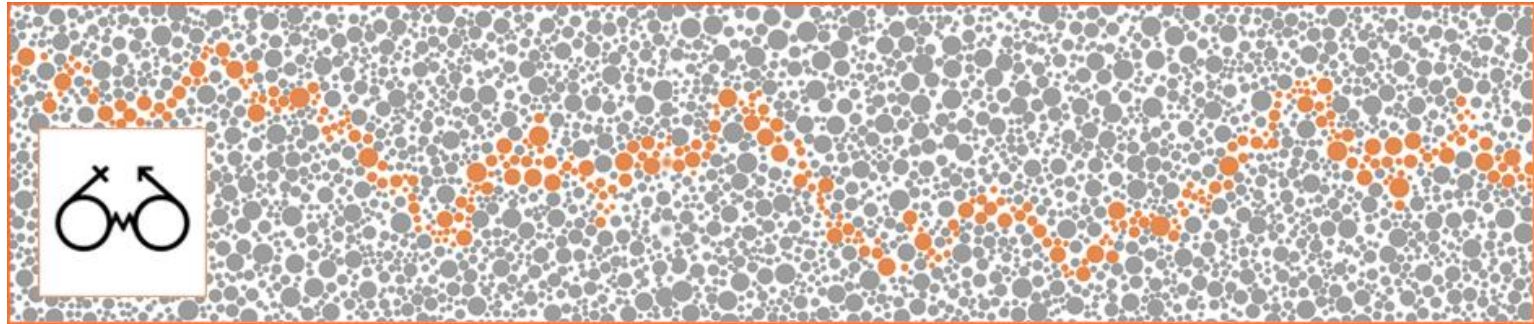


Gender & Finance Literature Review Series



Sameeksha Satpathy

Research Assistant for the Gender and Finance Project



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Research presentation #7

Slides prepared by Sameeksha Satpathy
Member of the [Gender & Finance](#) project
ESSEC Business School

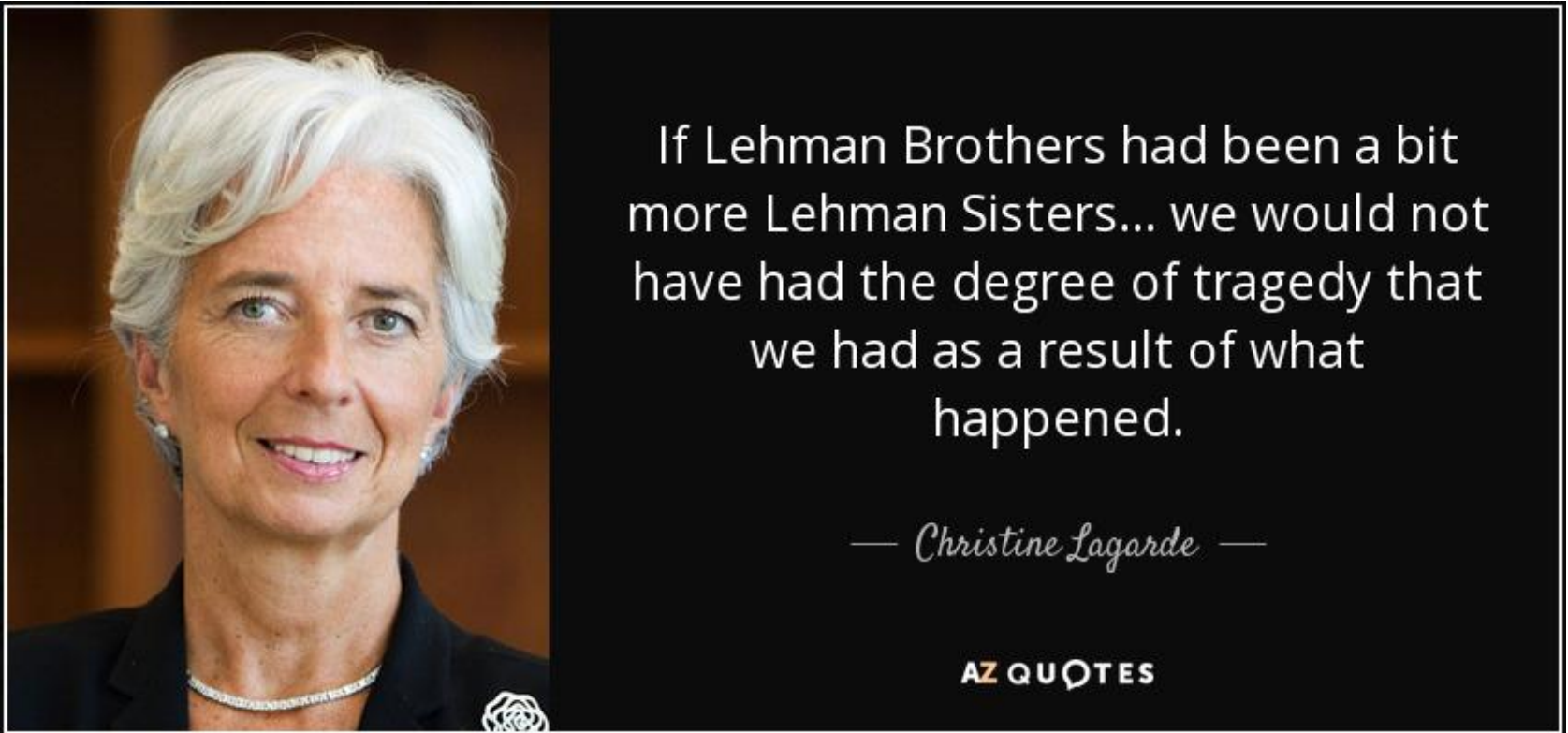
About the paper :

“Lehman Sisters”
Renée B. Adams and Vanitha Ragunathan



Motivation

Are women more risk averse than men?



<http://www.azquotes.com/quote/827315>



Literature Review

- What do we already know?
 1. For a sample of directors in Sweden, it was found that female directors are less risk averse than male directors (Adams and Funk, 2012).
 2. In a sample of MBA students taken from the University of Chicago, it was found that women are less likely to choose a risky career in finance (like investment banking or trading) in comparison to men. While the percentage of females doing so was 36%, the percentage of males was 57% (Sapienza, Zingales and Maestriperi, 2009).
 3. The onset of a crisis requires more innovative solutions and ways of thinking in the board room. It has been found that women directors are more stakeholder oriented than male directors (Adams, Licht and Sagiv, 2011). There is also evidence that firms with higher CSR activities performed better in a crisis due to higher loyalty of the shareholders (Lins, Servaes and Tamayo, 2015). Hence the authors



Literature Review

reached the conclusion that women CEOs perform better during crises by bringing innovative solutions to the table and having higher trust from the shareholders.

4. Firms with females in C-suite positions tend to make lower volume of acquisitions which can be attributed to the lower overconfidence character trait in women (Huang and Kisgen, 2013).
5. The authors come to the conclusion that imposing gender quotas on boards might not be a full-proof method to increase the risk averseness of the board as a whole. They base this on the research done which suggests that different teams have different methods of taking into account individual preferences and reaching a final decision (Aspetiguia, Azmat and Iriberry, 2012).



Research and policy questions

- What do they want to learn?

Adams and Ragnathan want to find out if women are systematically more risk averse than men. They concentrate on a specific industry i.e. finance industry with focus on banking. They analyse if the presence of women as top executives led the banks to perform better during the times of crises.



Research and policy questions



There is an increasing focus on recruiting women in finance by conducting specific diversity programs at banks and other financial institutions. There has been no conclusive evidence yet that women in say trading have a lower degree of risk taking ability than men.

<https://www.israel21c.org/nyse-salutes-leading-israeli-women/>



Methodology – How did they do it?

- The authors consider origin risk (risks measured on the date that banks first appear in CSRP) as an exogenous measure for banks to see if boardroom diversity responds to changes in risk (based on Cheng, Hong and Scheinkman, 2015). Secondly, they account for gender diversity in the risk regressions using a Blau index of gender balance in director connections.¹

1. 'Lehman Sisters' - Renée B. Adams and Vanitha Ragunathan, 2015



Methodology – How did they do it?



What are the findings of the paper?



Based on the paper, we recommend



References



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Twitter: [@GenderFinance](https://twitter.com/GenderFinance)

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Website: www.genderfinance.net

- François Longin

E-mail: longin@essec.edu

Website: www.longin.fr

- Estefania Santacreu-Vasut

E-mail: santacreuvasut@essec.edu

Website: santacreuvasut.com





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Thank you !