

Female Managers and Firm Productivity

Yoshihiro Sato* Michihito Ando†

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Abstract

We analyze whether gender composition in the non-board managerial level has any impact on firm productivity and other related outcomes in the service sector using a linked employer-employee dataset from Sweden during the period 2001–2012. Exploiting within-firm variation and adopting an explicit selection-on-observable approach, we apply a difference-in-differences matching method using propensity score to control for endogeneity between gender composition and firm performance. We observe no significant effect on firms’ total factor productivity and labor productivity. On the other hand, the estimation results suggest that there are significant effects on the growth speed of the firms, and that the directions of these effects are different depending on whether a firm raises the female share of managers by replacing an existing male manager with a woman or by assigning a woman instead of a man to a new managerial position. In the former case, the growth of the firm’s output, number of employees and capital equipment are affected positively. In the latter case, these variables receive negative impacts.

JEL classification: J16, J24, J71, J82

Keywords: Gender, Gender diversity, Firm productivity, Manager

*European Institute of Japanese Studies, Stockholm School of Economics, Box 6501, SE-113 83 Stockholm, Sweden, +46-8-736-9323, yoshihiro.sato@hhs.se

†National Institute of Population and Social Security Research, Hibiya Kokusai Building 6th Floor, 2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo, 100-0011, Japan, +81-3-3595-2984, andou-michihito@ipss.go.jp