



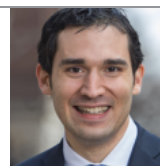
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## Are Female CEOs More Likely to be Fired than Male CEOs?



By Vishal Gupta, Sandra Mortal and Daniel Turban December 2, 2018

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About 5 percent of U.S.-based publicly-traded firms now have female chief executive officers. While much has been written about the challenges women face in their ascent to top leadership positions, little is known about what happens to them once they break through the proverbial glass ceiling and become CEOs. The CEO remains the most powerful corporate position in the business world, but those who occupy it serve at the discretion of the board of directors. The corporate governance literature generally considers the power to fire chief executives key to corporate control and the ultimate recourse for boards in monitoring firm management.

Boards fire a CEO infrequently, perhaps because deciding whether to do so can put them between the proverbial rock and a hard place. On the one hand, boards that hesitate to fire a CEO when necessary are often accused of not being fully vigilant in their monitoring function and perhaps even supporting management misconduct. On the other hand, boards that seem eager to dismiss the CEO risk casting doubt on their original choice and come across as scapegoating the CEO for their own failures in counseling and advising management.

Prior research offers three possibilities for the role of gender in the dismissal of CEOs. The first is that boards are primarily concerned with having a well-managed firm and so will be blind to the gender of a CEO who manages the firm in the best interests of its owners, the shareholders. From this perspective, male and female CEOs are equally likely to be fired by the board. The second is that boards believe women face greater obstacles on their way up the corporate ladder, and those who reach the top tend to be more competent than their male counterparts (a sort of female advantage logic). From this perspective, female CEOs are less likely than male CEOs to be dismissed. The third possibility is that boards subscribe to the stereotype that good leadership is consistent with masculine qualities such as ambition and aggressiveness, but not with feminine qualities such as kindness and warmth. Further, and, consistent with research on numerical minorities, women CEOs will be subject to greater monitoring and scrutiny. From this perspective, female CEOs will be at greater risk of dismissal than male CEOs, even when they are performing at a similar level.

We theorize that boards are likely to evaluate women CEOs less favorably than male CEOs, because women remain rare in CEO positions and are subject to negative cultural stereotypes about leadership and so draw more unfavorable attention to their decisions and actions. Given that CEOs are usually evaluated under ambiguous assessment criteria that are likely to amplify the effect of cultural stereotypes, we posit that women CEOs will be dismissed more often than male CEOs. We also theorize that CEO gender will influence the extent to which the CEO is given credit for good firm performance, so that when the firm is performing well, women CEOs are less likely than male CEOs to be considered good stewards of the firm, and therefore more likely to be dismissed.

We test our predictions using data about public U.S. firms from 2000 to 2014. Our sample comprises 21,772 firm-year observations for 2,390 unique firms. Following common practice in prior academic research, we relied on coding of press reports and news releases of CEO departures, combined with information on CEO age and continued affiliation with the firm, to identify dismissals. There were 641 CEO dismissals from a total of 2,416 departures in the sample (1,769 departures were considered voluntary and six could not be classified). Our analyses controlled for a host of confounding factors, including firm size, whether CEO is also chair of the board, CEO ownership stake in the company, whether CEO came from within or outside the firm, CEO social status, CEO age, CEO functional experience, other possible CEO candidates in the firm, CEO ability, board size, board independence, board gender diversity, and prior firm performance. In general, we found that female CEOs have almost a 45 percent higher probability of being dismissed than do male CEOs. We also found that as a company's performance improves, the probability of dismissal decreases sharply for male CEOs, but changes little for female CEOs, so that the male CEOs have a significantly lower dismissal probability than female CEOs at higher levels of performance.

Our findings contribute to academic and popular understanding of CEO dismissal in several important ways. First, although it has long been recognized

that cultural stereotypes about gender roles foster biased judgments and decisions that impede women's advancement in an organization, our results suggest that stereotypes may also result in women being pushed out of leadership roles even *after* they reach the highest position in a firm. This is a notable finding because existing models of CEO dismissal do not consider CEO gender as an explanatory variable, perhaps because those models were conceived when women were largely absent from the corner office. Second, firm performance is widely recognized as a predictor of CEO dismissal, but our research shows that CEO gender can potentially break the link between performance and dismissal. We consider the gender differences in CEO firings in the absence of performance problems especially disconcerting, as they suggest that good performance is enough to protect men but not women CEOs from dismissal. Overall, our research provides evidence that women face higher risks and perils in their leadership positions than men. Given that most directors are older white men, it may be useful to include gender-sensitivity training focused on reducing bias in the board's assessment of senior managers.

*This post comes to us from professors Vishal Gupta and Sandra Mortal at the University of Alabama and Daniel Turban at the University of Missouri. It is based on an article by them, Sabatino Silveri, and Minxing Sun, "You're Fired! Gender Disparities in CEO Dismissal," available [here](#).*

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