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# Gender Diversity Issues Within the Company and Beyond: Perceptions of Investor Relations Professionals in German-Speaking Europe



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Against the background of the statutory gender quotas for supervisory boards that were recently introduced in several European countries including Germany, we examine how investors and capital market participants perceive the relevance of gender diversity for corporate valuation in stock markets. To address these perceptions, we conduct an anonymous survey of investor relations managers in Austria, Germany and Switzerland who are the natural contact persons for investors and act as the predominant information source in each valuation-relevant topic for capital market participants.



Our findings suggest that staff diversity remains a niche topic for capital markets. Accordingly, corporate initiatives for increased gender diversity in executive positions are believed by capital market participants to have no impact on external company valuation. The vast majority of companies considers diversity issues predominantly in the context of fairness and equality. The most influential external stakeholders driving diversity initiatives are government authorities and regulators, women's and interest associations and the media. Half of the companies surveyed have not implemented specific promotion programs for women in leadership, and almost two thirds of all surveyed companies have not set any planning targets in this context.



*Vor dem Hintergrund der gesetzlichen Quoten zum Geschlechterproportion für Aufsichtsräte, die kürzlich in mehreren europäischen Ländern einschließlich Deutschland eingeführt wurden, untersuchen wir, wie Anleger und Kapitalmarktteilnehmer die Bedeutung von Geschlechterdiversität für die Unternehmensbewertung an den Aktienmärkten wahrnehmen. Um diese Wahrnehmungen zu erheben, wird eine anonyme Befragung von Investor-Relations-Managern in Österreich, Deutschland und der Schweiz durchgeführt, die natürliche Ansprechpartner für Investoren sind und in jedem bewertungsrelevanten Thema für Kapitalmarktteilnehmer die vorherrschende Informationsquelle darstellen.*

*Unsere Ergebnisse deuten darauf hin, dass die Mitarbeitervielfalt ein Nischenthema für die Kapitalmärkte bleibt. Dementsprechend wird von den Kapitalmarktteilnehmern erwartet, dass Unternehmensinitiativen für eine erhöhte Geschlechterdiversität in Führungspositionen keine Auswirkungen auf die externe Unternehmensbewertung haben. Die überwiegen-*

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de Mehrheit der Unternehmen betrachtet Diversitätsthemen überwiegend im Kontext von Fairness und Gleichheit. Die einflussreichsten externen Stakeholder, die Diversitätsinitiativen antreiben, sind Regierungsinstanzen und Regulierungsbehörden, Frauen- und Interessenverbände und die Medien. Die Hälfte der befragten Unternehmen hat keine spezifischen Förderprogramme für Frauen in Führungspositionen durchgeführt, und fast zwei Drittel aller befragten Unternehmen haben in diesem Zusammenhang keine Planungsziele festgelegt.

Gender diversity, women directors, female leadership, investor perception

Geschlechterdiversität, weibliche Führungskräfte, Investorenwahrnehmung

## 1. Introduction

Regulatory pressure on large corporations increased in all German-speaking countries over the last few years. In Germany, recommendations concerning female participation in leadership were added to the *German Corporate Governance Code* in 2009 and 2010. The *Corporate Governance Code*, submitted by the Government Commission and most recently updated on May 5, 2015, constitutes key statutory provisions, and contains international and national standards for prudent and responsible corporate management. Among other items, this requires that, when appointing executive board members, the supervisory board (“Aufsichtsrat”) also respects diversity and, in particular, ensures an appropriate consideration of women. This also applies when proposing candidates for the supervisory board. Likewise, the executive board should pay attention to (gender) diversity (*Regierungskommission Deutscher Corporate Governance Kodex* 2016). However, previous research has revealed that corporations barely meet the self-obligation and only reluctantly comply with the recommendations (*FidAR* 2016; *Holst/Kirsch* 2016; *Weckes* 2016). The same holds for the growth rates of women in top management positions (*FidAR* 2016; *Holst/Friedrich* 2017; *Kautz* 2017). On March 6, 2015, the German parliament (Deutscher Bundestag) voted by a large majority for the introduction of a binding women’s quota for supervisory boards (*Olbrich et al.* 2016).

A vigorous debate on women in top management positions is also taking place in Austria and Switzerland. In 2011, the Austrian government Council of Ministers committed itself to meeting a women’s quota for supervisory boards (“Aufsichtsrat”) of in total 55 parastatal companies. The law provided for two stages: the objective of 25% until 2013 and the target of 35% until 2018. Gender equality in management positions (although without any targets) was embodied in the law in 2010 (“Unternehmensgesetzbuch”) and 2012 (“Aktiengesetz”), as well as in the Austrian Corporate Governance Code (*Arbeitskammer*, 2016). Female representation in Austria’s 200 companies with the highest turnover increased from 7.7% in 2007 to 13.5% in 2013 and to 16.2% in 2015 (*Arbeitskammer* 2016). However, changes in executive management have been only marginal. The percentage of women rose only slightly from 3.7% in 2006 to 5.6% in 2013 and 5.9% in 2015. In November 2014, the Swiss government declared that it planned the introduction of a binding women’s quota for supervisory boards (“Verwaltungsrat”) of 30%. Possibly fostered by the public debate and the government’s announcement, every third vacancy on the supervisory boards of Switzerland’s 90 largest firms was filled with a woman in 2014. Female representation on Swiss supervisory boards thus increased from 10% in 2010 to 13% in 2013 and to 15% in 2015. Women in executive management pos-

itions of 120 companies surveyed, accounted for 4% in 2006. Their share reached 6% in 2013 and remained unchanged since then, also in 2015 (*Guido Schilling AG 2015*).

The political pressure to increase diversity quotas can also be interpreted as a signal that the top management in exchange listed companies considers diversity issues predominantly as part of fairness and equality, but not as a relevant item for increasing shareholder value (*Fehre/Spiegelhalter 2017*; see also *Marquardt/Wiedman 2016*, for various groups of activist shareholders). Otherwise, value-oriented managers would adopt this detected value driver, implement means to increase diversity and thereby push up stock prices. However, this signal might be too vague and empirical capital market research may simply still not be able to isolate the wealth effect of gender diversity.

To address the importance of gender diversity for corporate valuation in stock markets, we follow an innovative approach and use data from an anonymous survey of investor relations professionals in German-speaking Europe. On the one hand, these managers are the direct contact persons for capital market participants with their demand for valuation-relevant items, and on the other hand, they act as the predominant communication channel for conveying value-relevant information from top management to external investors. Our first research question focuses on the information-demand side and asks for the perceived relevance of data on gender diversity for capital market participants. However, even in the case of ignorance on the demand side, there could be beliefs in the importance of gender diversity for corporate valuation on the supply side within the exchange listed companies. If this is the case, then the companies should clarify and emphasize their intentions for implementing instruments to increase diversity. Consequently, our second research question asks for the motives for developing diversity promotion programs and for planning numbers for women in leadership. Finally, our last research question asks for the general attitude towards gender diversity from the perspective of the investor relations professionals themselves, so as to gain an impression of how actively these managers will promote diversity.

Our investigation deals with these three research questions and yields a comprehensive evaluation of the perceived shareholder-value relevance of gender diversity from the information supply and demand side, and also from the perspective of the information interface personalised by the group of investor relations officers.

The analysis proceeds as follows. In Section 2, we review relevant literature on the link between gender diversity and firm performance. Subsequently, we introduce the sample data and the survey methodology (Section 3). Descriptive statistics and the results are presented in Section 4, after which Section 5 summarizes the findings and concludes.

## 2. Literature review

Many arguments in favour of gender diversity focus on that of the workforce as a fairness imperative. Following this discrimination-and-fairness paradigm (*Thomas/Ely 1996*), leaders emphasize fair recruitment and treatment, equal opportunities for all employees and compliance with regulatory standards. However, a larger number of empirical studies take a shareholder value perspective on gender diversity and accordingly clarify why investor relations professionals could be confronted with questions related to gender diversity by capital market participants. These studies – in a broader sense – examine the performance-related effects of top management team (TMT) diversity (e.g. *Hambrick et al. 1996*; *Can-*

*nella et al.* 2008; *Boone/Hendriks* 2009; *van Knippenberg et al.* 2011; *Hoogendorn et al.* 2013) or board diversity respectively (*Erhardt et al.* 2003; *Böhren/Strøm* 2010).

A body of empirical evidence indicates a positive impact of women in leadership on management style. Women in executive positions tend to adopt a democratic rather than an autocratic leadership style (e. g. *Eagly/Johannesen-Schmidt* 2001), decrease the level of conflict (*Nielsen/Huse* 2010), foster collaborative discussion (*Konrad et al.* 2008) and undertake fewer workforce reductions (*Matsa/Miller* 2013). Female leaders display relatively more risk aversion in financial decision-making and are less prone to overconfidence than men (*Eckel/Grossman* 2008; *Borghans et al.* 2009; *Huang/Kisgen* 2013). Female managers tend to serve on the boards of better performing firms (*Farrell/Hersch* 2005). Women on boards are also likely to improve corporate reputation by contributing to the company's corporate social responsibility (CSR) (*Bear et al.* 2010; *Dienes/Velte* 2016), but the positive reputational effect occurs primarily in sectors with a close proximity to end customers (*Brammer et al.* 2009). Yet, findings on a *direct* relationship between female board representation and firm performance are equivocal (*Post/Byron* 2015). There is empirical evidence of a positive relationship between the presence of women on the board and firm performance measures such as Tobin's Q, ROA, ROI or ROS (e. g. *Erhardt et al.* 2003; *Campbell/Minguez-Vera* 2008; *Lückerath-Rovers* 2010; *Liu et al.* 2014), but also of a negative link (*Adams/Ferreira* 2009; *Böhren/Strøm* 2010; *Ahern/Dittmar* 2012). Other studies find no relationship at all (*Randøy et al.* 2006; *Rose* 2007; *Miller/Del Carmen Triana* 2009; *Carter et al.* 2010; *Gregory-Smith et al.* 2014).

Complementary empirical evidence on investor reactions to gender-diverse boards is ambiguous. *Schmid/Dauth* (2014) and *Brinkhuis/Scholtens* (2017) find no significant influence of gender on abnormal returns to appointments of international top managers. Similarly, *Farrell/Hersch* (2005) only observe insignificant abnormal returns on the appointment of female board members. Other studies report a generally positive reaction to the announcement of women joining the board (*Campbell/Minguez-Vera* 2010; *Kang et al.* 2010; *Ferrari et al.* 2016). *Campbell/Minguez-Vera* (2010) document positive capital market reactions in the short and long term, suggesting that shareholders believe that women add value. Investor openness is far lower when the respective directors occupy a CEO position. Capital markets respond more negatively to announcements of female CEO appointments than to male appointments (*Lee/James* 2007; *Kang et al.* 2010). Shareholder reaction to the announcement of the law on a gender quota in Norway was negative, particularly for firms that had no women on their boards at that time, suggesting that restrictions with regard to the future composition of the board imposed by the quota were negatively rated (*Ahern/Dittmar* 2012).

Overall, empirical research provides a series of results indicating that gender diversity has some influence on stock market valuation of exchange listed companies, but the direction of this effect remains unclear.

### 3. Data and methodology

We conducted an anonymous survey of investor relations professionals in Germany, Switzerland and Austria, in cooperation with the German Investor Relations Association DIRK e.V. in 2015. DIRK had 306 members at that time and represented around 85% of the exchange listed capital in Germany. The questionnaire contains 43 questions, including six questions that followed previous filter questions. 13 of these questions refer to de-

mographic features of the respondent and the relevant employer. 23 questions have the form of a closed question, eight thereof are questions of attitude. Four questions are semi-open and 16 questions are worded as open questions. We developed a preliminary version of the questionnaire, using the Tailored Design Method (*Dillman 2000*). As a result of several pretests, we changed several formats and formulations.

The survey was performed anonymously online during the period January 20, 2015 to February 10, 2015. In Germany, DIRK invited 1,055 addressees of its extended member distribution list and newsletter subscribers to participate in the survey. After one week, DIRK sent out a reminder. On January 30, DIRK referred to the survey again in its regular newsletter. The two leading industry associations from Austria and Switzerland contributed as well. CIRA – Cercle Investor Relations Austria – sent out a first invitation to participate to 65 Austrian recipients on January 20 and a subsequent reminder to an extended number of 270 addressees on February 4. The Swiss investor relations association IR club invited 60 members. Table 1 summarizes the survey statistics.

*Tab. 1: Summary of survey statistics*

invited for participation	1,385
in Germany	1,055 (76.17%)
in Austria	270 (19.49%)
in Switzerland	60 (4.33%)
gross participation	194
net participation	155
Interrupted (interruption rate)	59 (30.57%)
survey completed (completion rate)	96 (49.48%)

We adjusted the data from 155 surveys for 59 incomplete and 3 erroneous answers. In the end, 93 evaluable data sets remain. While our response rate is overall comparable to many similar surveys it is nevertheless potentially affected by a bias. Therefore, it is important to clarify that due to the anonymous character of the survey there are limits to control for a non-response bias which may affect our results' validity. The ratio of male and female survey participants is fairly balanced. The vast majority of respondents are members of the investor relations department. The remaining respondents hold various other positions within their company such as CFO or members of the staff division, group communications or treasury. Table 2 summarizes the respondents' characteristics. The industry distribution of the sample is well diversified. IT/media/telecommunications is most strongly represented, followed by chemicals/synthetics and the real estate/building industry.

*Tab. 2: Summary of respondents' characteristics*

	Frequency	Percent
<b>Gender</b>		
Female	45	48.4
Male	48	51.6
<b>Department affiliation</b>		

	Frequency	Percent
Member of IR department	84	90.32
Other department/position	9	9.68
<b>Headquarters</b>		
Germany	70	75.27
Austria	10	12.90
Switzerland	12	10.75
other country	1	1.08

#### 4. Results

##### 4.1 Importance of diversity for investor relations and capital markets

The vast majority of IROs is rarely concerned with the issue of diversity. Only one of eight investor relations professionals reports dealing with the topic frequently. 43% of survey participants never discuss the topic with investors. Primarily investors with a focus on sustainability and related concepts inquire about this topic. Thus, there is no evidence of a significant awareness of diversity across a broader range of investor groups, as the demand side of information on gender diversity. Those 53 participants who were confronted with some demand and stated that they discuss the topic at least “seldom” with shareholders, were asked about concrete investor demands with regard to diversity. 40 usable answers are available for analysis. Concrete demand focuses mainly on the setting of specific targets and formulating appropriate strategies, such as increasing the female share of corporate board and management positions (see Table 3). Furthermore, the low level of demand seems to be stable for the next few years. Only a third of respondents expect diversity to increase in importance in the near future.

Tab. 3: *Inquiries of investors with regard to diversity (multiple answers allowed)*

Inquiries	Mentions
<i>No specific demands but information requests</i>	16
about women’s ratio on corporate boards and in leadership positions	4
about corporate governance (experience and qualification of all board members, independence of supervisory board members)	2
about diversity of staff in all its dimensions	2
about share of disabled employees	1
<i>Specific demands</i>	25
for setting specific targets and formulating appropriate strategies	10
for increasing the share of women on corporate boards and in management positions including specific measures	8
for reliable key figures as a basis for measurability, comparability, evaluation	5
for enhanced transparency with respect to targets/measures and justification in cases of non-achievement	4

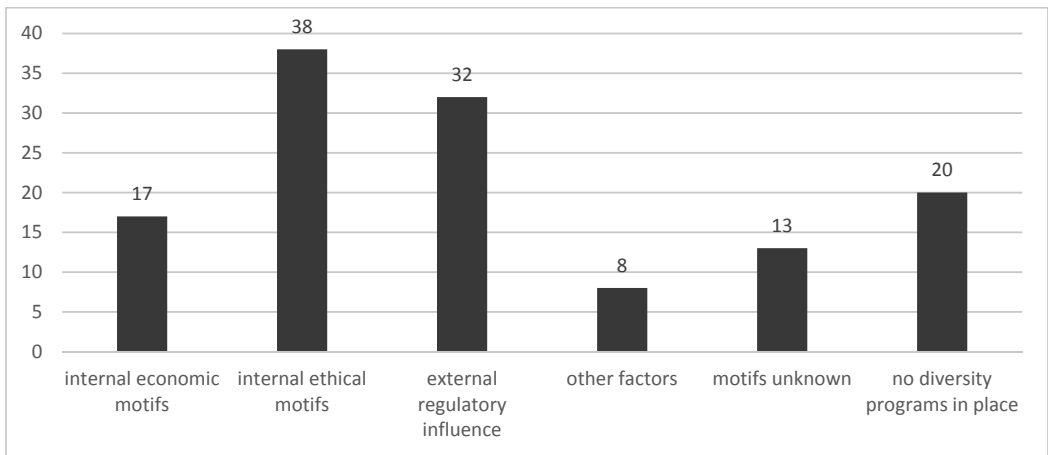
Inquiries	Mentions
for fulfilment of current and future regulatory requirements	4
for increasing diversity on corporate boards and in management positions	2

At first glance, it is rather surprising that the IROs apparently receive few corresponding information requests from capital market participants. However, assuming that shareholders are primarily interested in information about the financial performance of a company, it is likely that they do not attribute a large impact to gender diversity with respect to corporate success. This finding is consistent with the results of previous empirical studies, such as Farrel/Hersch (2005), Schmid/Dauth (2014) and Brinkhuis/Scholtens (2017). Our study therefore contributes to a discussion with contradictory evidence (see Section 2). It is all the more important to examine the supply side and the motivation of companies to implement diversity programs.

#### 4.2 Motivation behind the development of diversity programs

The most frequently mentioned drivers for developing diversity programs are – driven by male respondents – ethical motives, whereas only one fifth state economic objectives as a reason. These results show that the majority of companies do not employ a value-relevant perspective on the topic of diversity, but follow the discrimination-and-fairness paradigm instead.

Fig. 1: Motives for developing diversity promotion programs (Multiple answers possible)



A third of respondents indicate that there is no voluntary promotion of gender diversity, but that external regulators are key drivers for the planning and implementation of diversity programs. This is complemented by another fifth of the surveyed companies, which have not implemented any diversity promotion measures to date. Figure 1 displays the frequency of motives mentioned. When asked about the influence of external stakeholders other than investors, 37.6 percent name politics/regulators (“above all: politicians”) or the Corporate Governance Code respectively. Also, interest groups and women’s associations (29 %), as well as the media and critical journalists (19.4), were often mentioned.

Remarkably, our analysis shows, that there seem to be more often diversity programs in place in companies with than in companies without women on the executive board. Additionally, internal ethical motives behind diversity programs are mentioned more often in companies with women on the executive board (see Table 4). It is also striking that the male participants in our study see much more frequently internal ethical motives behind the development of diversity programs than female respondents do. This observation suggests that a recognition bias exists here.

Tab. 4: Motives for developing diversity programs II (Multiple answers possible)

Variables	# Companies	Internal economic motives	Internal ethical motives	External regulatory influence	Other factors	Motives unknown	No diversity programs in place
Companies with women on the executive board	16	3 (18.8%)	8 (50.0%)	5 (31.3%)	2 (12.5%)	2 (12.5%)	2 (12.5%)
Companies with no women on the executive board	74	14 (18.9%)	29 (39.2%)	26 (35.1%)	6 (8.1%)	10 (13.5%)	16 (21.6%)
Male respondents	48	8 (16.7%)	26 (54.2%)	15 (31.3%)	3 (6.3%)	7 (14.6%)	8 (16.7%)
Female respondents	45	9 (20.0%)	12 (26.7%)	17 (37.8%)	5 (11.1%)	6 (13.3%)	12 (26.7%)
Mean difference test		0,461	2,704	0,513	0,129	1,219	0,854

(multiple answers allowed)

However, overall our results again suggest that the discrimination-and-fairness paradigm is the main driver of activities for increasing gender diversity, and that measures for enhancing diversity tend to be less aligned to the needs of the shareholders, and rather to those of other groups. Stakeholders like the general public, the media, and non-governmental organizations, for example, make demands on companies concerning gender diversity. Therefore, the results indicate that this issue is mainly important in the field of sustainability-oriented communication, rather than in the financial communication of the IROs. This finding is reinforced by the following results.

### 4.3 Women in Leadership

High women's ratios, particularly on supervisory boards, are more likely to be found in large listed firms (DAX- and MDAX companies) and in Germany, rather than in smaller companies, in Austria or in Switzerland. It seems likely to assume that many of these firms increased female representation on their supervisory boards in anticipation of a statutory quota, as well as due to greater public pressure. Table 5 shows the female representation on the corporate boards of the sample's firms. As extreme results we observe two cases where the maximum number of female shareholder representatives reaches 6 members (one case in the financial services industry with a board size of 13 members, one in the

telecommunication sector with a board size of 16 members; here additionally 2 female employee representatives are also board members).

Tab. 5: Female representation on corporate boards

Variable	Obs	Mean	Std. Dev.	Min	Max	Percent
<b>Executive Board</b>						
members of executive board	89	4.2	1.9	1	9	
<i>thereof female board members</i>	89	0.2	0.5	0	2	4.81%
<b>Supervisory Board</b>						
members of supervisory board	89	8.9	0.6	0	21	
<i>thereof female board members</i>	93	1.6	2.1	0	8	18.12%
<i>female shareholder representatives</i>	89	0.9	1.2	0	6	10.60%
<i>female employee representatives</i>	92	0.7	1.2	0	5	8.06%

When asked if gender diversity in leadership is perceived to be a relevant parameter for company valuation by capital market participants, 73% of the IROs notice no impact and 14% even fear a negative effect. Also, it seems that gender diversity in leadership is not a relevant parameter for agency credit rating processes. Again, a majority believes that there is no impact (61%), while the largest minority group even fears a negative impact (24%).

Given these low rates, it is not surprising that almost two thirds of all surveyed companies have not set any planning targets for the share of women in management positions. Around 17% have defined objectives, whereas 20% claim to have done so, but would not disclose them. More than half of the firms have not set any goals for female representation on corporate boards. Roughly a fifth of all companies has set targets for the share of women on supervisory boards, but only three percent have formulated objectives for women on executive boards, as Table 6 shows.

Tab. 6: Existence of planning targets for women in leadership and on corporate boards

Variable	Frequency	Percent
<i>Planning targets for women in management positions</i>		
Planning targets exist	16	17.20
No planning targets	57	61.29
Planning targets exist/no disclosure	19	20.43
Missing/not specified	1	1.08
<i>Total</i>	93	100.00
<i>Planning targets for women on corporate boards (multiple answers possible)</i>		
Planning targets for women on executive board	3	3.23
Planning targets for women on supervisory board	20	21.51
Planning targets for boards exist/no disclosure	10	10.75

Variable	Frequency	Percent
No planning targets for boards	50	53.76
Not specified (“I do not know.”)	14	15.05

If regulatory pressure starts with forced changes in the supervisory board composition it is an important question whether it is more likely to see planning targets in firms with female board representation. Remarkably, our data show that it is not more likely to see at least publicly available planning targets for women in leadership in companies with female representation on the executive board. However, there is a higher probability that internal planning targets are set but not disclosed.

Given that no more than two respondents report that their company conducted a cost-benefit analysis, no differences in the answers between genders can be found.

60% of participants responded to the question on the advantages of disclosing internal planning targets for women in management positions for companies. As Table 7 shows, 38% of respondents see benefits in the disclosure and believe that a proactive supply of information on gender diversity is helpful for the company. But this positive view is not driven by a financial valuation perspective. Around half of the positive respondents believe in an improvement of the company’s public perception. This reputation effect is assumed to work with respect to different stakeholders such as investors, the media or potential employees, and women in particular. In compliance with generally accepted professional standards of investor relations, transparency and liability towards stakeholders is considered to be a further advantage of disclosure. Setting concrete objectives for gender diversity would enable a target-related comparison by external parties. Moreover, measures for promoting diversity could be evaluated. The ensuing internal and external pressure of expectation (perceived as positive) would increase the probability of success for objective achievement, as well as for the company’s credibility.

However, almost half of the IROs surveyed seem to associate more detriment than benefits with the disclosure of internally targeted aims. Most frequently mentioned is the pressure to fulfil the company’s own objectives (here perceived as negative). Non-achievement of the self-imposed targets would lead to pressure for justification and to “unnecessary and pointless discussions”. With regard to the pending statutory gender quota for German supervisory boards, effective from January 2016, a third of German companies in our sample had undertaken or were currently developing preparatory measures at the time of the survey to ensure achievement of the quota.

*Tab. 7: Assumed advantages and disadvantages of disclosing internal planning targets*

Advantages of disclosing planning targets (multiple answers possible)	Issues mentioned	Disadvantages of disclosing planning targets (multiple answers allowed)	Issues mentioned
benefits to company assumed	35 (37.6%)	disadvantages assumed	45 (48.4%)
no benefits to company assumed	21 (22.6%)	no disadvantages assumed	12 (12.9%)
positive reputational effect	15	pressure of fulfilment of own objectives and for justification	20

Advantages of disclosing planning targets (multiple answers possible)	Issues mentioned	Disadvantages of disclosing planning targets (multiple answers allowed)	Issues mentioned
transparency and liability towards stakeholders	10	risk of wrong personnel decisions	10
increased attractiveness as employer	5	risk of reputational damage in cases of non-achievement	5
fulfilment of regulatory requirements	4	stigmatization of women as tokens	3
higher valuation of the company	1	demotivation/insecurity of company's own employees	2
other advantages	1	other disadvantages	7
total number of responses to this question	56/93 (60.2 %)	total number of responses to this question	57/93 (61.3%)

Measures were concretised only in a very limited number of cases, such as “search for suitable female candidates” or “new election of a female supervisory board member by the Annual General Meeting (then replacing a man)”. Another third of respondents indicated having no knowledge of preparatory measures in anticipation of the quota.

These results may indicate that – at least so far – the issue of gender diversity plays a much smaller role in companies than in the media and politics. This result could be linked to the fact that neither most shareholders nor a large part of companies expect economic benefits to emerge from this issue. In this respect, the planning and implementation of appropriate measures might have been postponed to a later date, when the relevant legal provisions would be in force. This, in turn, can be interpreted as an indication that, without quotas in companies, the intensification of gender diversity would be slow. Given the contradictory results of empirical studies on the economic impact of women in supervisors and generally in leadership positions (see Section 2 of this paper), we believe that further research is needed at this point.

#### 4.4 Questions of attitude towards diversity/gender diversity

The last sections captured the demand and supply sides for information about gender diversity, and addressed the IROs’ perceived value relevance of diversity for capital market participants and the top management of exchange listed companies. Our next step was to analyse the attitudes of investor relations professionals towards changes in gender diversity. As IROs act as an interface between management and stock market, they can take on the role of promoters for topics they believe in. Therefore, a better understanding of IRO attitudes helps to forecast the future development of gender diversity as a topic that is relevant to shareholder value. To detect these attitudes, we examined the extent to which respondents agreed with certain statements (items) on diversity in general and gender diversity in particular. The upper part of Table 8 presents these eight items on (gender) diversity. Three statements relate to empirical findings on diversity in business. Five statements concern the individually perceived importance of diversity initiatives. The number of observations differs in each case, due to the response option “not specified”.

The lower part of Table 7 shows the acceptance levels for each of the eight items on diversity in general and on gender diversity in leadership. The investor relations professionals were asked to rate ‘1’ to indicate complete agreement and ‘4’ to indicate complete disagreement. Remarkably, the results show that respondents disagree with items based on empirical findings. Their mean rating on the willingness to exchange knowledge and information is not in line with earlier findings. Respondents generally disagree with the statement that this willingness is greater within homogeneous than within heterogeneous management teams. Even stronger disagreement is expressed with respect to the second item. On average, female supervisory board members are obviously not perceived as stricter monitors than male board members. Disagreement is strongest on the item of family leave constituting an impediment to women’s careers. We interpret the differences in the findings between previous empirical studies and our findings as a natural result of the organizational structure of investor relations departments. These units are typically directly assigned to the CEO or CFO. If companies refused to promote gender diversity in the past, then this resistance is consistent with the observed responses. Also consistent with this interpretation is the finding that in all three cases, ratings of female and male respondents do not differ to a statistically significant degree.

The results are different for items concerning the importance that respondents individually attach to diversity. Statistically significant gender-specific differences are observed in ratings for items 4 to 8. Male respondents strongly disagree, whereas female respondents tend to agree. Gender differences are also evident in assessments of the female candidate pool for supervisory boards. Male respondents generally agree with the item that the number of suitable female candidates is insufficient. Female respondents tend to disagree, which could indicate that they perceive themselves as appropriate candidates for this task.

*Tab. 8: Items on diversity and gender diversity and their level of acceptance in leadership*

No.	Items
	<b>Empirical findings</b>
1	Willingness to exchange knowledge and information is greater within homogeneous management bodies than within heterogeneous ones.
2	Women on supervisory boards are stricter monitors than male board members.
3	Women often lack the requisite experience for an executive position, owing to career breaks due to past family leave.
	<b>Importance attached to diversity</b>
4	A binding women's quota is necessary to increase the percentage of women on supervisory boards.
5	Too little attention continues to be paid to the topic of diversity in German enterprises.
6	If the costs of diversity measures exceed their benefits, enterprises should then abandon such activities.
7	When filling vacant posts in top echelons, diversity aspects should be not be taken into account.
8	There are insufficient suitable female candidates for filling vacancies on supervisory boards in accordance with the women's quota from 2016 onwards.

Item No./ Obs.	Mean	Std. Dev.	Mean (male)	Mean (female)	t-test (p-value)	Wilcox. Rank-Sum (Mann-Whitney)test	Min	Max
1 (73)	2.86	0.98	3.03	2.70	T = 1.4326 (0.1564)	z = 1.125 (0.2607)	1	4
2 (61)	3.16	0.81	3.33	3.00	T = 1.6077 (0.1132)	z = 1.797 (0.0724*)	1	4
3 (84)	3.36	0.65	3.33	3.38	T = -0.3329 (0.7401)	z = -0.377 (0.7063)	2	4
4 (81)	2.78	1.05	3.24	2.30	T = 4.5133 (0.0000***)	z = 4.035 (0.0001***)	1	4
5 (77)	2.44	0.95	2.97	1.95	t = 5.5558 (0.0000***)	z = 4.788 (0.0000***)	1	4
6 (77)	2.34	0.93	2.03	2.66	t = -3.1671 (0.0022**)	z = -3.090 (0.0020**)	1	4
7 (83)	2.35	0.99	1.98	2.71	t = -3.6311 (0.0005***)	z = -3.494 (0.0005***)	1	4
8 (76)	2.51	0.96	2.03	2.97	t = -4.9268 (0.0000***)	Z = -4.377 (0.0000***)	1	4

1: "I fully agree."

4: "I totally disagree."

Overall, our findings indicate that IROs will not become dominant promoters of increased efforts for more gender diversity, as they do not apply a positive shareholder-value relevant perspective to the issue of diversity, even when this mean is driven predominantly by men's ratings.

## 5. Summary and conclusion

This paper adopted an innovative approach and data from an anonymous survey of investor relations professionals in German-speaking Europe, in order to analyse the importance of gender diversity for corporate valuation in stock markets. The investigation was based on three research questions. The first focused on the information demand side and asked for the perceived relevance of data on gender diversity for capital market participants. The findings suggest that staff diversity remains a mere niche topic for capital markets. It is mainly specialized investors and rating agencies with a focus on sustainability, CSR and ESG respectively who investigate investor relations professionals about workforce diversity. The low level of demand for gender diversity data can be interpreted as indicating that capital market participants evaluate diversity more as a fairness topic than one of real value-relevance.

But even in the case of ignorance on the demand side, there may be beliefs in the importance of gender diversity for corporate valuation on the supply side, within listed companies. If this is the case, then the companies should clarify their intentions for implementing instruments to increase diversity. Consequently, our second research question was on motives for developing diversity promotion programs and for planning specific numbers of women in leadership. The findings again showed a lower perceived importance of gender diversity with respect to corporate valuation. Roughly two thirds of IROs believe that corporate initiatives for increased gender diversity in executive positions have no impact

on external company valuation. Consistent with these observations, the results also revealed that half of the companies in our sample have not implemented specific promotion programs for women in leadership, and that almost two thirds of the companies have not set any internal planning targets for female representation in management positions. For both questions we also examined whether the results for companies with female representation on the executive board differ from those without female representation. As a result, diversity programs are more frequently implemented in the first group of companies. This does not apply to (published) planning targets. A positive reputational effect, as well as transparency and an obligation towards stakeholders are the most commonly perceived advantages of disclosure, whereas pressure to fulfil one's own objectives and to justify wrong personnel decisions, constitute the disadvantages of disclosure.

Finally, our last research question inquired about the general attitude towards gender diversity from the perspective of the investor relations professionals themselves, so as to gain an impression of how actively these managers will promote diversity. Surprisingly, the results show that investor relations professionals disagree with items based on empirical research. On average, female supervisory board members, for instance, are obviously not perceived as stricter monitors than male board members. Disagreement is strongest on the item of family leave as an impediment to women's careers. We conclude overall that contrary to expectations, capital market perceptions of diversity issues has not changed materially over the past decade.

However, the work presented above is subject to several specific limitations. First, in our study, only IROs were interviewed, which on the one hand enabled an expansion of the studies published so far. On the other hand, it is a very specific perspective, which may limit the generalizability of the results. In addition, IROs from Germany, Austria and Switzerland were interviewed in this study. For generalization purposes, it is therefore advisable to replicate the study at an international level. This could also provide a basis for investigating the extent to which different cultures have an impact on barriers to gender diversification. Also, future studies could address in greater depth the sometimes rather different reactions of female / male IROs to different statements concerning gender diversity.

Ultimately, the question as to whether and what influence gender diversification has on the success of the company cannot yet be answered with any precision or reliability. Thus, further research is most certainly necessary. This also applies to the extent to which the assessments of the various stakeholders, including the IROs, tend to change, after the quotas have been in force for some time.

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