

Gender diversity in the board, women's leadership and business performance

Moreno Gómez, Jorge Issac; Lafuente, Esteban; Vaillant, Yancy

Abstract

Purpose: This paper aims to investigate how gender diversity in top management – i.e. boardroom and top management positions – affects business performance among Colombian public businesses. **Design/methodology/approach:** Building on the upper echelon theory which emphasizes that gender is an important characteristic that influences top management's decision-making, panel data models are used on a sample of 54 Colombian public businesses for the period 2008-2015 to test the proposed hypotheses relating to gender diversity and subsequent business performance. **Findings:** The results support that gender diversity is positively associated with subsequent business performance. More concretely, the relationship between gender diversity at the top of the corporate hierarchy – in the present case, as CEO and in the top management team – and subsequent performance becomes more evident when performance is linked to business operations (ROA), whereas the positive effect of women's representation in the boardroom and subsequent performance is significant when performance is measured via shareholder-oriented metrics (ROE). **Originality/value:** Few studies have addressed the role of gender diversity on performance in developing economies. This study contributes to better understand how gender diversity affects performance in contexts where women are underrepresented in the top management, and where the appointment of women directors or managers is not driven by regulatory pressures.

keywords

Board of directors, Business performance, Gender diversity, Top management, Upper echelon