

BOOK REVIEW

Roles of Female Executives in Corporate Governance Practices: Evidence from China

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I began my review of this book with great anticipation. As a professor of management science, I am always looking for a fresh, new book about helping corporate governance change for the better. This book, authored by Zhang Changzheng, is particularly interesting to me because it focuses on systematically investigating both the negative and positive consequences of female executives' participation in corporate governance under the background of China. Since there is a significant inadequacy of the literature on female executives' consequences within Chinese enterprises, the book is definitely worth reading.

Just as presented in the preface, the book respectively reveals the direct effects of female executives on financial performance (Chapter 1), social responsibility performance (Chapter 2), accounting conservatism (Chapter 3), cash holdings (Chapter 4) and competitive strategy (Chapter 5) and explores the indirect moderation effects of female executives on CEO power (Chapter 6) and staff turnover (Chapter 7). Some of the findings are truly excellent.

Chapter 1 to Chapter 5 address female executives' direct consequences. Chapter 1 investigates and compares the relationships between female executives' participation in corporate governance and firm performance in different industries and regions. Its most remarkable contribution is that "female-friendly industries," "female-neutral industries," and "female-discriminative industries" (p25) are identified; Chapter 2 investigates the links among female executives, corporate social responsibility performance and firm size. Its most eye-catching finding is that firm size can weaken female executives' positive attitudes toward corporate social responsibility activities significantly; Chapter 3 comprehensively investigates how the relationship between female executives and accounting conservatism changes in different life cycle stages. Its most impressive finding for me is that females in "key leadership positions" (p108), including female directors, female CEOs, and female CFOs, would be helpful in improving accounting conservatism; Chapter 4 investigates the links between female executives and cash holdings decisions at different life cycle stages by adopting the dynamical framework of the Enterprise Life Cycle Theory and drawing on the perspectives from the literature on gender diversity and cash holdings. Its most valuable finding is that female executives would show "the strongest positive attitude towards cash holdings in the maturity stage" out of the motivation of risk-aversion (p.144); Chapter 5 investigates how female executives directly affect competitive strategies. Its most eye-catching finding for me is that a U-shaped relationship exists between female executives and the adoption possibility of a differentiation strategy.

Chapter 6 and Chapter 7 address female executives' moderating roles in corporate governance. Chapter 6 aims to examine the linkages between CEO attributes and CEO power. The most important contribution of this chapter is that, for the first time, the book systematically reveals the intrinsic relationship between rich CEO attributes and CEO power arrangements, "enriching the research literature of the Upper Echelon Theory and the Managerial Power Theory"(p.242); Chapter 7 addresses the moderating role of female executives' participation in affecting the effect of external horizontal pay gap (EHPG) of non-executive employees between enterprises on employee turnover. Its most important contribution is that "female executives' participation can weaken the positive link between the EHPG and employee turnover" by improving the quality of pay communication (p.343).

On the whole, when you read the book by Zhang Changzheng, both theoretical significance and practical implications would emerge as follows. From the theoretical perspective, this book, in an unprecedentedly comprehensive manner, discusses and confirms the effects of female executives on seven critical organizational issues by considering both the fixed and contingent effects with the most recent data than most of the existing publications do, instead of only considering its direct effects on a single issue, e.g., firm performance. And amounts of new valuable findings have been reached by this book, which are of significance in helping us identify the roles of female executives in corporate governance practices; From the practical perspective, the book not only reveals the consequences of female executives from systematical perspectives, but constructs effective countermeasures and suggestions, which are helpful in making full use of the positive effects of female executives' participation, while minimizing the potential negative consequences of female executives' participation. Such countermeasures can provide good guidelines for each stakeholder on multiple critical governance issues.

Of course, there are still several disappointing limitations in this book, and quite a few topics deserve further in-depth exploration. For the first example, the empirical data of Chapter 2 have indicated that "the impact of independent directors on social responsibility performance is also affected by firm size" (p.71). In my opinion, this result has critical theoretical relevance and practical value. However, this chapter has not addressed the problem in depth. For the second example, though the further exploration in chapter 4 proves "the moderating effect of a few corporate governance variables other than the enterprise life cycle on the link between female executives and cash holdings" (p.159), the specified moderating mechanisms have not been revealed. Future research may pay more attention to enrich the understanding of the context-dependent nature of the link between female executives and cash holdings. For the third example, just as mentioned by the author, "though the participation of female executives, measured by the ratio of female executives, the number of female executives, and the BLAU index, has been addressed regarding how it moderates the relationships between CEO attributes and CEO power in Chapter 6, future research should explore the knowledge of how the specified attribute of female executives changes these relationships" (p.300).

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