Gender Diversity and Financial Resilience in Company: A Literature Review

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Abstract: This paper examines the relation between the gender diversity and financial resilience in the company. Prior studies have investigated different corporate governance mechanisms that can have relationships with gender diversity. Furthermore, over the years, the issue of gender diversity in corporate governance has received increasing attention in both academic research and empirical studies. Financial resilience is the ability of a company (entrepreneur and/or manager) to ‘bounce back’ after adverse events and experiences (i.e., Pandemic Covid-19), to adapt to changing circumstances, and to deal with environmental stress. The company’s skill of response evolves with time and can improve through “continual learning”.

This means that not company adjusts and copes with adverse events the same way. Cognitive skills, positive views of self, hope, and optimism are personal characteristics that can have stress-suppressing effects on financial resilience. The network of relationships indeed is an important contributor to resilience, including community ties, connections to family and friends, (gender) diversity as well as can help provide access to and sources of “information, advice, and assistance”. However, individuals do not have access to the resources on an equal basis due to social and economic disparities often outside the individual’s control; it implies that context and individual differences are important. It also points out that resilience is dependent on the individuals’: knowledge of the adverse event; ability to accurately predict risks associated with such events; access, and knowledge of available alternatives; and resources to adapt successfully. According to the Authors, diversity can be a factor in determining one’s ability to adapt in the face of adversity. Therefore, in this paper, we are interested in better understanding financial resilience in a company and how gender diversity can and should it.

The methodology is a systematic literature review to examine the current studies on the topic of financial resilience and gender diversity applied to companies. Our contributions are threefold. First, this paper builds on the concept of financial resilience in a company. This paper investigates where resources can and should be invested to best increase corporate governance’s ability to adapt to changing circumstances and manage financial adversity (e.g., ease with which debts are paid; levels of financial resources; levels of financial knowledge and confidence; levels of social capital such as social support in times of crisis). The challenges in building financial resilience combine access to and demand for financial products and services with economic resources, financial knowledge and behavior, and social capital. The findings have useful policy overtones given that there isn’t evidence of studies on the relation between the effectiveness of the gender diversity and the financial resilience in a company.

Keywords: financial resilience, gender diversity, financial knowledge and confidence, entrepreneurship

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