

You're Fired! Gender Disparities in CEO Dismissal

Research published in *Journal of Management* examined whether CEO gender influences the likelihood of dismissal and under what circumstances gender differences are likely to occur. The authors argued that, given the relatively low representation of women in CEO positions, female CEOs are more visible and subject to great scrutiny than their male counterparts. Further, because poor firm performance is a strong driver of dismissal, they argued that male and female CEOs would be equally likely to be dismissed if the firm was performing poorly. However, male CEOs would be significantly less likely to be terminated when the firm was performing well.

Key Takeaways:

- Female CEOs were 45% more likely to be dismissed than male CEOs.
- The dismissal of female CEOs was less influenced by firm performance than the dismissal of male CEOs.

The researchers examined 2,390 firms from 2000-2014 and identified 617 involuntary departures of CEOs, excluding retirement, illness and death. While the overall rate of terminations was small (3%), women were significantly more likely to be dismissed than men. Not surprisingly, CEOs were also more likely to be terminated when the firm was under performing. When firm performance was low, the risk of termination was similar for male and female

CEOs, but when firm performance was high, the probability of termination decreased for male CEOs.

There were other differences between male and female CEOs. Female CEOs are younger, more likely to be hired from within the firm, less likely to be chairperson and less likely to have a finance background. Female-led firms were smaller, had smaller boards and lower market-adjusted returns. Statistically controlling for these and other factors did not affect the results. The authors caution that while the observed gender disparities suggest the potential for bias, further research is needed on the specific reasons why male and female CEOs are dismissed.

Source: Gupta, V. K., Mortal, S. C., Silveri, S., Sun, M., & Turban, D. B. (2018). You're Fired! Gender Disparities in CEO Dismissal. *Journal of Management*.
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