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The Impact of Female Leadership on ESG Performance: Evidence from Corporate Sustainability Practices in India

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Abstract

This research is all about shows relationship between female leadership as well as ESG (Environmental, Social, and Governance) and performance of Indian companies. In study selected company follow ESG practices led by women leader as other side selected company which strongly does not follow ESG strongly. This research is done by taking secondary data from annual report of both side selected company. Financial ratios such as current ratio, debt-equity ratio, net profit ratio, return on assets, and return on capital employed were examined to evaluate company overall performance. The findings show that companies with strong ESG practices and women leadership generally demonstrate better governance, stronger sustainability focus, and stable long-term performance. However, financial performance differs across industries, showing that ESG alone does not guarantee immediate profitability. The study highlights that female leadership contributes positively towards ethical governance, transparency, and responsible business practices.

Keywords: Female Leadership, ESG Performance, Corporate Sustainability, Gender Diversity, BRSR, Financial Performance, Indian Companies.

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1. Introduction

ESG stands for Environmental, Social, and Governance practices that guide companies toward responsible and sustainable business operations. The environmental aspect focuses on activities such as reducing pollution, managing waste effectively, and controlling carbon emissions. The social aspect includes employee well-being, customer satisfaction, and contributions to society Governance refers to ethical business practices, transparency, accountability, and proper corporate management.

In recent time, ESG has become an important factor for investors while evaluating companies. Businesses that follow strong ESG practices are often viewed as more reliable, socially responsible, and better prepared for future challenges. As well as, the participation of women in leadership positions has also increased across industries. Female leaders are commonly associated with ethical decision-making, innovative thinking, and sustainable management approaches.

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This study aims to examine whether companies led by women and actively following ESG practices perform better in terms of financial and operational efficiency compared to companies that give less importance to ESG practices is being compare as taken evidence from Indian corporate.

Bc. Karolína Hozová (2025) conducted a study on "Female Leadership and ESG Performance: A Meta-Analysis" aimed to examine the statistical impact of female leadership on ESG performance using 547 effect estimates from 108 research papers and found that female leadership positively influences sustainability performance. [5]

Daniele Gasbarro et al., (2025), in the research "Female Leadership and Environmental, Social and Governance Performance: Empirical Evidence from France," examined whether women in executive leadership improve ESG performance in French firms and concluded that female leadership increases corporate sustainability performance. [4]

Habeeb Yahya (2025), in the study "Female Leadership and ESG Performance of Firms: Nordic Evidence," analyzed the impact of female CEOs and board chairs on ESG performance in Nordic companies and found that female CEOs significantly improve sustainability and social performance. [12]

Davide Sandretto et al., (2024), in the study "Gender Diversity Leadership and ESG Performance: The Influence of Women on Boards and in Management," aimed to examine whether gender diversity improves ESG outcomes and found that women in leadership positively influence governance and social performance. [8]

Shuyu Xia & Elaine Yen Nee Oon (2024), in the study "The Role of Female Leadership and ESG," investigated whether female leaders improve sustainability reporting in Chinese manufacturing firms and concluded that women in executive roles increase ESG transparency. [11]

Al-Shaer, H. et al., (2024), in the research "CEO Gender, Critical Mass of Board Gender Diversity, and ESG Performance: UK Evidence," studied the influence of female CEOs and [1]

Board diversity on ESG performance and found that female CEOs positively affect sustainability practices.

Ashlin Dsouza & Panakaje, N (2023), in the review study "Factors Affecting Women Entrepreneurs' Success: A Study of Small and Medium-Sized Enterprises," examined factors influencing women entrepreneurs' success and identified innovation, social responsibility, and sustainability as major contributors. [3]

Vincentia Anindha Primacintya & Indra Wijaya Kusuma (2025), in the study "Environmental, Social and Governance (ESG) Performance and Earnings Management: The Role of Gender Diversity," analyzed how ESG performance and gender diversity reduce earnings manipulation in Indonesian firms. [7]

Mahmoud Arayssi et al., (2016), in the study "Women on Boards, Sustainability Reporting and Firm Performance," examined the impact of women directors on sustainability reporting and found that firms with women on boards show better transparency and financial performance. [2]

Shamshad Wakeel et al., (2025), in the research "Sustainable Finance and Traditional Investment Models: Analysing Investors' Growing Focus on ESG Factors," studied how ESG awareness affects investment decisions and found that ESG supports long-term sustainable investing. [10]

Sara Sepponen (2022), in the study "Ongoing Cultural Change: Women Becoming Investors – A Qualitative Interview Study on Female Investors and Sustainable Investing," explored women investors' views on sustainable investing and found that ESG-based investing supports long-term financial security and social responsibility. [9]

J. Junaedi (2024), in the study "Understanding the Role of Finance in Sustainable Development: A Qualitative Study on Environmental, Social, and Governance (ESG) Practices," examined how sustainable finance contributes to global development and concluded that ESG practices promote ethical governance, innovation, and economic stability. [6]

Gap find out in all this study was there are lack of study in base of Indian corporate context as some does not compare between one who follow and other who does not follow compare their financial performance .

2. Materials and Methods

2.1 Sample Design

The consider around all the Indian companies which follow ESG practices form SEBI top 1000 listed companies by market capitalization then around 20 company who follow ESG practices and led by women leadership and around 4 which is taken by me in this research use 4 years of data from companies official website and also confirm that companies which I taken has submitted BRSR report and from their official websites. This include corporate sustainability and gender diversity.

2.2 Problem Statement

Many Indian companies mainly concentrate on earning profits, while only a few focuses equally on sustainability and ESG practices. At the same time, the number of women in leadership positions is increasing. This study aims to understand whether women-led companies that follow ESG practices perform better financially and operationally.

2.3 Research Objectives

- To study the financial performance of selected women-led ESG companies.
- To compare ESG-following companies with companies that does not strongly follow ESG practices.
- To examine the influence of female leadership on ESG performance.

2.4 Research Design

This study follows a quantitative research approach using financial ratio analysis. Ratios related to profitability, liquidity, and solvency is used to evaluate and compare company performance.

2.5 Data Collection

The research is based on secondary data collected from reliable sources such as: Annual Reports, Financial Statements, Company Websites, BRSR Reports, and Published Research Articles

2.6 Sampling Design

The study uses judgmental sampling for selecting companies. Companies are selected from different sectors to reduce bias. Four women-led ESG companies are compared with similar companies. Only listed companies from NSE and BSE are included.

2.7 Scope of Research

The study focuses on Indian companies and their ESG practices. Future research can include more industries, companies, and longer time periods for broader analysis.

2.8 Limitations of the Study

- ESG scores may differ across rating agencies.
- Quantitative analysis cannot fully measure leadership impact.
- Factors like company culture and decision-making are difficult to evaluate numerically

3. Results and Discussion

Comparison between ESG and Non-ESG Companies

- In the fintech sector, MobiKwik follows ESG practices more strictly, but Paytm has shown better financial growth and performance despite being established later. This indicates that ESG practices alone do not guarantee higher profitability.
- In the pharmaceutical sector, Biocon Limited and Sun Pharmaceutical Industries Ltd. showed almost similar growth and financial performance. Although Biocon was established earlier, both companies are currently growing at a comparable level.
- In the diagnostics sector, Metropolis Healthcare and Dr. Lal PathLabs both showed steady growth and strong financial performance. However, Dr. Lal PathLabs showed slightly faster growth in recent years.

Company-wise Findings

- Metropolis Healthcare was the best overall performing company among the selected firms.
- Biocon Limited showed gradual and stable improvement over the years.
- MobiKwik improved its performance but still faces liquidity and profitability challenges.
- Nykaa needs improvement in profit margins and efficient use of assets.

Sector-wise Findings

- The fintech sector, especially Paytm, showed stronger financial growth compared to MobiKwik.
- Companies in the pharmaceutical and diagnostics sectors showed stable and competitive growth while following ESG practices.

Overall, the study found that ESG-following companies may not always achieve the highest profits, but they generally maintain stable growth, better governance, and long-term sustainability.

Company / Ratios	Current Ratio (x)	Debt-Equity Ratio (x)	Gross Profit (%)	Net Profit (%)	ROA (%)	ROCE (%)
Nykaa	1.52	4.41	42.9%	0.6%	4.1%	7.5%
Mobikwik	1.08	1.37	36%	2.0%	9.2%	9.3%
Biocon	0.99	0.70	21%	8.8%	2.1%	4.4%
Metropolis	1.29	0.18	23.8%	10.6%	8.0%	14.9%

4. Conclusion

The study concludes that ESG practices positively influence company stability, governance, and sustainable growth, but they do not always guarantee superior financial performance.

In the fintech sector, Paytm performed better financially than MobiKwik even though MobiKwik follows ESG practices more strictly. This shows that financial success also depends on factors such as market strategy, innovation, pricing, and asset management.

In the pharmaceutical sector, Biocon Limited and Sun Pharmaceutical Industries showed similar growth patterns, although Biocon experienced slightly weaker financial stability in 2025 compared to 2024.

Among all selected companies, Metropolis Healthcare showed the strongest overall financial performance. Biocon Limited demonstrated continuous improvement, while MobiKwik and Nykaa still need improvement in profitability, liquidity, and asset utilization.

The overall findings suggest that ESG practices help companies achieve balanced and sustainable growth, but long-term financial success depends on multiple business and management factors beyond ESG compliance alone.

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