

# FEMALE EXECUTIVES AND FIRMS IN THE GCC

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# Research questions

- Do foreign firms or local firms hire women executives in the GCC?
- Does the social capital of a firm (its age, size, and foreign status) influence its managerial hiring outcomes?
- And does a firm's social capital influence whether women are placed in supervisory roles?

# Preview of Findings

- Small and local firms, rather than large and foreign firms, are more likely to have a female executive in the GCC.
- Female executives are least likely to hold supervisory roles in foreign and medium-sized firms and in male-dominated industries such as construction, and legal, accounting, and engineering services.

# Outline

1. Background
2. Data
3. Hypotheses
4. Methods
5. Findings
6. Conclusions
7. Next Steps
8. Q&A

# Background



# Importance of MNCs in the GCC

Inward foreign direct investment stocks in the GCC have grown from USD24 billion to USD430 billion in the last two decades (UNCTAD.org 2016).

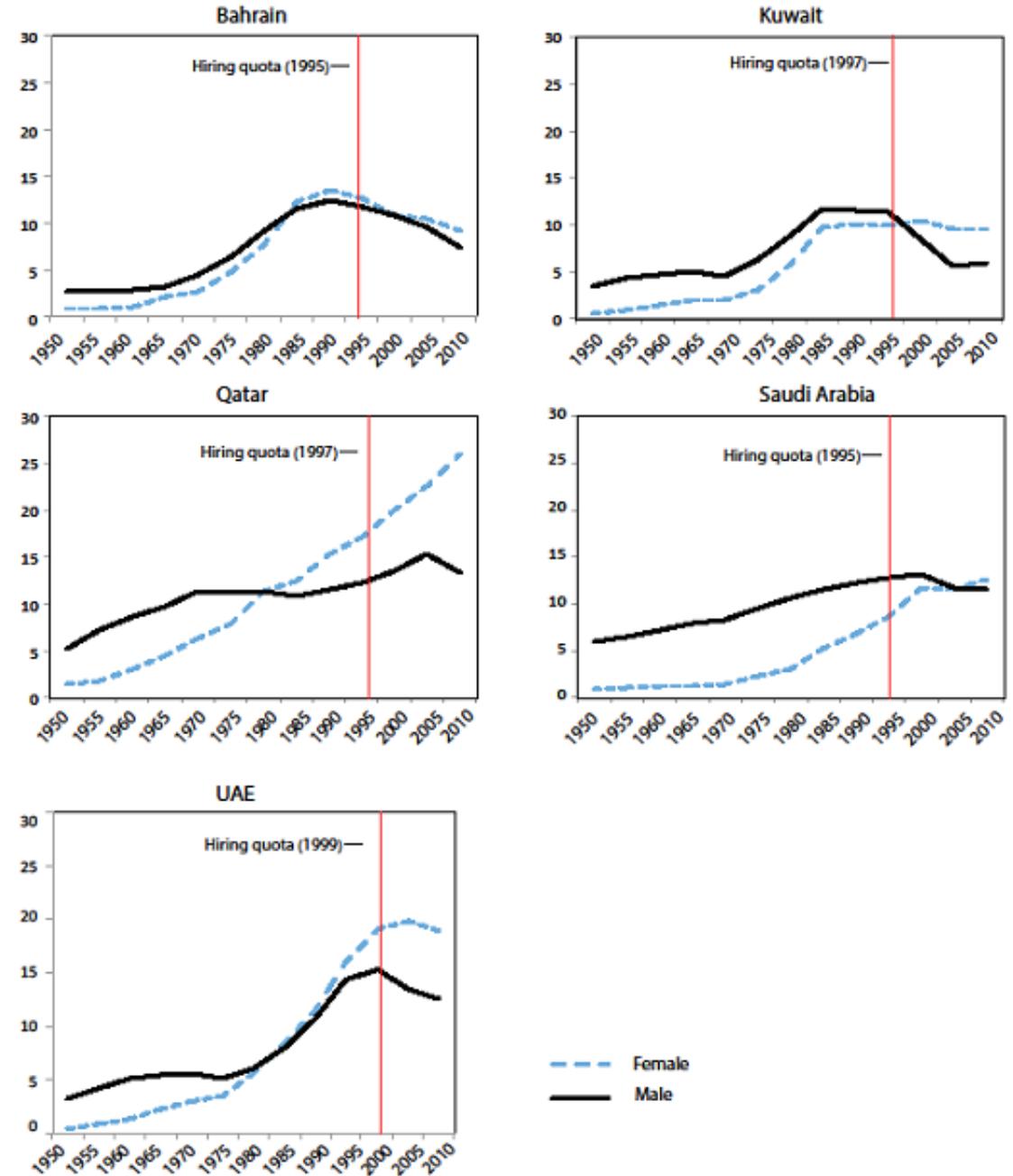
# Why We Might Expect Foreign Firms to Hire More Female Executives

1. Source cultures of foreign firms have higher female labor force participation;
2. Ready supply of female human capital among the local population;
3. Policy incentives by host countries to hire locals.

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Figure 1. GCC Percentage of total female and male population 15+ with some tertiary education, 1950-2010



# Literature

- Organizations
- Executives
- Gender

# Hypotheses

If host country culture dominates, we expect:

- H1-A. Foreign, larger, and older firms are *less* likely to hire female executives than local firms.
- H2-A. We should see *less* women in supervisory roles (CEO, Owner, Director, Deputy, Manager) and more advisory roles (Senior and Signatory) at foreign, larger, and older firms.

If organizational firm culture dominates, we expect:

- H1-B. Foreign, larger, and older firms are *more* likely to hire female executives than local firms.
- H2-B. We should see *more* women in supervisory roles (CEO, Owner, Director, Deputy, Manager) and less advisory roles (Senior and Signatory) at foreign, larger, and older firms.

# Data

- Bureau van Dijk Electronic Publishing (BvD)'s ORBIS database;
- Universe of firm data from GCC countries Kuwait, Qatar, UAE, Bahrain, Saudi Arabia, and Oman;
- 139,910 firms and 227,405 executives;
- Firm-level data comes from administrative data collected by local chambers of commerce and provided to BvD.

# Method of Analysis

## ■ Firm-Level Binary Logistic Regression

$$(1) H_j = \alpha_0 + \alpha_1 \cdot Foreign_j + \alpha_2 \cdot Age_j + \alpha_3 \cdot Public_j + \alpha_4 \cdot TotalExecutives + \alpha_5 \cdot Size + \alpha_6 \cdot Foreign \times Size_j + \alpha_7 \cdot Foreign \times Age_j + \alpha_8 \cdot Country + \alpha_9 \cdot Industry + u_j$$

Where  $H_j$  is the binary outcome that a firm has a female executive.

## ■ Executive-Level Binary Logistic Regression

$$(2) S_i = b_0 + b_1 \cdot Foreign_{j(i)} + b_2 \cdot Age_{j(i)} + b_3 \cdot Public_{j(i)} + b_4 \cdot TotalExecutives_{j(i)} + b_5 \cdot Size_{j(i)} + b_6 \cdot Foreign_{j(i)} \times Size_{j(i)} + b_7 \cdot Foreign_{j(i)} \times Age_{j(i)} + b_8 \cdot Country_{j(i)} + b_9 \cdot Industry_{j(i)} + u_i$$

Where  $S_j$  is the binary outcome that a female executive is a Supervisor.

# Firm Results

Table 1. Female Executives by Firm Source Country and Firm Location (% , (n))

GUO	Source Country Female Labor Force Participation	Source Country % Women in Management	Headquarters	Firm Location					
				Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	UAE
USA	45.8	42.7	21.8	3.3(30)	33.3 (15)	-	0 (12)	0 (75)	7.8 (115)
Belgium	45.8	32.4	6.6	-	-	-	-	15.4 (13)	-
Canada	47.1	36.2	16.4	-	-	-	-	-	10.3 (29)
Switzerland	46.2	33.2	13.7	-	-	-	-	8.7 (23)	15.2 (33)
Cyprus	43.2	15.8	14.6	-	-	-	-	-	6.3 (16)
Germany	45.9	31.1	16.2	0 (11)	-	-	-	3.3 (30)	4.2 (24)
Denmark	47.7	28.4	20.1	-	-	-	-	-	4.8 (21)
Egypt	24.1	9.7	9.2	-	-	-	-	-	16.4 (73)
Spain	45.6	30.0	14.9	-	-	-	-	0 (15)	-
France	47.1	39.4	24.6	6.3 (16)	-	3.6 (28)	33.3 (12)	0 (58)	6.7 (45)
Great Britain	46.0	34.2	21.0	5.9 (51)	-	6.7 (30)	25.0 (12)	5.9 (34)	8.9 (163)
Greece	42.8	25.1	3.7	-	-	-	-	-	12.5 (8)

# Results: Firm Descriptives

Table 2. Descriptive Statistics of GCC Firms: With at least one Female Executive, Foreign, and Total Sample (N)

	<u>Independent Variable</u>	<u>Female Executive</u>	<u>Foreign Firms</u>	<u>Total Sample</u>
	N	37,657	2,658	171,777
	Foreign Firm	270	-	2,350
	Public	87	4	870
	Mean Years Firm Age	11.25	15.36	12.49
	Mean N Total Executives	2.21	3.44	2.29
	Mean N Employees	394.94	654.01	564.79
	Mean Log Annual Revenue	9.08	9.50	9.34
<i>Size</i>	Small	25,945	516	96,550
	Medium	10,274	1,105	59,456
	Large	902	432	9,375
	Very Large	536	297	6,396
<i>Country</i>	Bahrain	9,292	131	24,053
	Kuwait	10,254	81	38,905
	Oman	106	105	1,451
	Qatar	2,020	104	13,227
	Saudi Arabia	487	271	12,009
	UAE	15,498	1,658	82,132
<i>Industry</i>	A - Agriculture, forestry and fishing	165	10	991
	B - Mining and quarrying	48	46	517
	CA - Manufacture of food products, beverages and tobacco products	202	36	1,339
	CB - Manufacture of textiles, apparel, leather and related products	257	19	1,104
	CC - Manufacture of wood and paper products, and printing	565	49	3,268
	CD - Manufacture of coke, and refined petroleum products	19	12	190
	CE - Manufacture of chemicals and chemical products	87	57	899
	CF - Manufacture of pharmaceuticals, medicinal chemical and botanical products	*	3	63
	CG - Manufacture of rubber and plastics products, and other non-metallic mineral products	150	49	1,419
	CH - Manufacture basic metals and fabricated metal products, except machinery and equipment	312	71	2,060
	CI - Manufacture of computer, electronic and optical products	58	8	311
	CJ - Manufacture of electrical equipment	24	32	307

# Results: Firm Findings

Table 3. GCC Firm Binary Logistic Regression on Having a Female Executive

	Model 1		Model 2	
	B	OR	B	OR
<i>Descriptives</i>				
Foreign Firm	-0.22 (0.08)	0.80**	0.27 (0.32)	
Firm Age	-0.02 (0.08)	0.98***	-0.02 (0.00)	0.98***
Public	-0.26 (0.16)		-0.24 (0.16)	
Total Executives	0.30 (0.01)	1.35***	0.30 (0.01)	1.35***
<i>Firm Social Capital</i>				
Foreign x Small			-1.43 (0.38)	0.24***
Foreign x Medium			-0.45 (0.29)	
Foreign x Large			-0.12 (0.33)	
Foreign x Very Large			-	
Foreign x Age			0.00 (0.01)	
<i>Size<sup>a</sup></i>				
Small	1.00 (0.07)	2.73***	1.04 (0.08)	2.83***
Medium	0.83 (0.07)	2.30***	0.86 (0.08)	2.36***
Large	0.43 (0.08)	1.53***	0.44 (0.08)	1.55***
Very Large	-		-	
<i>Country</i>				
Bahrain	-0.15 (0.09)		-0.16 (0.09)	
Kuwait	-0.13 (0.06)	0.88*	-0.12 (0.06)	0.89*
Oman	-0.74 (0.12)	0.48***	-0.74 (0.12)	0.48***
Qatar	-1.02 (0.10)	0.36***	-1.02 (0.10)	0.36***
Saudi Arabia	-1.50	0.22***	-1.49	0.22***

# Results: Executive Descriptives

Table 4. Job Titles of GCC Female Executives by Firm Size and Firm Foreign Status (*N*)

Job Title	Small		Medium		Large		Very Large	
	<u>Local</u>	<u>Foreign</u>	<u>Local</u>	<u>Foreign</u>	<u>Local</u>	<u>Foreign</u>	<u>Local</u>	<u>Foreign</u>
<i>Supervisory Roles</i>								
Chairman/CEO	217	1	38	4	30	1	63	4
Owner/Founder/Proprietor	10,704	7	1,096	4	363	2	249	0
Head/Chief/Director	6,032	20	9,178	113	564	14	341	16
Deputy/VP/Partner	7,763	11	65	2	39	0	65	3
Manager	426	9	239	24	92	22	59	5
<i>Advisory Roles</i>								
Senior Adviser	6	1	2	0	3	1	8	0
Signatory	6,922	20	80	3	71	3	44	2
Other	416	5	138	18	50	6	57	2
<i>N</i>	28,770	66	10,719	160	1,168	46	809	25

Data: ByD ORBIS 2016. Names can be repeated (i.e. the same name can be listed in more than one job title).

# Results: Executive Findings

Table 5. Female Executive is a Supervisor by GCC Firm Characteristics (Binary Logistic Regression)

		Supervisor			
		Model 1		Model 2	
		B	OR	B	OR
<i>Descriptives</i>					
	Foreign Firm	-1.76 (0.25)	0.17***	0.30 (1.10)	
	Firm Age	0.01 (0.00)		0.01 (0.00)	
	Public	-0.91 (0.38)		-0.87 (0.38)	0.42***
	Total Executives	-0.00 (0.01)		-0.00 (0.01)	
<i>Firm Social Capital</i>					
	Foreign x Small			-1.79 (1.27)	
	Foreign x Medium			-2.00 (0.94)	0.14*
	Foreign x Large			-1.34 (0.91)	
	Foreign x Very Large			-	
	Foreign x Age			-0.04 (0.02)	
<i>Size<sup>a</sup></i>					
	Small	0.23 (0.22)		0.29 (0.22)	
	Medium	0.33 (0.20)		0.40 (0.21)	
	Large	-0.60 (0.20)	0.55**	-0.56 (0.21)	0.57**
	Very Large	-		-	
<i>Country</i>					
	Bahrain	-1.96 (0.25)	0.14***	-1.97 (0.25)	0.14***
	Kuwait	-3.82 (0.15)	0.02***	-3.83 (0.15)	0.02***
	Oman	-2.86 (0.30)	0.06***	-2.93 (0.30)	0.05***
	Qatar	-4.64 (0.22)	0.01***	-4.64 (0.22)	0.01***
	Saudi Arabia	-1.34 (0.25)	0.26***	-1.36 (0.25)	0.26***
	UAE	-		-	
<i>Industry FE<sup>a</sup></i>					
<i>Not Significant except:</i>					
	Construction	-1.14 (0.50)	0.32*	-1.15 (0.50)	0.32*
	Legal+ Services	-1.39 (0.55)	0.25**	-1.36 (0.55)	0.26**
<i>Constant</i>					
		5.05 (0.52)	155.80***	5.00 (0.52)	148.35***
<i>N</i>					
		15,356		15,356	
<i>Log likelihood</i>					
		1502.05		1502.40	

# Summary of Results

- Foreign, larger, older firms are *less* likely to hire female executives than local firms;
- This suggests that rather than firms changing culture, host country culture influences foreign firms to conform to local norms.

# Possible Explanations

- Too costly to maintain source country management hiring practices
- Smaller/local firms may be more attractive to local women
- Local firms may have more Social Capital and Foreign firms may hold a Cultural Difference Assumption

*Your thoughts?*

# Conclusions

- Foreign firms conform to host culture, and small and local firms appear to take the lead in cultural change when it comes to female hiring practices.

# Next Steps

- Executives and hiring manager surveys
- Case studies
- Partner with firms to try out recruitment and retention projects
- Survey students and alumni to understand career investments and preferences

Thank you! شكرا

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