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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. 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.



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