



Breaking through the glass ceiling

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Gender research in business...

- Women are more skilled at inclusiveness, interpersonal relations, power sharing, and the nurturing of followers; and as a consequence, women should be superior leaders (*Carr-Rufino, 1993; Grant, 1988; Helgeson, 1990; Loden, 1985; Rosener, 1990, 1995*)
- Gender diversity enhances the monitoring process (*Molero, 2011*)
- It enhances the performance of firms seeking growth (*Dwyera et al., 2003, Krishnan and Parsons, 2008*)
- Firms with gender diversity in senior management are associated with higher earnings quality (*Krishnan and Parsons 2008; Erhardt, Werbel, and Shrader, 2003*).
- After the IPO process, firms with a higher number of women in senior management are more profitable and have higher stock returns (*Krishnan and Parsons 2008*).
- Women are more concerned with ethical behavior than men in the work place (*Ford and Richardson;1994*).
- ...



Superior Gender or something else?



What's in the spotlight
will rarely be everything
we need to make a good
decision, but we won't
always remember to shift
the light

Are Men and Women really different?

- No significant differences between men and women.
 - Hyde(2005);Halpern(2004);Eagly&Carli(2007); LaFrance et al.(2003)
- But differences in traits of managers...
 - Female CEOs who get the top position usually have a good network (Bartlett & Miller, 1985) with the top professionals in the industry and command higher academic qualifications (Adams, Haughton, & Leeth, 2007)

Gender Difference or Glass Ceiling?

- Joint Hypothesis Problem
 - Superior Gender vs Discriminatory filters (Glass Ceiling)
- H1: Firms run by Occupational Minority CEOs demonstrate superior performance
- H2: Occupational Minorities are more likely to be appointed CEO in struggling firms. Post appointment, on average firm performance increases
- H3: Occupational Minority CEOs initiate more Symbolic CSR & Substantive CSR
 - Symbolic: Attempt to mitigate immediate PR disasters
 - Substantive: building reputational capital, and holds long term perspective

What is Glass Ceiling?

- *Glass Ceiling Commission (1995)* defines glass ceiling as:
 - the unseen, yet unbreachable barriers that keep minorities and women from rising to the upper rungs of the corporate ladder, regardless of their qualifications or achievements.
- Glass ceiling hypothesis not only claims about existence of discrimination within hierarchies; also that discrimination increases as one moves up the hierarchy.

Data and Methodology

- We obtain data on CEO and board characteristics from ISS database CSR data from KLD
- Performance variables (ROA and Tobin's Q) and other control variables from COMPUSTAT
- Final sample consists of 11,464 firm year observations (1998 through 2013)

Summary of Results

- Proportion of women CEOs increased from 2.05% in 1998 to 6.6% in 2013 and the proportion of ethnic minority CEOs increase from 9.11% to 10.6% for the same period.
- Firms run by women and ethnic minority CEOs perform better than their white male counterparts.
 - Performance of non-white female CEOs is the best while those run by the white male CEO are among the worst performers.
- The transition from male to female CEO seems to follow corporate downturn and precede an upturn.
 - upswing is strongest following a transition from white male to coloured female CEO
- Occupational minority CEOs invest more in both symbolic and substantive CSR.

CEO Gender and ethnicity & Firm performance

| | Dependent variable: ROA | | | Dependent variable: Tobin's Q | | |
|-----------------------------|-------------------------|-------|---------|-------------------------------|-------|----------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| CEO female | 0.060*** | | | 0.116** | | |
| CEO non-white | | 0.018 | | | 0.077 | |
| CEO female*non-white | | | 0.103** | | | 0.367*** |

CEO Gender and ethnicity & CSR

| | Dependent variable: Symbolic CSR | | | Dependent variable: Substantive CSR | | |
|-----------------------------------|----------------------------------|---------|--------|-------------------------------------|-------|--------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| CEO Female | 0.045 | | | 0.050*** | | |
| CEO ethnic minority | | 0.164** | | | 0.006 | |
| CEO Female*ethnic minority | | | 0.192* | | | 0.360* |

Table 4: Performance and CSR comparison of occupational minority CEOs with white male CEOs

| | ROA (1) | Tobin's Q (2) | Sym CSR (3) | Subs CSR (4) |
|---|----------|---------------|-------------|--------------|
| CEO occupational majority (Base- white male) | 0.000 | 0.000 | 0.000 | 0.000 |
| CEO occupational minority (WF) | 0.022** | 0.158** | 0.190 | 0.335** |
| CEO occupational minority (NWF) | 0.042*** | 0.678** | 0.214*** | 0.644*** |
| CEO occupational minority (NWM) | 0.012 | 0.149* | 0.451*** | 0.157 |

Transition Analysis

| | Lead ROA Year 1 | Lead ROA Year 2 | Lead TQ Year 1 | Lead TQ Year 2 |
|-------------------------------|--------------------|--------------------|-------------------|-------------------|
| Male to female CEO | .0125** | .0167** | .165** | .243** |
| Female to male CEO | 0.023 | 0.017 | -0.520 | -0.065 |
| White to non-white CEO | 0.025* | 0.013* | 0.351* | 0.355* |
| Non-white to white CEO | 0.049 | 0.0056 | 0.213 | 0.194 |