

# Gender and Organizational Performance: the Importance Of Gender Diversity Policies in Organizational Development

**Ikram Byadi<sup>1</sup>, Abderrahim Jabbour<sup>2</sup>, Mohamed Zeamari<sup>3</sup>**

*<sup>1,2</sup>PhD student in Economics and Management Faculty of Legal, Economic and Social Sciences  
Moulay Ismail University Meknès, Morocco  
Laboratory of Economic and Social Studies and Research*

*<sup>3</sup>Professor of Higher Education  
Faculty of Legal, Economic and Social Sciences, Moulay Ismail University, Meknès, Morocco*

**Abstract:** While organizational changes are happening and higher demands for corporate accountability are being made, gender diversity is becoming a crucial factor not only for obtaining better business results but also for achieving sustainable development. This article, based on the reflection of the existing research, examines the influence of gender diversity policies on the performance of the organization as a part of the change management process.

The article's initial section is devoted to explaining foundational concepts of diversity and detailing the main issues that organizations need to confront. The following chapter discusses the association between gender diversity in the workplace and company performance, using different theories as a guide; these theories include human capital, contingency, institutional theory, and resource-based view.

Furthermore, the third chapter delves further into the strategy aspect of diversity policies not only as a key factor in building inclusive and resilient organizations but also as a means of achieving compliance with the Sustainable Development Goals (SDG 5 and SDG 8). The paper ends with a statement that gender diversity is one of the non-material assets which, sooner or later, can bring about organizational change of a sustainable nature if it is implemented carefully and in alignment with the overall strategy, be a source of value.

**Keywords:** Gender diversity - Organizational performance - Sustainable development - Change management - Diversity policies - Inclusive governance

## I. Introduction

In the past two decades, there has been a radical change in the governance of companies such that are more participatory, and have obtained more lasting results. In this scenario, gender diversity has become the main issue not only from the point of view of social justice but also as a strategic instrument for value creation. Many studies indicate that firms which are on the forefront of diversity policy implementation, particularly in the field of gender, are the ones that record better economic performance, more ethical governance, and higher innovative capacity (Post & Byron, 2015; Díaz-García et al., 2013). Thus, diversity is no longer considered just a regulatory constraint or a moral necessity but a source of organizational change and competitiveness.

This article addresses the following research question: To

**what extent do gender diversity policies enhance organizational performance and support change dynamics within contemporary organizations?**

While there has been a considerable improvement in gender equality at a professional level, the problem of gender inequalities still exists to a large extent, especially in positions of power in the organizations. On top of that, the gender effects on the company's achievements are not direct and simple; these effects depend a lot on the situation, management practices, and corporate strategy (Bruna & Chauvet, 2013; El Ouakdi et al., 2022). That is why it is important to first study the theoretical bases that relate diversity to performance and then the conditions under which inclusive policies can be implemented effectively.

This paper aims first to comprehend the main conceptual and strategic approaches through which gender issues and organizational performance are linked by conducting a wide-ranging literature review. The review of the literature is from the different theories such as resource economics, strategic management, and institutional theory. These contributions provide a base to think of diversity as a vehicle of sustainable organizational development.

The research work is divided into three major parts. The first conceptualizes the definition of diversity, particularly gender diversity, based on theoretical contributions and the challenges for organizations that it raises. The subsequent segment delves into the notion of organizational performance and gauge the relationship between diversity and performance by employing various theoretical perspectives (human capital, resource-based view, contingency, and institutional viewpoints). The third part discusses gender diversity policies, their strategic roles, and their contribution to the Sustainable Development Goals.

## **II. Literature review**

### **2.1 Gender diversity: concept and organizational challenges**

#### **2.1.1 Definition and conceptual foundations of gender diversity**

Diversity has now emerged as a relatively recent key concept in the fields of management and social sciences, closely associated with the fight against discrimination and the promotion of equal opportunities. It refers to the presence, within an organization, of individuals with differences in gender, origin, culture, age, education, beliefs, or professional experiences (Mor Barak, 2015).

Early work on diversity followed from research on differentiation and integration dynamics in complex organizations (Lawrence & Lorsch, 1967), as well as on the necessity to regulate social and structural discrimination (Miné, 2001).

Sébastien Point (2007), in his work "The Diversity of Definitions of Diversity: European Comparisons," also highlights the conceptual richness and complexity of the term "diversity," in the sense that it aims not only to promote equity among employees but also to leverage a plurality of talents to improve collective performance.

Diverting the attention towards the example of the PSA PEUGEOT CITROËN Group that can be considered as a model for the combined vision of diversity, the latter is described in their documents as the ambition of "employing all talents together without any discrimination of culture, nationality, sex, religion, political or union convictions, differences in experience, professional background, age, state of health, or sexual orientation.

Moreover, gender diversity is one of the different types of diversity, and it is a core concept of organizational diversity. The concept reaches beyond the mere balanced distribution of men and women to also cover how these differences pervade the management, HR policies, and the company culture (Bereni, 2009).

In fact, the term "gender" that the company took from Anglo-Saxon social sciences refers to the differences that are socially and culturally constructed between males and females, apart from

biological ones (Lemière & Silvera, 2006). So, gender turns to be a category of the company used to analyze the power relations, the social roles, and the ways of getting recognition in the society.

On law side, equal professional status of female and male has been changed in a gradual way through different legislations all over the world, shifting from a protection based approach for women to a fairness and organizational performance one Laufer (2003)

Moreover, if we take the example of the Moroccan context, we can deduce that in 2011 Constitution (Art. 19) recognizes the principle of gender equality. The Labor Code as well as the National Strategy for Equity and Equality (SNEES, 2023) are instruments that facilitate the implementation of the gender dimension in public and organizational policies. These regulations and laws prompt enterprises to commit to a diversity charter as well as to devise a plan of action for parity in their organization.

### **2.1.2 The challenges of gender diversity :**

According to Mor Barak (2015), the concept of diversity remains a strategic issue for governance and competitiveness today. Furthermore, this author emphasized that despite its impact on organizations, institutional and cultural barriers continue to limit women's participation in organizations. In response, he has urged organizations to adopt diversity policies that must be inclusive and equitable to correct these imbalances.

We can identify several issues related to gender diversity such as:

**2.1.2.1 Equal opportunity:** Keeping the access to career, training and leadership roles open and fair for everyone.

**2.1.2.2 Representation:** Gender balancing in the decision-making and executive positions.

**2.1.2.3 Innovation and creativity:** Implementing the diverse perspectives to widen the idea base and to facilitate the problem-solving process.

**2.1.2.4 Image and legitimacy:** Using the gender diversity to strengthen the organization's reputation both with internal and external stakeholders.

**2.1.2.5 Regulatory compliance:** Fulfilling all the legal requirements related to gender equality in the workplace.

**2.1.2.6 Social cohesion:** Reducing discrimination and improving the organizational climate.

**2.1.2.7 Sustainable performance:** Helping the inclusive governance which is in line with long- term goals such as SDG 5 (Gender Equality).

At least, we can say that diversity especially gender-related one, is a factor of internal cohesion and a vital issue for companies' economic performance. It makes the exchange of ideas easier, which thereby gets creative and the collective innovation capacity increases. In a globalized and digitally transformed world, gender balance and inclusion are the main prerequisites for organizational resilience and sustainable growth.

### **III. Organizational performance: contributions and link to diversity 1-2-1 Contributions to organizational performance**

Performance is one of the most fundamental concepts in management science. It lies at the heart of all business and organizational evaluation processes. A review of the existing literature defines this concept as a company's ability to effectively achieve its strategic and operational objectives through the optimal mobilization of its resources (Lebas, 1995). According to Kaplan and Norton (1992), organizational performance constitutes the level or degree of achievement of set objectives. Four essential pillars of organizational performance can be distinguished:

- The development and adherence to a process approach;
- Effective coordination between the heads of different departments;
- The quality of information flow and internal communication;
- The degree of flexibility and adaptation of the organizational structure.

Performance is multidimensional and contingent: according to Jacquet (2011), it can be evaluated based on financial, social, strategic, or human criteria, and its perception varies among stakeholders. According to Cameron (1986), performance may be a paradox that an organization can perform outstandingly in some areas (productivity, profitability) but at the same time be lacking in others (well-being, inclusion, ethics).

Still, organizational performance is not only about the single purpose of lifting objectives; it is also about the company's capability to realize its goals through the improved management of internal resources and getting used to the environment. Bouquin (2008), along the same line, has formalized a model named the "control triangle" (triangle de pilotage) which is a handy conceptual frame for understanding this aspect that has several dimensions. This triangle is in fact based on 3 concepts: effectiveness, efficiency, and relevance.

The first concept relates the results obtained to the set objectives, the second is based on the relationship between the results obtained and the resources used (or costs incurred). Regarding the third concept, it aims to measure the alignment between the objectives and the needs of the internal or external environment. Therefore, it can be deduced that organizational performance results from the successful harmonization of these three dimensions; organizations must simultaneously consider: rationality in the use of resources, the achievement of objectives, and the strategic adaptation of the company.

Furthermore, effectively managing performance is only achieved through indicators that aim to make performance more quantifiable by translating strategic objectives into measurable terms. These indicators allow for tracking the evolution of results, subsequently identifying variances, and adjusting actions. These indicators play a central role because they enable the conceptualization of the organizational effects of emerging technologies and are considered pure "early signals" (Hamann, 2021). The existing literature distinguishes between 3 main categories of indicators for measuring performance:

**Table 1: Key performance indicators**

<b>Financial indicators</b>	The main purpose of this type of indicator is to assess an organization's accounting profitability. These indicators include return on equity (ROE) and return on investment (ROI). While these indicators certainly have advantages, they also have limitations. (Gentry, 2010) showed that these indicators fail to capture either process quality or organizational performance.
<b>Non-financial indicators</b>	Non-financial measures highlight aspects that are not measured in money. For example, they may measure customer satisfaction (retention rate), productivity (defect rate), operational performance, innovation, etc. These indicators have the goal of evaluating
	the company's operations or the behavior of its members.

**Source: developed by the authors**

As a result, we can say that companies that decide on these metrics and fold them in their strategic management procedures are the ones that achieve the greatest success (Itner, Larcker, and Randall, 2023).

### **3.1 Gender Diversity and Organizational Performance: A Strategic Link**

Nowadays, gender diversity in the workplace is through the roof considered to be a strategic tool for the better performance of an organization. A number of studies (Catalyst, 2011; McKinsey & Company, 2018) have demonstrated that businesses where women hold a significant number of leadership positions perform better both economically and financially.

Such a beneficial association is justified by many reasons:

- **Cognitive diversity**, which enriches decision-making through the confrontation of varied perspectives (Miller & del Carmen Triana, 2009);
- **Better social cohesion** and increased attractiveness of the company for talent;
- **Greater innovation** stemming from the diversity of approaches and experiences (Ely & Thomas, 2001).

As a result, we can say that gender diversity is a driver not only of organizational creativity but also of the positive interpersonal relationships, increased motivation, and better well-being at work these being the areas that are fundamental for the long-term success of an organization.

#### **A- The Main Theories Linking Diversity to Organizational Performance**

First of all, Edith Penrose put forward a model of business growth which essentially changes the focus to the importance of self-owned resources

Her argument was that companies can enlarge their scope of activity only if they first figure out how to effectively develop and handle these internally available resources. She considered their expansion to be not merely a market phenomenon but, instead, the result of their abilities, know-how, and the way they use and even distribute their resources.

Secondly, Edith Penrose is, by and large, one of the foremost figures whose work can be associated with the Resource-Based View (RBV) notion. This view underscores that companies are able to maintain a competitive advantage over their rivals in the market due to the resources and the capabilities with which they are equipped. It is quite evident as some of the resources they have developed are not only unique but also difficult to copy and are non-substitutable. The theory has since changed to become a major paradigm in the vast field of strategy. The viewpoint has also been acknowledged by a considerable number of entrepreneurship researchers who investigate firm growth and are committed to establishing the resource-growth linkage.

Eventually, in this case, the idea of gender diversity could be compared to that of a resource of strategic value that helps the company to create value and learn. As male and female characteristics are complementary, not only do they deepen the existing skills but also broaden the decision-making views and facilitate the coming of new ideas. This claim agrees with Cox's (1993) theory of organizational diversity, where the author argues that differences in resources within organizations which can be related to gender, culture, or experience, form the ground for collective learning and better performance. Likewise, Ely and Thomas (2001) point out that diverse teams can enhance their performance if they feel that they are integrating differences instead of just following equality norms.

Furthermore, by just accepting the gender diversity principle, the company would become more powerful to adapt to the outer changes of the environment thus being in line with the Penrosian logic that the long-term outcome is mainly dependent on the optimum utilization of human potential. Therefore, diversity and inclusion policies are not only an ethically-mandated necessity but they actually become real growth and competitive advantage factors (Penrose, 1959).

**Table 2: Comparative summary of theoretical approaches linking gender diversity and organizational performance**

Theoretical approach	Level of analysis	Vision of gender diversity	Link to performance
Human capital (Becker, 1964)	Individual	Individual productive resource (skills, knowledge, training)	Improves productivity through the accumulation of diverse skills
Contingency (Lawrence & Lorsch, 1967)	Organizational / environmental	Contextual adaptation variable	Effectiveness depends on the degree of adjustment to external conditions.
Institutional (Scott, 1995)	Symbolic / external	Social legitimation factor and conformity to norms	Improves reputation, legitimacy, social acceptability
Internal resources (Penrose, 1959)	Internal / strategic	Collective intangible resource (experience, tacit knowledge)	Source of sustainable competitive advantage

Source: developed by the authors

### 3.2 Gender Diversity Policies: A Strategic Lever for Sustainable Development

Gender diversity policies are considered a key strategic factor that for a long time have been perceived just as a moral obligation. According to management literature, balanced governance recruits “unique resources and new perspectives” which improve the quality of strategic decision-making (Post & Byron, 2015). So in other words, women’s participation at the highest level of executive power is a vital intangible asset through which organizational creativity gets elevated and the organization’s internal control becomes more stable. Various empirical studies have proven that the presence of female directors on the board causes more rigorous control and increases the ethical sensitivity of the boards of directors (Post & Byron, 2015). A great number of meta-analyses have demonstrated that the presence of a significant number of women on the board is positively linked to better governance.



#### **A- Economic Dimension (Growth and Innovation, SDG 8)**

From an economic point of view, diversity leads to more innovative growth. One effect of gender diversity in R&D teams is the combination of different knowledge, skills, and experiences that makes the organization more receptive to new ideas and innovations. Radical product innovations are highly influenced by the proportion of women in R&D teams as demonstrated by Díaz-García et al. (2013). The innovation dynamic is translated into better performance: a few recent studies of French companies listed on the SBF120 index reveal that gender diversity at the top management level significantly increases innovation, which in turn leads to overall business growth. This is in line with the goals of SDG 8 (Decent Work and Economic Growth), which states that in order to promote sustainable growth, gender equality along with wider access to employment for women should be the conditions supported by the policies.

#### **B-Social Dimension (Equality and Inclusion, SDG 5)**

On the social side, diversity policies contribute to equal opportunity and social integration within the company. They are a direct answer to SDG 5 (Gender Equality), which aims to "ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life. These policies, by enhancing female representation in management positions, help to lower discrimination and raise employee motivation. In addition, gender diversity in decision-making is perceived by investors as a sign of good governance, according to several studies like those by CCI France. Women as a group are found to be more sensitive to social and environmental concerns and so they are increasingly identified as a main source of corporate responsibility which, in turn, strengthens the company's "social license to operate."

#### **C- Organizational Dimension (Governance, Resilience, and Sustainable Performance)**

Gender diversity improves both human and organizational capital. It is a collective intelligence : mixed-gender leadership teams because of the complementarity of profiles are more likely to make better strategic decisions. Besides, a critical mass of about 30% of women is already enough to break groupthink and reduce conformity in decision-making (Kramer & Konrad, 2006). By doubling perspectives, gender diversity makes organizations resilient to the crisis and unexpected challenges. Besides, it is effective for sustainable governance: a CCI Francereport points out that a high level of gender diversity in the decision-making organs is "the main factors of sustainable governance, notably because women are more willing to integrate ESG issues into strategic decision-making. In short, gender diversity represents one of the key intangible strategic assets that contributes to innovation, financial performance and ultimately makes the organization more sustainable in the long run through better governance and the organization's adaptive capacity.

### **IV. General Conclusion**

The post-moral and regulatory re-examination of gender diversity featured in the paper has, in fact, become a strategic growth lever of the organization. The first section illuminated the conceptual grounds of diversity in general and gender diversity in particular by highlighting its theoretical profundity and at the same time pointing to the challenges that organizations and societies have been facing: equal opportunities, representation, inclusion, and talent attraction.

The section two revealed the influence of diversity on company performance to be complicated, non-linear, and dependent on the context, also based on organizational structures and management decisions. Additionally, we have examined also the different theoretical frameworks: human capital, contingency, institutional, and resource-based perspectives, a coherent picture of gender diversity as a potential key intangible strategic resource with the power to deepen the organization's innovation capacity, governance quality, and business performance overall emerged.

Subsequently, the third point that diversity policies are a tool to address these problems in a practical way was the most significant one. If they are introduced as a change management plan together with the goals of the sustainable development, in particular, SDG 5 and SDG 8, then they turn into a means of gender diversity integration in the organizational practices. Nevertheless, the condition for their success is that they go beyond just signing up for symbolic commitments and focus on dealing with organizational norms, processes, and structures.



Finally, we can say that gender diversity should not just be the last goal to achieve, but it would be better if it was recognized as a cross-sectional and managerial process that leads to a sustainable change. It is a very trendy topic both for management-related academic research and for organizational practices that are in line with the planet's gradual development in a responsible way. After that, a series of studies should investigate more the conditions for the easy implementation of inclusion policies and their effects not only on financial performance but also on social and environmental outcomes.

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