

## CEO gender diversity and U.S. IPOs underpricing

Maria-Eleni K. Agoraki\*

Department of Accounting and Finance, University of the Peloponnese,  
Antikalamos, GR-24100, Greece, Email: [m.agoraki@uop.gr](mailto:m.agoraki@uop.gr) (corresponding author)

Dimitrios Gounopoulos

School of Management, University of Bath  
Claverton Down, Bath, BA2 7AY, United Kingdom  
Email: [d.gounopoulos@bath.ac.uk](mailto:d.gounopoulos@bath.ac.uk)

Georgios P. Kouretas

IPAG Business School,  
184 Boulevard Saint-Germain, FR-75006, Paris, France  
and

Department of Business Administration, Athens University of Economics and  
Business, 76 Patission Street, GR-10434, Athens, Greece, Email: [kouretas@aueb.gr](mailto:kouretas@aueb.gr)

### Abstract

In this paper we investigate the effect that investor preferences for CEO diversity have on IPOs initial returns raised by U.S. firms. We use data on IPOs for the period 2000-2019 and we identify the gender of CEO at the time of the IPO taking place. Our preliminary results show that there are no differences in profitability and other bank characteristics between firms with and firms without gender-diverse boards following the going public process. Moreover, preliminary evidence suggests that institutional investor demand for CEO gender diversity during the IPO process is an important determinant of IPO underpricing. This evidence could reflect the current social concern and pressure on corporate social responsibility

**Keywords:** initial public offerings; IPO underpricing; CEO gender diversity; corporate governance

**JEL:** G24; G30; J16

## **1. Introduction**

Using gender diversity as a criterion to take a client public has recently come to the center of academic discussion because of recent institutional investors demand for diverse firm boards during the IPO process. Further, such an investor behavior could possibly be the result of social pressure or an increased focus on corporate social responsibility. These new developments in corporate finance are explicitly described by a statement made in January 2020 by Goldman Sachs CEO David Solomon.<sup>1</sup>

---

<sup>1</sup>Lane (2020)

## References

Boutchkova, M., Gonzalez, A., Main, B. G.M., Sila, V., 2020, Corporate Governance: An International Review, forthcoming.

Dimovski, W., Brooks, R., 2006. The gender composition of boards after an IPO. *Corporate Governance*, 6, 11-17.

Cardillo, G., Onali, E., Torluccio, G., 2021. Does gender diversity on banks' boards matter? Evidence from public bailouts. *Journal of Corporate Finance*, 71, 101560.

Huang, J., Kisgen, D. J., 2013, Gender and corporate finance: Are male executives overconfident relative to female executives?. *Journal of Financial Economics*, 108, 822-839.

Girardone, C., Kokas, S., Wood, G., 2021. Diversity and women in finance: Challenges and future perspectives. *Journal of Corporate Finance*, 71, 101906.

Karavitis, P., Kokas, S., Tsoukas, S., 2021. Gender board diversity and the cost of bank loans. *Journal of Corporate Finance*, 71, 101804.

Lane, S. (2020), Goldman to stop financing IPOs for companies with only white male board members. *The Hill*, January 2020.

Rau, R.P., Sandvik, J., Vermaelen, T., 2021. Are women undervalued? Board gender diversity and IPO underpricing. *ECGI Finance Working paper No 756/2021*.

Schopohl, L., Urquhart, A., Zhang, H., 2021. Female CFOs, leverage and the moderating role of board diversity and CEO power. *Journal of Corporate Finance*, 71, 101858.

Sun, R., Zou, G., 2021. Political connection, CEO gender, and firm performance. *Journal of Corporate Finance*, 71, 101918.

Vallelado, E., Garcia-Olalla, M., 2021. Bank board changes in size and composition: Do they matter for investors. *Corporate Governance: An International Review*, forthcoming.