

Demographic Diversity in the Boardroom and Firm Performance: Empirical Evidence in the French Context

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Abstract : Several governments seek to implement gender parity on boards, but the results of doing so are not clear and could harm corporations and economies. The present paper aims to investigate the relationship between women's presence on boards and firms' performance in the context of the French listed firms during the quota period. A dynamic panel generalized method of moment estimation is applied to control the endogenous effect of board structure and reverse the causality impact of the financial performance. Our results show that the impact of gender diversity manifests in conflicting directions, positively affecting accounting performance and negatively influencing market performance. These results suggest that female directors create economic value, but the market discounts their impact. Apparently, they are subject to a biased evaluation by the market, which undervalues their presence on boards. Added to that, our results confirm a twofold nature of female representation in the French market. The effect of female directorship on firm performance varies with the affiliation of the directors. In other words, the positive impact of gender diversity on return on assets primarily originates from the positive effect of non-family-affiliated women directors on market performance rather than on the effect of family-affiliated women directors on ROA. Finally, according to our results, women's demographic attributes namely the level of education and multiple directorships strongly and positively impact firm performance as measured by return on assets (ROA). Obviously, women directors seem to be appointed to the business case rather than as token directors.

Keywords : corporate governance, board of directors, women, gender diversity, demographic attributes, firm performance

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