Accepted Manuscript

Female board representation, corporate innovation and firm performance

Jie Chen, Woon Sau Leung, Kevin P. Evans

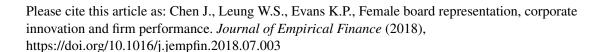
PII: S0927-5398(18)30052-5

DOI: https://doi.org/10.1016/j.jempfin.2018.07.003

Reference: EMPFIN 1062

To appear in: Journal of Empirical Finance

Received date: 26 July 2016 Revised date: 9 July 2018 Accepted date: 18 July 2018



This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



ACCEPTED MANUSCRIPT

Female board representation, corporate innovation and firm performance

Jie Chen*† Woon Sau Leung* Kevin P. Evans*

ABSTRACT

We show evidence that female board representation is associated with greater innovative success, and thus enhances firm performance in innovation-intensive industries. Firms with female directors tend to invest more in innovation and obtain more patents and citations for given R&D expenditures. An increase of 10 percentage points in the tenure-weighted fraction of female directors is associated with approximately 6% more patents and 7% more citations. Investigating the underlying mechanisms, the positive association between female board representation and corporate innovation is stronger when product market competition is lower and when managers are more entrenched, consistent with increased monitoring by female directors improving managers' incentives to innovate. Furthermore, we find that female board representation is positively associated with performance only for firms for which innovation and creativity play a particularly important role.

JEL classification: G30, G34, J16, O31, O34

Keywords: Female board representation; Board of directors; Corporate innovation; Firm performance

^{*} Cardiff Business School, Cardiff University, Cardiff CF10 3EU, United Kingdom

[†] Corresponding author. E-mail address: <u>ChenJ56@cardiff.ac.uk</u>; <u>Tel: 44 750 389 4584</u>
We are grateful for helpful comments from Marc Goergen, Ioannis Ioannou, Jason Xiao, Kul Luintel, Maoliang Li and seminar participants at the Xiamen University School of Management and Cardiff Business School.

Download English Version:

https://daneshyari.com/en/article/7360480

Download Persian Version:

https://daneshyari.com/article/7360480

<u>Daneshyari.com</u>