

Board Gender Diversity, Feminine Culture, and Innovation for Environmental Sustainability

Amid global environmental challenges, how do board gender diversity and cultural norms shape firms' innovation? What role does the interplay between gender diversity and culture play in driving sustainability?

Ofra Bazel-Shoham and colleagues examined how board gender diversity and cultural norms shape corporate innovation for environmental sustainability. Using data from 19,800 firm-year observations across 52 countries (2003–2019), the authors analyze how internal governance factors, such as female board representation, interact with external cultural environments to influence firms' environmental innovation (EI).

The findings show that gender-diverse boards significantly enhance EI, with the effect most distinct when a critical mass of women (three or more members or 30% representation) is present. However, the cultural context strongly moderates these outcomes. In masculine societies—characterized by distinct gender roles and a focus on material success—EI levels are generally lower. Yet, in these environments, the inclusion of women on boards has a particularly strong positive impact, helping to counteract cultural resistance to sustainability efforts. In contrast, feminine cultures, which prioritize quality of life and environmental stewardship, naturally support higher levels of EI, though the marginal influence of gender diversity on boards is less pronounced.

By combining quantitative analysis with qualitative case studies, the research provides a nuanced understanding of how board composition and cultural values jointly influence firms' sustainability strategies. The results highlight the importance of inclusive leadership in fostering corporate innovation that addresses vital environmental challenges.

For policymakers, the findings underline the need to promote gender diversity in leadership roles and create supportive cultural environments that encourage sustainability. For businesses, the study offers insights into how diverse boardrooms can drive strategic decisions that align with global environmental goals, particularly in challenging cultural contexts. Ultimately, this research bridges governance, culture, and sustainability to offer actionable insights for navigating today's environmental challenges.

MAJOR TAKEAWAYS:

- Gender-diverse boards significantly improve environmental innovation, especially when a critical mass of women is achieved.
- Masculine cultures hinder environmental innovation, but women on boards mitigate this negative effect.
- Countries that want to attract foreign investors should focus on creating strong laws to protect intellectual property.

WHO NEEDS TO KNOW:

- Corporate Leaders and Board Members
- Policy Makers
- Sustainability Researchers

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