

Board Gender Diversity and Environmental Performance: A Critical Mass Perspective in the Banking Sector

¹Milagros Gutiérrez Fernández, ²Clara Gallego Sosa, ³Yakira Fernández Torres

¹Universidad de Extremadura, Spain

²Universidad de Sevilla, Spain

³Universidad de Extremadura, Spain

Abstract

The banking sector plays a key role in the urgent transition to a sustainable economic model, not only due to its ability to provide financing but also because of its essential commitment to adopting responsible practices. In this context, board gender diversity in decision-making has garnered increasing interest, as it has been shown to play a crucial role in corporate sustainability. However, discrepancies in existing evidence call for further investigation into the nature of this relationship and whether achieving a critical mass of female board members is necessary. To contribute empirical evidence to this debate, this study examines the relationship between gender diversity on boards of directors and firms' environmental performance. A sample of 377 listed banks worldwide was analyzed over the 2002–2022 period. The results provide robust evidence that a higher female presence on the board enhances the adoption of environmental practices, with a critical mass of at least three women being necessary for this influence to be significant. These findings highlight the role of gender diversity in top management as a key factor in integrating sustainable strategies, emphasizing the importance of balanced gender representation in decision-making to advance toward a more sustainable future.

Keywords: business strategies, corporate governance, critical mass, environmental performance, women