Archives of Business Research – Vol. 11, No. 4
Publication Date: April 25, 2023
DOI:10.14738/abr.114.14561.
Huang, X. (2023). Effects of Women in Top Management Teams on Corporate Wrongdoing: The Moderating Roles of Chairwoman and Female Relational Capital. Archives of Business Research, 11(4). 181-196.

SERVICES FOR SCIENCE AND EDUCATION

Effects of Women in Top Management Teams on Corporate Wrongdoing: The Moderating Roles of Chairwoman and Female Relational Capital

Xin Huang
Faculty of Economics and Business Administration
Sapporo Gakuin University 11 Bunkyodai,
Ebetsu-shi, Hokkaido 0698555, Japan

ABSTRACT

In recent years, corporate wrongdoing has attracted widespread attention worldwide, and the media has vigorously debated whether senior management should be held accountable. Based on upper echelons theory, this study aims to investigate the relationship between women's representation in top management teams and corporate wrongdoing, as well as the moderating roles of the presence of a chairwoman and female relational capital. This research employs data from 333 small and medium-sized enterprises listed on the Shenzhen Stock Exchange in 2017 and mainly finds through regression analysis that: in small and medium-sized enterprises in China, women's representation in top management teams has a significant and negative impact on corporate wrongdoing; the presence of a chairwoman strengthens the negative effect, but female relational capital weakens the negative effect. This paper not only enriches research on female executives but also provides some references for companies to promote the construction of diverse top management teams.

Keywords: Female executives, Top management team, corporate wrongdoing, Chairwoman, Relational capital

INTRODUCTION

The escalating incidence of corporate misconduct has garnered global attention in recent times (Virk, 2019). Many widely reported corporate scandals have not only severely damaged organizational reputations (Kish-Gephart et al., 2010) but also caused considerable financial losses to companies, potentially leading to a decline in public trust in the entire industry and, to some extent, social turmoil. Hence, the prevention of corporate wrongdoing is a pressing and formidable undertaking for both the business and scholarly spheres. To tackle this consequential issue, researchers have been endeavoring to identify determinants that can mitigate corporate wrongdoing. Among them, top management teams seem to be a critical factor in elucidating corporate misconduct (Daboub et al., 1995). In particular, the role of women in top management teams has been repeatedly mentioned, as their sensitivity to morality and unique leadership styles may be potential solutions (Eagly & Johnson, 1990; Post & Byron, 2015).

With women increasingly entering core management positions, the influence of female executives in organizations has also significantly improved (Dezsö & Ross, 2012). Existing research has explored the impact of women in top management teams on corporate behavior and outcomes from various angles and approaches. First, a large number of studies have focused on the relationship between the proportion of women in top management positions and corporate performance, especially how increasing the proportion of women improves company performance (Adams & Ferreira, 2009; Campbell & Mínguez-Vera, 2008; Carter et al., 2003; Dezsö & Ross, 2012; Erhardt et al., 2003; Post & Byron, 2015), although sometimes women must reach a specific proportion to exert a positive impact (Joecks et al., 2013) or no effect (Noland et al., 2016). Second, the increase in female representation in top management can promote innovation (Chen et al., 2018; Miller & del Carmen Triana, 2009), but sometimes a certain proportion must be reached to play a role (Torchia et al., 2011). At the same time, female representation in top management positions also has a positive impact on group effectiveness (Nielsen & Huse, 2010). Additionally, female representation at the executive level enhances corporate social responsibility levels (Bear et al., 2010), and they are more inclined to invest in projects related to social responsibility (Zou et al., 2018). Finally, some researchers have found that the impact of women in top management teams on companies may be more complex after reviewing related literature, as it may only appear in specific situations, meaning that other factors may influence their relationship (Abatecola & Cristofaro, 2020). For example, research has shown that human capital and social capital can enhance the relationship between female participation and firm performance (Ren & Wang, 2011). Furthermore, the impact of female executives on corporate performance is more significant in state-owned enterprises and industries with higher environmental sensitivity; corporate social responsibility likely mediates the relationship between female executives and corporate performance (Liu et al., 2020).

In summary, although female executives have become a hot topic in the fields of corporate governance, organizational behavior, and business ethics, there has been little research specifically exploring the underlying mechanisms of the effect of female executives on corporate wrongdoing. The contribution of this study is to thoroughly analyze the impact of women's participation in top management teams on corporate wrongdoing in the unique political and cultural context of China, an emerging economy, and to further explore the moderating roles of the presence of a chairwoman and female relational capital. In addition to giving organizations useful references for diversified management, the research also integrates the moral exemplar theory into the upper echelons theory, aiming to foster the development of organizational moral culture by building more diverse and inclusive management teams, thus reducing corporate wrongdoing.

THEORY AND HYPOTHESES

Women’s Representation in Top Management Teams and Corporate Wrongdoing

Enterprises with more female executives are more likely to create an organizational culture with moral values. Based on the upper echelons theory, the characteristics, composition, values, and cognitive foundations of an enterprise's top management team will have an impact on the organization's strategic decision-making and performance (Hambrick & Mason, 1984). Moreover, in the decision-making process of top management teams, the leadership style of female executives is distinctly different from that of male executives (Eagly & Johnson, 1990).

For instance, in contrast to the task-oriented leadership style of men, female executives emphasize transformation, democracy, and participation, focusing more on the needs and development of employees and encouraging collaboration (Eagly et al., 2003; Eagly & Karau, 2002). This leadership style reduces moral risks caused by unhealthy competition. At the same time, women may have advantages and be stricter in terms of moral values and moral orientation (Fumagalli et al., 2010), which encourages organizations to adopt more honest and responsible behaviors (Choi et al., 2018) and helps businesses form an inclusive culture and ethical organizational atmosphere. Additionally, some studies have shown that companies with more female executives are more concerned about their corporate reputation and actively assume social responsibility (Bear et al., 2010), thus reducing the occurrence of illegal behaviors.

Secondly, women's representation in top management teams and gender diversity may improve the team's decision-making process. When businesses develop strategies or make decisions, a diverse top management team can provide different perspectives and approaches, as well as abundant information sources (Page, 2007). As a result, team members engage in thorough discussions, promoting comprehensive thinking and analysis of issues, avoiding cognitive errors and biases caused by fixed mindsets, and ultimately improving the quality of decision-making (Cox et al., 1991; Milliken & Martins, 1996; Surowiecki, 2004). In particular, gender diversity can alter the cognitive structure of top management teams (Abatecola & Cristofaro, 2020), thereby influencing organizational outcomes (Carpenter et al., 2004). Some scholars have concluded through business case analyses that enterprises with gender diversity are indeed more transformative and creative (Herring, 2009). Consequently, augmenting the representation of women in top management teams could help businesses identify potential risks, such as reducing non-performing loans (Mojambo et al., 2020), and prompt them to thoroughly evaluate and predict the moral impacts of strategic choices, thus keeping businesses away from unethical practices such as bribery (Tran et al., 2022) and taking appropriate measures to minimize losses in a timely manner.

In brief, female executives reduce corporate moral risk behaviors by fostering an organizational moral atmosphere and improving the decision-making process. Therefore, the more women are represented in top management teams, the fewer wrongful acts the company will commit. Based on this, the following hypothesis is proposed:

Hypothesis 1: Women's representation in top management teams has a negative effect on corporate wrongdoing.

The Moderating Role of The Presence of a Chairwoman

The presence of a chairwoman plays a positive role in building gender-diverse top management teams. Homosocial reproduction may lead to the exclusion of women from top management teams (Kanter, 1977), particularly as the glass ceiling hinders women's opportunities for promotion to executive positions where they can make greater contributions to the company (Hoobler et al., 2011). However, the presence of female leaders in an organization helps break down gender barriers and inherent biases, providing more promotion opportunities for other women (Cook & Glass, 2014). Moreover, the presence of a chairwoman signifies that the company values gender diversity and supports women's career development. Specifically, a

URL: http://dx.doi.org/10.14738/abr.114.14561.

chairwoman, the highest-ranking leader in an organization, may change the board's ingrained culture and be more likely to recruit and promote other women to senior leadership positions (Joecks et al., 2013), thus contributing to building a more diverse top management team. This increase in diversity can bring a wider range of perspectives and experiences to the team's decision-making process, thereby improving corporate governance quality (Carter et al., 2003). Research shows that female executives are more likely to participate in corporate governance and strictly supervise the management (Adams & Ferreira, 2009), which helps the company enhance its ability to identify and address potential risks of misconduct.

A chairwoman can further strengthen the advantages of female participation in top management teams to enhance the effectiveness of corporate governance mechanisms. According to the moral exemplar theory, people tend to learn from role models to improve their own moral standards (Colby & Damon, 1992). In an organization, subordinates' moral identification with their leaders promotes the positive impact of moral leadership on subordinates' ethical behavior (Mayer et al., 2009). Thus, the presence of a chairwoman may influence other female members of a top management team by providing them with a role model and motivational behavior. Chairwomen tend to prioritize the development of their subordinates and utilize praise more frequently than their male counterparts (Eagly et al., 2003) and timely encourage women-centric management styles and related decision-making and actions (Dezsö & Ross, 2012). For instance, women's leadership styles are often more collaborative (Eagly et al., 2003) and involve stricter ethical conduct (Galbreath, 2011), encouraging their teams to better fulfill their monitoring responsibilities (Post & Byron, 2015). Moral leadership can promote organizational ethical decision-making and responsible behavior by implementing strong corporate governance (Arjoon, 2005). Additionally, female directors with higher power are more likely to influence the decision-making process and strategic direction of the top management team (Triana et al., 2014). Therefore, a chairwoman's moral orientation may affect the top management team's values and priorities, and this moral view may spread throughout the organization, shaping an environment that rewards ethical behavior and resists unethical conduct. When more women are involved in decision-making, corporate boards may pay more attention to ethical issues and corporate social responsibility (Torchia et al., 2011), and research shows that such companies are more concerned with sustainability (Galbreath, 2011) and environmental responsibility (Elmagrhi et al., 2019; He et al., 2021; Saeed et al., 2022). This may suggest that chairwomen have certain advantages in leadership and morality, and they can improve the company's ethical standards by influencing the team's decision-making process and fostering an organizational environment, ultimately reducing corporate misconduct.

To summarize, a chairwoman influences the relationship between women's representation in top management teams and corporate wrongdoing by promoting gender diversity in a team and reinforcing the advantages of female executives' participation. That is, the presence of a chairwoman, combined with a higher proportion of women in top management teams, can create a synergistic effect that further enhances the negative impact of female participation on corporate wrongdoing. Therefore, this study proposes the following hypothesis:

Hypothesis 2: The presence of a chairwoman strengthens the effect of women's representation in top management teams on corporate wrongdoing, such that the effect is stronger when a chairwoman is present but weaker when a chairwoman is absent.

The Moderating Role of Female Relational Capital

Female relational capital might lower the decision-making quality of teams with female participation and increase the organization's moral risks. Relational capital, as an essential component of social capital, mainly focuses on the relationship networks between individuals within and outside organizations (Nahapiet & Ghoshal, 1998). These interpersonal relationships can facilitate business interactions and cooperation with external parties, helping companies access information, resources, and support, thus improving corporate performance (Peng & Luo, 2000). In particular, political connections can enhance a company's market value (Fisman, 2001). However, relational capital is like a double-edged sword; in some cases, excessive reliance on female executives' relational capital may lead to adverse consequences. Economic activities involving government personnel are, to some extent, associated with immoral phenomena and behaviors such as bribery and corruption (Shleifer & Vishny, 1993). Simultaneously, influential female leaders with external connections, such as government officials, may foster corruption and other malpractices (Sung, 2012). Female executives' leadership experience in government, state-owned enterprises, and related industries and their connections with government officials and other organizations may lead them to make risky decisions and improper actions, as they believe their relational capital will protect themselves and the companies they manage, allowing them to operate outside industry rules and laws. Moreover, such immoral behavior might be imitated by others, causing the moral standards of the team and even the entire organization to decline (Gino et al., 2009). With relational capital, female executives may become less cautious in decision-making, resulting in decreased team decision-making quality and increasing the difficulty of controlling corporate illegal activities.

Female relational capital may alter the leadership style of women in top management teams and reduce their focus on morality. Female participation in government does not impact the reduction of corruption within organizations, as female politicians are likely to be as ambitious and competitive as their male counterparts (Sung, 2012), thus prompting companies to adopt competitive aggressiveness strategies (Vaniala et al., 2014). Furthermore, past work environments (such as government or state-owned enterprises) are likely to change the original leadership styles of female executives, creating an organizational atmosphere unfavorable to democratic participation, and subsequently increasing governance risks. Research has shown that companies with political connections may reduce employee focus and investment to lower the company's moral costs (Huang & Zhao, 2016). Additionally, immoral organizational cultures and contexts often emphasize results while neglecting morality in the process, putting pressure on individuals within the organization and leading them to choose immoral means to achieve their goals (Kish-Gephart et al., 2010). Moreover, relational capital provides female executives with unique resources and status advantages, making them more likely to assert their authority, like male leaders (Eagly & Johnson, 1990). In decision-making, they may consider abandoning democratic communication modes to effectively utilize relational capital, become task-oriented, and gain more benefits by lowering moral standards.

URL: http://dx.doi.org/10.14738/abr.114.14561.

In essence, female relational capital weakens the negative impact of female participation on corporate wrongdoing by reducing team decision-making quality and changing female leadership styles. Thus, this study proposes the following hypothesis:

Hypothesis 3: Female relational capital weakens the effect of women's representation in top management teams on corporate wrongdoing, such that the effect is weaker when female relational capital is present but stronger when female relational capital is absent.

METHODS

Sample

This study selects companies listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange in China as of 2017 as the initial sample, thus reducing the impact of the COVID-19 pandemic and state-owned capital on executive turnover and strategic adjustments. To ensure data completeness and reliability, the survey excludes the following samples: 1) listed companies with abnormal financial conditions, such as delisting or delisting risks; 2) companies with significant changes in management; 3) small and medium-sized enterprises with missing data. Finally, the study retains 333 small and medium-sized listed companies as the final research sample. The data pertaining to female executives and corporate wrongdoing is sourced from annual reports, corporate websites, and publicly accessible information on the Internet.

Measures

Dependent Variables:

Corporate Wrongdoing:

Currently, some researchers measure corporate wrongdoing from the following two dimensions: 1) information related to misconduct disclosed in annual reports and other documents (Dechow et al., 1996); 2) behaviors that are discovered and subject to legal sanctions, such as administrative penalties and the number of legal proceedings (Dyreng et al., 2012). In light of this, the study uses the amount of fines disclosed in the 2017 annual reports of small and medium-sized enterprises to measure corporate wrongdoing and takes the natural logarithm to reduce the impact of heteroscedasticity.

Independent Variables:

Women's Representation:

Women's representation is generally measured using the following two methods: 1) setting a dummy variable, i.e., whether or not a company has female executives, with a value of 1 if present and 0 if absent (Adams & Ferreira, 2009; Boulouta, 2013; Marinova et al., 2016); 2) setting a continuous variable, i.e., the proportion of female executives in the company's management team (Liu et al., 2014; Post & Byron, 2015; Terjesen et al., 2015). In this study, since 291 of the 333 small and medium-sized enterprises (87.4%) have at least one female executive in their top management teams, the study adopts the second method to measure women's representation, i.e., the ratio of female executives to the total number of top management team members.

Moderating Variables:

Presence of a Chairwoman:

The presence of a chairwoman is designed as a dummy variable, i.e., if the company's chairperson is female, the value is 1, and if male, the value is 0.

Female Relational Capital:

Most scholars define relational capital as the relationship between an executive individual or organization and its external stakeholders (Bontis, 1998; Coleman, 1988; Stam et al., 2014; Yli-Renko et al., 2002), especially in China, where it is particularly important for businesses to establish connections with the government (Chen et al., 2017; Li et al., 2008; Ren & Wang, 2011; Wu et al., 2012). Based on Ren and Wang's (2011) description of social capital, this study defines relational capital as: female executives who have held important positions in government, military, democratic parties, industry associations, and state-owned enterprises, or have served as deputies to the National People's Congress or members of the Chinese People's Political Consultative Conference at the national and local levels. Female relational capital is further designed as a dummy variable, i.e., if female executives possess the aforementioned relational capital, the value is 1, and if not, the value is 0.

Control Variables:

This study employs several control variables commonly used in research on top management teams to eliminate the influence of other factors on corporate wrongdoing (Cannella Jr et al., 2008; Dezsö & Ross, 2012; Ren & Wang, 2011; Ruiz-Jiménez & Fuentes-Fuentes, 2016).

Firm Size:

Large-scale companies have more resources and a more complex organizational structure that may be harder to control, which could lead to more misconduct and illegal activities (Baucus & Near, 1991). This study measures firm size by the total number of employees and takes the natural logarithm to reduce data heteroscedasticity.

Leverage:

High leverage may increase a company's costs, leading to financial risks, which in turn can cause more misconduct and fraudulent behavior, particularly in financial reporting (Chen et al., 2011). The study measures corporate leverage as the company's total liabilities divided by total assets.

Team Size:

Team size may influence corporate behavior through interaction and supervision among executive members (Haleblian & Finkelstein, 1993; Williams et al., 2005). This study measures team size as the total number of top management team members in the company. A top management team is generally considered to be vice presidents and higher-level senior managers (Hambrick & D'Aveni, 1992; Michel & Hambrick, 1992). In Chinese enterprises, it usually refers to the top two levels of the organizational hierarchy, i.e., deputy general managers and higher-level senior managers (Qi et al., 2018). To maintain consistency with previous research, the top management team in this study includes the following personnel involved in company decision-making and operations: president, vice president, general

URL: http://dx.doi.org/10.14738/abr.114.14561.

manager, deputy general manager, director, chief financial officer, chief technology officer, and human resources director.

Models

This research employs hierarchical regression models to test the relationship between women's representation and corporate wrongdoing, as well as the moderating effects of the presence of a chairwoman and female relational capital (see Table 2). The regression models are as follows:

Model 1:

$$Corporate\ fines = \alpha + \beta_1 Firm\ size + \beta_2 Leverage + \beta_3 Team\ size + \varepsilon$$

Model 2:

$$Corporate\ fines = \alpha + \beta_1 Firm\ size + \beta_2 Leverage + \beta_3 Team\ size + \beta_4 Women's\ representation + \varepsilon$$

Model 3:

$$Corporate\ fines = \alpha + \beta_1 Firm\ size + \beta_2 Leverage + \beta_3 Team\ size + \beta_4 Women's\ representation + \beta_5 Presence\ of\ a\ chairwoman + \beta_6 Women's\ representation \times Presence\ of\ a\ chairwoman + \varepsilon$$

Model 4:

$$Corporate\ fines = \alpha + \beta_1 Firm\ size + \beta_2 Leverage + \beta_3 Team\ size + \beta_4 Women's\ representation + \beta_5 Female\ relational\ capital + \beta_6 Women's\ representation \times Female\ relational\ capital + \varepsilon$$

Model 5:

$$Corporate\ fines = \alpha + \beta_1 Firm\ size + \beta_2 Leverage + \beta_3 Team\ size + \beta_4 Women's\ representation + \beta_5 Presence\ of\ a\ chairwoman + \beta_6 Women's\ representation \times Presence\ of\ a\ chairwoman + \beta_7 Female\ relational\ capital + \beta_8 Women's\ representation \times Female\ relational\ capital + \varepsilon$$

RESULTS

Table 1 shows the descriptive statistics of the main variables involved in the model and their correlations. The natural logarithm of corporate fines has a mean of 12.435 and a standard deviation of 2.538. The average value of Women's representation is about 0.176, indicating that the average proportion of women in top management teams is less than 20%, with the highest value being 62.5% in this study. The average value of the presence of a chairwoman is 0.039, which means that in the surveyed Chinese small and medium enterprises, the proportion of companies with a female chairwoman is only 3.9% (13 companies). The average value of female relational capital is 0.438, indicating that in the study, the proportion of teams with female executives possessing relational capital is 43.8% (146 companies).

Table 1. Descriptive statistics and correlations

Variables	Mean	S.D.	1	2	3	4	5	6	7
1.Corporate fines	12.435	2.538	1						
2.Firm size	7.895	1.027	0.322***	1					
3.Leverage	0.425	0.192	0.246***	0.334***	1				
4.Team size	12.279	2.962	0.152***	0.237***	0.206***	1			
5.Women's representation	0.176	0.127	-0.165***	-0.048	-0.071	-0.080	1		
6.Presence of a chairwoman	0.039	0.194	-0.056	-0.003	-0.022	0.060	0.084	1	
7.Female relational capital	0.438	0.497	0.102*	0.068	0.113**	0.187***	0.297***	0.134**	1

$N = 333$. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

The correlation analysis results in Table 1 show that the control variables firm size (r=0.322, p<0.001), leverage (r=0.246, p<0.001), and team size (r=0.152, p<0.001) have a significant positive relationship with corporate fines. Women's representation has a significant negative relationship with corporate fines (r=-0.165, p<0.001). Female relational capital has a significant positive relationship with corporate fines (r=0.102, p<0.1). Although there are correlations between variables, especially between independent variables and moderating variables, and between moderating variables and moderating variables, the absolute values of their correlation coefficients do not exceed 0.4, so the probability of multicollinearity among variables is relatively small.

Table 2. Women's representation in top management teams and corporate wrongdoing

Variables	Corporate fines				
	Model 1	Model 2	Model 3	Model 4	Model 5
Firm size	0.638***	0.633***	0.618***	0.623***	0.612***
	(0.137)	(0.136)	(0.135)	(0.134)	(0.134)
Leverage	1.950***	1.854**	1.678**	1.725**	1.595**
	(0.727)	(0.721)	(0.720)	(0.716)	(0.717)
Team size	0.051	0.044	0.042	0.035	0.035
	(0.046)	(0.045)	(0.045)	(0.046)	(0.046)
Women's representation		-2.764***	-2.265**	-5.611***	-4.914***
		(1.024)	(1.037)	(1.398)	(1.435)
Presence of a chairwoman			0.090		0.008
			(0.726)		(0.732)
Women's representation × Presence of a chairwoman			-13.108**		-10.556*
			(5.619)		(5.658)
Female relational capital				0.531*	0.475*
				(0.279)	(0.284)
Women's representation × Female relational capital				5.002**	4.506**
				(2.142)	(2.159)
Constant	12.435***	12.435***	12.458***	12.109***	12.164***
	(0.130)	(0.129)	(0.131)	(0.179)	(0.180)
R^2	0.129	0.148	0.163	0.173	0.184
Adj. R^2	0.121	0.137	0.148	0.158	0.163
F	16.192***	14.198***	10.617***	11.377***	9.105***

$N = 333$. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 2 provides the analysis results of hierarchical regression based on the established models. To exclude the possible influence of other variables on the dependent variable, Model

URL: http://dx.doi.org/10.14738/abr.114.14561.

1 performs regression analysis on the three control variables, and the results show that firm size (B=0.638, p<0.001) and leverage (B=1.950, p<0.001) have a significant positive impact on corporate fines, and these impacts are basically consistent in the other four models.

Model 2 mainly tests Hypothesis 1, that is, the relationship between women's representation and corporate wrongdoing. The results show that the main independent variable, women's representation has a significant negative impact on corporate fines (B=-2.764, p<0.001), and this impact persists in Models 3, 4, and 5. Therefore, this result strongly supports Hypothesis 1.

Model 3 separately tests the moderating effect of the presence of a chairwoman on the relationship between women's representation and corporate wrongdoing. The negative and significant coefficient of the interaction between women's representation and the presence of a chairwoman (B=-13.108, p<0.05) indicates that the presence of a chairwoman enhances the negative impact of women's representation on corporate fines, and this impact also appears in Model 5, thus supporting Hypothesis 2.

Model 4 separately tests the moderating effect of female relational capital on the relationship between women's representation and corporate wrongdoing. The positive and significant coefficient of the interaction between women's representation and female relational capital (B=5.002, p<0.05) indicates that female relational capital weakens the negative impact of women's representation on corporate fines, and this impact is also reflected in Model 5, thus supporting Hypothesis 3.

Model 5 includes all variables and interaction variables, and the main effect of women's representation (B=-4.914, p<0.001), the moderating effect of the presence of a chairwoman (B=-10.556, p<0.1), and the moderating effect of female relational capital (B=4.506, p<0.05) remain significant, further validating all the hypotheses.

CONCLUSION AND IMPLICATIONS

In conclusion, the main findings of this study demonstrate that there is indeed a significant negative relationship between women's representation in top management teams and corporate wrongdoing in Chinese listed small and medium-sized enterprises, and this relationship is moderated by the presence of a chairwoman and female relational capital. This study not only extends the upper echelons theory by successfully incorporating the moral exemplar theory but also provides valuable references for the diversified management practices of top management teams and the moral culture construction of Chinese enterprises. Moreover, although it is now common for Chinese women to work, the average proportion of women in top management teams of the listed small and medium-sized enterprises is not high (17.6%), highlighting the gender inequality in the power center that requires special attention from society. Additional elaboration regarding the findings of this investigation is presented below:

First, women's representation in top management teams has a negative effect on corporate wrongdoing. The increase of female executives contributes to the awareness of potential moral risks in the management team and improves the team's decision-making quality, which in turn prevents corporate wrongdoing. Hence, it is imperative for Chinese enterprises to actively

promote gender equality in the workplace, especially by augmenting the recruitment and designation of female executives. This measure can facilitate the establishment of an inclusive and diverse organizational ethos and enhance the overall ethical standards of the organization.

Second, the presence of a chairwoman strengthens the effect of women's representation in top management teams on corporate wrongdoing. Specifically, under the leadership of a chairwoman, the inhibitory effect of female executives on corporate wrongdoing is more pronounced; whereas in companies led by a male chairman, this inhibitory effect is relatively weaker. A chairwoman can not only set a moral example for other women in the management team but also accelerate the diversification process of the team. At the same time, a chairwoman can reduce corporate immoral behavior through continuous infiltration and strict supervision of the management. Hence, in the process of appointing successors or establishing a corporate identity, Chinese business leaders may deliberate on the potential synergies that could arise from appointing both a chairwoman and female executives, thereby creating a favorable impression on external stakeholders.

Third, female relational capital weakens the effect of women's representation in top management teams on corporate wrongdoing. Specifically, when female executives in the top management team possess relational capital, their inhibitory effect on corporate wrongdoing is relatively weaker; whereas when female executives do not possess relational capital, this inhibitory effect is relatively stronger. Many scholars believe that social capital and political relationships help companies gain a competitive advantage, thereby improving firm performance (Ren & Wang, 2011), especially for small enterprises (Stam et al., 2014). Nevertheless, the aforementioned findings of the research diverge from the outcomes of the majority of antecedent studies. Although relational capital may facilitate the acquisition of crucial information, resources, and support for female executives, it may also engender a sense of overconfidence and a tendency towards less prudent decision-making. In particular, in the unique political and cultural context of China, female relational capital, such as those with the government and state-owned enterprises, may give rise to immoral behavior. Therefore, Chinese enterprises, especially listed companies, should not only strengthen corporate governance and cultivate ethical and honest organizational culture through transparent executive decision-making and selection mechanisms but also disclose relevant information in a timely manner and be willing to accept public supervision.

Lastly, the study also found that some other factors affect corporate wrongdoing. The results show that the larger the firm size, the more fines are imposed because it is more challenging to manage companies with complex organizational structures and a large number of employees, which may increase the likelihood of mistakes; the higher the leverage, the more fines are imposed, as higher financial risks may lead to financial fraud and corporate illegal behavior.

LIMITATIONS AND FUTURE DIRECTIONS

This study investigates the effects of women in top management teams on corporate wrongdoing and the moderating roles of certain factors. Despite advancements in both theoretical and empirical aspects, some limitations still exist. Future research can expand and deepen in the following areas:

URL: http://dx.doi.org/10.14738/abr.114.14561.

First, the data primarily originates from publicly available information on the Internet, such as annual reports of listed small and medium-sized enterprises in China and information on corporate websites. Hence, the assessment of corporate wrongdoing is quantified through corporate fines, yet a comprehensive differentiation based on its distinct characteristics is not provided. Future research could use questionnaires or interviews to further analyze different dimensions of corporate wrongdoing, revealing the performance of female executives in dealing with various types of immoral behavior.

Second, due to limited information sources, other potential moderating or mediating variables have not been discussed. Future research could further explore the influence of variables such as female executive characteristics, industry characteristics, and organizational culture.

Third, this study mainly uses cross-sectional data from 2017, which may not comprehensively reveal the dynamic changes in the impact of female executives on corporate wrongdoing. Future research could attempt to use panel data to better observe the time-series variation characteristics of the influence of female executives on corporate wrongdoing.

Lastly, the research samples and data used in this study are all from China, which has certain limitations. Future research could examine the relationship between female executives and corporate wrongdoing in different countries and cultural backgrounds, which may lead to new discoveries.

Acknowledgements
Support for this study was provided by the Grant-in-Aid for Early-Career Scientists (Grant Number: 20K13590).

References

Abatecola, G., & Cristofaro, M. (2020). Hambrick and Mason's "Upper Echelons Theory": evolution and open avenues. Journal of Management History, 26(1), 116-136.

Adams, R. B., & Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance. Journal of Financial Economics, 94(2), 291-309.

Arjoon, S. (2005). Corporate governance: An ethical perspective. Journal of Business Ethics, 61, 343-352.

Baucus, M. S., & Near, J. P. (1991). Can illegal corporate behavior be predicted? An event history analysis. Academy of Management Journal, 34(1), 9-36.

Bear, S., Rahman, N., & Post, C. (2010). The impact of board diversity and gender composition on corporate social responsibility and firm reputation. Journal of Business Ethics, 97(2), 207-221.

Bontis, N. (1998). Intellectual capital: an exploratory study that develops measures and models. Management Decision, 36(2), 63-76.

Boulouta, I. (2013). Hidden connections: The link between board gender diversity and corporate social performance. Journal of Business Ethics, 113(2), 185-197.

Campbell, K., & Mínguez-Vera, A. (2008). Gender diversity in the boardroom and firm financial performance. Journal of Business Ethics, 83, 435-451.

Cannella Jr, A. A., Park, J. H., & Lee, H. U. (2008). Top management team functional background diversity and firm performance: Examining the roles of team member colocation and environmental uncertainty. Academy of Management Journal, 51(4), 768-784.

Carpenter, M. A., Geletkanycz, M. A., & Sanders, W. G. (2004). Upper echelons research revisited: Antecedents, elements, and consequences of top management team composition. Journal of Management, 30(6), 749-778.

Carter, D. A., Simkins, B. J., & Simpson, W. G. (2003). Corporate governance, board diversity, and firm value. Financial Review, 38(1), 33-53.

Chen, C. R., Li, Y., Luo, D., & Zhang, T. (2017). Helping hands or grabbing hands? An analysis of political connections and firm value. Journal of Banking & Finance, 80, 71-89.

Chen, H., Chen, J. Z., Lobo, G. J., & Wang, Y. (2011). Effects of audit quality on earnings management and cost of equity capital: Evidence from China. Contemporary Accounting Research, 28(3), 892-925.

Chen, J., Leung, W. S., & Evans, K. P. (2018). Female board representation, corporate innovation and firm performance. Journal of Empirical Finance, 48, 236-254.

Choi, H., Hong, S., & Lee, J. W. (2018). Does increasing gender representativeness and diversity improve organizational integrity? Public Personnel Management, 47(1), 73-92.

Colby, A., & Damon, W. (1992). Some Do Care: Contemporary Lives of Moral Commitment. New York: The Free Press.

Coleman, J. S. (1988). Social capital in the creation of human capital. American Journal of Sociology, 94, S95-S120.

Cook, A., & Glass, C. (2014). Women and top leadership positions: Towards an institutional analysis. Gender, Work & Organization, 21(1), 91-103.

Cox, T. H., Lobel, S. A., & McLeod, P. L. (1991). Effects of ethnic group cultural differences on cooperative and competitive behavior on a group task. Academy of Management Journal, 34(4), 827-847.

Daboub, A. J., Rasheed, A. M., Priem, R. L., & Gray, D. (1995). Top management team characteristics and corporate illegal activity. Academy of Management Review, 20(1), 138-170.

Dechow, P. M., Sloan, R. G., & Sweeney, A. P. (1996). Causes and consequences of earnings manipulation: An analysis of firms subject to enforcement actions by the SEC. Contemporary Accounting Research, 13(1), 1-36.

Dezsö, C. L., & Ross, D. G. (2012). Does female representation in top management improve firm performance? A panel data investigation. Strategic Management Journal, 33(9), 1072-1089.

Dyreng, S. D., Mayew, W. J., & Williams, C. D. (2012). Religious social norms and corporate financial reporting. Journal of Business Finance & Accounting, 39(7-8), 845-875.

Eagly, A. H., & Johnson, B. T. (1990). Gender and leadership style: A meta-analysis. Psychological Bulletin, 108(2), 233-256.

Eagly, A. H., & Karau, S. J. (2002). Role congruity theory of prejudice toward female leaders. Psychological Review, 109(3), 573-598.

Eagly, A. H., Johannesen-Schmidt, M. C., & Van Engen, M. L. (2003). Transformational, transactional, and laissez-faire leadership styles: A meta-analysis comparing women and men. Psychological Bulletin, 129(4), 569-591.

URL: http://dx.doi.org/10.14738/abr.114.14561.

Elmagrhi, M. H., Ntim, C. G., Elamer, A. A., & Zhang, Q. (2019). A study of environmental policies and regulations, governance structures, and environmental performance: The role of female directors. Business Strategy and the Environment, 28(1), 206-220.

Erhardt, N. L., Werbel, J. D., & Shrader, C. B. (2003). Board of director diversity and firm financial performance. Corporate Governance: An international Review, 11(2), 102-111.

Fisman, R. (2001). Estimating the value of political connections. American Economic Review, 91(4), 1095-1102.

Fumagalli, M., Ferrucci, R., Mameli, F., Marceglia, S., Mrakic-Sposta, S., Zago, S., Lucchiari, C., Consonni, D., Nordio, F., Pravettoni, G., Cappa, S., & Priori, A. (2010). Gender-related differences in moral judgments. Cognitive Processing, 11, 219-226.

Galbreath, J. (2011). Are there gender-related influences on corporate sustainability? A study of women on boards of directors. Journal of Management & Organization, 17(1), 17-38.

Gino, F., Ayal, S., & Ariely, D. (2009). Contagion and differentiation in unethical behavior: The effect of one bad apple on the barrel. Psychological Science, 20(3), 393-398.

Haleblian, J., & Finkelstein, S. (1993). Top management team size, CEO dominance, and firm performance: The moderating roles of environmental turbulence and discretion. Academy of Management Journal, 36(4), 844-863.

Hambrick, D. C., & D'Aveni, R. A. (1992). Top team deterioration as part of the downward spiral of large corporate bankruptcies. Management Science, 38(10), 1445-1466.

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. Academy of Management Review, 9(2), 193-206.

He, R., Zhou, M., Liu, J., & Yang, Q. (2021). Female directors and carbon information disclosure: evidence from China. Discrete Dynamics in Nature and Society, 2021: 7772601, 1-16.

Herring, C. (2009). Does diversity pay?: Race, gender, and the business case for diversity. American Sociological Review, 74(2), 208-224.

Hoobler, J. M., Lemmon, G., & Wayne, S. J. (2011). Women's underrepresentation in upper management: New insights on a persistent problem. Organizational Dynamics, 40(3), 151-156.

Huang, H., & Zhao, Z. (2016). The influence of political connection on corporate social responsibility——evidence from Listed private companies in China. International Journal of Corporate Social Responsibility. 1: 9.

Joecks, J., Pull, K., & Vetter, K. (2013). Gender diversity in the boardroom and firm performance: What exactly constitutes a "critical mass?". Journal of Business Ethics, 118, 61-72.

Kanter, R. M. (1977). (1977a). Men and women of the corporation. New York: Basic Books.

Kish-Gephart, J. J., Harrison, D. A., & Treviño, L. K. (2010). Bad apples, bad cases, and bad barrels: meta-analytic evidence about sources of unethical decisions at work. Journal of Applied Psychology, 95(1), 1-31.

Li, H., Meng, L., Wang, Q., & Zhou, L. (2008). Political Connections, Financing and Firm Performance: Evidence from Chinese Private Firms. Journal of Development Economics, 87: 283-299.

Liu, Y., Lei, L., & Buttner, E. H. (2020). Establishing the boundary conditions for female board directors' influence on firm performance through CSR. Journal of Business Research, 121, 112-120.

Liu, Y., Wei, Z., & Xie, F. (2014). Do women directors improve firm performance in China? Journal of Corporate Finance, 28, 169-184.

Marinova, J., Plantenga, J., & Remery, C. (2016). Gender diversity and firm performance: Evidence from Dutch and Danish boardrooms. The International Journal of Human Resource Management, 27(15), 1777-1790.

Mayer, D. M., Kuenzi, M., Greenbaum, R., Bardes, M., & Salvador, R. B. (2009). How low does ethical leadership flow? Test of a trickle-down model. Organizational Behavior and Human Decision Processes, 108(1), 1-13.

Michel, J. G., & Hambrick, D. C. (1992). Diversification posture and top management team characteristics. Academy of Management Journal, 35(1), 9-37.

Miller, T., & del Carmen Triana, M. (2009). Demographic diversity in the boardroom: Mediators of the board diversity–firm performance relationship. Journal of Management Studies, 46(5), 755-786.

Milliken, F. J., & Martins, L. L. (1996). Searching for common threads: understanding the multiple effects of diversity in organizational groups. Academy of Management Review, 21(2), 402-433.

Mojambo, G., Tulung, J. E., & Saerang, R. T. (2020). The influence of Top Management Team (TMT) characteristics toward Indonesian Banks performance during the digital era (2014–2018). Available at SSRN 3541856.

Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. Academy of Management Review, 23(2), 242-266.

Nielsen, S., & Huse, M. (2010). The contribution of women on boards of directors: Going beyond the surface. Corporate Governance: An International Review, 18(2), 136-148.

Noland, M., Moran, T., & Kotschwar, B. R. (2016). Is gender diversity profitable? Evidence from a global survey. Peterson Institute for International Economics Working Paper, (16-3).

Page, S. E. (2007). The difference: How the power of diversity creates better groups, firms, schools, and societies. Princeton University Press.

Peng, M. W., & Luo, Y. (2000). Managerial ties and firm performance in a transition economy: The nature of a micro-macro link. Academy of Management Journal, 43(3), 486-501.

Post, C., & Byron, K. (2015). Women on boards and firm financial performance: A meta-analysis. Academy of Management Journal, 58(5), 1546-1571.

Qi, B., Lin, J. W., Tian, G., Lewis, H. C. X. (2018). The impact of top management team characteristics on the choice of earnings management strategies: Evidence from China. Accounting Horizons, 32(1), 143-164.

Ren, T., & Wang, Z. (2011). Female participation in TMT and firm performance: evidence from Chinese private enterprises. Nankai Business Review International, 2(2), 140-157.

Ruiz-Jiménez, J. M., & Fuentes-Fuentes, M. D. M. (2016). Management capabilities, innovation, and gender diversity in the top management team: An empirical analysis in technology-based SMEs. BRQ Business Research Quarterly, 19(2), 107-121.

Saeed, A., Riaz, H., Liedong, T. A., & Rajwani, T. (2022). The impact of TMT gender diversity on corporate environmental strategy in emerging economies. Journal of Business Research, 141, 536-551.

Shleifer, A., & Vishny, R. W. (1993). Corruption. The Quarterly Journal of Economics, 108(3), 599-617.

URL: http://dx.doi.org/10.14738/abr.114.14561.

Stam, W., Arzlanian, S., & Elfring, T. (2014). Social capital of entrepreneurs and small firm performance: A meta-analysis of contextual and methodological moderators. Journal of Business Venturing, 29(1), 152-173.

Sung, H. E. (2012). Women in government, public corruption, and liberal democracy: a panel analysis. Crime, Law and Social Change, 58, 195-219.

Surowiecki, J. (2004). The wisdom of crowds. New York: Anchor Books.

Terjesen, S., Aguilera, R. V., & Lorenz, R. (2015). Legislating a woman's seat on the board: Institutional factors driving gender quotas for boards of directors. Journal of Business Ethics, 128(2), 233-251.

Torchia, M., Calabrò, A., & Huse, M. (2011). Women directors on corporate boards: From tokenism to critical mass. Journal of Business Ethics, 102, 299-317.

Tran, N. M., Nguyen, T. T., Nguyen, T. P. L., Vu, A. T., Phan, T. T. H., Nguyen, T. H. T., Do, N. D., & Phan, A. T. (2022). Female managers and corruption in SMEs: a comparison between family and nonfamily SMEs in Vietnam. SAGE Open, 12(1), 21582440221082131.

Triana, M. D. C., Miller, T. L., & Trzebiatowski, T. M. (2014). The double-edged nature of board gender diversity: Diversity, firm performance, and the power of women directors as predictors of strategic change. Organization Science, 25(2), 609-632.

Vaniala, I., Tikkanen, H., & Huhtala, J-P. (2014). The impact of top management team gender diversity in firm competitive aggressiveness. In Academy of Management Annual Meeting Proceedings, 2014(1): 16189.

Virk, G. K. (2019). Pervasiveness of Corporate Illegality: The Effects of Board of Directors Characteristics. Journal of Commerce & Accounting Research, 8(2).

Williams, R. J., Fadil, P. A., & Armstrong, R. W. (2005). Top management team tenure and corporate illegal activity: The moderating influence of board size. Journal of Managerial Issues, 479-493.

Wu, W., Wu, C., Zhou, C., & Wu, J. (2012). Political connections, tax benefits and firm performance: Evidence from China. Journal of Accounting and Public Policy, 31(3), 277-300.

Yli-Renko, H., Autio, E., & Tontti, V. (2002). Social capital, knowledge, and the international growth of technology-based new firms. International Business Review, 11(3), 279-304.

Zou, Z., Wu, Y., Zhu, Q., & Yang, S. (2018). Do female executives prioritize corporate social responsibility? Emerging Markets Finance and Trade, 54(13), 2965-2981.