



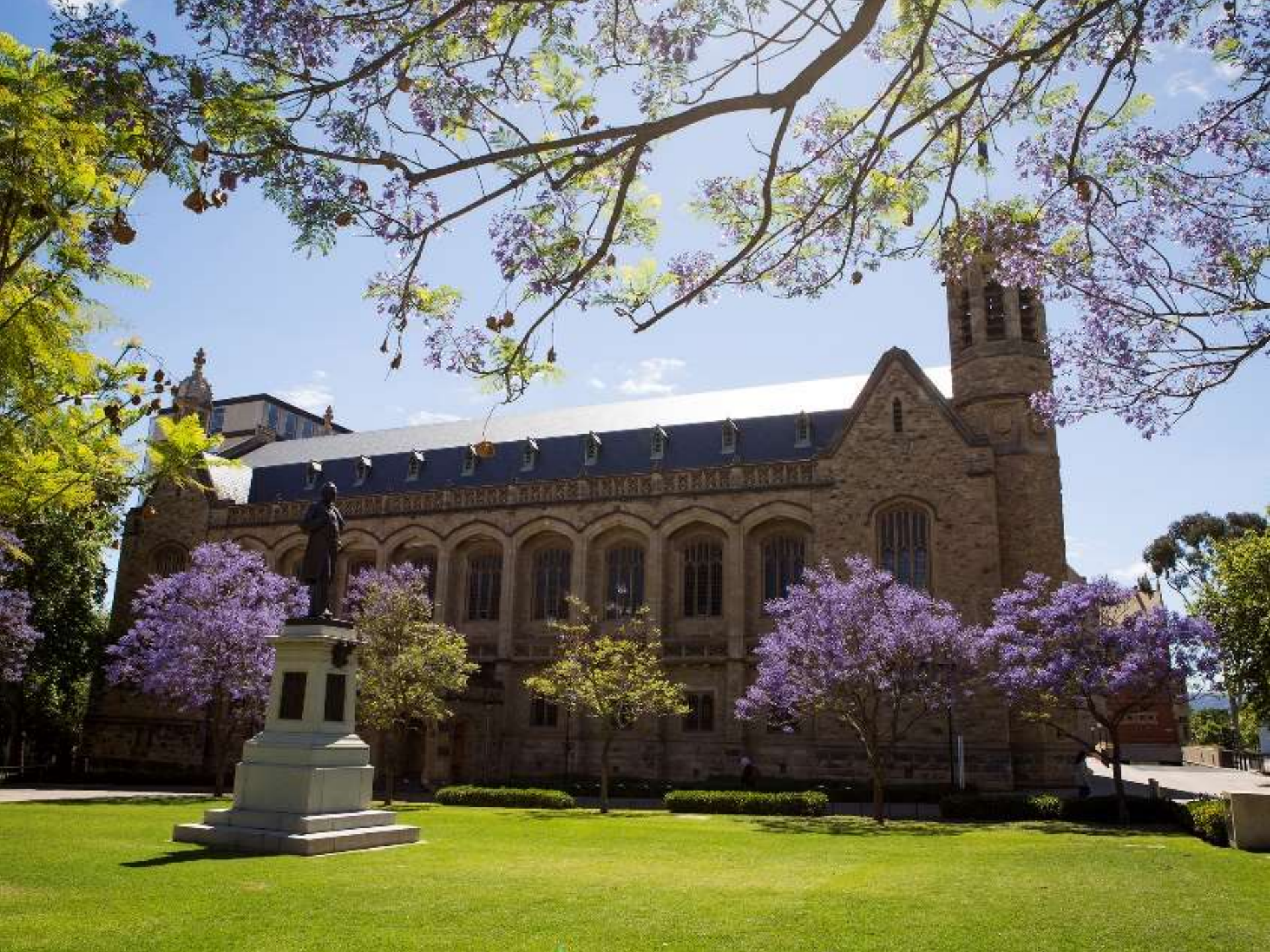
CRICOS PROVIDER 00123M

**Environmental Law Institute WELL Webinar – 19 September 2019**

## **The Value of More Women on Board**

**Dr Chelsea Liu**

The University of Adelaide, Australia



# Research Focus

- Aharony, J., Liu, C., Yawson, A., 2015. Corporate Litigation and Executive Turnover. *Journal of Corporate Finance* 34, 268–292.
- Liu, C., Aharony, J., Richardson, G., Yawson, A., 2016. Corporate Litigation and Changes in CEO Reputation: Guidance from U.S. Federal Court Lawsuits. *Journal of Contemporary Accounting & Economics* 12 (1), 15–34.
- Liu, C., Cheong, C.S., Zurbruegg, R., 2020. Rhetoric, Reality, and Reputation: Do CSR and Political Lobbying Protect Shareholder Wealth against Environmental Lawsuits? *Journal of Financial & Quantitative Analysis*, Forthcoming.
- Liu, C., Yawson, A., 2018. Who Acquires Toxic Targets? *Journal of Empirical Legal Studies* 15 (4), 842-874.
- Liu, C., Yawson, A., 2018. Who Acquires Toxic Targets? *Harvard Law School Forum on Corporate Governance and Financial Regulation*, <https://corpgov.law.harvard.edu/2018/12/05/who-acquires-toxic-targets/>.

- Lanis, R., Richardson, G., Liu, C., McClure, R., 2019. The impact of Corporate Tax Avoidance on Board of Directors and CEO Reputation. *Journal of Business Ethics*, forthcoming.
- Liu, C., Yawson, A., forthcoming. “Financial Misconduct and Market-Based Penalties” in the *Handbook of Financial Market Manipulation, Misconduct and Fraud*, Alexander, C., Cumming, D. (eds).

- Liu, C., 2018. Are Women Greener? Corporate Gender Diversity and Environmental Violations. *Journal of Corporate Finance* 52, 118–142.
- Liu, C., 2019. Corporate Gender Diversity and Employee Relations: Evidence from Labor Lawsuits. Working Paper.

# Women on Board and Corporate Environmental Responsibility

- Research questions in this study:
  1. Is female board representation associated with lower likelihood of corporate environmental violations?
  2. Is the presence of a female CEO associated with lower likelihood of corporate environmental violations?
- Standard & Poor's 1,500 companies
- Environmental lawsuits filed in the United States Federal Courts from 2000 through 2015.

Liu, C., 2018. Are Women Greener? Corporate Gender Diversity and Environmental Violations. *Journal of Corporate Finance* 52, 118–142.

# Key Findings

- Greater female board representation is associated with fewer incidences of environmental lawsuits.
- Board gender diversity and CEO gender play complementary roles in predicting corporate environmental misconduct.
  - CEO gender matters in firms with low female board representation, but not in firms with high female board representation;
  - Board gender diversity matters more in firms led by male CEOs rather than female CEOs.
- Greater female board representation is associated with higher corporate environmental responsibility ratings: more green initiatives, fewer weaknesses and risk factors.

# Counterfactuals



- Propensity score matching
- Eliminate company-level differences



- Industry-adjusted number of environmental lawsuits and board gender diversity
- Comparing companies with their industry peers



- Lagged variables
- Use today's board gender composition to predict future environmental performance

# Why Do Women Make a Difference?

## Diversity Theory

(Erhardt et al., 2003;  
Campbell et al., 2008;  
Cumming et al., 2015;  
Estélyi and Nisar, 2016)

## Gender Socialization Theory

(Adams and Funk, 2012;  
Adams et al., 2011;  
Gilligan, 1982; Carlson,  
1972; Simga-Mugan et al.,  
2005)

## Leadership Traits

(Huang and Kisgen, 2013;  
Chen et al., 2016; Levi et  
al., 2014; Tang et al.,  
2015)

# Current Evidence on Board Gender Diversity

- **Innovations** (Torchia et al., 2011; Bernile et al., 2018)
- **Corporate social responsibility** (Bear et al., 2010; Post et al., 2011; McGuinness et al., 2017)
- **Acquisitions** (Huang and Kisgen, 2013; Levi et al., 2014; Chen et al., 2016)
- **Employee layoffs** (Matsa & Miller, 2013).
- **Tax avoidance** (Lanis et al., 2015; Richardson et al., 2016)
- **Accounting fraud & misreporting** (Cumming et al., 2015; García Lara et al., 2017)
- **Financial performance and market valuation** (Campbell and MínguezVera, 2008; Adams and Ferreira, 2009; Erhardt et al., 2003; Joecks et al., 2013; Owen and Temesvary, 2018)
- **See e.g., Meta-Analysis by Post and Byron (2015)**  
Post, C., Byron, K., 2015. Women on Boards and Firm Financial Performance: A Meta-Analysis. *Academy of Management Journal* 58 (5), 1546–1571.

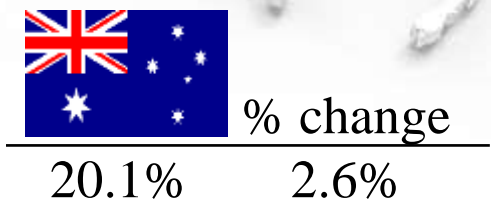
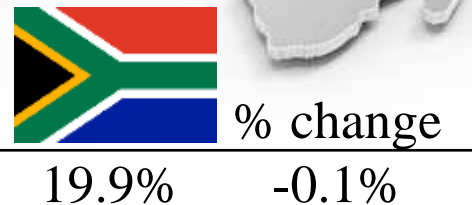
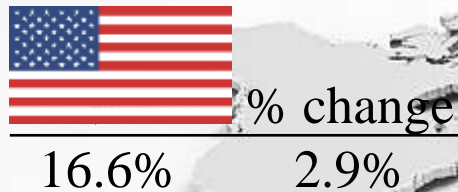
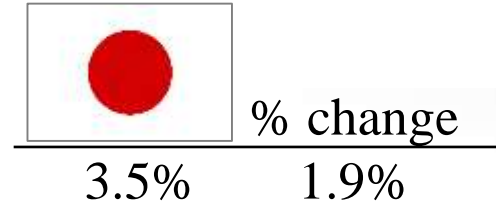
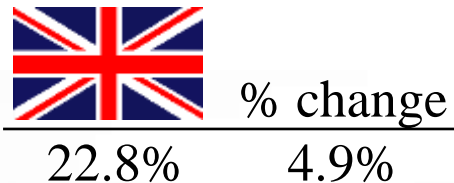
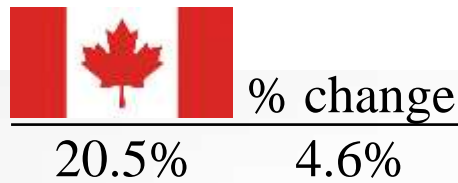


# Glass Cliff Phenomenon



- Haslam, S.A., Ryan, M.K., 2008. The Road to the Glass Cliff: Differences in the Perceived Suitability of Men and Women for Leadership Positions in Succeeding and Failing Organizations. *The Leadership Quarterly* 19 (5), 530–546.
- Mulcahy, M., Linehan, C., 2014. Females and Precarious Board Positions: Further Evidence of the Glass Cliff. *British Journal of Management* 25 (3), 425–438.
- Ryan, M.K., Haslam, S.A., 2005. The Glass Cliff: Evidence That Women Are Over-Represented in Precarious Leadership Positions. *British Journal of Management* 16 (2), 81–90.
- ———, 2007. The Glass Cliff: Exploring the Dynamics Surrounding Women’s Appointment to Precarious Leadership Positions. *Academy of Management Review* 32 (2), 549-572.

# The Road Ahead



Deloitte. 2017. Women in the Boardroom: A Global Perspective.  
<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Risk/Women%20in%20the%20boardroom%20a%20global%20perspective%20fifth%20edition.pdf>



THE UNIVERSITY  
*of* ADELAIDE

Thank you.