

The Female Dimension of the Board of Directors and its Impact on Firm Value: A Narrative Review

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Doi: 10.19044/esipreprint.9.2025.p1

Approved: 05 September 2025

Posted: 07 September 2025

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Cite As:

Granata, G., Turchetta, A., Gigli, S. & Cennamo, A. (2025). *The Female Dimension of the Board of Directors and its Impact on Firm Value: A Narrative Review*. ESI Preprints.

<https://doi.org/10.19044/esipreprint.9.2025.p1>

Abstract

This paper aims to study the existing relationship between the female dimension of the board of directors and its impact on firm value. It is essential to stop and focus on why it is crucial to create value inside companies. The board of directors is the centre where major business decisions are made. The future success or failure of the company depends on the decisions that directors make today. The idea of the future companies comes from the board of directors. From here, we understand the importance of profoundly reading the mechanisms that govern this organization. If we analyse the etymological sense of the term "value," we consider everything worthy of being considered: economic benefits, but not only. In recent years, corporate culture has been a discriminating factor when the economic crisis has led companies to exercise resilience actions. The COVID-19 pandemic and the international unrest then questioned how to do business. The market scenarios in which companies operate have changed. One element that made the difference was the mental flexibility of administrators. During these years, the company culture has made a difference. We provided a critical and narrative review of the most significant academic research papers and texts

dedicated to studying the culture of women's enterprises. The database that was used for the search is Scopus. The study was conducted to offer a new key to reading these phenomena.

Keywords: Board diversity, gender equality, value creation, human capital

Introduction

Although there is still a long way to go, more women are reaching the top management. For these reasons, it is interesting to analyze the main characteristics that are easy to find within companies where women sit on the board of directors. Since the 1970s, some authors, mainly of Anglo-American origin, have begun researching gender in management and organizations (Paoloni and Demartini, 2016). However, these initial researchers saw women in business as unnatural because their place was at home as mothers and wives (Paoloni and Demartini, 2016). It took several years to see women reach successful job positions. Even today, unfortunately, some studies show gender stereotypes, yet according to them, the role of women in companies must be supportive and not leadership (Claus et al., 2013). Breaking down this wall of prejudice is not easy, but small progress is being made in society. Women must be effectively crucial in corporate governance, not only because there is a mandatory quota of women to be there (Kreckova, 2013).

A company's value is strongly influenced by the human capital or assets that operate within it. According to the Oxford English Dictionary, human capital can be defined as "the skills the labour force possesses and is regarded as an asset." As early as 1897, Irving Fisher used the term "human capital", but it did not become a serious part of the economists' lingua franca until the late 1950s (Goldin, 2016). Relational capital is a key factor in creating value because it helps businesses gain a competitive advantage in the market (Cesarani et al., 2017; Stewart, 1998). Women's enterprises have a cooperative business vision, and relationships between people are essential. Some studies show that women are more empathic than males (Li et al., 2022; Eagly and Sczesny, 2009), which helps create a network of relationships. There are many market players with which companies interface, and their relationship with them is called relational capital. Specifically, the stakeholders' businesses interface with our customers, suppliers, financial institutions, and others (Mitchell et al., 1997). In addition, some research shows that men with managerial roles in the company are more likely to justify unethical behavior related to business than women (Chen et al., 2016).

Inside the non-profit sector in the United States of America, women are 45% of the chief executive officers (Claus et al., 2013). The board

composition has a key function and is vital to effectiveness, which in turn directly or indirectly determines firm performance (Hermalin and Weisbach, 1998; Kiel and Nicholson, 2003; Dodd and Zheng, 2022). In addition, more and more global asset owners and other corporate investors base their decisions on the gender composition of boards of directors (Lee et al., 2015; Bursali, 2017).

The board of directors is where the supreme strong-willed power is expressed, and the underlying addresses of business management are determined (Zanda, 2007). It has been proven that proclamations of female board appointments affect the firm's market value, increasing it (Campbell and Minguez Vera, 2010). On the contrary, other studies show that the positive correlation between female board representation and firm performance is insignificant (Kim et al., 2020).

The presence of women in corporate governance should be genuinely impactful, not merely the result of fulfilling mandatory gender quotas (Kreckova, 2013).

Some studies show that the presence of both men and women on companies' boards of directors is a positive element. Board gender diversity produces a lower pay gap between women and men working in enterprises and increases stock price informativeness (Carter et al., 2017; Gul et al., 2011). This leads to an increase in firm value (Greene et al., 2020). Besides, board gender diversity enables more effective problem-solving (Li et al., 2022).

This paper provided a critical and narrative review of the most significant academic research papers and texts dedicated to studying the culture of women's enterprises and their relationship with value creation. The database that was used for the search is Scopus. The study was conducted to offer a new key to reading these phenomena.

Methods

We conducted a non-exhaustive critical and narrative review (Ferrari, 2015) of the female dimension of the board of directors and its impact on firm value. The narrative reviews allowed us to "describe what is known on a topic while conducting a subjective examination and critique of an entire body of literature" (Sukhera, 2022, p. 414). This review is non-exhaustive because we entered only the following two input keywords on Scopus: "board diversity" and "value". In addition, we used only the Scopus database.

First, we performed a preliminary search of the literature to see what other work in the area of interest has already been published (Lang and Heiss, 1998; Green et al., 2006).

Then, we used the following query on Scopus: TITLE-ABS-KEY ("board diversity" and "value") AND (LIMIT-TO (SUBJAREA , "BUSI"))

AND (LIMIT-TO (EXACTKEYWORD , "Gender Diversity")). We limited the research to “Business, Management and Accounting”. Scopus gave us a result of 43 documents found under these limits and inputs.

The last part of the time was dedicated to reading and analysing these 43 documents downloaded from Scopus.

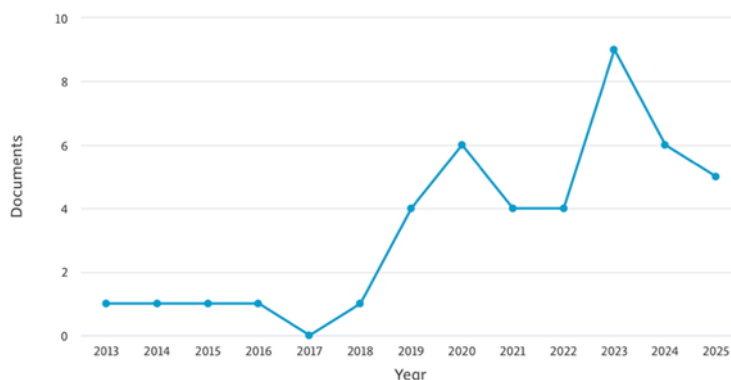
Results

The Scopus research gave 43 documents. The following part of this section shows the country, time, nature of publication, and findings declared inside.

Of the 43 documents, only 3 are reviews, while the others are articles. The only author with two articles published (the highest value) is Yilmaz Mustafa Kemal from İbn Haldun Üniversitesi, Istanbul, Turkey.

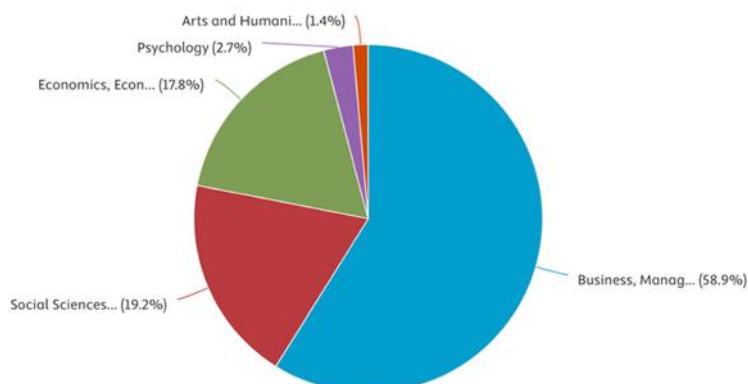
The three documents found in Italy were published in 2019 and 2023, following the trend. We can find that there is an uphill trend in the development of women’s businesses in Italy.

Table 1. Documents by year

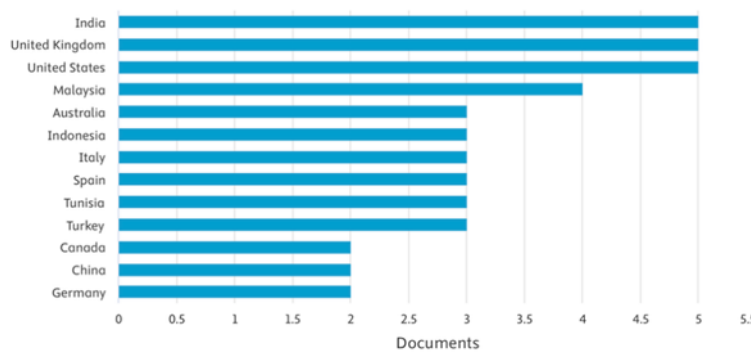


Source: our elaboration on Scopus

Table 2. Documents by subject area



Source: our elaboration on Scopus

Table 3. Documents by country

Source: our elaboration on Scopus

The most cited article with 182 citations was published in 2016 in the *Gender in Management Journal* by Kılıç and Kuzey on evidence from Turkey of the effect of board gender diversity on firm performance. It shows that the inclusion of female directors is positively related to the financial performance of firms, as measured by the return on assets, the return on equity, and the return on sales.

It is followed by Carrasco, A., Francoeur, C., Labelle, R., Laffarga, J., & Ruiz-Barbadillo, E. (2015). Appointing women to boards: is there a cultural bias?. *Journal of Business Ethics*, 129(2), 429-444, with 122 citations. This study shows that national culture influences female participation in company boards. In particular, cultural values that accept inequalities (high distance from power) and attribute traditional and rigid roles to genders (high masculinity) are significantly associated with a lower presence of women on boards of directors.

Discussion

When going through the literature, what becomes clear is not a single trend or conclusion, but a set of tensions. On one hand, there is convincing evidence that gender-diverse boards can enhance firm performance. For instance, Kılıç and Kuzey (2016) found that firms in Turkey with women on their boards tend to perform better financially, something measurable through returns on assets and equity. Yet this doesn't hold everywhere, and certainly not under all conditions. Working with Russian data, Kim et al. (2020) seem to suggest otherwise. So where does the truth lie?

The honest answer may be that we're still figuring it out. Some of the studies included in this review show strong effects. Others don't. And that in itself is informative. It tells us that diversity, especially gender diversity, isn't a simple input-output equation. You don't just "add women" and get value.

The cultural environment, company structure, and internal power dynamics all matter.

Carrasco et al. (2015) help explain part of this complexity. They show that in countries where rigid gender roles are still dominant, women's appointments to boards are often symbolic. That doesn't lead to real influence. And without influence, there's no change in how decisions are made. In contrast, where boardroom culture is open and inclusive, the presence of women is more likely to have a meaningful effect.

A less discussed but equally important point relates to ethics. According to Chen et al. (2016), women in managerial positions are generally less likely to justify unethical business behaviour. That might not boost the quarterly figures, but it does speak to long-term sustainability. This shouldn't be overlooked in a world where corporate reputation can be as valuable as capital.

There's also the matter of communication and networks. Cesaroni et al. (2017) and others argue that women tend to manage relationships differently, often placing more emphasis on cooperation and dialogue. That contributes to what is sometimes called relational capital, another layer of value that doesn't show up on the balance sheet but may be just as crucial for competitive advantage.

It's worth being honest about the limits of this review. The scope was narrow, Scopus only, two keywords, and narrative, not statistical. That means we've mapped ideas, not measured them. Still, what emerges is rich. It shows a field in motion, still debating, still discovering.

What's next? It would be worth digging into the qualitative side: interviews with board members, internal documents, case studies. We also need models that don't just look at gender as a percentage, but examine women's roles and how they're positioned in board hierarchies.

To sum up, there's no final word yet. But if the question is whether gender diversity *can* create value, the answer seems to be: yes, when it's real, not just formal. When women are fully part of the conversation, not just at the table, but speaking and being heard.

Conclusions

In a globalized market like the one in which companies operate today, the cultural dimension of the board of directors plays a central role (Carrasco et al., 2015). The future success of business depends on the choices that managers make today. For these reasons, deepening these issues is very interesting and current. A further effect of globalization is the presence of people from different nationalities and with other cultures on the same board of directors (Dodd and Zheng, 2022). Culture is "the collective

programming of the mind which distinguishes the members of one human group from another” (Baatour and Ben Saada, 2022).

This work aims to review the most significant papers and texts of the academic research dedicated to studying the culture of women’s enterprises and their relationship with value creation. Our research covers the period from 2013 to 2025. This shows that this theme is not so old.

In human capital, the analysis is limited to the culture of women’s enterprises. Based on the following analysis and the identification of the keywords of the research, the most significant contributions were identified about some paths, which are identified below:

- Mappings;
- Categorization;
- Reporting;
- Disclosure;
- Valuations.

An attempt has been made to find a driver of a transversal nature in the context of identifying a path aimed at "explaining" the value creation process through human capital, understood as seed financing of the broader concept of intellectual capital.

The theme of valorization and non-financial Disclosure encompasses the meaning and purpose of the informative value of human capital in terms of the competitive advantage of companies with a high cognitive intensity. The issue, therefore, arises of identifying value drivers that must be appropriately valued in the contents of the non-financial disclosure. The drivers of value from the qualitative analysis that emerge are those related to the development of human resources, the risk rate of innovation policies, and the contribution of human capital to the growth rate of company size and value. In particular, the theme of external networking emerges clearly as a tool for sharing knowledge to create additional and incremental learning. The internal network's theme is also vital, as it is expressed through the processes of knowledge transfer and corporate culture that feed the conditions of business continuity.

Two aspects emerged from the bibliographical and empirical research on the female enterprise:

1. A considerable increase in scientific production on the subject in the current century;
2. An uphill trend in the development of women’s businesses in Italy.

This work is a first step on a research path that presents interesting food for thought. In conclusion, it is possible to believe that gender research can lead to identifying the presence of some transversal drivers, which, in the

literature, can qualify the relationship between the cultural dimension and gender policies in high-performing enterprises' cognitive intensity. The literature analysis allows us to identify five transversal drivers whose presence leads to value creation within a cultural dimension.

The following research steps are on the appreciation of a multivariate linear regression on non-financial disclosure topics and firm performance to investigate how the fine transversal driver can increase financial performance and improve the book and the firm's market value highly based on knowledge and manager reputation.

Conflict of Interest: The authors reported no conflict of interest.

Data Availability: All data are included in the content of the paper.

Funding Statement: The authors did not obtain any funding for this research.

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