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Academic articles for further study on gender equality

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Academic articles for further study on gender equality

Adams, Renee and Daniel Ferreira (2009): **Women in the boardroom and their impact on governance and performance.** *Journal of Financial Economics,* 94: 291–309.

Abstract: We show that female directors have a significant impact on board inputs and firm outcomes. In a sample of US firms, we find that female directors have better attendance records than male directors, male directors have fewer attendance problems the more gender-diverse the board is, and women are more likely to join monitoring committees. These results suggest that gender-diverse boards allocate more effort to monitoring. Accordingly, we find that chief executive officer turnover is more sensitive to stock performance and directors receive more equity-based compensation in firms with more gender-diverse boards. However, the average effect of gender diversity on firm performance is negative. This negative effect is driven by companies with fewer takeover defenses. Our results suggest that mandating gender quotas for directors can reduce firm value for well-governed firms.

Adams, Renée B and Patricia Funk (2012): **Beyond the glass ceiling: Does gender matter?** *Management Science,* 58(2): 219-235.

Abstract: A large literature documents that women are different from men in their choices and preferences, but little is known about gender differences in the boardroom. If women must be like men to break the glass ceiling, we might expect gender differences to disappear among directors. Using a large survey of directors, we show that female and male directors differ systematically in their core values and risk attitudes, but in ways that differ from gender differences in the general population. These results are robust to controlling for differences in observable characteristics. Consistent with findings for the population, female directors are more benevolent and universally concerned but less power oriented than male directors. However, in contrast to findings for the population, they are less tradition and security oriented than their male counterparts. They are also more risk loving than male directors. Thus, having a woman on the board need not lead to more risk-averse decision making.

Aggarwal, Ishani, Anita Williams Woolley, Christopher F. Chabris, and Thomas W. Malone (2019): **The impact of cognitive style diversity on implicit learning in teams.** *Frontiers in Psychology,* 10: 112.

Abstract: Organizations are increasingly looking for ways to reap the benefits of cognitive diversity for problem solving. A major unanswered question concerns the implications of cognitive diversity for longer-term outcomes such as team learning, with its broader effects on organizational learning and productivity. We study how cognitive style diversity in teams—or diversity in the way that team members encode, organize and process information—indirectly influences team learning through collective intelligence, or the general ability of a team to work together across a wide array of tasks. Synthesizing several perspectives, we predict and find that cognitive style diversity has a curvilinear—inverted U-shaped—relationship with collective intelligence. Collective intelligence is further positively related to the rate at which teams learn, and is a mechanism guiding the indirect relationship between cognitive style diversity and team learning. We test the predictions in 98 teams using ten rounds of the minimum-effort tacit coordination game. Overall, this research advances our understanding of the implications of cognitive diversity for organizations and why some teams demonstrate high levels of team learning in dynamic situations while others do not.

Ahern, Kenneth R. and Amy K. Dittmar (2012): **The changing of the boards: The impact on firm valuation of mandated female board representation**. *Quarterly Journal of Economics,* 127: 137–197.

Abstract: In 2003, a new law required that 40% of Norwegian firms' directors be women—at the time only 9% of directors were women. We use the prequota cross-sectional variation in female board representation to instrument for exogenous changes to corporate boards following the quota. We find that the constraint imposed by the quota caused a significant drop in the stock price at the announcement of the law and a large decline in Tobin's Q over the following years, consistent with the idea that firms choose boards to maximize value. The quota led to younger and less experienced boards, increases in leverage and acquisitions, and deterioration in operating performance.

Academic articles for further study on gender equality

Bennedsen, Morten, Elena Simintzi, Margarita Tsoutsoura, and Daniel Wolfenzon (2022): **Do firms respond to gender pay gap transparency?** *The Journal of Finance,* 77(4): 2051-2091.

Abstract: We examine the effect of pay transparency on the gender pay gap and firm outcomes. Using a 2006 legislation change in Denmark that requires firms to provide gender-disaggregated wage statistics, detailed employee-employer administrative data, and difference-in-differences and difference-in-discontinuities designs, we find that the law reduces the gender pay gap, primarily by slowing wage growth for male employees. The gender pay gap declines by 2 percentage points, or 13% relative to the prelegislation mean. Despite the reduction of the overall wage bill, the wage transparency mandate does not affect firm profitability, likely because of the offsetting effect of reduced firm productivity.

Boustanifar, Hamid and Young Dae Kang (2022): **Employee satisfaction and long-run stock returns, 1984-2020.** *Financial Analysts Journal,* 78: 129–151.

Abstract: Economic theory predicts that (in the absence of mispricing) the excess return to socially responsible businesses is negative in equilibrium. In contrast, using the state-of-art empirical models and a sample spanning four decades (1984–2020), an equal-weighted portfolio of companies that treat their employees the best earns an excess return of 2% to 2.7% per year. The estimated alphas are positive in most periods within the sample (with no upward or downward trend) and are particularly large during crisis periods. Overall, the results suggest that the stock market (still) undervalues employee satisfaction.

Eckbo, B. Espen, Knut Nygaardt, and Karin S. Thorburn (2022): **Valuation effects of Norway's board gender-quota law revisited.** *Management Science,* 68, 4112–4134.

Abstract: We highlight the complexities in estimating the valuation effects of board gender quotas by critically revisiting studies of Norway's pioneering board gender-quota law. We use the short-run event study of Ahern and Dittmar [Ahern KR, Dittmar A (2012) The changing of the boards: The impact on firm valuation of mandated female board representation. Quart. J. Econom. 127(1):137–197] to illustrate (1) the difficulties in attributing quota-related news to specific dates, (2) the need to account for contemporaneous cross-correlation of stock returns when judging the statistical significance of event-related abnormal stock returns, and (3) the fundamental difficulty of separating quota-induced valuation effects from the influences of firm characteristics and macroeconomic events such as the financial crisis. We provide new evidence suggesting that the valuation effect of Norway's quota law was statistically insignificant. Overall, our evidence suggests that, at the time of the Norwegian quota, the supply of qualified female director candidates was high enough to avoid the negative consequences of the quota highlighted previously in the literature.

Edmans, Alex (2011): **Does the stock market fully value intangibles? Employee satisfaction and equity prices.** *Journal of Financial Economics,* 101: 621–640.

Abstract: This paper analyzes the relationship between employee satisfaction and long-run stock returns. A value-weighted portfolio of the "100 Best Companies to Work For in America" earned an annual four-factor alpha of 3.5% from 1984 to 2009, and 2.1% above industry benchmarks. The results are robust to controls for firm characteristics, different weighting methodologies, and the removal of outliers. The Best Companies also exhibited significantly more positive earnings surprises and announcement returns. These findings have three main implications. First, consistent with human capital-centered theories of the firm, employee satisfaction is positively correlated with shareholder returns and need not represent managerial slack. Second, the stock market does not fully value intangibles, even when independently verified by a highly public survey on large firms. Third, certain socially responsible investing (SRI) screens may improve investment returns.

Academic articles for further study on gender equality

Edmans, Alex (2012): **The link between job satisfaction and firm value, with implications for corporate social responsibility.** *Academy of Management Perspectives,* 26: 1–19.

Abstract: How are job satisfaction and firm value linked? I tackle this long-standing management question using a new methodology from finance. I study the effect on firm-level value, rather than employee-level productivity, to take into account the cost of increasing job satisfaction. To address reverse causality, I measure firm value by using future stock returns, controlling for risk, firm characteristics, industry performance, and outliers. Companies listed in the "100 Best Companies to Work For in America" generated 2.3% to 3.8% higher stock returns per year than their peers from 1984 through 2011. These results have three main implications. First, consistent with human resource management theories, job satisfaction is beneficial for firm value. Second, corporate social responsibility can improve stock returns. Third, the stock market does not fully value intangible assets, and so it may be necessary to shield managers from short-term stock prices to encourage long-run growth.

Edmans, Alex, Darcy Pu, Chendi Zhang, and Lucius Li (2023): **Employee satisfaction, labor market flexibility, and stock returns around the world.** *Management Science*, forthcoming.

Abstract: We study the relationship between employee satisfaction and abnormal stock returns around the world, using lists of the "Best Companies to Work For" in 14 countries. We show that employee satisfaction is associated with positive abnormal returns in countries with high labor market flexibility, such as the U.S. and U.K., but not in countries with low labor market flexibility, such as Germany. These results are consistent with high employee satisfaction being a valuable tool for recruitment, retention, and motivation in flexible labor markets, where firms face fewer constraints on hiring and firing. In contrast, in regulated labor markets, legislation already provides minimum standards for worker welfare and so additional expenditure may exhibit diminishing returns. The results have implications for the differential profitability of socially responsible investing ("SRI") strategies around the world. In particular, they emphasize the importance of taking institutional features into account when forming such strategies.

Edmans, Alex, Caroline Flammer and Simon Glossner (2023): **Diversity, Equity, and Inclusion**. NBER Working Paper Series, Working Paper No. 31215

Abstract: This paper measures diversity, equity, and inclusion (DEI) using proprietary data on survey responses used to compile the Best Companies to Work For list. We identify 13 of the 58 questions as being related to DEI, and aggregate the responses to form our DEI measure. This variable has low correlation with gender and ethnic diversity in the boardroom, in senior management, and within the workforce, suggesting that DEI captures additional dimensions missing from traditional measures of demographic diversity. DEI is also unrelated to general workplace policies and practices, suggesting that DEI cannot be improved by generic initiatives. However, DEI is higher in small growth firms and firms with high financial strength. DEI is associated with higher future accounting performance across a range of measures, higher future earnings surprises, and higher valuation ratios, but demographic diversity is not. DEI perceptions among professional workers, such as R&D employees, are significantly correlated with the number and quality of patents. However, DEI exhibits no link with future stock returns.

Flammer, Caroline and Aleksandra Kacperczyk (2016): **The impact of stakeholder orientation on innovation: Evidence from a natural experiment.** *Management Science,* 62: 1982–2001.

Abstract: In this study, we assess the causal impact of stakeholder orientation on innovation. To obtain exogenous variation in stakeholder orientation, we exploit the enactment of state-level constituency statutes, which allow directors to consider stakeholders' interests when making business decisions. Using a difference-in-differences methodology, we find that the enactment of constituency statutes leads to a significant increase in the number of patents and citations per patent. We further argue and provide evidence suggesting that stakeholder orientation sparks innovation by encouraging experimentation and enhancing employees' innovative productivity. Finally, we find that the positive effect of stakeholder orientation on innovation is larger in consumer-focused and less eco-friendly industries.

Academic articles for further study on gender equality

Gartenberg, Claudine, Andrea Prat, and George Serafeim (2019): **Corporate purpose and financial performance.** *Organization Science,* 30: 1–18.

Abstract: We construct a measure of corporate purpose within a sample of U.S. companies based on approximately 500,000 survey responses of worker perceptions about their employers. We find that this measure of purpose is not related to financial performance. However, high-purpose firms come in two forms: firms characterized by high camaraderie between workers and firms characterized by high clarity from management. We document that firms exhibiting both high purpose and clarity have systematically higher future accounting and stock market performance, even after controlling for current performance, and that this relation is driven by the perceptions of middle management and professional staff rather than senior executives or hourly or commissioned workers. Taken together, these results suggest that firms with midlevel employees with strong beliefs in the purpose of their organization and the clarity in the path toward that purpose experience better performance.

Giannetti, Mariassunta and Tracy Yue Wang (2023): **Public attention to gender equality and board gender diversity.** *Journal of Financial and Quantitative Analysis,* 58(2): 485 - 511.

Abstract: We document that heightened public attention to gender equality is associated with an increase in board gender diversity. Improvements in diversity are more pronounced in firms with a corporate culture that is already sympathetic to gender equality. When public attention to gender equality increases, firms reach out to a larger pool of women, such as women without industry experience or outside their network, but female director appointments do not appear to be dilutive of the board's skills. Instead, we observe less reliance on connections for director appointments and a decrease in the propensity to appoint connected men.

Greene, Daniel, Vincent J. Intintoli, and Kathleen M. Kahle (2020): **Do board gender quotas affect firm value? Evidence from California Senate Bill No. 826.** *Journal of Corporate Finance,* 60: 101526.

Abstract: We examine stock market reactions, direct costs of compliance, and board adjustments to California Senate Bill No. 826 (SB 826), the first mandated board gender diversity quota in the United States. Announcement returns average −1.2% and are robust to the use of multiple methodologies. Returns are more negative when the gap between the mandated number and the pre-SB 826 number of female directors is larger. These negative effects are less severe for firms with a greater supply of female candidates, and for those that can more easily replace male directors or attract female directors. For small firms, the annual direct cost of compliance through board expansion is non-trivial, representing 0.76% of market value. Following SB 826, firms significantly increase female board representation, and the increase is greater for firms in California than control firms in other states.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales (2015): **The value of corporate culture.** *Journal of Financial Economics,* 117: 60–76.

Abstract: We study which dimensions of corporate culture are related to a firm′s performance and why. We find that proclaimed values appear irrelevant. Yet, when employees perceive top managers as trustworthy and ethical, a firm′s performance is stronger. We then study how different governance structures impact the ability to sustain integrity as a corporate value. We find that publicly traded firms are less able to sustain it. Traditional measures of corporate governance do not seem to have much of an impact.

Hellerstedt, Karin, Timur Uman and Karl Wennberg (2022): **Fooled by Diversity? When Diversity Initiatives Exacerbate Rather Than Mitigate Bias and Inequality**. *Academy of Management Perspectives*, Forthcoming

Abstract: To advance the discussion on Diversity, Equity, and Inclusion (DEI) initiatives, we analyze the management literature and examples of advocacy practices inspired by the three DEI logics of moral justice, business case, and power activism. By emerging litigation, self-interest and coercion as the mechanisms driving change within these logics, we show how the concept of diversity is approached differently in the three logics. Based on this discussion we explain why diversity has taken precedence over equity and inclusion in both research and practice. We further

show how the tensions between DEI logics inform diversity initiatives and exacerbate rather than mitigate bias and inequality. To rejuvenate scholarly and managerial debates around DEI initiatives and address managerial biases to focus on the wrong things, we discuss what could be learned from the rationales of such initiatives, including how one can be fooled into focusing on diversity at the expense of equity and inclusion.

Krueger, Philipp, Zacharias Sautner, Dragon Yongjun Tang and Rui Zhong (2023): **The Effects of Mandatory ESG Disclosure Around the World.** European Corporate Governance Institute – Finance Working Paper No. 754/2021, Swiss Finance Institute Research Paper No. 21-44, Available at SSRN: https://ssrn.com/abstract=3832745 or http://dx.doi.org/10.2139/ssrn.3832745

Abstract: We compile a novel dataset on mandatory environmental, social, and governance (ESG) disclosure around the world to analyze the stock liquidity effects of such disclosure mandates. We document a significant positive effect of ESG disclosure mandates on firm-level stock liquidity. The effects are strongest if the disclosure requirements are implemented by government institutions—not on a comply-or-explain basis—and coupled with strong enforcement by informal institutions. Firms with weaker information environments benefit the most from ESG disclosure mandates. The findings are robust to different estimation methods and concerns related to the staggered introduction of the disclosure mandates. Our results support the view that ESG disclosure regulation improves the information environment and has beneficial capital market effects.

Loyd, Denise Lewin, Cynthia S. Wang, Katherine W. Phillips, and Robert B. Lount, Jr. (2013): **Social category diversity promotes premeeting elaboration: The role of relationship focus**. *Organization Science,* 24: 757–772.

Abstract: A purported downside of social category diversity is decreased relationship focus (i.e., one's focus on establishing a positive social bond with a coworker). However, we argue that this lack of relationship focus serves as a central mechanism that improves information processing even prior to interaction and, ultimately, decision-making performance in diverse settings. We introduce the construct of premeeting elaboration (i.e., the extent to which individuals consider their own and others' perspectives in the anticipation of an interaction) and explore its link with social category diversity and relationship focus. Experiments 1 and 2 demonstrate that when disagreement occurs, social category diversity increases premeeting elaboration, with relationship focus as a central causal mechanism. Experiment 3 shows that premeeting elaboration has important implications for performance: disagreeing dyads with social category diversity elaborate more prior to meeting and, as a result, perform better on a decision-making task than those with social category homogeneity. We discuss the value of studying early-stage interaction and propose a reconsideration of the "downside" of social category diversity.

Lu, Shirley, (2019): **Quota or Disclosure? Evidence from Corporate Board Gender Diversity Policies** (November 2019). Available at SSRN: https://ssrn.com/abstract=3493375 or http://dx.doi.org/10.2139/ssrn.3493375

Abstract: In this paper, I compare two policy interventions used in Europe to increase gender equality on corporate boards: quota versus disclosure. While quota has a stronger enforcement effect, disclosure allows firms to decide on the optimal board gender ratio taking into consideration their own information. This information includes the friction that causes low female representation on boards. I show that it is important to separate supply and demand side frictions. In industries that have a low supply of female directors, quota leads firms to hire more foreign female directors, new female directors with no prior board experience, and more female directors with PhDs. In industries not constrained by female director supply, disclosure and quota can be equally effective in shattering the glass ceiling. Additionally, I find that effects are stronger in countries where there is a stronger social norm on gender equality. Last, I do not find this increase in board gender diversity leads to better financial performance.

Academic articles for further study on gender equality

Robino, Carolina and Edward T. Jackson (2022): **Editorial: growing gender lens investing in emerging markets.** *Journal of Sustainable Finance & Investment*, 12(3): 671-683.

Abstract: The rapid scaling up of all forms of sustainable finance has become a priority of the international community. This task is especially crucial for gender lens investing (GLI), whose growth in low- and middle-income countries—though dynamic, innovative, and gaining momentum—remains too slow, fragmented, andNorthern-driven, not only in terms of the origin of capital but also in its design and implementation. This special issue of multidisciplinary papers contributes to pushing the frontiers ofGLI growth forward in five areas: the role and scope of GLI; the importance of the care economy; GLI implementation strategies;Southern-led, women-led capital mobilization; and the interactions of gender and performance in investee firms. Drivenby reciprocal scholar-practitioner partnerships, future research on the growth of gender lens investing in emerging markets should be Southern directed, methodologically plural, anchored in opendata, and actionable in real time.

Sadeh, Jakob, L., and Mair, J. (2023): **Reinforcing Political Inequality Through Diversity Initiatives: A Field-Level Perspective.** *Journal of Management*, 0(0). https://doi.org/10.1177/01492063231163579

Abstract: Although diversity initiatives are considered prominent vessels for addressing inequality and despite massive investments in them, inequality inside organizations persists. Assessments of diversity initiatives often center on economic inequality and view organizations as closed systems to explain why they fail. Building on a 19-month field-level ethnography of the diversity field in Israel targeting Palestinian employment, we examine political inequality and show how it is perpetuated even as economic inequality is dealt with. Our findings reveal that the field is complicit in creating a chasm between the economic and political spheres by positioning diversity initiatives as a means to tackle economic inequality. The field's infrastructure and dominant discourse reinforce this chasm and thereby make political inequality invisible, generating false consciousness. Our study challenges the preoccupation of diversity scholarship with universal best practices, suggests avenues for assessing and managing diversity initiatives while taking stock of political inequality, and directs future research to delve into the relationship between the economic and the political in organizations and our societies.

Sapienza, Paola, Luigi Zingales, and Darlo Maestripieri (2009): **Gender differences in financial risk aversion and career choices are affected by testosterone.** *Proceedings of the National Academy of Sciences,* 106 (36): 15268-15273.

Abstract: Women are generally more risk averse than men. We investigated whether between- and within-gender variation in financial risk aversion was accounted for by variation in salivary concentrations of testosterone and in markers of prenatal testosterone exposure in a sample of >500 MBA students. Higher levels of circulating testosterone were associated with lower risk aversion among women, but not among men. At comparably low concentrations of salivary testosterone, however, the gender difference in risk aversion disappeared, suggesting that testosterone has nonlinear effects on risk aversion regardless of gender. A similar relationship between risk aversion and testosterone was also found using markers of prenatal testosterone exposure. Finally, both testosterone levels and risk aversion predicted career choices after graduation: Individuals high in testosterone and low in risk aversion were more likely to choose risky careers in finance. These results suggest that testosterone has both organizational and activational effects on risk-sensitive financial decisions and long-term career choices.

Subramanian, Tia, Arianna Muirow, and Joy Anderson (2022): **Evolving the gender analysis in gender lens investing: moving from counting women to valuing gendered experience.** *Journal of Sustainable Finance & Investment*, 12(3): 684-703

Abstract: We examine the quality of the gender lens investing field's underlying gender analysis to assess how a field built to redress marginalization analyzes that marginalization. In examining the evolution of gender and queer theory, we question the validity of the dominant definition of gender used in investing. Since its institutionalization, gender studies has evolved on the grounds that gender experience is dynamic and must be understood through diverse lived experiences. Drawing on current theory in gender and queer studies from across the Global North and

South, we find that a comprehensive understanding of gender encompasses gender identity and sexuality as well as social, economic, and geopolitical considerations. We find a significant gap between gender lens investing's primary modes of analysis and lessons from scholars. Acknowledging the challenge of translating theory into financial practice, we suggest steps towards an investment practice that better mirrors how gender operates in the world.

Thatcher, Sherry M. B., Christina Hymer, and Rebecca Arwine, (2021): **Pushing back against power: Using a multilevel power lens to understand intersectionality in the workplace.** *Academy of Management Annals,* forthcoming, https://doi.org/10.5465/annals.2021.0210

Abstract: Intersectionality, defined as the intertwined and multiplicative effects of multiple identity groups, considers how various combinations of individuals' social identities (e.g., gender, race/ethnicity, age) and their embedded meanings impact their lives, their employment, and the organizations where they work. Despite the value of understanding employees' intersectional experiences for diversity, equity, and inclusion (DEI) initiatives, the management field lacks a comprehensive review of intersectionality research. By examining how different levels of power perpetuate, amplify, or attenuate experiences associated with intersectionality, we synthesize findings from 153 articles to provide insight into identity combinations that have been studied, outcomes associated with intersectionality experiences, and the variety of organizational and individual responses that occur when intersectionality is experienced. Our multilevel power lens highlights intersectionality trends relevant for DEI research and practice alike. We end with a discussion of how identity representation, contextual and analytical considerations, and theoretical extensions provide fruitful avenues for future research on intersectionality.