

THE INFLUENCE OF GENDER DIVERSITY ON CORPORATE PERFORMANCE

LA INFLUENCIA DE LA DIVERSIDAD DE GÉNERO EN EL RENDIMIENTO EMPRESARIAL

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ABSTRACT

This work focuses on the effect of gender diversity on corporate performance. The current work, an extension of previous studies, focuses on the presence and effect of female stockholders, directors and top managers by analysing their impact on various accounting ratios, market value and technical efficiency. With a view to testing these hypotheses, we selected Spanish corporations that were listed on the Madrid Stock Exchange over the period 2004-2006 as an objective population. Corporate governance information on these companies is available from the CNMV database. Our findings show that companies with higher levels of gender diversity do not obviously outperform other companies with lower levels, in terms of several market and accounting measures. Therefore, gender diversity may not influence corporate performance.

KEY WORDS: Corporate governance, gender diversity, corporate performance, panel data
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RESUMEN

Este trabajo se centra en analizar el efecto de la diversidad de género en el rendimiento empresarial. El trabajo que se presenta, como extensión de estudios anteriores, se centra en analizar la influencia que tiene la presencia de mujeres accionistas, directivas y altos cargos en los Consejos de Administración de las empresas, así como en analizar el impacto que tiene dicha presencia en el rendimiento empresarial, tomando como variables representativas de dicho rendimiento medidas contables, de valor de mercado y de eficiencia técnica.

Con la finalidad de testar las hipótesis planteadas, se han seleccionado las empresas españolas que cotizaban en la Bolsa de Madrid durante el período 2004-2006, constituyendo el período objeto de estudio. La información sobre gobierno corporativo se ha obtenido de la base de datos disponible en la Comisión Nacional del Mercado de Valores. Los resultados obtenidos muestran que las empresas con mayores niveles de diversidad de género no superan a otras empresas con niveles más bajos, en términos de medidas contables y de mercado y en definitiva, la diversidad de género parece no influir en el rendimiento empresarial.

PALABRAS CLAVE: Gobierno corporativo, diversidad de género, rendimiento empresarial, datos de panel

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1 | INTRODUCTION

An important issue, which generates widespread interest and a degree of controversy in the debate over corporate governance, has to do with diversity, defined as the range of ethnic and gender representation on boards of directors (Erhardt, Werbel and Shrader, 2003, p. 103). However, ethnic groups are not generalized across all countries; which is the reason why women play a very important role in this sense: for example, the Higgs Report (2003) stresses the importance of incorporating women onto boards of directors, especially when there is little or no female representation.

This legal requirement to increase the presence of female directors is in response to their low average numbers on the boards of European corporations, even though it has increased over recent years (Heidrick and Struggles, 2007). Nevertheless, the level of diversity varies from country to country (Carrasco Gallego and Laffarga Briones, 2006; Campbell and Minguez-Vera, 2008a; De Luis *et al.*, 2008).

Spanish politicians have been especially active in this context, by issuing a Unified Code of Good Governance and undertaking a legislative review with the aim of promoting gender diversity in labour environments. This normative context has reawakened interest in the relationship between gender diversity and corporate performance, because of the controversial nature of the topic, among other things. Although it may be socially and ethically correct to achieve a balanced presence of both genders on boards and in top management, it is widely noted that gender diversity does not necessarily lead to greater returns. Previous research has actually produced mixed results, given that the link between gender diversity and financial performance in a firm is both theoretically and empirically complex (Carter *et al.*, 2007, p. 4).

Based on the timeliness and the current interest of the topic, we have analysed the real impact of gender diversity on corporate performance, in line with some of the main topics in the field such as independence, etc. Thus, this study focuses on the impact of the percentage of women on boards and in top management, and the percentage of female stockholders with significant shares in stock ownership, by using several measures of corporate returns, efficiency and market value.

Therefore, the current work enlarges on previous evidence regarding the influence of gender diversity on performance by analysing diversity at different levels of decision-making within the firm, and by studying its impact on a broader set of accounting and market variables, in the context of a political commitment to increasing the presence of female managers in companies. Hence, this work encompasses a wider perspective in the study of female representation, compared to previous studies, which have usually focused on one category of female presence (director, manager or entrepreneur). It also extends the previous literature,

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