Discussion of

Did Norway's board gender quota reduce firm?

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Introduction

- A great paper to read
- Revisits and unpicks existing studies on the effects of the Norwegian gender quota
- In doing so, it does quite a convincing job

Framing

- You make a valid criticism of Ahern and Dittmar (2012)
  - They frame the debate by using the percentage increase in female board members rather (24%) rather than the absolute number (1)
  - However, you use 2005 as your reference year
  - 2005 is year of introducing a penalty in the quota law

Framing

- 1999 (2001) was year of first (second) public hearing on mandated gender representation on boards
- If perceived likelihood of mandated gender representation was great, then (good) firms would have reacted to it in advance
  - Dearth of qualified female candidates

Framing

- “The fraction of female directors barely budged from seven percent in 2002 to fifteen percent in early 2005” (p.12)

Shortfall Female Director

- This variable (Table 11) is defined as Max (0, quota – share female directors) where quota is 40%
- Bøhren and Staubo (JCF, forthcoming write that:

  "The 40% quota applies only to boards with more than nine members. For smaller boards the quota is specified as a minimum number of directors per gender … the quota may vary between 33% and 50% …"

Shortfall Female Director

- Hence, your variable is noisy (see also your footnote 17)
- In Table 11, regression (8) ownership concentration is significant and negative
  - Firms with more concentrated ownership are likely to be smaller and have smaller boards
  - Shortfall Female Director would be noisiest for these firms

The Gender Quota and Tobin's Q

- Not clear what the estimation technique in Table 12 is
  - Is this 2SLS?
  - If yes, why not 3SLS?
- For which period is Tobin's Q calculated?
- Why not run this as a dynamic panel data regression?
  - GMM (sys/diff) regression

The Gender Quota and Tobin's Q

- This would be a neater way of addressing the issues about *when* to measure
  - Tobin's Q
  - The percentage of female directors
- It would address the issue about the choice of instruments (internal instruments only)

Conversions from ASA to AS

- Bøhren and Staubo (2013b) find that small, young and profitable firms converted to avoid the gender quota
- You argue that they may have done so to avoid IFRS 2005
- However, you do not find that your IFRS dummy variable is significant

Director Networks

- I am not sure what to make of your results
- You find that women become better connected over time
- However, you do not find a (negative) valuation effect of the gender quota
- How can the network effect be reconciled with Bøhren and Staubo’s result that female non-executives replaced male executives?

Conclusion

- The paper is definitely worthwhile reading
- Some fine tuning here and there is required