# Article information:

Does gender diversity on corporate boards reduce information asymmetry in equity markets? - ScienceDirect  
<https://www.sciencedirect.com/science/article/pii/S2340943617300142>

# Article summary:

1. The presence of women on corporate boards increases the quantity and quality of public disclosure by firms, leading to lower levels of information asymmetry in the market.

2. Using a Spanish sample and proxies for information asymmetry estimated from high-frequency data, the study found a negative association between gender diversity on boards and the level of information asymmetry in the stock market.

3. The findings support changes in laws introduced in several countries to increase the proportion of female company directors, providing evidence that gender diverse boards have beneficial effects on stock markets.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article "Does gender diversity on corporate boards reduce information asymmetry in equity markets?" examines the relationship between gender diversity on corporate boards and the levels of information asymmetry in the stock market. The authors argue that firms with higher gender diversity on their boards are likely to show lower levels of information asymmetry in the market because women directors increase the quantity and quality of public disclosure by firms.

The study uses a Spanish sample, proxies for information asymmetry estimated from high-frequency data along with system GMM panel methodology, and finds a negative association between gender diversity on boards and the level of information asymmetry in the stock market. The authors conclude that their findings support changes in laws introduced in several countries to increase the proportion of female company directors by providing evidence that gender diverse boards have beneficial effects on stock markets.

While this study provides valuable insights into the relationship between board diversity and information asymmetry, it has some potential biases and limitations. Firstly, it only focuses on one country (Spain), which may limit its generalizability to other contexts. Secondly, it assumes that greater gender diversity leads to better disclosure practices without considering other factors that may influence disclosure practices such as firm size or industry type.

Moreover, while the authors provide evidence for a negative association between gender diversity and information asymmetry, they do not explore potential counterarguments or alternative explanations for their findings. For example, it is possible that firms with lower levels of information asymmetry are more likely to appoint women directors rather than vice versa.

Additionally, while the authors acknowledge that previous studies have found mixed results regarding the impact of female presence on corporate boards on different aspects of management such as decision-making or risk-taking, they do not fully address these inconsistencies or provide a comprehensive overview of existing literature.

Overall, while this study provides important insights into the relationship between board diversity and information asymmetry, it is important to consider its potential biases and limitations when interpreting its findings. Further research is needed to fully understand how board diversity affects various aspects of corporate governance and performance.

# Topics for further research:

* Impact of board diversity on decision-making and risk-taking in firms
* Factors influencing disclosure practices in firms beyond board diversity
* Cross-country analysis of the relationship between board diversity and information asymmetry
* Potential biases in studies examining the impact of female presence on corporate boards
* Overview of existing literature on the impact of board diversity on corporate governance and performance
* Effectiveness of laws aimed at increasing the proportion of female company directors in different countries.

# Report location:

<https://www.fullpicture.app/item/3e6ce3ada962e69a0a07a8aea91a971c>