

Bottom-of-the-pyramid innovations: the impact of gender diversity

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Abstract:

This study is aimed at exploring the factors that can promote the fulfilment of the “bottom-of-the-pyramid” approach (BoP). We focus on the intra-organizational dimensions that might impact inclusive innovation developed by firms. Given that managers and upper echelons are responsible for resource allocation and strategic decisions, they have a key role to play in fostering inclusive innovation. Therefore, we explore: (i) the influence of gender diversity in management positions and on the board of directors (BoD) in the deployment of inclusive innovation; (ii) the relationship between inclusive innovation and a company’s performance.

Multiple theories support the effect of gender diversity on corporate governance. This study is based on the expectation states theory (EST), and the signalling theory. Drawing on the EST, we argue that the presence of women in management positions is identified with higher expectations given their competences and performance in social matters, such as inclusive innovation. In turn, the second theoretical lens, the signalling theory, explains inclusive innovation as an external signal for stakeholders. Thus, they identify inclusive innovation as a company's commitment to the BoP, allowing the firm to obtain better results.

We study a panel dataset of European public manufacturing firms for the period 2008-2017. Our findings reveal that gender diversity in management positions and the presence of at least one woman on the BoD have a positive effect on inclusive innovation. Furthermore, our results also highlight the economic value of such strategy. By measuring its impact on

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business results, we provide evidence that inclusive innovation positively influences performance. This result is worthy to overcome the traditional assumption regarding the trade-off between social and economic value creation goals in firms.

This research is one of the first quantitative studies in the field of the BoP and makes contributions in different areas. We discuss theoretical and managerial implications.