

Abstract:

In 2017, “The Big Three” institutional investors (BlackRock, State Street, and Vanguard) launched campaigns to increase gender diversity on corporate boards. Using difference-in-differences estimation, we find that their campaigns led firms to add at least 2.5 times as many female directors in 2019 as they had in 2016 and increased a female director’s likelihood of holding a key position on the board, including chairperson of the nominating and audit committees. Evidence suggests that firms achieved these gains by relying less on their existing networks to identify qualified candidates and by placing less emphasis on candidates’ executive and board experience. Our results highlight the potential for shareholder advocacy to expand women’s participation in corporate leadership and the ability of index investors to influence firms’ governance structures.