THE RELATIONSHIP BETWEEN DIVERSITY, GENDER AND ACCOUNTING

LA RELACIÓN ENTRE DIVERSIDAD, GÉNERO Y CONTABILIDAD

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Extensive studies in management literature may be found on the effects of diversity in organizations in general, and in work teams and boards in particular (Milliken and Martins, 1996; Jackson et al, 2003; see Carpenter, Geletkanycz and Sanders, 2004). Among these effects, we may highlight the positive influence of diversity on organizational management and performance, since diversity provides managers with a broader view of problems and a rich portfolio of responses to market demands, which facilitates swift recognition of strategic opportunities (Pitcher and Smith, 2001; Carpenter et al., 2004). Research on the distinction between heterogeneous vs. homogeneous boards has focused on analyzing how organizations face changes; arguing that homogenous boards facilitate rapid decision-making and reduce the risk of conflicts within a team. Furthermore heterogeneous boards also stimulate the search of new alternatives and courses of action that enable organizations to improve corporate performance (Finkelstein and Hambrick, 1996).

Diversity in teams can be grounded in multiple factors such as cultural, functional, social and demographic variables; gender, as a demographic variable, has received increasing attention in the literature (Claes, 1998; Weyer, 2007). In the past two decades, women have significantly increased their presence in universities and colleges (Ballarin, 2001) and have gradually increased their presence in many organizations at managerial level (Gomez-Anson, 2005). Moreover, their participation in the accounting profession has become more salient, having surmounted difficulties and barriers to their entry (Wootton and Kemmerer, 2000). However, they still face discrimination on the grounds of gender (Whiting and Wright, 2001). For instance, we note that women represent a very small percentage of staff in managerial positions, because they still face an invisible barrier or "glass ceiling" that hampers their chances of accessing higher positions in the organization (Weyer, 2007).

From an economic perspective, organizations should be aware that they may lose the added value of highly educated and trained employees if they fail to employ women in managerial positions (Weyer, 2007; Ballarin, 2001). From a social perspective, organizations can lose highly prepared staff, capable of understanding the needs of both customers and colleagues

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and responding swiftly and flexibly to market demands (Rosener, 1990; Claes 1999). These two perspectives are used in different disciplines (e.g. sociology, psychology, management and accounting) to address the topic of diversity and gender in organizations. Ely and Padavan (2007) concluded that studies on diversity and gender in organizations make individual contributions to the literature but have important global limitations, which may explain why theoretical research on gender and diversity has struggled to make further progress. Most literature that examines differences between women and men at an organizational level is not explicitly based on a theoretical framework, although there are several that deal with this topic (eg Human Capital Theory or Agency Theory) at the level of the individual employee, the board, the business or industry (Terjesen et al., 2009)[1].

This issue addresses the role of gender and diversity from both an economic and a social theoretical perspective. It also addresses various issues that analyze different aspects of gender and diversity in business, and the effects of these variables on behavior and organizational performance. Firstly, gender is studied as a system, by considering differences in male and female values, experiences and behavioral patterns. In other words, rather than as a unitary construct, gender is analyzed as a set of characteristics and expectations, which lead to different interpretations of the same information, and also different managerial styles. Secondly, an analysis of gender identity is based on social structure, tradition and social processes that lead women and men to confront economic and business processes in different ways. Driga and Prior (2010) have argued along these lines that women rather than men attempt to integrate social and family processes in the business management, since women consider the profit and financial performance of the business in the long term. Finally, the way in which diversity in managerial positions affects the profitability and efficiency of organizations is examined. Diversity in organizations is the result of various factors, among others the power of the male gender that is culturally prevalent in organizations, which leads to low diversity in top managerial positions. If diversity in top management and boards of directors creates more value for organizations, the power of the prevailing gender might work against efficiency targets.

With regard to the differences between gender and leadership styles, there are studies that do not acknowledge or minimize such differences, while others consider them to be stable and relevant (Weyer, 2007). Certain authors (Litz and Folker, 2002; Square, 2003) have identified different styles of leadership in the male-female duality (being rational, objective, self-confident, decisive, logical, hard/strong and competitive as opposed to being emotional, intuitive, affectionate, committed, open to negotiation, relational). This duality is also evident

(1) Terjesen et al. (2009) showed that theoretical perspectives at an individual level focus on demographic characteristics, composition or individual perceptions of gender (e.g. Human Capital Theory and Self-Schema theory). At the board level, theoretical perspectives focus on group level processes, such as social identity or leadership. At a business level the most common theories are: agency, institutional or resources and capabilities. Finally, industry-level theories are used to examine the role of institutions in the environment (Terjesen et al., 2009). These authors suggest that the main weakness of these studies is their failure to address how organizations, understood as socio-cultural contexts, contribute to these differences.

in the contrast between traditional leadership styles, which largely reflect male characteristics, and new forms of more democratic and participatory management, consistent with social abilities and skills that women rather than men have developed (Cuadrado, 2003). However, Rosener (1990) suggested that women leaders express this "interactive" leadership only when encouraged to do so or when required by the context.

The first paper in this issue, "Gender and border management in inter-organizational relationships: an exploratory study of their influence on control systems for independent export channels management" (Araujo, Florez, Sanchez-Velez, 2010) aims to explore this line further. It analyzes gender differences in the design of Management Control Systems (MCS)-results or social behavior through an exploratory quantitative analysis and looks at the style (diagnostic and interactive) in which those systems are used. The choice of exports as the context for inter-organizational relationships is motivated by the intrinsic characteristics of such relationships, where flexibility, communication, mutual sacrifice, trust, commitment in the relationship and the need to share information between partners are key to the success of such collaborative arrangements (Li et al. 2005). However, although these aspects may relate to features of leadership that women have developed more than men, gender diversity has hardly been considered in the management literature on inter-organizational relationships. The results of this paper show that gender is not a relevant factor for setting up control systems or styles of using MCS. However, further data analysis suggests that the female managers valued a more interactive rather than a diagnostic use of MCS for liaising with intermediaries and pointing out strategic aspects of the business to them. These female preferences for the interactive use of MCS lend tentative support to arguments on female leadership styles in the literature, which suggest that they are more participative and proactive in enabling environments (Rosener, 1990).

The second line of inquiry, gender identity and the role of women as entrepreneurs, is a literature stream that examines the link between gender and entrepreneurial skills. In this vein, Winn (2004) suggests that owning a business is compatible with the domestic responsibilities of both women and men. However, there are differences in business profitability, which is lower in women-led companies, supported by a less initial investment. On this point, there is evidence that firms controlled by women start out with lower capitalization and are smaller (Singh et al., 2001).

The second paper, "Start-up conditions and the performance of women-and men-controlled businesses in manufacturing industries" (Driga and Prior, 2010) examines how the initial endowment of capital positively affects future business performance. It also analyzes whether this effect differs between businesses controlled by either women or men. The empirical analysis was conducted on a sample of 4,450 start-up Spanish firms with data from 5 consecutive years (2000-2004) and considered the initial size and the financial capital of firms. The results show that size negatively affects firm performance. However, financial capital has a positive effect on the future performance of firms, although this effect is weaker in the case of women-controlled businesses. The latter could indicate that women use more financial resources to ensure the survival and growth of the firm.

The last of the three research lines relates to an emergent topic: diversity in the composition of boards with a view to improving managerial monitoring. Klein (2002) maintains that diverse boards can reduce practices that generate improper profits and manipulation of accounting information. Rose (2007) notes that organizations should reflect on the differences in society and concludes that diverse boards and top management may be considered good corporate practice. On this point, a large number of European countries have followed, and even specifically recommend board diversity, and especially gender diversity. Their arguments are based on the following premise: if gender diversity in corporate governance generates social cohesion, this diversity should, from an economic perspective, lead to an increase in firm value. However, this is a theoretically and empirically complex relationship (Carter et al., 2007). Research in this field has thrown up conflicting results. Carter et al. (2007) and Erhardt et al. (2003) found positive relationships between gender diversity and firm value, which was measured by several variables: economic performance and other accounting variables.

The third paper, "The influence of gender diversity on corporate performance" (Gallego-Alvarez, Garcia-Sanchez and Rodriguez-Dominguez, 2010) examines the relationship between gender diversity on boards and business performance. This study contributes to the literature by analyzing a broader range of corporate variables as well as accounting and market variables. While previous research has focused primarily on a single category -female board members (Erhardt et al, 2003), female managers (Litz and Folker, 2002) or female entrepreneurs (Carter and Shaw, 2006)- this work extends to women in senior management, as well as to significant female shareholders. It also encompasses a wider range of corporate variables, such as accounting measures (margins and returns), market value and efficiency. The empirical study was conducted in Spain, which has one of the lowest rates of women board members in Europe but, which made a political commitment in 2007 to increase the presence of women in business and especially in those positions (Code of Good Governance, 2006[2], White Paper on Corporate Social Responsibility, 2006[3], Equality Act, 2007[4]). However, the period under analysis (2004-2006) precedes any regulatory changes, so the results that can always be attributed to the training, abilities, experience and family status of women, can not also be attributed to new regulatory standards or recommendations. The results obtained from a sample of 96 companies listed on the Madrid stock exchange find that gender diversity has no significant effects on corporate performance.

(2) Código Unificado de Buen Gobierno de las Sociedades Cotizadas
http://www.cnmv.es/DocPortal/Publicaciones/CodigoGov/Codigo_unificado_Esp_04.pdf
(3) Aprobación por la Comisión de Trabajo y Asuntos Sociales del informe de la subcomisión para potenciar y promover la responsabilidad social de las empresas http://www.senado.es/legis8/publicaciones/pdf/congreso/bocg/D_424.PDF
(4) Ley Orgánica 3/2007, de 22 de marzo, para la igualdad efectiva de mujeres y hombres.
http://noticias.juridicas.com/base_datos/Admin/lo3-2007.html

Finally, within this last research line, the fourth paper, "Board Diversity, The Logic of Difference & the Logic of Equivalence: A Critical Study of the Emergence of Corporate Democracy" (McPhail, 2010) analyzes the concept of diversity from a critical perspective. McPhail's paper follows the ideas of Ernesto Laclau "On Populist Reason," and borrows concepts such as the logic of difference, the logic of equivalence and democracy of representation. These concepts are applied and interpreted in the context of corporations in general, and of boards of directors in particular. This paper is aligned with an emerging literature that contributes to the literature through a critical view of the ways in which democratic participation is represented in organizations. Unlike the economic perspective, this paper provides evidence on the emergence of a body of knowledge that unites various theories, such as stakeholder perspectives, corporate governance, diversity and democracy, and by doing so it provides a more comprehensive vision of the role of diversity in top management and boards.

The four papers in this issue relate gender and diversity to different variables and business practices, using various research methodologies, which help to gain a better understanding of the implications of gender and diversity for leadership styles, entrepreneurship and organizational performance. However, these studies only cover some of the topics that relate accounting to gender and diversity, and they leave ample scope for future research. Since the topics for future research are varied, we shall mention only some of them that are related to the papers in this issue. Regarding the styles of using control systems, future research should relate gender characteristics to human capital (education and experience), social capital (relationships and networks) and organizational capital (routines and organizational structures). It could also examine the role of gender or diversity at different organizational levels, extending studies on top levels in an organization to more intermediate ones, because these levels serve as a hub for communicating policies and business practices. Finally, research into issues that relate accounting, gender and diversity lay important foundations for a better understanding of the benefits that diversity and equitable gender representation can bring to management and business decision making.

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