Board Diversity

Adams, Renee B.; de Haan, Jakob; Terjesen, Siri; van Ees, Hans

Published in:
Corporate Governance - An International Review

DOI:
10.1111/corg.12106

Publication date:
2015

Corporate Governance: An International Review, 2015, 23(2): 77–82

Editorial

Board Diversity: Moving the Field Forward

Renée B. Adams, Jakob de Haan*, Siri Terjesen and Hans van Ees

INTRODUCTION

Board diversity represents both challenges and opportunities for board practice and research. It is possible to distinguish between task-related diversity, such as educational or functional background, non-task-related diversity, such as gender, age, race, or nationality, as well as structural diversity, i.e., board independence and CEO non-duality. Diversity can have both benefits and costs. Regardless of its effects, diversity has been the subject of active policy making which makes it even more important to understand the role it plays.

Diversity can have positive effects on board performance. A growing body of research suggests that board member diversity brings unique perspectives to boards (e.g., Arfken, Bellar & Helms, 2004; Van der Walt, Ingley, Shergill, & Townsend, 2006). If individual private information is valuable and not fully correlated across board members, a more diverse board will collectively possess more information and will have the potential to make better decisions. Diversity can enhance a board's independence of thought so that the board can better perform its monitoring function (Adams & Ferreira, 2009). Diversity can also have negative effects on board performance. For instance, diversity may cause higher decision-making costs in boards, and increase the likelihood of conflicts and factions in teams.

Although there are ample reasons to suggest that diversity should be considered a key parameter in the design of effective governance, boards remain remarkably homogeneous and quite stable in their make-up (Catalyst, 2015; Dhir, 2015). Research suggests that the vast gender differences in top management will not change quickly with only organic processes (Kogut, Colomer, & Belinky, 2014). As a result, gender diversity has become a topic of active policy making in many countries.

To stimulate a cross-discipline exchange of views, the University of Groningen and De Nederlandsche Bank, in collaboration with *Corporate Governance: An International Review*, organized a workshop on diversity in boards, with a special emphasis on board diversity in financial institutions. Four of the papers presented at the workshop have been selected for publication in this special issue. The included research articles and commentaries elaborate on the theoretical mechanisms and empirical findings most relevant to board diversity research. This introductory article contextualizes these contributions. We have ordered the contributions based on their findings about the effects of diversity.

GENDER DIVERSITY AND POLICY

The board's key responsibility is to take strategic decisions (Adams, Hermalin, & Weisbach, 2010; Forbes & Milliken, 1999), for example related to mergers, acquisitions, executive hiring/firing, and financial structure. Corporate scandals have led to closer scrutiny of boards' decisions and composition, and raised the issue of diversity. Many institutions (e.g., the New York Stock Exchange) as well as legislation (e.g., Sarbanes-Oxley) stipulate that the board should be largely comprised of independent directors. Moreover, there are now gender quotas for boards in 14 countries, and codes in another 16.

Several papers have examined the effect of such quota rules on firm performance, often concluding that they had a negative effect. But do we really know the impact of such policies? In his commentary in this special issue, which is based on his keynote address at the workshop, Ferreira (2015) challenges the results of two well-known papers on the introduction of gender quotas in Norway (Ahern & Dittmar, 2012 and Matsa & Miller, 2013). He discusses five difficulties that are common to all papers that use the Norway quota as a natural experiment to identify the effect of female directors on firm performance, namely, the timing of the experiment, choice of the control group, sample selection, confounding effects, and the mechanism explaining the results. Ferreira concludes that: "there are too many problems with the 'causal' evidence on the effect of quotas on performance. It's fair to say that we don't really know whether and how quotas affect the financial performance of firms."

BOARD DIVERSITY AND FIRM PERFORMANCE: MIXED RESULTS TO DATE

As pointed out in the commentary by Hillman (2015) in this special issue, decision making in groups may improve with diversity as creativity may increase and a broader set of

doi:10.1111/corg.12106

alternatives may be considered. As they are less likely to be insiders or business experts, diverse directors can bring varied perspectives and non-traditional approaches to problems, enhancing complex problem solving and improving the quality of decision making (Anderson, Reeb, Upadhyay, & Zhao, 2011). A more diverse board may also be a better monitor of managers because board diversity increases board independence.

Because of innate differences between men and women, some argue that gender diversity may improve board functioning (cf. Hillman, 2015). It has, for instance, been suggested that there are differences in ethical behavior between women and men (Dawson, 1997). Others claim that women are more risk-averse (e.g., Jianakoplos & Bernasek, 1998; Sapienza, Zingales, & Maestripieri, 2009), but Adams and Funk (2012) report in their sample of Swedish directors that they are more risk-loving than male directors. Evidence on the human capital of women suggests that female directors are just as well qualified as men in terms of several important qualities, including level of education, but less likely to have experience as business experts (Terjesen, Sealy, & Singh, 2009).

A large literature examines the links between gender diversity and firm performance (Post & Byron, 2015). Some studies find positive accounting and market performance effects (e.g., Campbell & Mínguez-Vera, 2008;Dezsö & Ross, 2012; Terjesen, Couto, & Francisco, 2015) and others negative reactions (e.g., Adams & Ferreira, 2009), no relationship (e.g., Chapple & Humphrey, 2014), or both positive and negative outcomes (Adams & Ferreira, 2009; Matsa & Miller, 2013). The literature has also examined other potential performance outcomes such as corporate social responsibility (CSR) or stakeholder orientation. This literature suggests that gender diversity on boards is related to positive CSR outcomes (e.g., Adams, Licht, & Sagiv, 2011; Zhang, Zhu & Ding, 2013). Research has also begun to investigate how the gender composition of the board has led to certain outcomes for corporate strategy and innovation (e.g., Nielsen & Huse, 2010; Torchia, Calabro, & Huse, 2011; Triana, Miller, & Trzebiatowski, 2014).

The mixed findings in the literature on the relationship between diversity and firm performance can be attributed to differences across studies in measures of performance, methodologies, time horizons, omitted variable biases, and other contextual issues. Another reason for the conflicting evidence on board diversity may be that it is not clear when and which concept of diversity may be important. For example, organizational behavior distinguishes between surface- and deep-level diversity (Harrison, Price, & Bell, 1998). In this literature there is an extensive debate about the antecedents, relevant dimensions, and implications of board diversity with a focus on social categorization processes that may increase conflict and diminish performance. Board diversity may very well foster social categorization within boards that can be expected to disrupt board effectiveness. Social categorization is likely when a group can be separated into demographically homogeneous subgroups that differ from one another (Van Knippenberg, Dawson, West, & Homan, 2010).

A further reason why it may be so hard to come up with clear-cut results may be the endogenous nature of corporate governance in general (Adams et al., 2010; Hermalin & Weisbach, 1998, 2003) and board diversity, in particular. Indeed, Mateos de Cabo, Gimeno, and Nieto (2012) find that European banks with larger boards and those with a growth orientation have a higher proportion of women on their boards and that female directors tend to be excluded from the boards of riskier banking institutions. As gender diversity is not exogenous, identification of causality becomes very difficult. Ferreira (2015) argues that it is hard to disentangle "gender effects" from board independence.

Finally, Hillman (2015) suggests a more fundamental reason why financial markets may not value diversity. Financial performance may be negatively affected by investors' perception that women in the boardroom will hurt the future prospects of the firm. According to Hillman, the investment profession is dominated historically by men and may be biased against firms with greater gender diversity. How the biases of market participants translate into potential constraints (e.g., financial constraints) for the firm that could weaken its performance is an interesting area for future research.

The organizational psychology literature also debates the effect of diversity. There are many studies on the relationship between (various types of) diversity and performance of teams or groups. If anything, the effect of diversity is complex and depends on context. A recent line of literature in social psychology has tried to rationalize potential negative effects of demographic diversity drawing on the notion of "faultlines" (Lau & Murnighan, 1998). Faultlines are defined as hypothetical dividing lines that split a group into relatively homogeneous subgroups based on group members' alignment along their multiple attributes, such as gender, age, or race. Faultlines increase the likelihood of subgroup formation and conflict, which may reduce board effectiveness. Demographic faultlines are likely to be associated with in-group/out-group stereotyping (Li & Hambrick, 2005), which, in turn, can be expected to have disruptive consequences for board decision-making processes. Interestingly, recent work suggests that if women and minorities are more similar to existing directors along other dimensions, they may be re-categorized as in-group members (Zhu, Shen, & Hillman, 2014). The concept of faultlines from the group effectiveness literature appears a useful tool in analyzing board composition and dynamics (Kaczmarek, Kimino, & Pye, 2012).

RESEARCH CONTRIBUTIONS IN THE SPECIAL ISSUE

Most research on board diversity focuses on developed countries (see, e.g., Kang, Cheng, & Gray, 2007; Rose, 2007 for analyses of board diversity in Australia and Denmark, respectively). In their contribution to this special issue, Ararat, Aksu, and Tansel Çetin (2015) examine boards' demographic diversity and its effect on firm performance in Turkey in a setting where ownership is concentrated, board independence is low and external monitoring is ineffective. The authors focus on the role of board monitoring as the channel through which board diversity affects firm performance, arguing that diversity may lead to better monitoring by preventing groupthink and triggering critical inquiry. The analysis is based on a contextual analysis of board diversity, i.e., the quality of the board and ownership. Diversity may trigger critical inquiry, but the effect may not be better board monitoring, if boards are already good monitors (Adams & Ferreira, 2009). Important issues here are concentrated ownership and the type of ownership, notably family control. Ararat et al.'s sample is composed of the 95 large and liquid firms in the Bourse Istanbul (BIST-100 index). The authors use return on equity and market-to-book equity ratio as firm performance measures. They combine age, gender, education level, and nationality into a composite board diversity index. Monitoring intensity is operationalized as a composite variable reflecting the combined effect of a board's monitoring efforts proxied by meeting frequency, number of board committees, auditor quality, and level of public disclosure. The findings of Ararat et al. (2015) suggest that diversity positively affects board monitoring intensity (especially in firms with a dominant owner and family firms), which in turn strongly affects firm performance.

The banking sector has been severely criticized for its role in the recent financial crisis (Bryant, Sigurjonsson, & Mixa, 2014). Notably, top bankers have frequently been blamed for their role in the crisis (Vaiman, Sigurjonsson, & Davidsson, 2011). However, empirical research on (diversity among) top executives who are responsible for managing the bank on a daily basis is scarce (an exception is the study by Mateos de Cabo et al. (2012) who investigate gender diversity of the corporate boards of European banks). More detailed research is therefore warranted. In their contribution to the special issue, Nguyen, Hagendorff, and Eshraghi (2015) take up this challenge and examine market reactions to externally hired executive appointments by 145 US banks. Banks have become bigger, more complex and more opaque, making the job of boards more difficult. Therefore, the sector-specific expertise of bank directors is an important policy concern. The empirical evidence on the relationship between director experience and financial firm performance is mixed (cf. De Haan & Vlahu, 2015). Nguyen et al. (2015) examine whether the stock market reaction to the appointment announcement is affected by observable demographic and experience characteristics of executives to answer two key empirical questions: (1) *whether* executives matter and (2) *how* executives matter. As the authors point out, different theoretical perspectives yield diverging predictions on these issues. According to the neoclassical economics view, individuals are homogeneous, and different executives are perfect substitutes for each other. According to agency theory, executive actions are primarily shaped by the quality of corporate governance in the organization. In contrast, according to upper echelons theory (Hambrick, 2007) executives' idiosyncratic experiences affect their strategic choices and performance levels, notably when the decision-making situations are complex and ambiguous, as would be the case for banks.

The authors consider seven characteristics of the appointee, namely: age, gender, number of prior executive directorships, number of current non-executive directorships (busyness), number of non-banking industries in which the appointee has experience, Ivy League education, and MBA degree. Using an event study methodology, Nguyen et al. (2015) report that markets respond to the announcement of a new executive director, but the reaction is not always positive. Their results suggest that the age, education, and prior experience of the executives create shareholder wealth in the US banking sector (i.e., stock market returns are positively and significantly related to these appointee characteristics). Arguably, younger appointees have more incentives to increase their job security by engaging in risky and value-destroying activities. Likewise, a good educational background and prior experience as a top executive equips the appointee with the most relevant expertise and skills to excel in the new job. In contrast, gender, non-banking experience, or an MBA degree do not lead to any measurable market returns. In addition, the appointment of an executive who holds non-executive directorships with outside firms at the time of the appointment results in negative returns. Apparently, investors expect banks appointing busy executives to perform significantly worse than those appointing more committed executives. This is an interesting result. It has been argued that busy outside board members may possess knowledge and provide relevant, industry-specific expertise that will be beneficial to the bank (Grove, Patelli, Victoravich, & Pisun, 2011). Furthermore, busy directors may have been chosen to be on so many boards precisely because of their high ability, which may offset the effect of their lack of time (Adams et al., 2010). Theoretically the impact of busy directors is thus not clear. As pointed out by De Haan and Vlahu (2015), only a few previous studies have examined the relationship between busyness of directors and financial firms' performance. These studies do not find significant effects.

Nguyen et al. (2015) also report that the wealth effects become smaller the higher the proportion of non-executive directors, suggesting that increased board monitoring of non-executive directors reduces the influence of the incoming executive. In addition, they find that the wealth effects are enhanced when the appointee joins as a CEO.

Corporate governance research has documented that families control most publicly traded firms around the world. This finding has triggered a considerable body of research that seeks to understand the governance of family firms and their impact on firm performance (Bennedsen, Pérez-González, & Wolfenzon, 2010). So far, the role of diversity in boards of family firms has received limited attention. In their contribution to this special issue, Bianco, Ciavarella, and Signoretti (2015) analyze board diversity of Italian firms. Almost two-thirds of Italian firms are family-owned. Within listed firms at least one-third (one-fifth for the first term) of board seats must be held by directors of the less represented gender under a law which has been in force since August 2012. Consequently, at the end of 2013, 18 percent of board members were female. Using data on all directors of Italian publicly traded companies from 2008 to 2010, Bianco et al. find women represent on average only 6.7 percent of all boards. Their data also show that in most gender-diverse boards, at least one woman has a family connection to the controlling shareholder. Family-affiliated women on boards are more common in firms that are small, have a concentrated ownership, are in the consumer sector, and have a larger board. Non-family-affiliated women on boards are more common in firms that are widely held, have younger and more educated boards, have a higher proportion of independent directors, and have a smaller number of interlocked directors. The authors also find that the frequency of board meetings is negatively correlated with the presence of family members and female directors. Additionally, their results suggest a lower attendance at board meetings of women than of men, which is mainly caused by family-affiliated women. Due to the small size of their sample, the latter findings can only be interpreted as correlations. But the results suggest that female directors in family firms do not behave as independent directors.

In the final contribution to this special issue, Veltrop, Hermes, Postma, and de Haan (2015) draw on the social psychology research as discussed above. Veltrop et al. (2015) argue that not all potential faultlines within a board will affect board functioning. Demographic faultlines may very well remain unnoticed by board members and will then not influence board behavior. Whether faultline activation (i.e., the perception of board members that the board is split into subgroups) occurs will depend on demographic differences across factions on a board. Boards often contain factions. For instance, following a merger, the board of directors of the newly formed organization will consist of members from the two merged organizations. Likewise, boards of pension funds in the Netherlands, on which the empirical analysis of Veltrop et al. is based, consist of representatives of either employers or pension fund participants. Boards with factional groups can be viewed as having "engineered" faultlines as the location of the faultline is exogenously fixed between the factions. A factional faultline then reflects the degree to which a board can be separated into homogeneous factions (i.e., within-faction similarity) that differ from one another (i.e., between-faction differences). The factional demographic faultline becomes stronger when demographic characteristics of board members align with the factional affiliations. If, for example, pension fund board members representing employers are all older men whereas board members representing pension fund participants are all younger women, the resulting factional demographic faultline is strong. Veltrop et al. (2015) argue that a strong factional demographic faultline may have a negative effect on board performance. Their evidence provides support for this view. Using two measures of pension board performance (i.e., perceived board effectiveness based upon data obtained through their survey among pension fund board members, and the return on investments generated by the pension fund), they find that factional demographic faultlines negatively affect board performance. They also conclude that the disruptive effects from factional demographic faultlines are reduced by board reflexivity (i.e., the extent to which a board actively reflects on its functioning and adapts its functioning accordingly). This finding can be motivated as follows: demographic faultlines foster social categorization because board members rely on easily observable heuristic cues to categorize one another into similar in-groups and dissimilar outgroups. As reflexive boards engage in deep-level information processing, they are therefore less likely to rely on heuristics to inform their behavior.

IMPLICATIONS FOR POLICY AND RESEARCH

Ferreira (2015) concludes that "current research does not really support a business case for board gender quotas. But it does not provide a case against quotas either. … I do not think that the lack of evidence that female board representation improves profitability is a problem. The business case is a bad idea anyway. When discussing policies that promote women in business, it is better to focus on potential benefits to society that go far beyond narrow measures of firm profitability."

A first implication of this conclusion may be that analyzing why board diversity is observed as it is represents a fruitful line of future research. For instance, why are there relatively few women on boards? The list of barriers to female leadership includes experience, culture, and psychological attributes (for further discussion, see Adams & Kirchmaier, 2012). To reach a board position, women need to stay in the workforce. But the evidence of Adams and Kirchmaier (2012) suggests that full-time employment may not be sufficient. Based on an analysis of 9,888 listed companies in 22 countries over a ten-year period from 2001 to 2010, these authors conclude that cultural barriers may be impediments to career progression. These may be more difficult to overcome than other barriers, such as the level of government services to families, which these authors also find to be important. More services make it easier for women to remain in the workforce.

A second suggestion may be the application of both utility and justice rationales in the dialogue about board diversity (Seierstad, 2015). Moreover, when focusing more narrowly on gender diversity, researchers could analyze motivations, legitimacy, and outcomes of quotas, and utilize multiple theoretical lenses such as stakeholder and institutional theories. Building on the latter, Terjesen, Aguilera, and Lorenz (2014) argue that countries with corporate governance gender quota legislation tend to have greater female participation in the labor market and gendered welfare policies, left-leaning government coalitions, and a legacy of path dependent gender equality initiatives in the public policy arena. Furthermore, apart from the rationale for and effects of quotas, research could also examine softer efforts such as "comply-or-explain" policies.

To further develop our understanding of the field, we echo calls for further investigation of board gender diversity–firm outcome relationships (Bilimoria, 2008; Terjesen et al., 2009) and multi-country studies (Grosvold & Brammer, 2010; Terjesen & Singh, 2008) to supplement the mainly one-nation studies (e.g., Dezsö & Ross, 2012; Kang, Ding, & Charoenwong, 2010; Ntim, 2015). This work can expand our understanding of global corporate governance phenomena (Aguilera, Filatotchev, Gospel, & Jackson, 2008).

Hillman (2015) argues that much of the work on boardroom diversity has focused on gender diversity but benefits from diversity can also come from ethnic, nationality, functional, and other types of diversity. This leads to several interesting avenues for future research. For instance, how do different forms of diversity affect decisions and behavior in the boardroom? Hillman concludes that research must venture further and faster into the unknown if we are to truly understand boardroom diversity, much less affect practice and policy. We agree.

ACKNOWLEDGEMENTS

We thank De Nederlandsche Bank (the central bank of The Netherlands) for supporting the workshop. We are also indebted to our reviewers.

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.

Adams, R. B. & Funk, P. 2012. Beyond the glass ceiling: does gender matter? ***Management Science***, 58: 219–235.

Adams, R. B., Hermalin, B. E., & Weisbach, M. S. 2010. The role of boards of directors in corporate governance: A conceptual framework and survey. ***Journal of Economic Literature***, 48: 58–107.

Adams, R. B. & Kirchmaier, T., 2012. Barriers to boardrooms. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2192918 (accessed 12 January 2015).

Adams, R. B., Licht, A. & Sagiv, L. 2011. Shareholders and stakeholders: How do directors decide? ***Strategic Management Journal***, 32: 1331–1355.

Aguilera, R., Filatotchev, I., Gospel, H., & Jackson, G. 2008. An organizational approach to comparative corporate governance: Costs, contingencies and complementarities. ***Organization Science***, 19: 475–492.

Ahern, K. R. & Dittmar, A. 2012. The changing of the boards: The impact on firm valuation of mandated female board representation. ***Quarterly Journal of Economics***, 127: 137–197.

Anderson R. C., Reeb, D. M., Upadhyay, A. & Zhao, W. 2011. The economics of director heterogeneity. ***Financial Management***, 40: 5–38.

Ararat, M., Aksu, M. H., & Tansel Çetin, A. 2015. How board diversity affects firm performance in emerging markets: Evidence on channels in controlled firms. ***Corporate Governance: An International Review***, this issue.

Arfken, D. E., Bellar, S. E., & Helms, M. M. 2004. The ultimate glass ceiling revisited: The presence of women on corporate boards. ***Journal of Business Ethics***, 50: 177–186.

Bennedsen, R., Pérez-González, F., & Wolfenzon, D. 2010. The governance of family firms. In R. Anderson & K. Baker (Eds.), ***Corporate governance: A synthesis of theory, research, and practice***: 371–390. Hoboken, NJ: John Wiley & Sons.

Bianco, M., Ciavarella, A., & Signoretti, R. 2015. Women on corporate boards in Italy: The role of family connections. ***Corporate Governance: An International Review***, this issue.

Bilimoria, D. 2008. Directions for future research on women on corporate boards of directors. In S. Vinnicombe, V. Singh, R.J. Burke, D. Bilimoria, & M. Huse (Eds.), ***Women on corporate boards of directors: Research and practice***: 233–240. Northampton, MA: Edward Elgar.

Bryant, M., Sigurjonsson, T.O., & Mixa, M.W. 2014. Restoring trust in public institutions and the financial systems. ***International Journal of Economics and Accounting***, 5: 306–319.

Campbell, K. & Mínguez-Vera, A. 2008. Gender diversity in the boardroom and firm financial performance. ***Journal of Business Ethics***, 83: 435–451.

Catalyst. 2015. Quick take: Women on boards. ***http://www.catalyst.org/knowledge/women-boards*** (accessed 7 January 2015).

Chapple, C. & Humphrey, J. E. 2014. Does board gender diversity have a financial impact? Evidence using stock portfolio performance. ***Journal of Business Ethics***, 122: 709–723.

Dawson, L. M. 1997. Ethical differences between men and women in the sales profession. ***Journal of Business Ethics***, 16: 1143–1152.

De Haan, J. & Vlahu, R. 2015. Corporate governance of banks: A survey. ***Journal of Economic Surveys***, forthcoming. doi: 10.1111/joes.12101.

Dezsö, C. L. & Ross, D. G. 2012. Does female representation in top management improve firm performance? A panel data investigation. ***Strategic Management Journal***, 33: 1072–1089.

Dhir, A. A. 2015. ***Challenging boardroom homogeneity: Corporate law, governance, and diversity***. Cambridge: Cambridge University Press.

Ferreira, D. 2015. Board diversity: Should we trust research to inform policy? ***Corporate Governance: An International Review***, this issue.

Forbes, D. P. & Milliken, F. J. 1999. Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. ***Academy of Management Review***, 24: 489–505.

Grosvold, J. & Brammer, S. 2010. National institutional systems as antecedents of female board representation: An empirical study. ***Corporate Governance: An International Review***, 19: 116–135.

Grove, H., Patelli, L., Victoravich, L. M., & Pisun, X. 2011. Corporate governance and performance in the wake of the financial crisis: Evidence from US commercial banks. ***Corporate Governance: An International Review***, 19: 418–436.

Hambrick, D. C. 2007. Upper echelons theory: An update. ***Academy of Management Review***, 32: 334–343.

Harrison, D. A., Price, K. H., & Bell, M. P. 1998. Beyond relational demography: Time and the effects of surface- and deep-level diversity on work group cohesion. ***Academy of Management Journal***, 41: 96–107.

Hermalin, B.E. & Weisbach M. 1998. Endogenously chosen boards of directors and their monitoring of the CEO. ***American Economic Review***, 88: 96–118.

Hermalin, B.E. & Weisbach, M. 2003. Boards of directors as an endogenously-determined institution: A survey of the economic literature. ***Economic Policy Review***, 9: 7–26.

Hillman, A. 2015. Board diversity: Beginning to unpeel the onion. ***Corporate Governance: An International Review***, this issue.

Jianakoplos, N. A. & Bernasek, A. 1998. Are women more risk averse? ***Economic Inquiry***, 36: 620–630.

Kaczmarek, S., Kimino, S., & Pye, A. 2012. Board task-related faultlines and firm performance: A decade of evidence. ***Corporate Governance: An International Review***, 20: 337–351.

Kang, E., Ding, D. K., & Charoenwong, C. 2010. Investor reactions to women directors. ***Journal of Business Research***, 63: 888–894.

Kang, H., Cheng, M., & Gray, S. J. 2007. Corporate governance and board composition: Diversity and independence of Australian boards. ***Corporate Governance: An International Review***, 15: 194–207.

Kogut, B., Colomer, J., & Belinky, M. 2014. Structural equality at the top of the corporation: Mandated quotas for women directors. ***Strategic Management Journal***, 35: 891–902.

Lau, D. C. & Murnighan, J. K. 1998. Demographic diversity and faultlines: The compositional dynamics of organizational groups. ***Academy of Management Review***, 23: 325–340.

Li, J. & Hambrick, D. C. 2005. Factional groups: A new vantage on demographic faultlines, conflict, and disintegration in work teams. ***Academy of Management Journal***, 48: 794–813.

Mateos de Cabo, R., Gimeno, R., & Nieto, M. J. 2012. Gender diversity on European banks' boards of directors. ***Journal of Business Ethics***, 109: 145–162.

Matsa, D. A. & Miller, A. R. 2013. A female style in corporate leadership? Evidence from quotas. ***American Economic Journal: Applied Economics***, 5: 136–169.

Nguyen, D. D., Hagendorff, J., & Eshraghi A. 2015. Which executive characteristics create value in banking? Evidence from appointment announcements. ***Corporate Governance: An International Review***, this issue.

Nielsen, S. & Huse, M. 2010. The contribution of women on boards of directors: Going beyond the surface. ***Corporate Governance: An International Review***, 18: 136–148.

Ntim, C. G. 2015. Board diversity and organizational valuation: Unravelling the effects of ethnicity and gender. ***Journal of Management & Governance***, 19: 167–195.

Post, C. & Byron, K. 2015. Women on boards and firm financial performance: A meta-analysis. ***Academy of Management Journal***, forthcoming. doi: 10.5465/amj.2013.0319.

Rose, C. 2007. Does female board representation influence firm performance? The Danish evidence. ***Corporate Governance: An International Review***, 15: 404–413.

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.

Seierstad, C. 2015. Beyond the business case: The need for both utility and justice rationales for increasing the share of women on boards. ***Corporate Governance: An International Review***, working paper.

Terjesen, S., Aguilera, R., & Lorenz, R. 2014. Legislating a woman's seat on the board: Institutional factors driving gender quotas for boards of directors. ***Journal of Business Ethics***, 50: 177–186. doi: 10.1007/s10551-014-2083-1.

Terjesen, S., Couto, E., & Francisco, P. 2015. Independent and female directors and agency costs: A multi-country study. ***Journal of Management and Governance***, forthcoming. doi: 10.1007/s10997-014-9307-8.

Terjesen, S., Sealy, R., & Singh, V. 2009. Women directors on corporate boards: A review and research agenda. ***Corporate Governance: An International Review***, 17: 320–337.

Terjesen, S. & Singh, V. 2008. Female presence on corporate boards: A multi-country study of environmental context. ***Journal of Business Ethics***, 83: 55–63.

Torchia, M., Calabro, A., & Huse, M. 2011. Women directors on corporate boards: From tokenism to critical mass. ***Journal of Business Ethics***, 102: 299–317.

Triana, M., Miller, T. L., & Trzebiatowski, T. M. 2014. The double-edged nature of board gender diversity: Diversity, firm performance, and the power of women directors as predictors of strategic change. ***Organization Science***, 25: 609–632.

Vaiman, V., Sigurjonsson, T. O., & Davidsson, P. A. 2011. Weak business culture as an antecedent of economic crisis: The case of Iceland. ***Journal of Business Ethics***, 98: 259–272.

Van der Walt, N., Ingley, C., Shergill, G. S. & Townsend, A. 2006. Board configuration: Are diverse boards better boards? ***Corporate Governance: The International Journal of Business in Society***, 6: 129–147.

Van Knippenberg, D., Dawson, J. F., West, M. A., & Homan, A. 2010. Diversity faultlines, shared objectives, and top management team performance. ***Human Relations***, 64: 307–336.

Veltrop, D., Hermes, N., Postma, T. J. B. M., & de Haan, J. 2015. A tale of two factions: Why and when factional demographic faultlines hurt board performance. ***Corporate Governance: An International Review***, this issue.

Zhang, J. Q., Zhu, H., & Ding, H. 2013. Board composition and corporate social responsibility: An empirical investigation in the post Sarbanes-Oxley era. ***Journal of Business Ethics***, 114: 381–392.

Zhu, H. D., Shen, W., & Hillman, A. 2014. Recategorization: New directors who have different backgrounds from incumbents and their subsequent positions on boards. ***Administrative Science Quarterly***, 59: 240–270.