

**Comments on Miriam Schwartz-Ziv's
“Does the Gender of Directors Matter?”**

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Research Question

Does the gender composition of boards affect:

1. What a board does?

- ▶ “Under the surface”: Close study of board minutes
- ▶ Whether discussion of an issue yields “action”

2. Firm performance?

- ▶ “At the surface”: Financial outcomes
- ▶ Whether firm performance is correlated with board composition

“Under the surface”: Examining what a board does

- ❑ For each of 11 companies in Israel
 - ▶ Analyze the minutes from one year of board meetings
 - ▶ Yields 155 board meetings
 - ▶ In which a total of 1422 issues were discussed
- ❑ For each issue, code:
 - ▶ Topic of discussion
 - ▶ Whether the discussion yielded “action”
 - Decision
 - Request for further information
- ❑ Huge coding task: 4,758 pages (manually! and replicated!)

Five questions

1. Does this capture what boards “do”?
2. How interesting are these firms?
3. Is the identifying variation useful?
4. Are the magnitudes plausible?
5. Are three women a “critical mass”?

What do boards do?

Interpretation rests on two open questions:

- ❑ Are board “actions” a good thing?
- ❑ Do good choices occur “in the shadow of the board”, rather than “at the direction of the board”
⇒ Would we expect to find “what boards do” in the minutes?

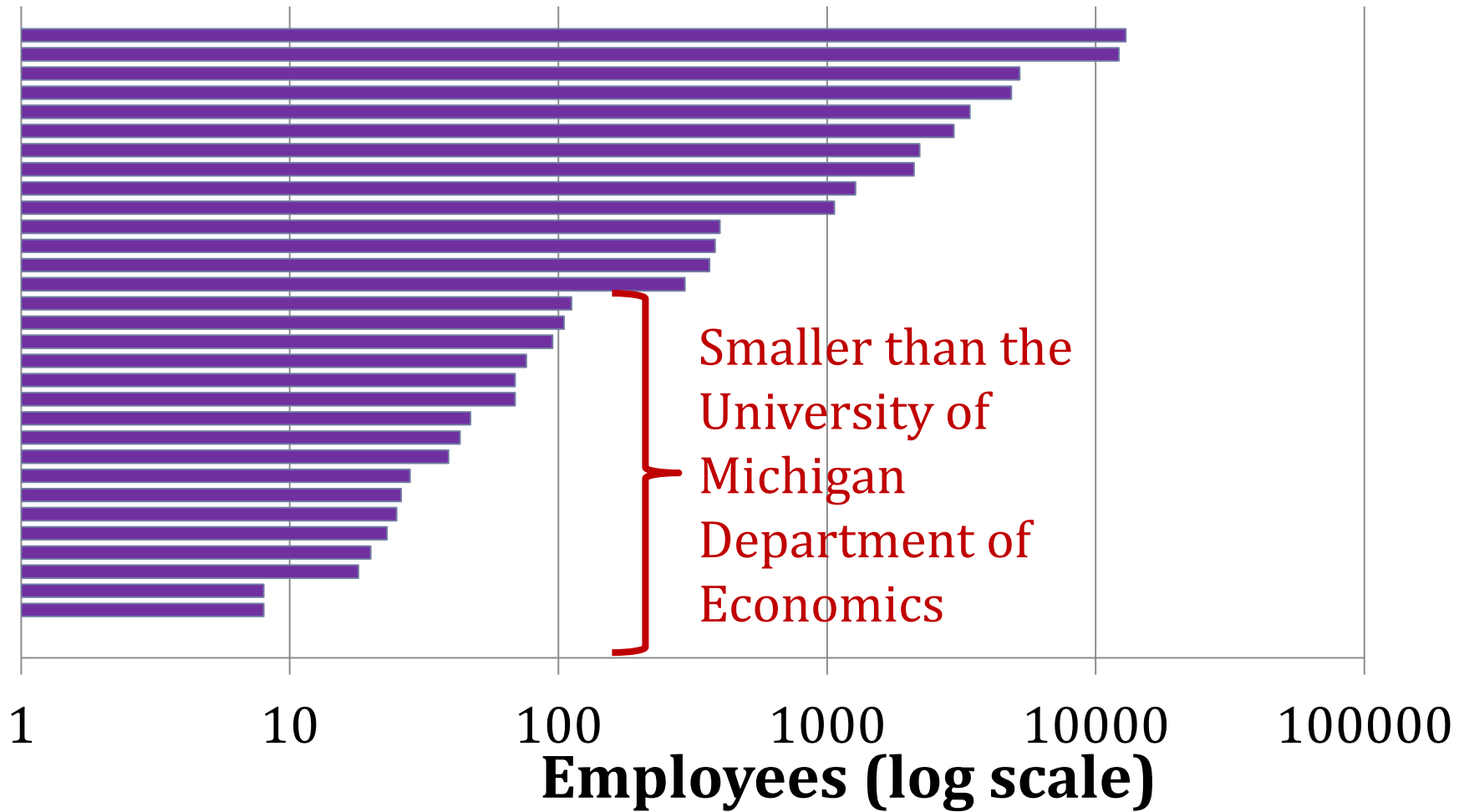
Analogies:

- ❑ The last faculty meeting you attended
- ❑ Police and crime

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What are these companies?



□ Compensation: \$200-\$350 per meeting

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Analysis

- ❑ Dependent variable:
Did the issue we discussed yield an action?
- ❑ Variable of interest:
Did at least 3 women attend that meeting?
- ❑ Controlling for:
 - Number of directors attending, Characteristics of attendees, Type of issue
 - Firm fixed effect (and only one year of data)

Identifying variation

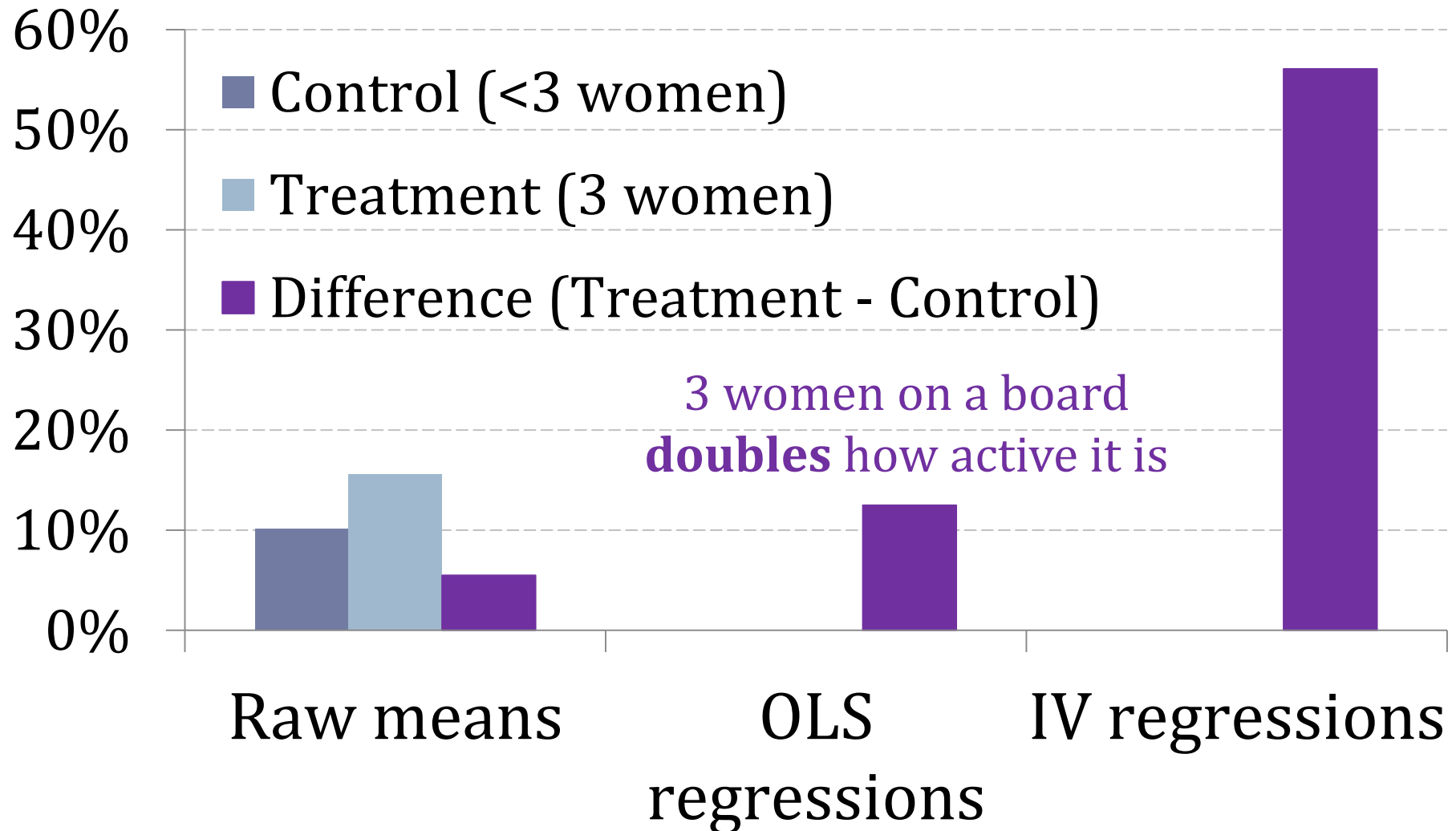
- ❑ Which board members bothered to show up
 - ▶ Good: This isn't a "shock" to board membership (Norway)
 - ▶ Bad: This isn't a policy-relevant experiment
 - ▶ Interpretation issue: Is the ghost of the missing member still present? (Probably)

Five questions

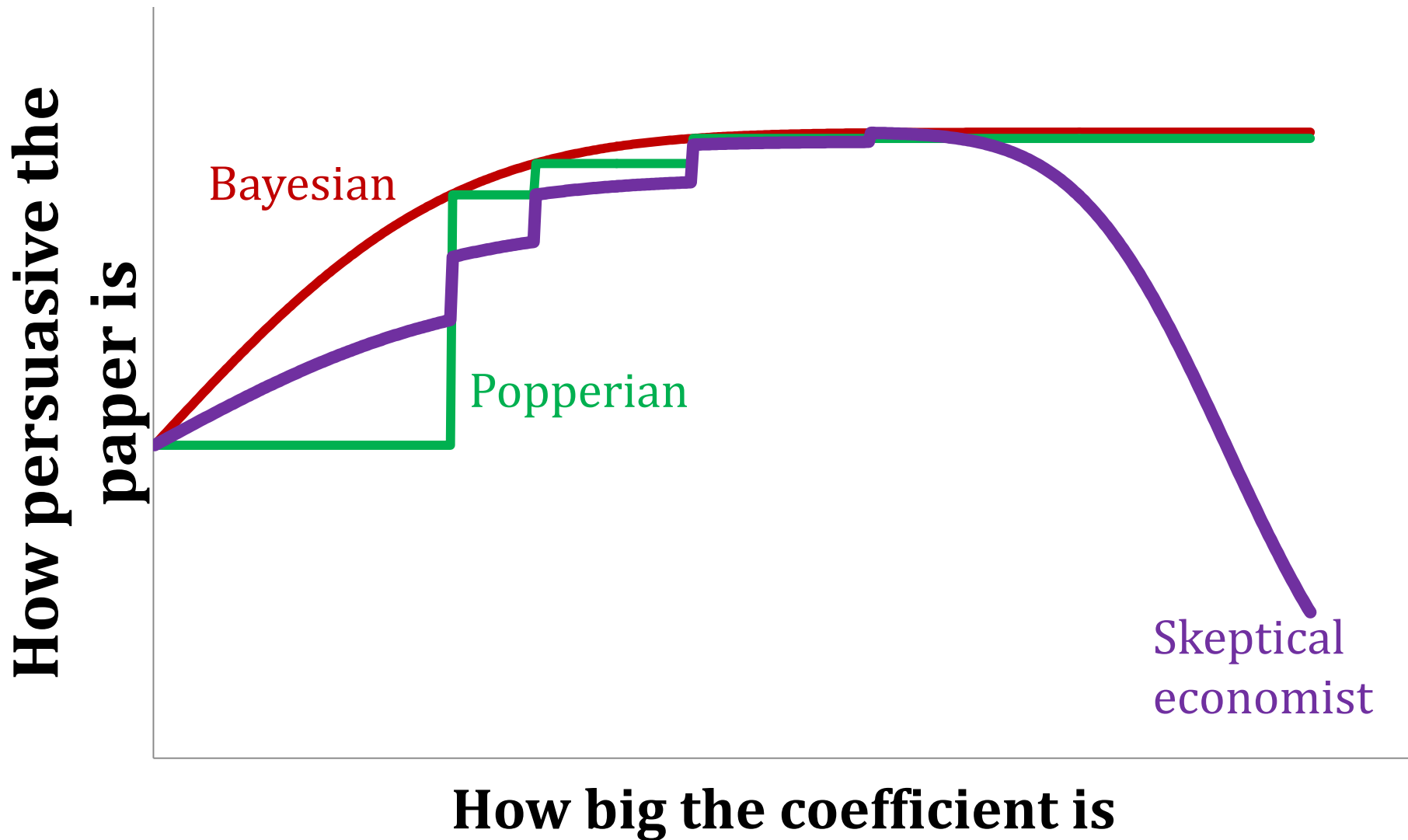
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Interpreting the magnitudes

Probability Board Takes an Action



Evidence and Persuasion



Bonferroni bites back

- ❑ Dependent variable is “are there three women”?
 - ▶ What about two?
 - ▶ Or one?
 - ▶ Why not linear?
- ❑ Various independent variables
 - ▶ Board requested more info
 - ▶ Board made a decision
 - ▶ Board vote
 - ▶ Meeting length
- ❑ What was the space of models the author searched over?
 - ▶ Important question when t-stats hover in the 2-3 range.

Conclusion

- ❑ Fantastic new approach to getting at what boards do
- ❑ Intriguing and suggestive results:
 - Boards with a critical mass of women are more active
- ❑ Five remaining questions:
 1. Does this capture what boards “do”?
 2. How interesting are these firms?
 3. Is the identifying variation useful?
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 5. Are three women a “critical mass”?