

## Are gender-balance boards more risk averse?

A claim that is often encountered in discussions of gender and corporate boards is that females are more risk averse than males. *If* this is the case, *and* it carries through to decisions in the corporate board, it may lead to a board less willing to take on risky investments, stifling innovation, ultimately hurting corporate profits. It is however not clear that a general tendency for females to be less risk averse is a characteristic that applies to the sample of females that have broken the glass ceiling and made it onto the corporate board.

There is scant empirical evidence that speak to this particular issue. What is needed is empirical investigations of gender differences in the economic dispositions made by directors (and other executives). Our project is an attempt to provide such evidence. We plan to infer risk aversion directly from shock-induced changes in the individual's actual investment decisions. Specifically, we infer risk aversion implied by directors' equity trades in response to the recent financial crisis. These trades, which have to be reported, are what is termed "insider trades."

Our research asks whether there are gender linked differences in insider trading. However, before we can confidently make this inference, we need to observe the directors' trading decisions more broadly. In particular, it is necessary to observe and analyze the risk contribution of this particular insider investment decision to the directors total portfolio. This is the premise of this research project. After combining data on reported insider trading with complete data on the insiders' total investment portfolios, we can evaluate to what degree the directors' reported trades reveal differential degrees of risk preferences across directors, including between male and female directors.

As part of the analysis we will also be investigating insider trading at Euronext/Oslo in general, which has a separate value, as it speaks to the functioning of the market.