

ABSTRACT

Against the backdrop of low but increasing female directorship in the Indian context and the looming female quota imposition post the Companies Act of 2013, this paper studies the market reaction to appointment of female directors. It also examines how the market reaction for females differs vis-à-vis male director appointments. The study uses empirical data on the BSE 200 firms from 2000 to 2012 subject to the availability of data. The female directorship over the last 10 years has hovered around 3% and as of 2012 40% of the BSE 200 companies had atleast 1 female director. Although we document that more women tend to serve on better performing firms, the performance of firms with atleast one female director is not significantly different from that of firms with no female directors. In order to investigate the impact of the appointment of a director on stock markets, the event study methodology has been used. The cumulative average abnormal returns are tested for significance using the t-test. The results indicate that the market reaction to the appointment of a female director is not significant. An even more interesting result is that the reaction to female appointments is not significantly different from that to male appointments.