executive positions can be advantageous. Fagan C⁵¹ study articulates a compelling case for encouraging more female representation on company executives, accompanied by supporting facts. An excellent reference for anyone wishing to comprehend the relevance of promotion of gender parity on company executive team is the essay by Fagan C.⁵²

Notwithstanding the clear advantages of increased female presence and involvement on corporate leadership, advancement has been sluggish both in terms of statistics and implementation. Although there have been some incremental improvements in recent years, the pace of change must accelerate substantially to attain gender parity. To facilitate growth, governments globally have instituted several regulations and programs, including gender quotas, voluntary objectives, and workshops on diversity.⁵³

Another report this research looked into during our literature review is the 11th report from McKinsey & Company in 2025 is called Women in the Workplace⁵⁴ which has an extensive analysis of women's progress in the corporate world. A survey of more than 280 firms reveals that although women are advancing in employment participation, they remain underrepresented in executive and board positions. The survey also indicates that women of color have significantly bigger challenges in their professional progression. The research offers ideas for corporations to enhance diversity and mitigate the disparity between men and women within their workplaces. It underscores the necessity of establishing explicit objectives, KPIs (Key Performance Indicators), and responsibility for diversity, with the execution of measures such as mentorship initiatives, flexible schedules at work, and sponsorships. The research ultimately says that corporations must act to establish an inclusive and equal work environment. In the last ten years, there have been notable advancements for women in corporate leadership, with about 30% of C-suite executives now being women. Nonetheless, the pipeline is not as robust as it appears, with an insufficient number of females advancing to executive positions, especially females from diverse backgrounds. Achieving fairness for all women in corporate America will need nearly 50 years, contingent upon corporations identifying a viable route to sustainable progress. Organizations have implemented additional rules to assist employees and promote inclusiveness; nevertheless, these measures have not been effectively executed, resulting in a worse work environment for women. Organizations must sustain their ambition and dedication to their endeavors, as this year's study offers a strategic framework.

5. Demand barriers against women

The bias against women, suggesting they are unable to function as well as males in senior business positions, is likely the primary cause for the continued male dominance on boards. The barrier effect includes an imperceptible obstacle that women

⁵¹ Ibid.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ The 11th Annual Report Women in the Workplace 2025, LeanIn.Org and McKinsey & Company <https://womenintheworkplace.com/>. Accessed on 2 December 2025.

encounter in their ascent to leadership positions. It is the invisible yet insurmountable barrier that prevents females from rising through the ranks of the executive suite, irrespective of their professional credentials or accomplishments.⁵⁵

It signifies a pronounced gender inequality at elevated levels, obstructing female progression to positions of authority or distinction, especially within the business sector. For instance, despite being illegal in India, other industrialized nations, especially the United States; gender discrimination persists across several societal aspects. Women are unequivocally excluded from consideration for board positions. For women, being excluded from the Men's Club is a major obstacle. People in leadership roles have an interest in preserving conventional recruitment practices, promotion, seniority, and other personnel practices that favor them and discriminate against others. This is an example of gender-related bias, discrimination, and stereotyping that occurs both consciously and unconsciously.⁵⁶

Also, Ann Morrison⁵⁷ points out that, of the several obstacles to corporate advancement; prejudice is the most significant, namely the preconceived notion that those perceived as different, such as female executives, are less competent in their roles.

Women are generally assigned to lower-paying positions. Women possessing comparable or superior skills, talent, and experience to their male counterparts are typically overlooked as candidates for senior management roles. *Furthermore, organizations view female leaders as less dedicated to the firm and their professional advancement. Investing in the advancement of women for senior roles is perceived as a precarious endeavor, perhaps squandered if they depart to fulfill familial obligations.* From a legal standpoint, demand barriers faced by women frequently arise from entrenched biases and discriminatory practices within laws and regulations. These barriers may present themselves in multiple forms, including inequitable access to education, employment opportunities, and legal protections, for instance:⁵⁸

a) Legal Impediments: Laws that reflect and maintain gender stereotypes might impede female economic engagement. For instance, property and family law in some countries may restrict women's right to own property or access credit.

b) Economic Impact: Legal barriers can adversely affect macroeconomic conditions by inhibiting women's full participation in the economy. Eliminating these obstacles via legal reform can stimulate increased female inclusivity in the economy; the United States, Iceland, Peru, Rwanda, The United Kingdom, Netherland, Norway, Romania (in progress), and the Philippines, have enacted legislation measures to promote Women's economic empowerment. These policies have demonstrated favorable outcomes in enhancing Women's engagement in the economy.

⁵⁵ Robert B. Reich and others, *The Environmental Scan A Fact-Finding Report of the Federal Glass Ceiling Commission* (1995) <https://witi.com/research/downloads/glassceiling.pdf>. Accessed on 20 November 2025.

⁵⁶ Ibid.

⁵⁷ Ann M. Morrison, „The New Leaders: Guidelines on Leadership Diversity in America”. *Jossey-Bass Management Series*. 1992. <https://eric.ed.gov/?id=ED371454>. Accessed on 20 November 2025.

⁵⁸ Mrs. Katharine M Christopherson Puh, Audrey Yiadom, Juliet Johnson, Francisca Fernando, Hanan Yazid, and Clara Thiemann, „Tackling Legal Impediments to Women's Economic Empowerment”, *IMF Working Papers*, 037 (2022), Article A001, <https://doi.org/10.5089/9798400203640.001.A001>. Accessed on 20 November 2025.

6. Women in the board: importance, implication and the analysis it's globally acceptability

In this chapter we are going to address the above heading in three phases: the importance of women in the board⁵⁹, the implications of including women on in executive leadership structure, and the analysis of the global acceptance to have women in the board. As stated in the 2025 Women in the Workplace Analysis⁶⁰, by McKinsey & Company and LeanIn.Org, the presence and involvement of women in executive leadership structure of companies has been debated for decades. Some countries have gone a long way in getting more women on company executives, while others have been sluggish to catch up. In this part of our paper, we shall discuss the importance and implications of including women on in executive leadership structure, as well as the global acceptance of this phenomenon.

6.1. The importance of females on the board

The existence and involvement of females in corporate boards is significant for numerous factors. It has been established that gender-diverse board's exhibit superior financial performance. A McKinsey & Company study indicated that enterprises that implements gender parity spectrum among their leadership or executive structure were 21% more likely to achieve profitable growth. According to LeanIn.Org and McKinsey & Company⁶¹, the involvement of females on corporate boards may enhance decision-making efficacy and foster greater innovation.

Secondly, the presence and involvement in leadership or executive structure might improve the way companies are administered. According to the research, women are more cautious leaders thus they are less willing to take chances than men. Protecting shareholder interests can be achieved by reducing risky and immoral behavior.

Thirdly, presence and involvement of women in company⁶² can help alleviate gender imbalance in the workplace. Women often lack representation in senior management positions, and enhancing female participation on corporate boards contributes to a more inclusive corporate culture. The incorporation of women in boardrooms is vital for achieving superior corporate governance, stronger financial performance, and increased innovation. Notwithstanding the hurdles, the worldwide acknowledgment of gender parity and the incorporation of women on the Board provide the following outcomes⁶³:

a) The disruption of Stereotypes and Prejudices: A primary difficulty is dismantling gender preconceptions and implicit prejudices that obstruct women's advancement to board-level roles. *Societal expectations, cultural norms, and entrenched prejudices can restrict possibilities and establish obstacles for women in leadership positions.*

⁵⁹ The 11th Annual Report Women in the Workplace 2025, LeanIn.Org and McKinsey & Company <https://womenintheworkplace.com/>. Accessed on 2 December 2025.

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Ibid.

b) Building a pipeline of Talent Development: Establishing a pipeline of talented women executives necessitates an emphasis on fostering diversity throughout the organizational structure. *Initiatives like mentorship, sponsorship programs, and inclusive talent management techniques are essential for cultivating and retaining women leaders capable of ultimately attaining board seats.*

c) Board Composition and Selection Process: Achieving gender diversity in boardrooms necessitates an evaluation of board composition and selection procedures. *Organizations may implement board diversity policies, define quantifiable objectives, and proactively seek suitable female candidates.* Transparent and meritocratic selection processes are crucial for guaranteeing equitable representation.

d) Enhanced Corporate Governance: Numerous researches indicate that board's with gender diversity correlate with enhanced corporate governance. *Women provide varied viewpoints, experiences, and competencies that enhance decision-making and risk management efficacy.* Their presence mitigates groupthink and fosters a broader spectrum of perspectives, resulting in enhanced overall board performance.

e) Enhanced Financial Performance: Studies demonstrate⁶⁴ the presence and involvement of more women serving on business boards correlates with increased profits. Organizations exhibiting elevated levels of gender diversity generally surpass their counterparts in terms of ROI (Return of Investment), ROA (Return of Assets), and the growth of stock value. The diverse viewpoints contributed by women in boardrooms enhance innovation, strategic thought, and market adaptability, hence propelling company success.

f) Enhanced Innovation and Creativity: Diverse boards promote a culture of creativity by facilitating varied ideas, problem-solving methodologies, and viewpoints. As reveal in study by McKinsey & Company; the incorporation of women in policymaking operations facilitates the consideration of a broader spectrum of client demands, resulting in creating innovative products and services. This can confer a competitive edge in the swiftly evolving corporate environment of today.

6.2. The implications of women in the board

Notably, there can be implications of adding women in corporate leadership, which is why there should be transparent selection of the females who will bring their very best of experiences and skills to the boardroom. Firstly, it can result in enhanced variety of viewpoints and concepts. This may result in more imaginative (innovative) and efficient decision-making.

Secondly,⁶⁵ the presence and involvement of women in corporate leadership might facilitate the advancement for equality all individuals inside the workplace. This may result in a more inclusive company culture and enhanced inclusivity of females at all organizational levels

Thirdly,⁶⁶ the addition of women on corporate boards can enhance the organizations brand. Organizations perceived as dedicated to diversity and inclusion are frequently regarded more favorably by customers and investors.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Ibid.

7. Conclusion

Gender balance in the board, this study concludes that enhance board performance, the board contributors want to; recognize the various backgrounds and numerous cultures recognize and appreciate the diversities, analyze how to work as a crew irrespective of diversities, and leverage diversities to produce cost that a various board can create. The feeling of cohesion in range amongst the board individuals is essential. A spirit of oneness amongst administrators will lead to the first-class organization in the lengthy run.

The term diversifying the boardroom refers to the practice of adding more diverse perspectives and experiences to the directorship structure of a firm. One such outcome is accomplished by actively seeking out directors from diverse backgrounds, with varied perspectives, experiences, and opinions, and by broadening the pool of individuals evaluated for boardroom positions. The competence of the board to protect the business and its stakeholder's best interests can be improved in this way.

Having a diverse boardroom can improve a company's performance, according to research. Revenue and stock returns are more likely to rise for companies that have boards that are more diverse, according to studies. The ability to more quickly identify risks and opportunities and conduct thorough evaluations of choices is one benefit of having board members from diverse backgrounds and expertise. Because it shows the company is committed to diversity and inclusion, a more diverse boardroom can boost the organizations credibility and positive reputation.

Notwithstanding the prospective advantages of boardroom diversity, certain organizations may exhibit hesitance in implementing modifications. In response, several nations have implemented obligatory corporate governance legislation that mandate specific gender diversity criteria, including quotas for female directors. By imposing such rules, nations can guarantee that all corporations are striving to diversify their boards. Diversifying gender in a corporation's boardroom can yield substantial advantages in performance and public perception. Governments can promote boardroom diversity by implementing required corporate governance legislation. Changes in sociocultural dynamics will be necessary to diversify the corporation's boardroom, and legislative regulations will remain crucial to fostering an inclusive and diverse environment. This legal regulation can be in the form of command-and-control regulation, which is intended to force changes in practice, or reflexive governance strategies, which are intended to promote behavioral changes. In any case, the larger discussion about how to make the locations of social and economic power both inclusive and functional will keep pressing policymakers to pay attention to corporate governance and the business community as a whole.

Attaining gender parity on the executive structure of a company is a tactical need more than only a matter of fairness. that improves organizational performance and sustainability. Diverse boards provide a wider array of perspectives, promote inventive thought, and cultivate an inclusive atmosphere that propels economic success. Our analysis of several literatures indicates that, although advancements have been achieved, the pursuit of gender parity remains incomplete. A collaborative endeavor among governments, corporations, and society is essential to dismantle obstacles and foster equitable opportunities. Several studies indicates that diverse boards, especially those with greater female representation, are more likely to make

balanced and informed choices that emphasize long-term value generation, promote innovation, and enhance corporate responsibility. Gender-diverse boards possess a superior capacity to comprehend and respond to the requirements of a wider array of stakeholders, hence enhancing governance and ethical decision-making, which can subsequently result in greater financial performance and enhanced reputations in the marketplace.

As the business environment evolves, incorporating gender diversity will be essential for addressing issues and seizing new possibilities. The significance of gender equality in leadership and management is paramount. It is crucial for developing robust, progressive organizations that are prepared to succeed in the future. Moreover, the pursuit of gender balance is not solely a moral or legal requirements; it is also an economic necessity. Organizations that prioritize diversity, particularly within their boards, gain from the distinct viewpoints and experiences women contribute, which are frequently associated with enhanced risk management, more sustainable corporate practices, and an increased emphasis on social and environmental consequences. As stakeholders increasingly need enhanced corporate responsibility and transparency, a diverse board is associated with higher performance in addressing these expectations and confronting the problems of a swiftly changing global market.

Lastly given the advantages discussed in this part above, it is evident that gender balance on boards is not merely a theoretical highlight but an essential element for attaining lasting company success. Consequently, organizations should actively implement policies and procedures that foster gender diversity in leadership positions. To attain equal diversity of genders at the executive level, organizations must establish mentorship programs, targeted recruitment, and an inclusive corporate culture. Establishing gender parity on corporate board's is a crucial and calculated step that helps all businesses and advances the larger goal of creating resilient, accountable, and fair corporate ecosystems.

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