


Impact Factor: 1.3

5-Year Impact Factor:

 Contents More

Abstract

This study empirically examines the impact of gender diversity on firm performance, employing two different measures of performance: Return on Assets (ROA) and Return on Equity (ROE). The study focuses on the appointment of Chief Financial Officers (CFO) on the board of directors and its effect on firm performance. The results show that firms with female CFOs exhibit higher performance, particularly in terms of ROA. This finding is robust to a battery of robustness checks, including controlling for firm size, industry, and time period. The enhanced firm performance can be attributed to reduction in costs and enhanced efficiency of working capital management. The findings are robust to a battery of robustness checks. Particularly, we find that investors respond relatively less (more) favorably to the appointment of female CFOs compared with that of male CFOs at firms characterized by high (low) uncertainty. Furthermore, the evidence also shows that female CFOs significantly improve operating performance at firms operating in low volatility settings. The findings are robust to a battery of robustness checks.



Get full access to this article

View all access and purchase options for this article.

Get Access 

References

Adams R. B., Ferreira D. (2009). Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics*, 94, 291-309.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

[Google Scholar](#)

Barber B., Odean T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. *Quarterly Journal of Economics*, 116, 261-292.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Barsky R. B., Juster F. T., Kimball M. S., Shapiro M. D. (1997). Preference parameters and behavioral heterogeneity: An experimental approach in the health and retirement study. *Quarterly Journal of Economics*, 112, 537-579.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Ben-David I., Graham J. R., Harvey C. R. (2013). Managerial miscalibration. *Quarterly Journal of Economics*, 128, 1547-1584.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Berger P. G., Ofek E., Yermack D. L. (1997). Managerial entrenchment and capital structure decisions. *Journal of Finance*, 52, 1411-1438.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Berkery E., Morley M., Tiernan S. (2013). Beyond gender role stereotypes and requisite managerial characteristics: From communal to androgynous, the changing views of women. *Gender in Management: An International Journal*, 28, 278-298.

[Crossref](#)

[Google Scholar](#)

Bertrand M., Schoar A. (2003). Managing with style: The effect of managers on firm policies. *Quarterly Journal of Economics*, 118, 1169-1208.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Bhojraj S., Lee C. M. C., Oler D. K. (2003). What's my line? A comparison of industry classification schemes for capital market research. *Journal of Accounting Research*, 41, 745-774.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Billett M. T., Qian Y. (2008). Are overconfident CEOs born or made? Evidence of self-attribution bias from frequent acquirers. *Management Science*, 54, 1037-1051.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Deloof M. (2003). Does working capital management affect profitability of Belgian firms? *Journal of Business Finance & Accounting*, 30, 573-587.

[Crossref](#)

[Google Scholar](#)

Estelami H., Lehmann D. R., Holden A. C. (2001). Macroeconomic determinants of consumer price knowledge: A meta-analysis of four decades of research. *International Journal of Research in Marketing*, 18, 341-355.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Faccio M., Marchica M.-T., Mura R. (2016). CEO gender, corporate risk-taking, and the efficiency of capital allocation. *Journal of Corporate Finance*, 39, 193-209.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Fama E. F., French K. R. (1993). Common risk factors in the returns on stocks and bonds. *Journal of Financial Economics*, 33, 3-56.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Fehr-Duda H., De Gennaro M., Schubert R. (2006). Gender, financial risk, and probability weights. *Theory and Decision*, 60, 283-313.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Francis B., Hasan I., Park J. C., Wu Q. (2015). Gender differences in financial reporting decision-making: Evidence from accounting conservatism. *Contemporary Accounting Research*, 32, 1285-1318.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Francoeur C., Labelle R., Sinclair-Desgagné B. (2008). Gender diversity in corporate governance and top management. *Journal of Business Ethics*, 81, 83-95.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Goel A. M., Thakor A. V. (2008). Overconfidence, CEO selection, and corporate governance. *Journal of Finance*, 63, 2737-2784.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Graham J., Li S., Qiu J. (2012). Managerial attributes and executive compensation. *Review of Financial Studies*, 25, 144-186.

[Crossref](#)

[Google Scholar](#)

Griffin D., Tversky A. (1992). The weighing of evidence and the determinants of confidence. *Cognitive Psychology*, 24, 411-435.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Heckman J. (1979). Sample selection bias as a specification error. *Econometrica*, 47, 153-161.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Huang J., Kisgen D. J. (2013). Gender and corporate finance: Are male executives over confident relative to female executives? *Journal of Financial Economics*, 108, 822-839.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Iskandar-Datta M., Jia Y. (2013). Valuation consequences of clawback provisions. *The Accounting Review*, 88, 171-198.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Jensen G. R., Lundstrum L. L., Miller R. E. (2010). What do dividend reductions signal? *Journal of Corporate Finance*, 16, 736-747.

[Crossref](#)

[Google Scholar](#)

Jordan C. E., Clark S., Waldron M. (2007). Gender bias and compensation in the executive suite of the Fortune 100. *Journal of Organizational Culture, Communications and Conflict*, 11(1), 19-29.

[Google Scholar](#)

Kark R., Waismel-Manor R., Shamir B. (2012). Does valuing androgyny and femininity lead to a female advantage? The relationship between gender-role, transformational leadership and identification. *The Leadership Quarterly*, 23, 620-640.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Kumar A. (2010). Self-selection and the forecasting abilities of female equity analysts. *Journal of Accounting Research*, 48, 393-435.

[Crossref](#)

[Google Scholar](#)

Lang L. H. P., Stulz R. M., Walkling R. A. (1991). A test of the free cash flow hypothesis: The case of bidder returns. *Journal of Financial Economics*, 29, 315-335.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Lawrence A., Minutti-Meza M., Zhang P. (2011). Can Big 4 versus Non-Big 4 differences in audit-quality proxies be attributed to client characteristics? *The Accounting Review*, 86, 259-286.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Lee P. M., James E. H. (2007). She'-E-Os: Gender effects and investor reactions to the announcements of top executive appointments. *Strategic Management Journal*, 28, 227-241.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Liu Y., Wei Z., Xie F. (2016). CFO gender and earnings management: Evidence from China. *Review of Quantitative Finance and Accounting*, 46, 881-905.

[Crossref](#)

[Google Scholar](#)

Malmendier U., Tate G. (2008). Who makes acquisitions? CEO overconfidence and the market's reaction. *Journal of Financial Economics*, 89, 20-43.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Martin A. D., Nishikawa T., Williams M. A. (2009). CEO gender: Effects on valuation and risk. *Quarterly Journal of Finance and Accounting*, 48(3), 23-40.

[Google Scholar](#)

Peni E., Vähämaa S. (2010). Female executives and earnings management. *Managerial Finance*, 36, 629-645.

[Crossref](#)

[Google Scholar](#)

Powell G. N., Butterfield D. A. (1989). The “good manager”: Did androgyny fare better in the 1980s? *Group & Organization Management*, 14, 216-233.

[Google Scholar](#)

Powell M., Ansic D. (1997). Gender differences in risk behaviour in financial decision-making: An experimental analysis. *Journal of Economic Psychology*, 18, 605-628.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Rost K., Osterloh M. (2010). Opening the black box of upper echelons: Drivers of poor information processing during the financial crisis. *Corporate Governance: An International Review*, 18, 212-233.

[Crossref](#)

[Web of Science](#)

[Google Scholar](#)

Sapienza P., Zingales L., Maestripieri D. (2009). Gender differences in financial risk aversion and career choices are affected by testosterone. *Proceedings of the National Academy of Sciences of the United States of America*, 106, 15268-15273.

[Crossref](#)

[PubMed](#)

[Web of Science](#)


[Google Scholar](#)

Supplementary Material

Please find the following supplemental material available below.

For Open Access articles published under a [Creative Commons License](#), all supplemental material carries the same license as the article it is associated with.

For non-Open Access articles published, all supplemental material carries a non-exclusive license, and permission requests for re-use of supplemental material or any part of supplemental material shall be sent directly to the copyright owner as specified in the copyright notice associated with the article.

 [jaaf_supplements_april23_\(1\).pdf](#) | 439.34 KB

Similar articles:



Open Access

[CFO Demographics and Working Capital Management in China](#)

Show Details 



Restricted access

[The Impact of CFO Gender on Bank Loan Contracting](#)

Show Details 



Open Access

[A reinvestigation of the stock price reactions to announcements of Black top executive appointments](#)

Show Details 

[View More](#)

Sage recommends:

SAGE Research Methods

Case

[Introduction to Panel Data, Multiple Regression Method, and Principal Components Analysis Using Stata: Study on the Determinants of Executive Compensation—A Behavioral Approach Using Evidence From Chinese Listed](#)

[Firms](#)

Show Details 

Show Details ▾

SAGE Knowledge

Entry

[Chief Financial Officer \(CFO\)](#)

Show Details ▾

SAGE Knowledge

Whole book

[Index Investing](#)

Show Details ▾

[View More](#)

You currently have no access to this content. Visit the [access options](#) page to authenticate.

[View full text](#) | [Download PDF](#)

Also from Sage

CQ Library

Elevating debate

Sage Data

Uncovering insight

Sage Business Cases

Shaping futures

Sage Campus

Unleashing potential

Sage Knowledge

Multimedia learning resources

Sage Research Methods

Supercharging research

Sage Video

Technology from Sage

Streaming knowledge

Library digital services