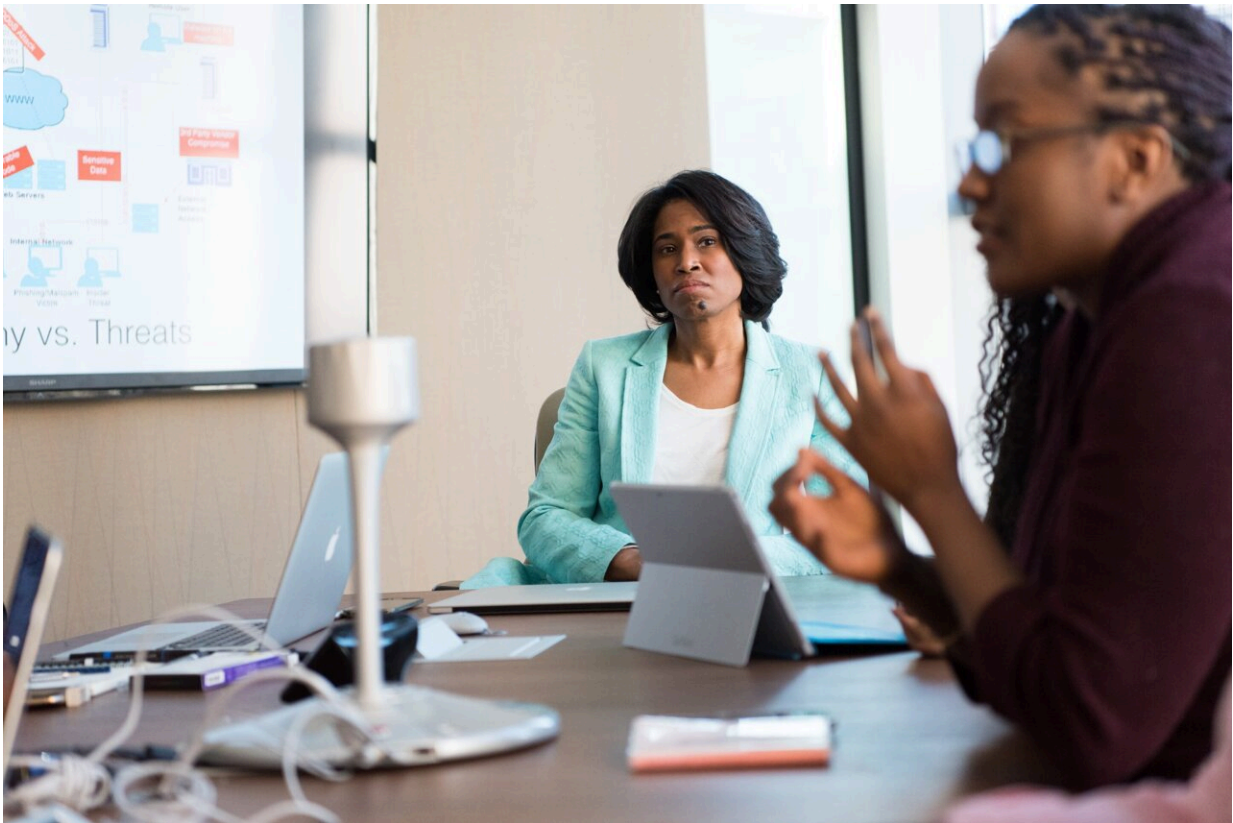


Are women CEOs more risk-averse than men? Not necessarily, study shows

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According to a commonly held assumption, women CEOs are more risk-averse than their male counterparts. Some studies have even demonstrated that women in top leadership roles are less likely than men

to engage in acquisitions.

But that impression is woefully misleading, according to new research co-authored by Timothy Hannigan in the Alberta School of Business. The study, [published](#) recently in the *Strategic Management Journal*, shows that while female CEOs of major firms make fewer acquisitions—one key measure of strategic decision-making—than men on average, that difference disappears when they are under high levels of scrutiny.

"Many do acquire, and some make substantial acquisitions," write the study's authors, pointing to former Yahoo CEO Marissa Mayer, who acquired 53 companies for more than \$2 billion over four years; Hewlett-Packard CEO Carly Fiorina, who purchased Compaq for \$25 billion; and IBM's Ginni Rometty, who acquired Red Hat for \$34 billion.

"We show that in high-scrutiny contexts—in the form of dynamic industry conditions, intense media coverage or high board power relative to the CEO—the difference between male and female CEO acquisition activity disappears," write the authors. "In contrast, when these forms of scrutiny are low, the difference between male and female CEOs' acquisition activity is exaggerated."

When not under high levels of scrutiny, the researchers found, [women](#) tend to process information differently from how men do, engaging "in more detailed and effortful consideration of available data."

The research, led by Daniel Gamache from the University of Georgia, examined the number and dollar amounts of acquisitions at some 1,700 firms, collecting more than 10,000 observations. Hannigan—who joined the team at the Oxford Centre for Corporate Reputation where he was a postdoctoral fellow—employed an AI-generated data platform called RavenPack to target media coverage of female CEOs.

The results showed that while all top leadership positions come with a high level of scrutiny, the glare of the spotlight may have a differential impact on women.

"When you become a CEO and you're a woman, you are looked at differently," former PepsiCo CEO Indra Nooyi told *The New Yorker* in 2018. "You are held to a different standard."

When women are under less scrutiny, with the time and mental energy to carefully consider acquisitions, they will often find reasons to block them or move more slowly. As the pressure of scrutiny rises, they "engage in evaluation processes more similar to male CEOs" and "regress towards the norm," says Hannigan.

"Context and situation matter. The essentialist argument (that women are born with certain characteristics) does not hold up. It's not an adequate explanation of behavior. Scrutiny as a contextual factor is necessary to better understand female CEOs' actions."

Some business observers are even beginning to question whether high levels of acquisitions are always a good thing, he adds. "Is it a function of empire building, a function of hubris? I don't think we have a firm answer yet."

Aggressively pursuing acquisitions may be the norm—especially in North America, where the majority of big firms are led by men. But if women are more careful with acquisitions, "That might actually be a benefit when it comes to shareholder value," says Hannigan.

The bottom line is that focusing on a CEO's gender in isolation paints "an incomplete picture of upper-echelon decision-making," he says.

"To say that women are conservative, and that's just how they were born,

is not very helpful. The fact that their behavior shifts depending on conditions speaks to the dynamism of female CEOs and how they act."

Gamache notes that the study opens up new directions for research in strategic management about women CEOs.

"There are still not enough female CEOs to fully understand whether there are specific performance implications of these differences. However, the market often views [acquisitions](#) skeptically, so female CEOs may be right to acquire less. If this is true, those benefits may be diminished in high-scrutiny contexts," he says.

The study's co-authors also include Cynthia Devers from Virginia Tech University and Felice Klein from Boise State University.

Hannigan's research follows a similar [study](#) by U of A business professor Jennifer Jennings, Canada Research Chair in Entrepreneurship, Gender and Family Business, debunking the myth that female business leaders lack confidence.

More information: Daniel L. Gamache et al, Shifting perspectives: How scrutiny shapes the relationship between CEO gender and acquisition activity, *Strategic Management Journal* (2023). [DOI: 10.1002/smj.3529](#)

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