The Value of More Women on Board

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Research Focus


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.

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
- Industry-adjusted number of environmental lawsuits and board gender diversity
- Lagged variables
- Eliminate company-level differences
- Comparing companies with their industry peers
- 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)

Glass Cliff Phenomenon

<table>
<thead>
<tr>
<th>Country</th>
<th>% Change</th>
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<tr>
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<tr>
<td>UK</td>
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<tr>
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<tr>
<td>South Africa</td>
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<tr>
<td>Australia</td>
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Thank you.