



Bachelor Seminar WS 2019/20

in Applied Statistics and Econometrics

Women on Boards: Determinants and Effects

General Description

The bachelor seminar serves as a preparation for the bachelor thesis which is written directly after the seminar. During the processing period, students are expected to write an exposé of their bachelor thesis and to present it at the seminar. The aim of the seminar and of the bachelor thesis is to enable students to conduct an empirical analysis applying the statistical and econometric skills obtained throughout the bachelor program.

In the course of the seminar students are expected

- to become familiar with the literature from the relevant field
- to precisely define the research question to be analysed in the bachelor thesis
- to prepare the data for the bachelor thesis
- to present first regression estimates
- to present a structure for the bachelor thesis

The seminar focuses on the analysis of research questions linked to the presence of women on German corporate boards. It is based on a detailed dataset on German boards collected by the chair. Self-collected extensions of the provided data might be needed for specific topics.

Requirements

While knowledge from the obligatory lectures *Statistik I*, *Statistik II* and *Empirische Wirtschaftsforschung* is required, further statistical skills are not necessary. Instead, general interest in statistics and empirical economics and the willingness to conduct an own empirical analysis as well as basic knowledge of Stata are essential.

Please note that the seminar will be held in English.

Contact

Johannes Carow M.Sc. (johannes.carow@uni-mainz.de)

Topics

Students are expected to investigate empirically the following topics, based on the cited references:

1. How does board tenure affect firm performance?
2. Returns to multiple directorship
3. Did the gender quota affect only 'board-busy' women?
4. How did firms react to the introduction of the gender quota?
5. Spillover effects of female supervisory board representation on female management board representation
6. Gender-specific differences in the compensation of supervisory board members
7. Does a gender wage gap in executive boards exist and does it depend on the gender composition of the supervisory board?

Detailed Topics and Literature

1. How does board tenure affect firm performance?

When discussing the properties of corporate boards, one central variable is the tenure of the respective board members. Recently appointed board members might be characterized by a lack of experience in the decision making process. Long board tenure, on the other hand, might cause board members to become too entrenched to initiate major organizational changes which – in turn – might be harmful for the company. Can we observe a relation between board tenure and firm performance? Does it matter whether we consider the tenure of the whole supervisory board or of male and female board members separately?

Literature

Huang, S., & Hilary, G. (2018). Zombie board: Board tenure and firm performance. *Journal of Accounting Research*, 56(4), 1285-1329.

2. Returns to multiple directorship

The German corporate governance system allows directors to serve on up to ten supervisory boards at the same time. This has several implications for the firm. On the one hand, it has to bear the risk that a board member that serves on numerous boards does not sufficiently comply with the supervisory tasks which require a broad knowledge of recent developments. On the other hand, the firm might benefit from such supervisory board members as they might enrich the firm's boardroom due to increased human capital accumulated on other boards. Which of these effects on the firm performance dominates? Do potential effects only exist for the simultaneous appointment to several boards or do earlier board memberships also matter? Are there gender-specific differences or, put differently, which role do the often cited 'Golden Skirts' play?

Literature

Cashman, G. D., Gillan, S. L., & Jun, C. (2012). Going overboard? On busy directors and firm value. *Journal of Banking & Finance*, 36(12), 3248-3259.

3. Did the gender quota affect only 'board-busy' women?

In the context of the Norwegian gender quota, it is often stated that the quota caused less experienced women to enter the boards. That raises the question of how the recruiting process can be described: Have new women been appointed to board members or did the quota rather lead to an increase of mandates of existing female board members, i.e. did German firms experience a rise of the 'Golden Skirts'? More broadly, to which extent do the board members before and after the quota introduction differ in their characteristics? One may also investigate which firms take on busy women and which firms take on new women.

Literature

- Wang, M., & Kelan, E. (2013). The gender quota and female leadership: Effects of the Norwegian gender quota on board chairs and CEOs. *Journal of business ethics*, 117(3), 449-466. (especially pp. 455-460)
- Ahern, K. R., & Dittmar, A. K. (2012). The changing of the boards: The impact on firm valuation of mandated female board representation. *The Quarterly Journal of Economics*, 127(1), 137-197. (especially Table V on pp. 170-172 and related text)
- Eckbo, B. E., Nygaard, K., & Thorburn, K. S. (2019). Board gender-balancing and firm value. *European Corporate Governance Institute (ECGI)-Finance Working Paper*, (463). (especially Table XI on p. 50 and related text)

4. How did firms react to the introduction of the gender quota?

Unlike some other country-specific gender quotas on corporate boards, the German quota has been anticipated by German firms a long time before its actual introduction on January 1st 2016. Did firms already increased their female board representation in advance? Which firms reacted earlier and which firms reacted later to introduction of the quota?

Literature

- Arnegger, M., Hofmann, C., Pull, K., & Vetter, K. (2014). Firm size and board diversity. *Journal of Management & Governance*, 18(4), 1109-1135.
- Hillman, A. J., Shropshire, C., & Cannella Jr, A. A. (2007). Organizational predictors of women on corporate boards. *Academy of Management Journal*, 50(4), 941-952.

5. Spillover effects of female supervisory board representation on female management board representation

Female representation on German supervisory boards of listed parity-codetermined firms has increased since 2009. One of the central tasks of the supervisory board consists in appointing the management board members and in determining the compensation of them. In the light of these responsibilities, it shall be analysed whether the increased participation of females in supervisory boards has induced a rise in the female representation in the management boards of the respective companies.

Literature

- Matsa, D. A., & Miller, A. R. (2011). Chipping away at the glass ceiling: Gender spillovers in corporate leadership. *American Economic Review*, 101(3), 635-39.
- Farrell, K. A., & Hersch, P. L. (2005). Additions to corporate boards: the effect of gender. *Journal of Corporate finance*, 11(1-2), 85-106.

6. Gender-specific differences in the compensation of supervisory board members

The compensation of German supervisory board members is not characterised by a classical performance-related (hourly) wage. Instead, the “remuneration shall bear a reasonable relationship to the duties of the members of the supervisory board” (German Stock Corporation Act §113). Consequently, gender-specific differences in supervisory board compensation can only be explained by differing positions within the supervisory board or by self-selection into specific kinds of firms. That raises the question of whether there are gender-specific differences in the compensation of supervisory board members. So do firms comply with the above regulation? Do these differences convey a similar picture when analysing shareholder representatives and employee representatives separately?

Literature

- Bozhinov, V., Koch, C., & Schank, T. (2017). Has the push for equal gender representation changed the role of women on German supervisory boards?. Available at SSRN 3043760.

7. Does a gender wage gap in executive boards exist and does it depend on the gender composition of the supervisory board?

The gender wage gap is still a prevalent phenomenon worldwide. In Germany, the compensation of executive directors is at the discretion of the supervisory board which is obliged to select the executive board and set the compensation schemes. In recent years, the share of women on supervisory boards in the largest companies rose significantly up to nearly 30 percent. The natural question arises whether women on supervisory boards have an effect on the gender wage gap on executive boards. Hence, the aim of this topic is to study gender differences in compensation for different compensation components and to analyze whether women on supervisory boards have an effect on these potential differences.

Literature

- Bugeja, M., Matolcsy, Z., & Spiropoulos, H. (2016). The association between gender-diverse compensation committees and CEO compensation. *Journal of Business Ethics*, 139(2), 375-390.
- Bugeja, M., Matolcsy, Z. P., & Spiropoulos, H. (2012). Is there a gender gap in CEO compensation?. *Journal of Corporate Finance*, 18(4), 849-859.
- Strobl, S., Rama, D. V., & Mishra, S. (2016). Gender diversity in compensation committees. *Journal of Accounting, Auditing & Finance*, 31(4), 415-427.

Organisation of the Seminar

You can apply for the seminar in the first week of the lecture period via Jogustine. Further information on the registration procedure is provided by the *Studienbüro*. You receive the final admission to the seminar from the *Studienbüro*.

The introductory meeting of the seminar takes place on Wednesday, December 18th, 2019 (14:00-16:00) in Room 03-125 (Kleiner Dekanatssaal, Building ReWi I). After the meeting, topics will be assigned to students taking into account their preferences as far as possible. Please send a transcript from Jogustine to sekretariat.schank@uni-mainz.de prior to the meeting in order to inform us in which courses you participated.

All topics will be assigned to groups of two or three students directly after the first meeting. Group members should present their results jointly on Friday, January 31st. However, note that each student writes her / his exposé independently (until Friday, January 24th). The bachelor thesis will be written in the eight weeks following the seminar (until Monday, March 30th).

Time Schedule for Bachelor Seminar and Bachelor Thesis

Events	Date	Time	Room
Introduction of the topics, topic assignment and beginning of the processing period	Wednesday, December 18th 2019	14:00- 16:00	03-125 Kleiner Dekanatssaal (ReWi Neubau)
Deadline of submission of the exposés via e-mail to sekretariat.schank@uni-mainz.de . Please submit (the next day) a printed version at the Pedelloge (ReWi-1 building)	Friday, January 24th 2020	until 12:00	Via e-mail to: sekretariat.schank@uni-mainz.de . Printed version at the Pedelloge.
Presentation of the exposés	Friday, January 31st 2020	08:00- 18:00	RW 6 (ReWi Neubau)
Beginning of processing time of the bachelor thesis	Monday, February 03rd 2020	–	–
Deadline of submission of the bachelor thesis; two printed versions and an electronic version at the Studienbüro. Via e-Mail to sekretariat.schank@uni-mainz.de	Monday, March 30th 2020	until 12:00	–

The attendance of the introductory session (first session) and of the presentation of the exposés is mandatory. In case of non-attendance (without presenting valid reasons to the Exam Office) the seminar will not be passed.