

Gender diversity and Risk

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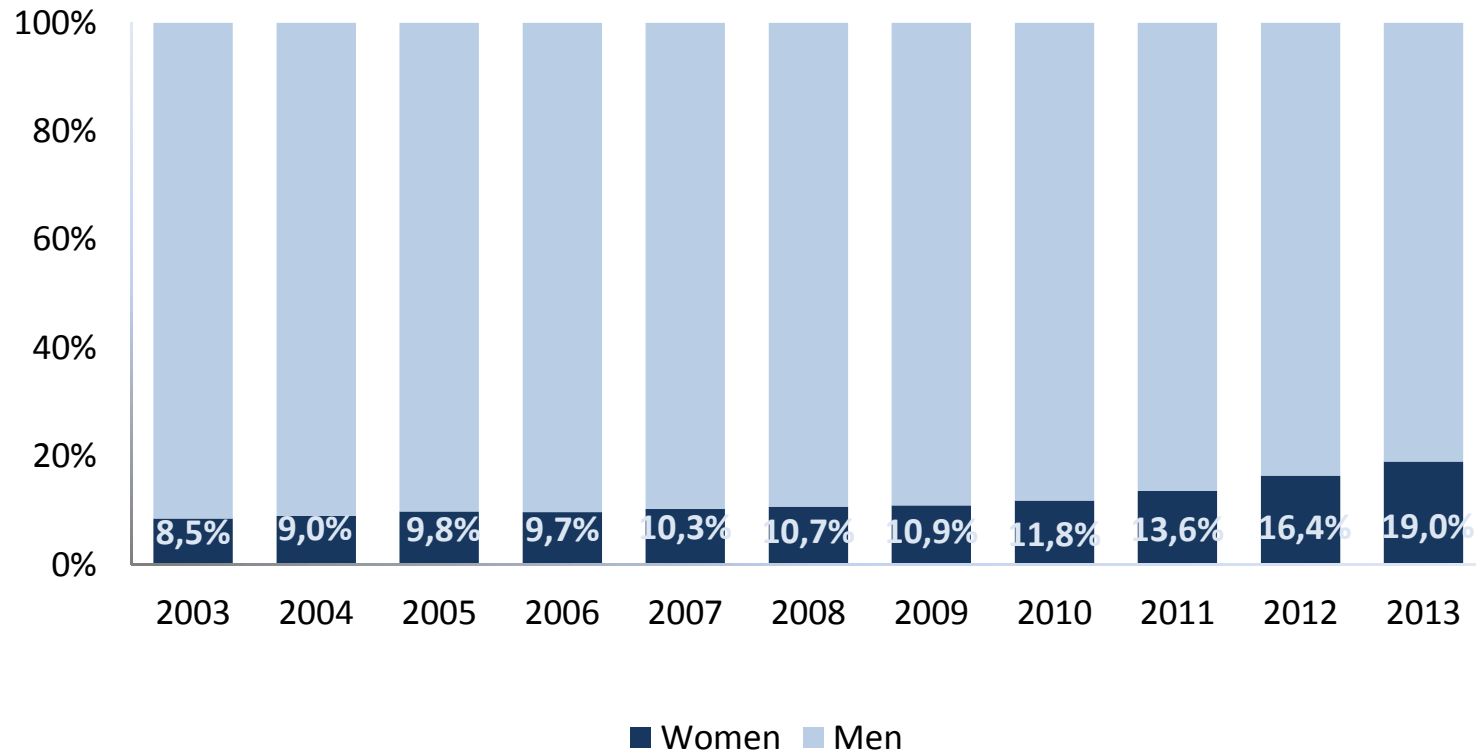


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Problem statement

Women and men on corporate boards in the EU, 2003-2013



Problem statement

Background

- There is a strong consensus about a greater female presence in Boards around the world, related to both an ethical and a business imperative
- In most of advanced economies some new laws and some Code provisions are in force to regulate the presence of women on boards of listed firms

Law 120/2011

- In Italy, in 2011 the Parliament introduced the so called “legge Golfo-Mosca” (law 120/2011), a system of increasing gender quotas during time, to improve gender presence on boards of publicly-listed and state-owned companies

Problem Statement

- Which is the effect of the (increased) presence of board female directors on firm risk?

Previous findings in Literature

- One of the roles of the board is the control of the risk profile of the firm
- Board composition and directors' characteristics have a strong influence on the way the board performs his function

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- Women are generally considered more risk adverse than men
 - Within the board, some papers show that women have a significant impact on risk-taking in strategic decisions
 - Boards with female directors are characterized by tougher monitoring of executives

By increasing board gender diversity,
it is possible to reduce the likelihood of
excessive risk-taking in strategic decisions

The sample

Country

Italy

Companies

MTA segment

Years

2010 – 2014

The analysis

Country

Italy

Companies

MTA segment

Years

2010 – 2014

- Gender diversity variables
- Board characteristics
- Firm characteristics
- Industry variables

Female directors succeed in reducing firm risk when they perform executive roles

- Empirical findings support the view that women are more likely to show risk aversion in decision making than men and to be more conservative in making investment decisions in case they hold an executive role
- This result is consistent with other existing empirical studies