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Gender Diversity in Corporate Leadership

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Gender Diversity in Corporate Leadership

RECENTLY RELEASED WORKING PAPER
BY GEOFFREY TATE AND LIU YANG
HAS IMPORTANT POLICY IMPLICATIONS



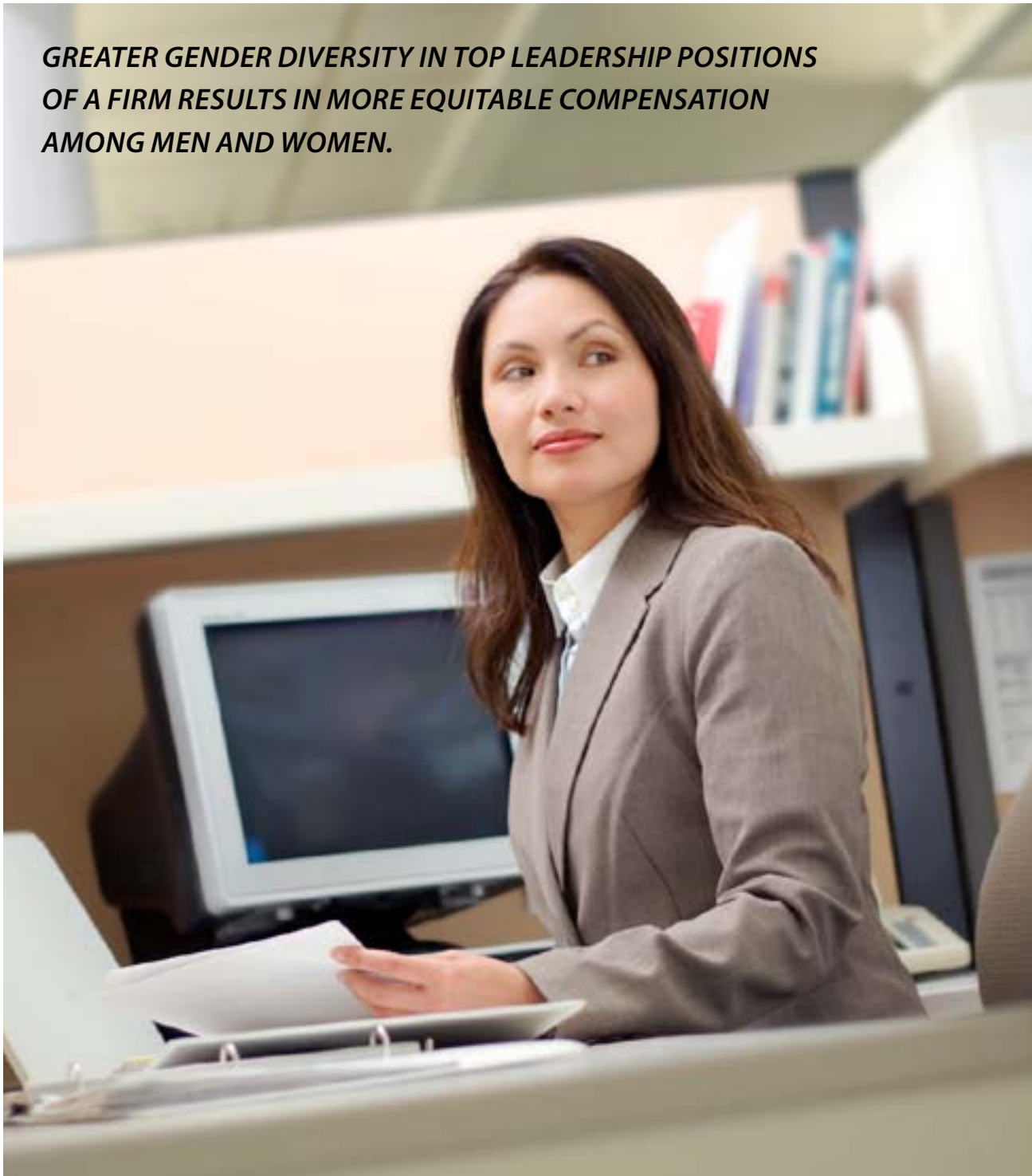
Female Leadership and Gender Equity: Evidence from Plant Closure,” a recent working paper by Geoffrey Tate and Liu Yang, has concluded that “women in leadership roles lessen the compensation gap between men and women inside their firms” (22). The authors, who are both Assistant Professors at the UCLA Anderson School of Management, feel that this finding has significant policy implications, in that greater gender diversity in top leadership positions of

a firm results in more equitable compensation among men and women.

Tate and Yang came to these conclusions by analyzing worker-level data from the Census Bureau’s Longitudinal Employer Household Dynamics (LEHD) Program. They track wage changes for workers from involuntary job changes following plant closure and find that women in general suffer more in wage loss compared to men, but the gap is significantly reduced when the new

hiring firm has a higher percentage of women in the leadership team. They show that the results hold when they compare men and women exiting from the same closing plant who later joined the same new firm, and also persisted within the same firm depending on the number of women holding leadership positions, thus “confirming that [the study’s] results are driven by managerial rather than firm styles” (23).

**GREATER GENDER DIVERSITY IN TOP LEADERSHIP POSITIONS
OF A FIRM RESULTS IN MORE EQUITABLE COMPENSATION
AMONG MEN AND WOMEN.**



The authors also analyzed the data for racial minorities and found evidence that the same kind of “leadership effects” are present in minority populations as well. That is, racial diversity, much like gender diversity, in top leadership positions leads to more equitable pay for other racial minorities.

The authors conclude, “Improving the ability of women to break through the ‘glass ceiling’ and attain top leadership positions has positive externalities on other women. In particular, it improves the opportunities of women lower in the corporate hierarchy. Thus, changing leadership may be a mechanism to change the culture of the firm in a direction which is friendlier to female workers (or other workers impacted by labor market discrimination)” (23).

Lindsey McLean is a graduate student in the Department of Information Studies at UCLA and a staff writer for *CSW Update*.

Source

Tate, Geoffrey A. and Yang, Liu A., *Female Leadership and Gender Equity: Evidence from Plant Closure*. Available at SSRN: <http://ssrn.com/abstract=1905100>