



# 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)
<b>CEO female</b>	0.060***			0.116**		
<b>CEO non-white</b>		0.018			0.077	
<b>CEO female*non-white</b>			0.103**			0.367***

# CEO Gender and ethnicity & CSR

	Dependent variable: Symbolic CSR			Dependent variable: Substantive CSR		
	(1)	(2)	(3)	(4)	(5)	(6)
<b>CEO Female</b>	0.045			0.050***		
<b>CEO ethnic minority</b>		0.164**			0.006	
<b>CEO Female*ethnic minority</b>			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)
<b>CEO occupational majority (Base- white male)</b>	0.000	0.000	0.000	0.000
<b>CEO occupational minority (WF)</b>	0.022**	0.158**	0.190	0.335**
<b>CEO occupational minority (NWF)</b>	0.042***	0.678**	0.214***	0.644***
<b>CEO occupational minority (NWM)</b>	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
<b>Male to female CEO</b>	.0125**	.0167**	.165**	.243**
<b>Female to male CEO</b>	0.023	0.017	-0.520	-0.065
<b>White to non-white CEO</b>	0.025*	0.013*	0.351*	0.355*
<b>Non-white to white CEO</b>	0.049	0.0056	0.213	0.194