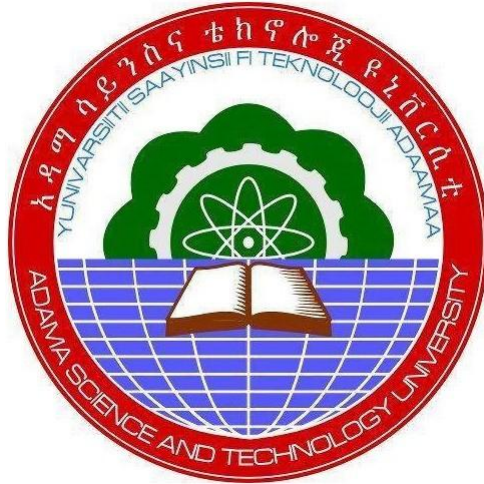


Management Gender Diversity & Firm Performance: Evidence from Ethiopia



By

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Management Gender Diversity & Firm Performance: Evidence from Ethiopia

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Abstract

Nowadays, the global interest and pressure to increase women's employment and presence in top management positions is posing tremendous theoretical and practical challenges to both academics and practitioners around the world. Drawing from the Upper Echelons Theory and the Critical Mass Theory, and using data from the financial sector in Ethiopia, we examined the effect of women's representation in top management teams and boards of directors on firm financial performance. Additionally, we investigated the effect of women's representation in the board of directors and workforce on women's representation in top management teams. Furthermore, we assessed the extent of women's representation in the workforce, top management teams, and boards of directors in the financial industry of Ethiopia. Our findings revealed a significant negative correlation between women's representation in top management and financial performance. Similarly, women's representation in the workforce was found to be negatively related to a firm's financial performance. We did not find a significant relationship between women's representation in the boardroom and the firm's financial performance. However, we did observe that women's representation in the boardroom had a positive influence on women's representation in the top management teams, and women's representation in the workforce was not related to women's representation in top management teams. Moreover, even though the financial sector employs a considerable number of women, a descriptive analysis showed that women have been underrepresented in the top management and board of directors in the financial sector, with only 1 out of 11 top management positions and 2 out of 9 board

positions filled by women on average. We discuss the theoretical and practical implications of our findings.

Chapter One

1 Introduction

In recent years, the global interest and pressure to increase the presence of women in top management positions has posed both theoretical and practical challenges to both academics and practitioners. Business and government leaders have advocated for greater female representation in upper management roles, and a growing number of countries have implemented or are considering legislation that mandates gender quotas in these positions. For example, the European Union has proposed a 40% target for female representation on the boards of all listed companies by 2020 (European Union, 2012). However, it is still unclear whether these policies actually improve company performance (Garcia-Meca, Garcia-San 2015; Post & Byron, 2014).

Many researchers believe that that increasing the participation of women in the highest levels of executive leadership can be beneficial. For instance, Gregory-Smith, Main, and O'Reilly (2014) argue that companies that fail to capitalize on their human capital are at a competitive disadvantage. In other words, companies that do not take advantage of the potential of women are at a competitive handicap. Gregory-Smith et al. (2014) further contend that a lack of diversity at the top can lead to narrow decision-making and impede equality throughout the company hierarchy. Similarly, Grosvold (2011) has argued from normative, stockholder, and performance perspectives that companies may benefit from increasing the share of women in the boardroom. The normative perspective suggests that it is unethical to deny qualified individuals access to power based on gender, race, religion, or any other individual traits unrelated to their ability. Women are also valuable stakeholders in their role as customers, as they are responsible for 80% of consumer purchase decisions, and should thus be represented on corporate boards.

Furthermore, it is argued that directors (top managers) can act as role models for younger women, and firm employees may be more motivated if they see a better reflection of themselves at the top level, e.g. at the board level. The performance perspective suggests that limited board gender heterogeneity may lead to reduced company performance due to the exclusion of women's talent in a male-dominated board. This supports the notion that diverse teams achieve better results than more homogeneous ones (Gregory-Smith et al., 2014). Thus, it is clear that increasing the participation of women in the highest levels of executive leadership can be beneficial for companies in terms of both ethical and performance perspectives.

Theories from economics, organizational behavior, and social psychology offer some insight into the relationship between top management team diversity (e.g. board diversity) and company performance (Garcia-Meca et al., 2015). Studies of the effects of top management team (TMT) diversity on organizational outcomes have yielded mixed and often confusing results (Donald C. Hambrick, Humphrey, & Gupta, 2015). Researchers have devoted considerable effort to examining the attributes of top management teams (TMTs) and their impact on company performance. Within this field, the prevailing idea is that TMT heterogeneity, particularly TMT gender diversity (i.e. the extent of women's representation in the team), influences organizational outcomes.

Many researchers view diversity as a "double-edged sword" (Garcia-Meca et al., 2015). While it can lead to higher-quality solutions by improving group processes on some tasks, it can also disrupt group processes by decreasing group cohesion. For instance, resource dependence theory suggests that diversity provides the opportunity to improve the information provided and shared by top managers due to the unique information held by diverse teams. Demographic differences such as gender are likely to produce unique information sets that are available to management for

decision-making (Garcia-Meca et al., 2015). However, social psychologists argue that diversity may lead to a slower and more conflicted decision-making process, which can negatively impact team performance (Choi, 2007). This is consistent with Chung et al. (2015), who suggest that faultlines typically increase conflict between subgroups. As a result, there is no consensus in the literature on whether top management team diversity, particularly gender diversity, influences organizational performance (Garcia-Meca et al., 2015), particularly in the context of developing economies (Joshi, Neely, Emrich, Griffiths, & George, 2015). In short, the effects of increasing women's representation in top management positions on firm performance remain largely unknown.

Despite a large body of research, the findings have been mixed and confusing, providing little in the way of cumulative insights (Donald C. Hambrick et al., 2015; Post & Byron, 2014). While some studies have suggested that the presence of women in top management teams (TMTs) can enhance firm performance (Nguyen & Faff, 2007; Singh, Vinnicombe, & Johnson, 2001), others have revealed that firms with more female directors experience lower accounting returns, indicating that female directors may reduce firm performance (Darmadi, 2011; Mínguez-Vera & Martin, 2011). Additionally, several studies have reported that the representation of women in top management is not correlated with company performance (Carter, DSouza, Simkins, & Simpson, 2010; Rose, 2007; Shrader, Blackburn, & Iles, 1997). To further complicate matters, most of these studies have been conducted in the context of developed nations, leaving relatively little known about the effect of increasing women's presence in top management positions on firm performance in less developed and emerging economies (Joshi et al., 2015). In light of this gap, Joshi et al. (2015) highlighted the importance of extending the focus of gender equality and

inclusion research beyond the Western world, which could offer further opportunities to expand our understanding of women's advancement and gender inclusion.

Despite the mixed empirical findings, many researchers support the notion that increasing the participation of women in the highest levels of executive leadership can be beneficial. Gregory-Smith, Main, and O'Reilly (2014) argue that companies that fail to capitalize on their human capital are at a competitive disadvantage. In other words, companies that do not take advantage of the potential of women are at a competitive handicap. Gregory-Smith et al. (2014) further contend that a lack of diversity at the top can lead to narrow decision-making and impede equality throughout the company hierarchy. Similarly, Grosvold (2011) has argued from normative, stockholder, and performance perspectives that companies may benefit from increasing the share of women in the boardroom. The normative perspective suggests that it is unethical to deny qualified individuals access to power based on gender, race, religion, or any other individual traits unrelated to their ability. Women are also valuable stakeholders in their role as customers, as they are responsible for 80% of consumer purchase decisions, and should thus be represented on corporate boards. Furthermore, it is argued that directors (top managers) can act as role models for younger women, and firm employees may be more motivated if they see a better reflection of themselves at the top level, e.g. at the board level. The performance perspective suggests that limited board gender heterogeneity may lead to reduced company performance due to the exclusion of women's talent in a male-dominated board. This supports the notion that diverse teams achieve better results than more homogeneous ones (Gregory-Smith et al., 2014). Thus, it is clear that increasing the participation of women in the highest levels of executive leadership can be beneficial for companies in terms of both ethical and performance perspectives. It is clear from the above arguments that promoting the participation of women in

the top management decision making process (activities), beyond increasing the likelihood of improving the team's performance due to the increased group heterogeneity, may also raise a number of ethical concerns (e.g. equality, fairness, justice, etc.) that would, in turn, influence multiple behavioral and attitudinal outcomes (e.g. organizational citizenship behavior, job satisfaction, commitment, turnover intentions, etc.). Even though it has been clearly argued in the literature that top management team's gender diversity is expected to lead to multiple organizational outcomes, the current study makes contribution by examining whether increasing women participation in top management team's (board's) decision making activities enhances organizational effectiveness, drawing theories from diversity- performance link, more specifically from top management team diversity-performance theories.

This study seeks to expand our understanding of the relationship between top management team diversity and performance by addressing several gaps in the literature. Specifically, the researcher investigates the effect of female representation in top management on company performance in the context of less developed countries, with a focus on Ethiopia. Previous studies in this area have yielded mixed results, and have been conducted primarily in the context of developed countries, limiting the extent to which their findings can be generalized to other emerging and less developed economies. To address this research gap, the researcher tests the effect of women's presence in top management and board of directors on firm financial performance using data from the financial sector in Ethiopia, one of the least developed countries in Africa. Additionally, the researcher examines factors that may facilitate or impede women's advancement in the financial sector in Ethiopia. Finally, the current study assesses the extent of women's representation in the board of directors, top management teams, and workforce in the financial sector.

1.2 Research Objectives

1.2.1 General objectives

The present study seeks to investigate the scope of female representation in the financial sector of Ethiopia, the factors that may facilitate or impede female presence in the sector, and the impact of female representation in upper management, board directors, and the workforce on the financial performance of firms.

1.2.2 Specific objectives

- To investigate the extent of female representation in the workforce, top management teams, and the Board of Directors in the financial sector of Ethiopia
- To determine whether and how female participation in the workforce, top management team, and Board of Directors affects firm performance in the financial sector of Ethiopia
- To analyze the correlation between female representation in the labor force, top management teams, and the Board of Directors

1.3 Research Questions

- Are women underrepresented in the labor force and leadership positions in the financial sector in Ethiopia?
- Does increasing women's participation in top management teams lead to improved firm performance?
- Does increasing women's representation on the Board of Directors result in improved firm performance?
- Does increasing women's representation in the labor force lead to increased participation in top management teams?
- Does having more women on the Board of Directors increase the likelihood of women's representation in the top management teams?

1.4 Significance of the study

The significance of this study lies in its ability to extend the existing research on the relationship between TMT diversity and firm performance in a developing country context. This paper responds to the recent call made by Joshi et al. (2015) to increase our knowledge and understanding of the diversity-performance link in less developed economies, particularly in Ethiopia - the second most populous country in Africa after Nigeria. By collecting data from the financial sector, this study seeks to answer the question of whether and under what conditions increasing the participation of women in senior management levels can improve firm performance. Ultimately, this paper aims to provide valuable insights into the potential benefits of diversity in the workplace in a less developed and emerging economy.

1.5 Organization of the study

The study is organized as follows: Chapter two summarizes the theoretical and empirical foundations. Chapter three outlines the methodological approach of the study. Chapter four presents the study findings and discussions. Finally, chapter five provides the conclusion and recommendations based on the research results.

Chapter Two

2 Reviews of Literature and Hypothesis Development

2.1. Theoretical Review

2.1.1 *Critical Mass Theory and the Upper Echelon Theory*

Theoretical perspectives connecting top management team diversity to firm performance have been widely studied. Research has shown that a diverse top management team can lead to improved firm performance, as it can bring a variety of perspectives and experiences to the table. This can lead to more creative problem-solving, better decision-making, and ultimately, higher levels of success. Additionally, a diverse top management team can help to foster a more inclusive and equitable workplace, which can further contribute to improved firm performance.

The Upper Echelon Theory (Hambrick & Mason, 1984) and the Critical Mass Theory (Kanter, 1984, 1987) are two invaluable frameworks for understanding the influence of top management diversity. By examining the effects of top management diversity, organizations can gain invaluable insight into how to create a more productive and equitable workplace. The Critical Mass Theory suggests that when a certain number of women are present in a leadership role, they can create a positive shift in the workplace culture and dynamics, resulting in increased productivity, improved morale, and greater diversity of thought and perspective (Kanter, 1984, 1987). The Upper Echelon Theory, on the other hand, posits that the composition of an organization's leadership can have a profound impact on its performance, culture, and decision-making processes (Hambrick & Mason, 1984). By increasing the number of women in upper-level positions, organizations can benefit from a more diverse range of perspectives, which can lead to improved problem-solving, greater creativity, and better decision-making. Furthermore, having more women in leadership roles can help to create a more equitable and inclusive workplace, which can lead to increased employee satisfaction and improved organizational

performance. In short, the Upper Echelon Theory and the Critical Mass Theory are invaluable tools for elucidating the impact of increasing the number of women in upper-level management roles, and can help organizations to create a more successful and profitable workplace.

2.1.2 Top Management Gender Diversity and firm performance

Several theoretical perspectives suggest that gender diversity in top management teams (TMTs) can have a positive impact on firm performance. It is difficult to measure the cognitive frames of top managers, so their observable characteristics, such as gender, are often used as proxies. Cognitive frames refer to the information searching and evaluation processes of top managers, which are shaped by their experiences, knowledge, and values (Post & Byron, 2014). This means that cognitive frames can influence the decisions and decision-making processes of TMTs, and ultimately, the performance of the firm. Research has shown that female and male managers may have different cognitive frames, so the proportion of women in TMTs is likely to have an effect on firm performance (Carpenter, 2002).

Female top managers can significantly expand the pool of knowledge available to the Top Management Team (TMT) due to their unique experiences and knowledge relative to their male counterparts. For instance, research has shown that female top managers tend to be more educated than their male counterparts (Carter et al., 2010; Hillman et al., 2002). Additionally, women are more likely to possess strengths in marketing and sales (Groysberg & Bell, 2013). Furthermore, female managers can improve the decision-making ability of the TMT by reducing the 'boys' network effect and 'groupthink' (Brennan & McCafferty, 1997). This is because, in the past, top managerial positions were often dominated by males, which increases the chance of women bringing different experiences and knowledge to the TMT due to their late entry into higher managerial positions. For example, women are more likely to come from non-business

backgrounds (Hillman et al., 2002; Singh et al., 2008). By leveraging the unique perspectives and experiences of female top managers, the TMT can benefit from a more diverse and comprehensive pool of knowledge.

Female top managers may differ in their values from their male counterparts. Consequently, the presence of women in the top management team (TMT) can not only affect the type of information that is taken into account when making decisions, but also the way in which decisions are made due to their distinct values (Post & Byron, 2014). Previous research has suggested that heterogeneous groups may be more successful than homogenous groups, as diverse groups are more likely to engage in discussions that promote the sharing and exchange of knowledge and information among group members (Loyd, Wang, Phillips, & Lount Jr, 2013). In line with this research, this paper argues that gender-diverse TMTs are more likely to create an environment in which the information held by each member of the team is carefully considered, discussed, and integrated. As women top managers tend to value interdependence, benevolence, and tolerance more than their male counterparts (Adams & Funk, 2012), they are more likely to foster the sharing of diverse information and collaboration among all team members. Bart and McQueen (2013) conducted a study in which top managers completed a test of moral reasoning, and reported that women top managers were more likely to use a cooperative decision-making approach when there are conflicting interests, which increases the chances of making fair decisions; however, male top managers were more likely to make decisions based on rules, regulations, and traditional ways of doing business or getting along (Post & Byron, 2014). Additionally, past studies have argued that women's personalities and leadership styles can influence upper-management group dynamics (Bao et al., 2014). For instance, women top managers tend to ask more questions (Broadbridge, Hearn, Huse, & Grethe Solberg, 2006).

Similarly, researchers have suggested that women top managers have the potential to broaden discussions on social responsibility and control issues due to their more socially-oriented nature than their male counterparts (Huse, Nielsen, & Hagen, 2009). Other studies have reported that women top managers tend to reduce intra-group conflict (Nielsen & Huse, 2010) because of their listening skills and sensitivity to others (Bao et al., 2014; Bilimoria, 2000). This implies that the presence of women in TMTs improves decision making quality (Amason, 1996).

It is evident from the above discussion that diverse perspectives provide access to valuable information for decision-making, which can significantly improve performance (Bao et al., 2014; Post & Byron, 2014). Women top managers bring a unique set of experiences, knowledge, and values to the table, thus diversifying the perspective available to a TMT. Consequently, increasing the number of women in top management positions may lead to greater profitability for the firm (Post & Byron, 2014). This is because a firm with a more gender-heterogeneous TMT is likely to access and assimilate a wider range of information, and have a better understanding of the marketplace and the firm's multiple stakeholders (Choi, 2007; Chung et al., 2015). This is in line with the argument that women top managers can stimulate multiple perspectives and improve deliberativeness in decision-making through their distinct values (Post & Byron, 2014). The implication here is that female top managers may contribute to the quality of decisions made by TMTS by expanding the pool of diverse viewpoints (due to their unique experiences and knowledge) available to the team, which, ultimately, boosts firm performance (e.g., financial, marketing, etc.). Based on these premises, the current study hypothesizes that the relationship between TMT gender heterogeneity (represented as a percentage of women) and firm performance (measured in terms of both accounting returns and marketing performance) is likely to be positive (e.g., Post & Byron, 2014).

2.1.2 Empirical Findings

Scholars suggest that demographic diversity at the firm level can lead to a number of advantageous outcomes, such as increased innovation, creativity, problem-solving ability, and competitive advantage (e.g., Richard, Barnett, Dwyer, & Chadwick, 2004). The strategic importance of TMTs' diversity has been increasingly acknowledged in the literature (Chung et al., 2015; Leung, & Rui, 2015; Darmadi, 2011). According to Dwertmann, Nishii, and van Knippenberg (2016), diversity can be defined as "the distribution of differences among members of a unit concerning a common attribute, X" [1138]. TMT diversity can be described as the extent of a TMT's demographic diversity, which is measured by the culture, nationality, gender, and experience of its members (Ben-Amar, Francoeur, Hafsi, & Labelle, 2013). Additionally, TMT diversity also refers to the composition and the varied combination of attributes, characteristics, and expertise contributed by individual team members to the TMT process and decision-making (Ingley & Van der Walt, 2003, p. 219). One particularly noteworthy characteristic of TMT that has been receiving much attention from researchers is gender (Joshi et al., 2015; Jurkus, Park, & Woodard, 2011; Lam, McGuinness, & Vieito, 2013; C.-R. Li, 2013, 2014; W. Li, Zhang, & Zhang, 2015).

For over the past five decades, gender has been a prominent topic of research in management. Many studies have focused on individual-level topics such as bias, gender stereotypes, gender norms, work-life balance, and differences in women's and men's behavior and preferences to explore the obstacles that impede women's advancement in the workplace (Joshi et al., 2015). However, scholars have criticized this "differences approach" to gender research as limiting (R. Ely & Padavic, 2007), and suggested that a structural approach is necessary to ensure gender inclusion in the workplace. This could include in-depth examination of gender-neutral work practices and processes at the job, work group, and organizational levels of analysis to reduce

barriers to women's advancement (Joshi et al., 2015, p. 1471). Similarly, Singh et al. (2001) argued that instead of simply examining barriers to promote top management diversity, a better understanding is needed of how female top managers contribute to group behavior and performance. This is largely the current state of gender research in management (Joshi et al., 2015).

The presence of women in higher-level decision-making processes, such as those of the top management team (TMT) and board of directors has become a major focus of policymaking in many countries. This is due to the potential impact of such involvement on organizational outcomes, as evidenced by the debates surrounding TMT diversity (Garcia-Meca et al., 2015). For example, some countries have implemented quotas for publicly traded and/or state-owned enterprises, while others have simply issued guidelines for diversity (Ferrero-Ferrero, Fernández-Izquierdo, & Muñoz-Torres, 2015; Singh, Terjesen, & Vinnicombe, 2008).

Research has suggested that women top managers are more likely to possess staff/support managerial skills such as legal, human resources, communications, and public relations, rather than operations and marketing functions, which is different from men (Zelechowski & Bilimoria, 2004). Additionally, women are more likely to have non-business backgrounds and to hold advanced degrees (Hillman, Cannella, & Harris, 2002), which can give firms a competitive advantage by allowing them to better manage diversity in their product and labor markets (Bilimoria & Wheeler, 2000).

The advantages of having female TMT/board members are also supported by pro-diversity researchers. These experts suggest that female members bring diverse viewpoints to the group, help minimize agency costs, and promote lively group discussion (Letendre, 2004) and transparency (Upadhyay & Zeng, 2014).

Furthermore, previous studies have argued that women are likely to be highly skilled and hardworking members of top management teams (TMTs) due to the "glass ceiling" phenomenon, which requires them to demonstrate additional competencies in order to reach upper-echelon positions (Eagly & Carli, 2003; Garcia-Meca et al., 2015). This is because women often face greater obstacles in their professional advancement than their male counterparts, making them more likely to be highly competent and dedicated to their roles.

As the number of women in upper management continues to rise, more studies have been conducted to explore the characteristics of these women (e.g., education, experience), the factors that contribute to their success, and the impact they have on organizational outcomes (Bao, Fainshmidt, Nair, & Vracheva, 2014). Recent research has focused on the effects of female leadership on organizational processes and outcomes (e.g., Bao et al., 2014; Ben-Amar et al., 2013; Blaschke, 2015; Cai, Liu, & Yu, 2013; Chung et al., 2015; et al., 2015; Darmadi, 2011; Dezso & Ross, 2012; Diaz-Garcia, Gonzalez-Moreno, & Jose Saez-Martinez, 2013; Garcia-Meca et al., 2015). These studies have revealed that women in upper management can have a positive influence on organizational performance, leading to improved efficiency, increased profitability, and better employee engagement.

Several scholars have examined the relationship between gender diversity in upper echelons and organizational outcomes, such as Bernardi, Bean, and Weippert (2002); Burke (2000); and Carter, Simkins, and Simpson (2003), and have found that increasing women's involvement at upper management can have a positive effect. Burgess and Tharenou (2002) argued that women executives can enhance a company's image with stakeholder groups, ensure better boardroom behavior, bring about new ideas and strategic change, and promote long-term competitive advantage. Brammer, Millington, and Pavelin (2009) found that the presence of women on the

board of directors can have a positive reputational effect on firms that operate close to final consumers. Similarly, Welbourne, Cycyota, and Ferrante (2007) asserted that women's presence in upper management is positively correlated with firms' innovation and problem-solving activities.

In addition, involving more women in TMTs is likely to enable firms to identify criteria for measuring strategy, monitor its implementation, follow conflict of interest guidelines, and adhere to an ethical code of conduct (Brown, Brown, & Anastasopoulos, 2002). Zelechowski and Bilimoria (2004) suggest that TMTs with more women are likely to improve employee and customer satisfaction, diversity management, and corporate social responsibility via their focus on non-financial performance parameters. This notion has been supported by Carter et al. (2003) in the US, Campbell and Mínguez-Vera (2008) in Spain, and Hutchinson, Mack, and Plastow (2015) in Australia, who have all underlined the positive association between women's involvement in upper management and financial performance.

Moreover, a study conducted by the European Corporate Governance Institute of the Boards of Directors (BODs) of 1,024 publicly traded firms argued that having more women on the BODs decreases the variability of stock returns, provides directors with more pay-performance incentives, and improves the frequency of board meetings (Adams & Ferreira, 2004). Subsequently, Krishnan and Park (2005) concluded that increasing the percentage of women on top management teams (TMTs) is associated with better firm performance (as measured by return on sales/return on assets).

Recent empirical studies have consistently found that board gender diversity increases performance, suggesting that the presence of women on boards improves governance and, consequently, firm profitability. For example, Bao et al. (2014) found that a higher percentage of

women on the top management team (TMT) reduces firms' legal risk, while Chung et al. (2015) suggested that in a supportive diversity climate, gender fault-line strength is likely to increase TMT's loyal behavior, leading to greater firm performance. Chakrabarty and Bass (2014) also contend that, in the case of microfinance institutions, more women are better at reducing operating costs, a finding that is consistent with the results of Strom, DEspallier, and Marsland (2014). Finally, Liu, Wei, and Xie (2014) examined the effect of gender diversity on performance in Chinese firms over the last decade and reported the existence of positive relationships, particularly when the number of women in a team is at least three.

Despite the inconclusive evidence on the effect of gender diversity on firm performance, most studies suggest that it has a positive effect. However, some studies (e.g., Adams & Ferreira, 2009) have reported a negative association under certain conditions, indicating that the relationship between gender diversity and firm value is complex. Other studies have found either a negative or no significant association between the percentage of TMTs and firm performance. For example, Smith, Smith, and Verner (2006) reported a negative relationship between board gender diversity and gross profits in a sample of Danish firms, while finding no statistically significant association between board gender diversity and other accounting measures of financial performance. In their comprehensive review, Terjesen, Sealy, and Singh (2009) examined over 400 empirical research works on the topic and concluded that the findings on the main effect of female involvement in senior management positions on performance are equivocal. Despite the controversial findings in the literature and the uncertain impact of women in upper management, most studies suggest that gender diversity has a positive impact on organizational outcomes (Garcia-Meca et al., 2015).

2.2 Research hypotheses

Based on the above discussions and premises, the following hypotheses were made.

Hypothesis 1: Women are underrepresented in the BoDs in the financial sector.

Hypothesis 2: Women are underrepresented in the TMTs in the financial sector in Ethiopia.

Hypothesis 3: Women are underrepresented in the LF in the financial sector in Ethiopia

Hypothesis 4: Women participation in top management teams positively influences firm performance.

Hypothesis 5: Women participation in Board of Directors positively influences firm performance.

Hypothesis 6: Women representation in the labor force is positively related to firm performance.

Hypothesis 7: Women Representation in BoD positively influences female representation in the top management team.

Hypothesis 8: Women participation in the labor force positively influences female representation in the top management team.

2.3 Conceptual framework of the study

A conceptual framework illustrating the proposed correlation between firm performance and female representation in the workplace, with the Board of Directors (BoD), Top Management Team (TMT), and Labor Force (LF) as key components, has been developed. This framework seeks to explore the potential impact of increased female representation in the BoD, TMT, and LF on the overall performance of the firm. By examining the relationship between female representation and firm performance, this framework can provide valuable insights into how organizations can leverage the power of diversity to improve their performance.

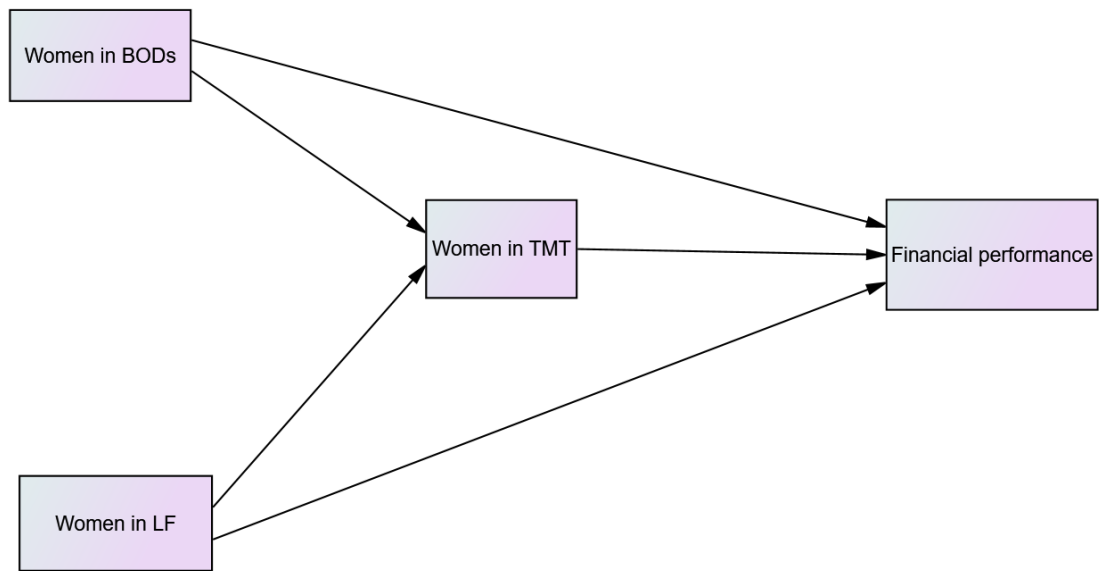


Figure 1 Conceptual framework (source: Authors)

Chapter Three

3 Methodology

3.1 The context of the Study

The modern financial sector in Ethiopia has a long history, dating back to 1905 when the Abyssinian Bank was established under a 50-year agreement with the Anglo-Egyptian National Bank. This marked the beginning of Ethiopia's insurance industry, as the Bank acted as an agent for foreign insurance companies to underwrite fire and marine policies. However, the emergence of Microfinance institutions is a much more recent phenomenon. In 1994, the Relief Society of Tigray (REST) launched an experiment to rehabilitate drought and war-affected people through the rural credit scheme, thus introducing the first microfinance service in Ethiopia.

In the 1940s, following the Italian departure, a well-structured financial system began to take shape in Ethiopia. In 1942, the State Bank of Ethiopia, a government-owned bank, was established. Several foreign bank branches and a private bank competed with the government-owned commercial bank until they were nationalized and merged into a single government-owned mono-bank in 1976. The command economy, along with political instability, had been a major obstacle to the growth of the financial sector in Ethiopia prior to liberalization. This command system stifled the competitive banking situation that had started to develop during the 1960s and continued until 1991. After the change of government in 1991, and the subsequent measures taken to liberalize and reorient the economy towards a system based on commercial considerations, the financial market was deregulated. Proclamation number 84/94 was issued to facilitate the deregulation and liberalization of the financial sector, and several private banks and insurance companies were established in its wake. Subsequent directives further deepened the

liberalization, including the gradual liberalization of the interest rate, foreign exchange determination, and money market operation.

Figure 2 illustrates the growth of the financial industry in Ethiopia from 2003/04 to 2018/19

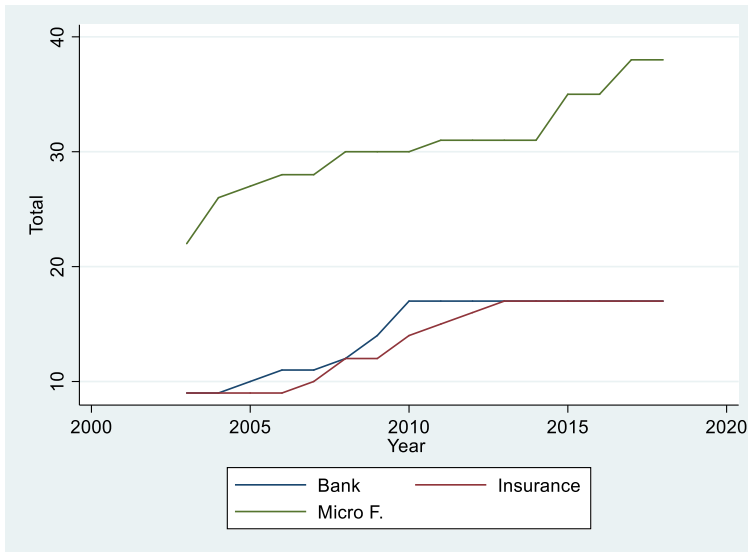


Figure 2 Number of financial firms in Ethiopia (2003/4-2018/19); Authors' computation

(National Bank of Ethiopia, 2020). During this period, the number of banks increased from nine to seventeen, insurance companies from nine to seventeen, and microfinance institutions from twenty-two to thirty-eight. By the end of 2018/19, the financial sector of

Ethiopia was comprised of seventeen banks (fifteen private and two public), seventeen insurance companies (one public and sixteen private), and thirty-eight microfinance institutions (eleven public, thirteen private, and fourteen NGOs) (NBE, 2019/20). This remarkable growth in the financial industry demonstrates the potential of Ethiopia's economy.

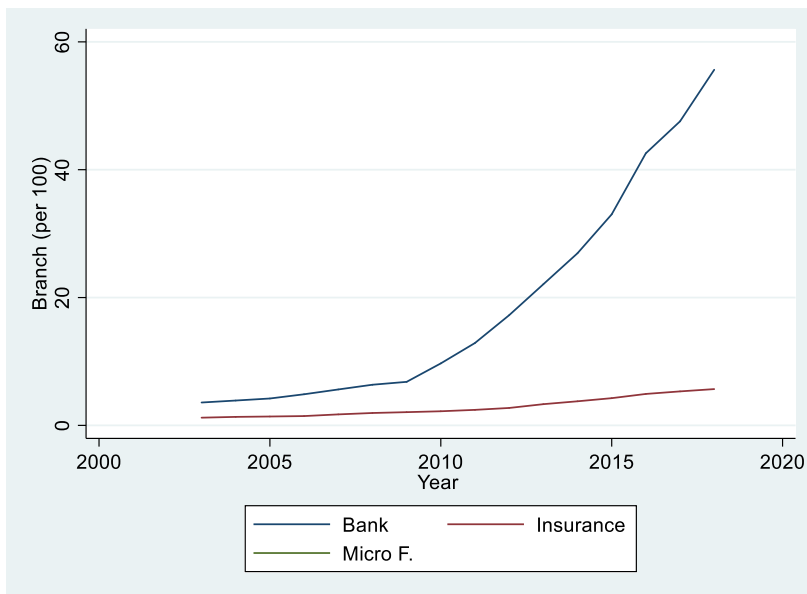


Figure 3 Number of branches opened by financial institutions in Ethiopia (2003/04-2018/19); Authors' computation

Figure 3 illustrates the growth of branches opened by banks and insurance companies from 2003/04 to 2018/19, as reported by the National Bank of Ethiopia. The number of bank branches has seen a remarkable surge, rising from 358 in 2003/04 to an impressive 5564 in 2019/20 (NBE, 2020). Similarly, the

number of insurance branches has grown from 121 in 2003/04 to 568 in 2018/19, indicating a steady increase in the number of financial services available to the public.

Fig. 4 illustrates the population-to-branch ratio for banks and insurance companies over the

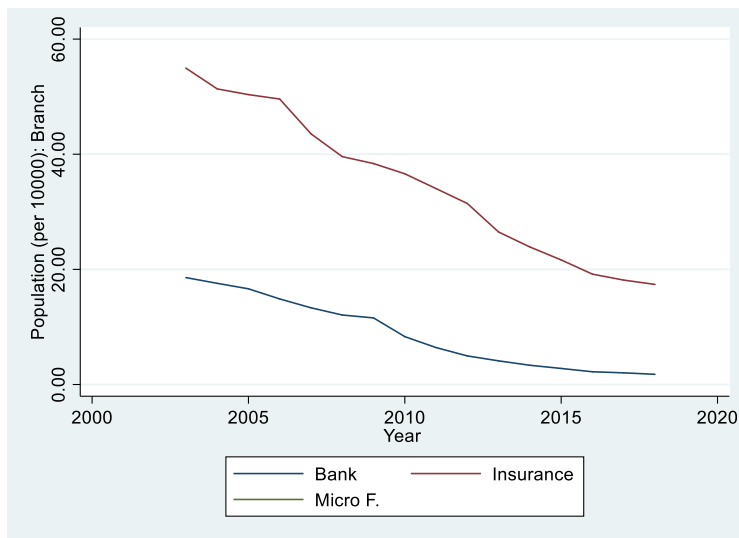


Figure 4 Population to Branch ratio of the financial institutions in Ethiopia (2003/04-2018/19); Authors' computation

2003/04-2018/19 period (National Bank of Ethiopia, 2021). During this period, the bank branch-to-population ratio decreased significantly from 1:185754 to 1:17732, while the insurance branch-to-population ratio dropped from 1:549587 to 1:173848. This trend analysis indicates that the financial

sector in Ethiopia has been expanding rapidly over the past decade and is projected to continue to grow in the foreseeable future.

3.2 Target Population & sample

The target population of the current study is financial institutions in Ethiopia, which are categorized into three groups: banks, insurance companies, and microfinance institutions. According to the National Bank of Ethiopia's 2018/19 Report, in 2019, Ethiopia had 18 commercial banks, 17 insurance companies, and 38 microfinance institutions operating in the country.

3.3 Sampling strategy

We surveyed all Banks and Insurance Companies operating in the financial industry and registered under the auspices of the National Bank of Ethiopia. All of these institutions had their headquarters in the capital, Addis Ababa. For the Micro Finance Institutions, only those with headquarters in the capital were included in the survey. As a result, data was collected from the headquarters of 18 Banks, 18 Insurance Companies, and 19 Micro Finance Institutions located in the main city of the country. Due to time and financial constraints, Microfinance Institutions that did not have offices in the capital during the study period were excluded from the survey. Therefore, our total sample was 51 financial institutions; institutions were our unit of analysis since our variables were measured at the firm level. A Chief Executive Officer (e.g., President, Vice President, etc.) from each sample participated in our survey. The CEOs were targeted as they are the key informants to our inquiries about their respective firms.

3.4 Data collection methods

We employed a self-administered questionnaire to gather our data. The questionnaire was designed to acquire company information regarding the total workforce, the number of women in the workforce, the size of the top management team, the number of women in the top

management team, the number of board of directors, the number of women in the board of directors, the year of establishment, the type of sector (bank, insurance, or microfinance), the profit of the last year, and so on. We requested the CEO of each firm to answer the list of questions in the questionnaire. To ensure accuracy, the questionnaire was tested on a small scale and modifications were made prior to its administration to the actual respondents.

3.5 Variable Definition and Measurement

Firm performance – We measured firm performance using last year's annual profit, which was transformed into a logarithm. We asked the CEOs to state their last year's annual profit in Ethiopian Birr. Previous studies have used performance indicators such as return on assets (ROA) and return on equities (ROE). However, due to the lack of access to financial data for many of our respondents, particularly insurance companies and microfinance institutions, we were unable to use these indicators.

Women representation in BoD (Women in BoD)- Women's representation on the board was quantified as a percentage of female board members. This figure was calculated by dividing the total number of women on the board by the total number of board members. This provides an accurate representation of the proportion of women on the board and allows for a comparison of gender diversity across different boards.

Women representation in TMT(Women in TMT) Women's representation in the top management team was quantified as a percentage of female members. This figure was calculated by dividing the total number of women in the top management team by the total number of individuals in the top management team. This metric provides a clear indication of the level of gender diversity in the upper echelons of the organization.

Women representation in the workforce (women in WF) Women's representation in the workforce was captured as a percentage of women in the company's workforce. That is, the total

number of women in the workforce was divided by the total number of employees in the company to determine the proportion of female employees. This figure provides an indication of the company's commitment to gender diversity and inclusion in the workplace.

Company age- The company's age was captured as the number of years since its establishment, providing a comprehensive overview of its longevity and success.

Bank dummy- used to capture the type of sector, where it is equal to 1 if the company is a bank, and 0 otherwise.

Insurance dummy- used to capture the type of sector, where it is equal to 1 if the company is an insurance, and 0 otherwise.

Data analysis methods

In addition to descriptive analysis of the data we collected, we attempted to estimate the relationship between women's representation and firm performance using linear regression analysis. We utilized Stata 15 software to conduct the analysis.

Chapter Four

4 Findings and Discussions

The current study aimed to investigate the impact of female representation in the labor force (LF), top management teams (TMTs), and board of directors (BoDs) on the performance of financial sector firms in Ethiopia. Additionally, the research sought to describe the average representation of females in the labor force, top management teams, and boards of directors in the financial sector. To answer these questions, primary data was collected and analyzed from 51 financial institutions in Ethiopia (Bank =16; Insurance = 16; Microfinance = 19) using a self-administered questionnaire. The following questions were addressed: 1) Are women underrepresented in the labor force and leadership positions in the financial sector in Ethiopia?; 2) Does increasing women's participation in top management teams increase firm performance?; 3) Does increasing women's participation in the Board of directors increase firm performance?; 4) Does increasing women's representation in the labor force increase women's participation in the top management teams?; and 5) Is having more women on the board of directors (BoD) related to women's representation in the top management teams (TMT)? The results of this study are discussed below.

4.1 The extent of women participation in Management of financial institutions

Table 1 illustrates the extent of women's participation in the management of financial institutions in Ethiopia, as well as the proportion of women working in the financial sector. This analysis seeks to evaluate the hypothesis that women are underrepresented in the workplace, particularly in developing countries, compared to their male counterparts. To test this argument, we examined women's representation in three different sectors across the financial industry in

Ethiopia. We examined women's representation at three levels: in the workforce, in the top management teams, and in the Boardroom.

As evidenced by the figures below (see also Table 1 in the Appendix), women are drastically underrepresented in the top management team and Board of Directors positions across all three sectors in Ethiopia. For instance, as seen in Figure 5, on average, women only account for 18% of the Board of Directors in the financial sector. Even more concerning, only 13% of the top management positions are held by women in this sector, as seen in Figure 3. On average, a financial firm's board consists of nine members, while the top management team comprises eleven members. This means that only two out of the nine directors are women, and only one out of the eleven top executives is a woman in the financial sector in Ethiopia. This stark disparity in representation is a cause for concern and should be addressed.

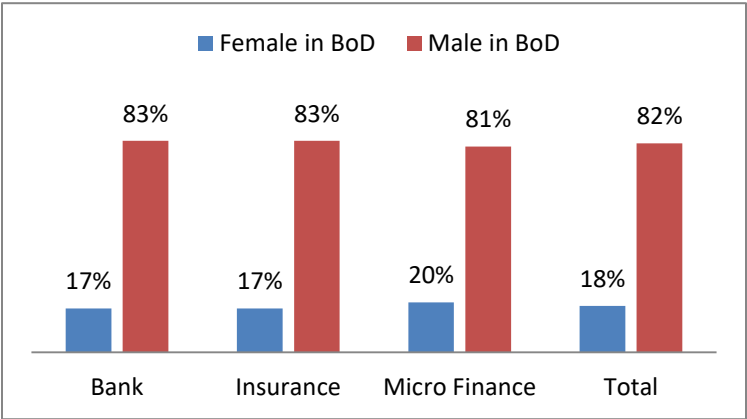


Figure 5 Proportion of women representation in the Board of Directors

It is evident from this analysis that the top management positions in the financial sector are heavily dominated by men, which is in line with the glass ceiling argument.

However, women make up a considerable portion of the workforce in the industry, accounting for an average of 39% of the total workforce. This disparity between the number of women in the workforce and the number of women in top management positions highlights the prevalence of the glass ceiling in the financial sector.

More specifically, as Figure 4 illustrates, women's representation in leadership roles (both top

management and director positions) is more prominent in the microfinance sector than in any other sector on average. For instance, 16% of the top management positions in the microfinance sector are filled by women, compared to 12% and 9% in the insurance and banking sectors respectively. Similarly, in the microfinance sector, approximately 20% of board members are women, while only 17% of board members are women in each of the other sectors, banking and insurance (see Figure 5). In comparison to the banking and insurance sectors, the microfinance sector is smaller in terms of capital, financial performance, and total workforce.

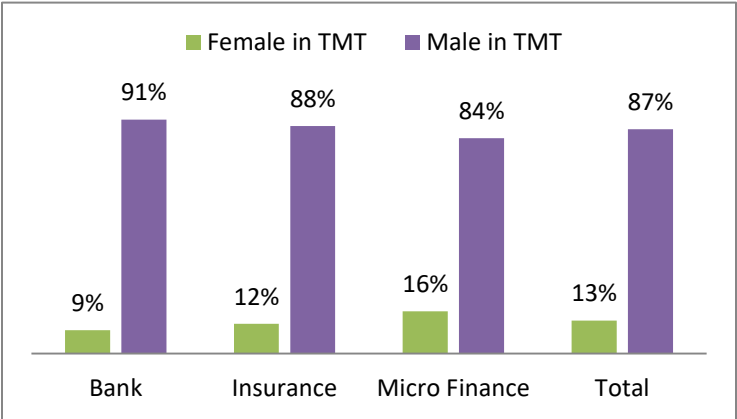


Figure 6 Proportion of women in the Top Management Team of the three sectors

The evidence that women's participation in decision-making is more prevalent in microfinance is indicative of the fact that women are often relegated to small enterprises

where they are paid significantly less than their male counterparts. This disparity in wages highlights the need for greater gender equality in the workplace, particularly in terms of decision-making power.

Another intriguing finding from Figure 7 is that in the insurance sector, the proportion of women in the labor force (49%) is equal to that of men (51%), far surpassing the proportion of women in the workforce in the other two sectors. However, women's participation in both top executive and director positions is distressingly low, at 17% and 12%, respectively.

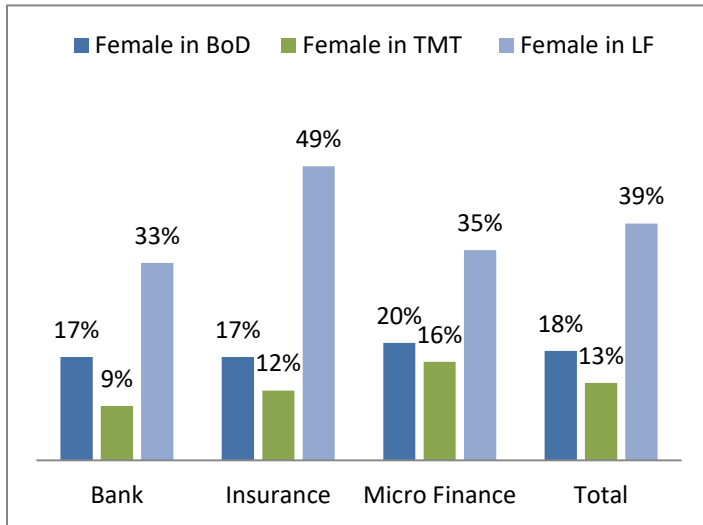


Figure 7 Proportion of women in the BOD, TMT, and LF across the Bank, Insurance and Micro Finance sectors

In general, women are relatively more represented on boards of directors than in the top management teams in the financial sector in Ethiopia. In other words, women are more likely to occupy directorial positions than executive positions in the sector.

Our research has statistically supported our hypothesis that women are underrepresented in the boards of directors, top management teams, and workforce of the financial sector in Ethiopia. Women's representation in the top management team is the lowest across the three sectors, followed by representation in the directors' board and representation in the workforce. Interestingly, women seem to have a better chance of being represented in microfinance sectors for both top management and directorship compared to the bank and insurance sectors. Additionally, the insurance sector tends to employ the highest proportion of women, followed by the microfinance and the bank sectors. Although the gender parity at the bottom is relatively promising, the disparity at the top remains quite significant.

4.2 The effect of women representation and financial performance in the financial sector

Table 1 demonstrates the regression analysis of the relationship between women's representation in the labor force, top management teams, and board directors. We tested the hypothesis that women's representation in team management teams is positively and significantly related to financial performance in order to understand whether increasing the participation of women in top management decision-making influences a firm's performance. Surprisingly, the results of

Model 3 in Table 1 revealed that women's representation in top management teams is significantly negatively related to a firm's financial performance ($p < 0.01$, $sd = 1.043$), controlling for women's representation in the boardroom, type of sector (Bank, Insurance or Microfinance), and firm's age. However, when we controlled for the proportion of women in the workforce along with the aforementioned control variables, the negative relationship between women's representation in top management and the firm's financial performance became statistically insignificant.

To gain further insight, we further disaggregated the effect by sector type into the bank sector, insurance sector, and microfinance sector, as seen in Table 2. The results showed that women's representation in the top management teams is negatively significantly related to financial performance only in the microfinance sector ($p < 0.01$; $SD = 1.123$). The relationship was positive for the banking sector and negative for the insurance sector, but statistically insignificant for both of them.

As previously discussed, the negative relationship between women's representation and performance in the labor force disappears when controlling for women's participation in the workforce. This may be attributed to several factors. Firstly, microfinance institutions are typically less competitive and profitable than banks and insurance companies. Additionally, data indicates that women are more likely to be represented in top management teams and board of directors in microfinance institutions than in other financial sectors. This could explain why the financial performance of microfinance institutions is generally lower than that of banks and insurance companies. Moreover, the uncompetitive nature of the sector may have attracted unskilled employees, further contributing to its lower performance.

Our second hypothesis posited that increasing women's representation on the board of directors would be positively correlated with a firm's financial performance; however, our results failed to provide statistical support for this claim. The relationship between women's representation on the board of directors and the firm's performance was found to be negative, yet statistically insignificant when controlling for other variables. This finding contradicts some of the previous studies that documented a positive relationship between women's representation and firm performance. Other studies, however, argued that the relationship is context-dependent. The majority of the studies that supported the positive effect of women's representation in directors' boards on firm performance was conducted in developed countries and did not focus on specific industry sectors. Therefore, we suggest that the lack of statistical support for our hypothesis may be attributed to the fact that the study was conducted in a developing country with an underdeveloped financial sector. Additionally, the financial sector in Ethiopia is heavily regulated by the government and is protected against foreign competition, unlike the financial sectors in other countries.

Table 1 Regression analysis showing the relationship between women representation at workplace and firm financial performance

Annual Profit (Log)	Model 1	Model 2	Model 3	Model 4
Female in TMT	-3.155** (1.138)	-2.861* (1.177)	-2.667* (1.043)	-1.629 (1.041)
Female in BOD		-0.697 (1.013)	-0.675 (0.885)	-0.925 (0.851)
Bank dummy			0.453 (0.345)	0.594 (0.342)
Insurance dummy			0.227 (0.307)	1.079* (0.437)
Company age			0.0304** (0.0101)	0.0240* (0.0101)
Female LF				-4.430* (1.695)
_cons	8.151*** (0.205)	8.195*** (0.243)	7.355*** (0.350)	8.702*** (0.624)
<i>N</i>	33	32	32	29
<i>R</i> ²	0.199	0.217	0.475	0.605
adj. <i>R</i> ²	0.173	0.163	0.374	0.497

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Our third hypothesis posits that female representation in the workforce has a positive effect on a firm's financial performance. Surprisingly, our findings indicate that the proportion of women in the workforce is actually negatively correlated with a firm's financial performance, with a p-value of less than 0.01 and a standard deviation of 1.695, controlling for other variables. This

unexpected result may be due to the fact that less-skilled women are more likely to join lower-performing financial firms, such as microfinance institutions.

Table 2 regression analysis that shows the relationship between women representation at workplace and firm performance disaggregated by sector type

Annual Profit (Log)	(Bank) Model 1	(Insurance) Model 2	(Micro Finance) Model 3
Female in TMT	15.05 (6.692)	-0.289 (1.299)	-4.767* (1.123)
Female in BoD	-9.579 (4.977)	-0.956 (1.491)	-0.240 (0.837)
Company age	0.0292 (0.113)	0.00247 (0.0333)	0.0301 (0.0177)
Female in LF	-18.82 (10.38)	-2.412 (6.970)	-4.018 (2.316)
_cons	13.30* (3.582)	8.923** (2.195)	8.078** (1.403)
<i>N</i>	8	11	9
<i>R</i> ²	0.873	0.153	0.881
adj. <i>R</i> ²	0.703	-0.412	0.761

Standard errors in parentheses
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

4.3 The relationship between women representation in TMTs, BoDs, and Workforce

Table 3 demonstrates the correlation between women's representation in top management teams, the board of directors, and the workforce in the financial sector. Our fourth hypothesis postulates that women's representation on the directors' boards is positively associated with women's participation in the top management team of a firm. As can be seen in Model 1 of Table 3, there is a statistically significant positive correlation ($p < 0.05$; $SD=0.165$) between women's representation of BoDs and women's representation in TMTs. However, when controlling for

other variables such as women's participation in the labor force, sector dummy, and company age, the positive relationship becomes statistically insignificant.

Our fifth hypothesis posits that female representation in the workforce has a positive effect on firm performance. However, as Table 3 (Models 2, 3, and 4) demonstrates, this hypothesis is not supported statistically; while the relationship between the two variables appears to be positive, it is not statistically significant.

Table 3 Regression analyses showing the relationships between women representation in top management teams, board of directors and workforce in the financial sector

Female in TMT	Model 1	Model 2	Model 3	Model 4
Female in BoD	0.482** (0.165)		0.202 (0.143)	0.163 (0.148)
Female LF		0.226 (0.160)	0.172 (0.176)	0.298 (0.223)
Bank dummy				-0.0604 (0.0588)
Insurance dummy				-0.0860 (0.0594)
Company age				-0.000276 (0.00176)
_cons	0.0671 (0.0394)	0.0412 (0.0664)	0.0250 (0.0718)	0.0332 (0.0915)
<i>N</i>	45	39	37	37
<i>R</i> ²	0.165	0.051	0.099	0.169
adj. <i>R</i> ²	0.146	0.025	0.046	0.036

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

We further disaggregated the relationship between women in the top management team and women in Boards of Directors (BoDs) and workforce by sector to understand if the relationship

is sector-dependent, as shown in Table 4. The first three models revealed a positive correlation between women's representation and women's presence in the board of directors for the three sectors, with the relationship being statistically significant only for the banking sector. When we controlled for women's representation in the workforce for the three sectors (Models 7, 8, and 9), the relationship became statistically insignificant. This suggests that the significant positive correlation between the two variables was mainly driven by the banking sector. Similarly, the relationship between women's representation in the workforce and women's participation in executive positions in a firm was statistically significantly positive in the banking sector only, although it was positive across the board. Even after controlling for female representation in the board of directors, female representation in the labor force still positively influenced women's participation in higher managerial positions. Our hypotheses were partly supported and partly not, indicating that the relationships might be context-dependent, providing a foundation for further research.

Table 4 Regression analysis showing the relationship between women representation in TMT, BoDs, and workforce disaggregated by sector type

	(Bank)	(Insurance)	(Micro F)	(Bank)	(Insurance)	(Micro F)	(Bank)	(Insurance)	(Micro F)
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Female in TMT									
Female in BOD	0.811*** (0.180)	0.124 (0.283)	0.379 (0.293)				0.476 (0.218)	0.193 (0.354)	-0.0528 (0.188)
Female in LF				1.222** (0.286)	0.197 (0.654)	0.0772 (0.245)	0.832* (0.336)	-0.0434 (0.822)	0.0872 (0.256)
_cons	-0.0445 (0.0379)	0.102 (0.0538)	0.152 (0.0854)	-0.294* (0.0949)	0.0234 (0.326)	0.137 (0.0917)	-0.264* (0.0868)	0.104 (0.396)	0.144 (0.0982)
N	13	15	17	10	14	15	9	13	15
R ²	0.650	0.015	0.100	0.695	0.008	0.008	0.890	0.029	0.014
adj. R ²	0.618	-0.061	0.040	0.657	-0.075	-0.069	0.854	-0.165	-0.150

Standard errors in parentheses

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Chapter Five

5 Conclusions, Recommendation, and Future Research Directions

5.1 Conclusions

The purpose of this study was to assess the level of gender parity in the financial sector of Ethiopia, and to determine whether improving gender equality in all positions, such as top management, board of directors, and workforce, is feasible. To this end, we tested several hypotheses using primary data collected from 51 financial institutions, including 16 banks, 16 insurance companies, and 19 microfinance institutions. Our results allow us to draw the following conclusions.

Gender disparity in management positions is significantly higher in the financial sector in Ethiopia compared to non-managerial positions. On average, only one out of eleven top management positions are filled by women, while only two out of nine board members are women. This indicates that women have a greater chance of being represented on the board of directors than in the top management team. Although the gender parity at the bottom appears to be promising, unfortunately, few women employees advance to management positions compared to their male counterparts, demonstrating the presence of the glass ceiling effect in the industry.

The relationship between women's representation at different levels and firm performance appears to be unclear. We were unable to find a clear correlation between the two variables. For instance, we found a negative significant relationship between women's representation and firm performance in the finance sector, but were unable to find a significant relationship between these variables in the bank and insurance sectors. This is in line with the findings of previous studies, which argued that women's representation and firm performance are context-dependent. Furthermore, women's representation on the board of directors in the financial sector does not

seem to be influencing the performance of firms in the financial sector. Surprisingly, women's representation in the workforce was found to negatively influence the financial performance of firms, which is contrary to our original expectations.

Finally, having more women on the board of directors and in the workforce (non-managerial positions) is positively correlated with women's advancement to top management positions, though not always. This is true for the banking sector, but not for the insurance and microfinance sectors.

5.2 Recommendations

This paper makes both practical and theoretical contributions. Theoretically, it increases our understanding of the relationship between gender diversity in top management and board of directors and firm performance. The findings of this study support the contingency theory of management, demonstrating that the relationship between gender diversity and performance is context-specific. Practically, the results of this study can be used by practitioners and policymakers to design interventions to reduce the gender gap in the workplace and the country at large. Notably, the financial sector was found to have particularly poor gender parity at the top, providing a strong incentive to take action.

Interventions aiming to promote gender equality at the grassroots level, such as affirmative action for women during recruitment processes, can help to increase the representation of women in the workforce and, consequently, their presence in top management positions. However, it is important to be mindful of the potential risks of over-implementation. Similarly, policy interventions that increase women's representation in the boardroom, such as the quota system, can contribute to gender parity by facilitating women's advancement to executive positions. However, simply increasing the number of women in top management roles may not be enough

to achieve the desired outcomes. Capacity-building interventions, such as leadership training and confidence-building, should be designed and offered to women, as they are often less likely to possess these skills due to cultural factors, such as the "think manager, think male" stereotype.

5.3 Limitations and Future Research Directions

The current study findings are not without limitations and should be used with caution. Data was collected from all financial companies operating in the industry at the time of the study, which may not accurately reflect the reality in other sectors of the economy due to the unique nature of the financial sector. To address this, future studies should replicate this research in other sectors such as the manufacturing and public sectors. Additionally, the annual profit was used to measure financial performance since it was the best available metric when conducting the study; however, future researchers could use firm performance indicators such as return on assets (ROA), return on equity (ROE), and market share to gain a better understanding of the relationship between women representation in decision making and firm performance. Furthermore, the estimation may suffer from low power due to the small number of financial firms in the country, so future researchers should replicate this study with a larger sample size. Finally, this study focuses on one industry, the financial industry, so future researchers should consider conducting a cross-industry analysis to further explore this area of research.

Despite the fact that it has been established in the literature that organizations vary in terms of their diversity management practices, the role that organizational (micro) level differences may play in the relationship between diversity and performance has yet to be empirically investigated. Specifically, it is not well documented whether firm-level variables moderate the relationship between women representation in the top management team (TMT) and company performance. For instance, numerous studies have suggested that a diverse climate affects social comparisons

and the salience of intergroup differences. Diversity climate refers to shared perceptions among employees in a unit that people are treated fairly and are integrated into the work environment regardless of background. It has been argued that less supportive diversity climates intensify social categorization, which, in turn, affects team performance, while more supportive diversity climates inhibit social categorization. Surprisingly, relatively little is known about whether diversity climate moderates the link between TMT gender diversity, particularly women representation in TMT, and company performance. Therefore, future researchers should examine whether or not diversity climate has an effect on the relationship between TMT gender diversity and company performance.

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Appendix

Table 5 Summary of female representation in the financial sector in Ethiopia

	Bank	Insurance	Micro Finance	Total
Female in BoD	0.172 (0.163)	0.172 (0.109)	0.195 (0.194)	0.182 (0.157)
Male in BoD	0.828 (0.163)	0.828 (0.109)	0.805 (0.194)	0.818 (0.157)
Female in TMT	0.0907 (0.166)	0.116 (0.122)	0.164 (0.126)	0.129 (0.135)
Male in TMT	0.909 (0.166)	0.884 (0.122)	0.836 (0.126)	0.871 (0.135)
BoD total	10.67 (1.414)	9 (0.577)	7.267 (1.486)	8.703 (1.808)
TMT total	11.44 (5.388)	11.77 (3.032)	8.867 (6.791)	10.51 (5.419)
Female in LF	0.328 (0.106)	0.488 (0.0471)	0.349 (0.142)	0.393 (0.127)
Male LF	0.672 (0.106)	0.473 (0.129)	0.651 (0.142)	0.594 (0.155)

Mean coefficients; sd in parentheses; BoD stands for Board of Directors; TMT refers to Top Management Team; LF stands for labor force.