Master's Thesis

The effect of women on supervisory boards on the employees' gender wage gap. Evidence from German linked employee-plant-firm data

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Abstract

This thesis investigates the effect of females on supervisory boards on the gender wage gap within a plant belonging to the respective firm. For identification, I exploit the exogenous shift of female board representation induced by the gender quota for German supervisory boards. The quota came into force in 2016 but was anticipated already in 2010.

I combine a partially hand-collected data set on the composition of supervisory boards with data from the Integrated Employment Biographies. The resulting employee-plant-firm data set comprises the years 2010-2017 and covers more than 100 firms that have to comply with the gender quota.

In the course of the analysis, I apply several fixed effects and instrumental variable estimations as well as unconditional quantile regressions, also combined with a control function approach. I do not find a robust effect for West Germany. For East German workers, the coefficient estimates for plant and firm fixed effects as well as for instrumental variable estimations suggest that female supervisory board members lead to a reduction in the gender wage gap. These effects are driven especially by low quantiles of the wage distribution and only the employee representatives on the supervisory boards have effects on the gender wage gap.

However, all these effects for East Germany vanish when including fixed effects on the spell level. This suggests that sorting of high-wage females into firms with high female board representation exists which is driving the observed reduction in the gender wage gap.

This thesis extends the literature on female board representation. It analyses a policy-relevant question in a new institutional setting. This is informative since the German two-tier board system with employees' codetermination as well as specific properties of the German quota legislation lack international comparability.