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Women Directors and CEO Excessive Compensation

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Abstract

This study aims to explore the crucial question whether the presence of female directors on the compensation committees limits the CEO excessive compensation in China or not? To draw the inferences, we use the data of Chinese listed firms for the year 2006 to 2015 and estimate ordinary least square regression as a baseline methodology along with two-stage least squares regression to control the endogeneity issues. We find reliable evidence that Chinese CEOs do receive some excessive compensation which can be mitigated by having gender diverse compensation committee. We also find CEO excessive compensation is positively linked to firm performance when firms have gender diverse compensation committees. Moreover, we also find that the governance role of gender diverse compensation committee on CEO's excessive pay varies across sub-national institutional contingencies.

Keywords: female directors, compensation committee's limits, gender diverse compensation committee, sub-national institutional contingencies.

1. Introduction

The most recognized form of corporate governance is the structure and effectiveness of board of directors and its subcommittees (De Lacy, 2005). Policymakers, regulators and academics give great attention to gender diversity in corporate boards. Lawmakers believe that females are under-represented on boards (Adams, 2016; Adams et al., 2015; Terjesen

et al., 2015), and there are so many challenges for women to get positions in corporate boards (Gabaldon et al., 2016). Now a days, policymakers are encouraging and somewhat mandating a certain percentage of female directors on the boards. After the worldwide financial crises, criticism expanded on executives for taking high risk to increase level of executive pay, because a question rose by researchers that the things would be different if more women are represented on the corporate board. Therefore, limitations are proposed on the levels and extents of the components of executive remuneration by the lawmakers.

The representation of women directors on the boards condenses the probabilities of mistakes and frauds in financial reporting (Wahid, 2019). Women directors make less risky investments than men (Faccio et al., 2016) and are tougher monitors (Adams & Ferreira, 2009). Kesner, (1988) documented that most of decisions of the corporate are made at subcommittee level of the boards, rather than at boards level, it is suitable to keenly observe the structure of board subcommittee. The most prominent committees on the boards are compensation committee and audit committee. Compensation committee sets the compensation packages for executives and play a significant role in governance procedure of the firms. So, it is important to investigate how the women representation on subcommittee level improves the committees' objectives. A very few studies conducted to investigate the association between women's presence in compensation committee and CEO compensation. Bugeja et al. (2016) found that a compensation committee that have female member limits the CEO's total pay as well as CEO's excessive pay. Usman et al., (2018) also reported that female presence in compensation committee strengths the CEO pay-performance relationship. This paper investigates that how compensation committee with female members improves committees' objectives related to limits CEO excessive compensation.

CEO's compensation packages have a significant role in alleviating the conflict of interest among directors and shareholders in organizations. Therefore, it has been broadly perceived that pay packages could possibly assume a significant role in encouraging top management to take high risk. However, it is essential to see how organizations design the CEO's pay packages and whether women's presence in compensation committee limits the CEO's excessive compensation. Moreover, the recent stratospheric increase in executives' pay has attracted the attention of lawmakers, academics and media groups (Murphy, 2013). There are so many reasons to attract such an awful attention. The first one is unjustified increased in CEO compensation around the world. Murphy (2013) reported that median of CEO Pay in 1992 increased from 2.9 million dollars to 9.0 million dollars in 2011 in S&P 500 companies. In regard to unjustified increase in CEO compensation in emerging economies, executive compensation increased in the 2001 to 2011 from 2.5, 3.0 and 3.5 times in Brazil, Indonesia and China respectively. (Zhang et al., 2016). Second reason is

that many researchers have documented that the CEOs receive excessive pay (Bugeja et al., 2016; Core et al., 2008).

The evidence shows that board of directors face psychological, social and political influences that can ruin the arms-length bargaining procedure (Devers et al., 2007; Finkelstein et al., 2009) and as a result of this, CEO receive unfair high compensation. Therefore, the managerial power theory contends that power of manager over the board allows him or her to increase his or her compensation not related with company's performance. (Bebchuk & Fried, 2003, 2006; Bebchuk et al., 2002). This theory proposes that manager's power over the board or over the compensation committee allows to increase in his compensation and there is no relation or a feeble relation between pay and firm performance (Bebchuk & Fried, 2003, 2006; Bebchuk et al., 2002). It is the obligation of board to hire, fire, and pay the top management. However, the board gives task to compensation committee to do this. Therefore, it is the responsibility of compensation committee to set the pay packages for top managers and design optimal contracts autonomously that can reduce agency problems. The managerial power theory struggles that arrangements of compensation committee structure is important to facilitate committee objectivity in decisions related to the CEO's compensation. However, committees' structure give power to the CEO over the board to negotiated on CEO compensation, leading to CEO's excessive compensation. So that, agency theory and the managerial power theory propose that an independent compensation committee facilitates to set compensation packages.

In alignment with agency theory and the managerial power theory many scholars have examined the relationship between structure of compensation committee and CEO compensation. Previous studies focus on the question how independent directors' proportion in compensation committees affect the CEO compensation (Kent et al., 2018; Capezio et al., 2011; Anderson & Bizjak, 2003; Conyon, 2014; Gregory-Smith, 2012). However, the results of many studies were not convincing because they reported that compensation committee independence does not limit the CEO compensation (Capezio et al., 2011; Anderson & Bizjak, 2003; Conyon, 2014; Gregory-Smith, 2012; Main & Johnston, 1993). Moreover, few studies have examined the determining factors of existence of women in compensation committee on the boards (Strobl et al., 2016; Adams & Ferreira, 2009). However, the impact of compensation committee that have women directors on CEO excessive compensation and the relationship between the CEO excessive compensation and firm performance, mostly overlooked. To date, a very few studies have examined the impact of women's presence in compensation committee on CEO compensation. For example, presence of women directors in compensation committee has negative association with CEO's total pay (Usman et al., 2018; 2019; 2021, Bugeja et al., 2016). They found a compensation committee that have women directors, improve

objectives of the committees. Nevertheless, based on these studies, it is too early to make such a conclusion. Therefore, we go beyond these studies and investigate the question whether the female presence on the compensation committees limits CEOs excessive compensation. Moreover, we also investigate whether women's presence in compensation committee reduces the positive relationship between CEO's excessive pay-performance.

1.1 Institutional Background

This paper explores the governance role of female in compensation committee for setting CEO compensation packages in developing country such as China. China faces unique governance challenges i.e. weak investor protection (La Porta et al., 2000), high ownership concentration (La Porta et al., 1999), ineffective board structure (Dharwadkar et al., 2000), inactive external governance mechanisms (Claessens & Yurtoglu, 2013) and subsequently, low market valuations of public firms (La Porta et al., 2002) are apparent. As, the prior studies (Firth et al., 2006) suggest that CEO pay differs from country to country due to the different country-specific contextual aspects, such as regulatory framework, culture, ownership structures and governance system. Therefore, this research paper extends prior literature by using the data from a developing country China, where high ownership concentration, high state ownership, high family ownership, and weak governance mechanism are apparent.

However, the code of corporate governance does not require having board compensation committee in China, but it is recommended to have a board compensation committee. Like USA and many other Asian countries i.e., Indonesia, Japan, China, Hong Kong, Singapore, Taiwan and Korea, China has no quota for women directors on the board of public listed firms (Deloitte, 2013). Therefore, in China the presence of women directors on boards is voluntary. However, in our sample firms having at least 1 women director on the board increased from 61% in the year 2006 to 76% in the year 2015. Similarly, the percentage of women directors on boards also increased from 10% in year 2006 to 14% in the year 2015. Therefore, this study extends prior literature by using the sample data from a developing country such as China, there is no quota for female directors like U.S., but firm ownership and the governance structure is significantly different from U.S. As a result, this study provides new insights on the governance role of women's presence in compensation committee and CEO excessive compensation.

2. Literature Review

Recently, regulatory bodies are paying attention about gender equivalence and many regulatory authorities in the world are seeking to raise women representation on the board. For example, Terjesen et al. (2016) reported that corporate governance code of sixteen countries motivate their public listed companies to maintain women's representation on the

board e.g. Sweden, United Kingdom, Australia and Canada, while in other fourteen countries, for public listed companies it is mandatory to have female on their boards e.g. Italy, France, Malaysia, India, Norway, Belgium and Pakistan.

Therefore, several studies investigate whether the representation of female directors on the board and board sub-committees improves the monitoring and objectivity of board and its sub-committees. However, the impact of women's presence in compensation committee on the CEO's compensation has been largely overlooked. However, this research investigates the impact of women's presence in compensation committee on CEO excessive pay and excessive pay-performance relationship.

Table 1: Description of Variables

Variables	**Description**
LOGCEOPAY	Defined as log of CEO's whole cash compensation.
CEOEXCESSIVEPAY	Defined as actual CEO compensation minus expected compensation
CCWDUMMY	Equals to 1 if there is at least one women director in compensation committee, otherwise 0.
CCWNUMBER	Defined as the number women directors in compensation committee.
CCWOMENPRO	Defined as the proportion of women directors in compensation committee.
ROA	Defined as net profit divided by total assets.
SOE	Equals to 1 if the firm is affiliated with the central or local government, otherwise 0.
FAMILYOWNED	Equals 1 if the firm is owned by family and 0 otherwise. (A firm is considered family owned firm in which an individual or family member is ultimate owner who controls at least five percent direct or indirect voting rights)
CROSSLISTED	Equals to 1 if firm is cross listed at HKSE, otherwise 0.

REGDEVELOPMENT	Equals to 1 if firm's head office is situated in more developed regions of China (eastern side of China) and 0 if firm's head office is situated in less developed regions of China (western and other regions of the China).
CEODUALITY	Equals to 1 if the CEO is also the chairman of the board, otherwise 0.
CEOTENURE	Defined as the number of years that CEO has served in the company.
BOARDSIZE	Defined as the number of directors on the board.
BOARDPROIND	Equals to the proportion of independent directors on the board.
CCSIZE	Equals to total number of directors on compensation committee.
CCINDPRO	Equals to the proportion of independent directors on the compensation committee.
INSTHOLDING	Defined as the percentage of shares held by institutions.
FIRMAGE	Equals to the number of years that firm has been listed on the stock exchange.
FINLEVERAGE	Defined as the total debt divided by total assets.
FIRMSIZE	Defined as the natural log of total sales.
BMRATIO	Defined as market value divided by total common equity.
CCCEOPRESENCE	Equals to 1 if CEO present in compensation committee meetings, otherwise 0.

2.1 Effect of Women in Compensation Committee on CEO Excessive Compensation

Recently, high CEO pay, and excessive CEO pay has drawn the media attention e.g., (Bugeja et al., 2016; Core et al., 2008). Previous studies on the CEO compensation or

excessive compensation suggest that high CEO pay, or excessive CEO pay reflects the CEO entrenchment and inefficiency of board or compensation committee monitoring e.g., (Brick et al., 2006; Bugeja et al., 2016; Core et al., 2008).

The literature on the CEO pay discusses the managerial power theory which argues that the board fails to engage in arm's-length dealing when it is affiliated with top management rather than independent from it (Bebchuk & Fried, 2003, 2006; Bebchuk et al., 2002). Proponents of managerial power theory argue that a board's failure to negotiate at arm's length with its CEO, especially in regard to his or her compensation, is due to the CEO's structural mechanism, which influences the board's decision-making (Bebchuk & Fried, 2003, 2006).

Therefore, one of the key assumptions of managerial power theory is that, when the board or board subcommittee is dominated by outside directors, CEO compensation is lower than when it is not. However, outside directors may be ineffectual when they are too busy, don't have enough information about the company, or are appointed by the CEO (Jensen, 1993). Similarly, most studies report that high percentage of independent on the board level is ineffectual and do not limit the CEO's compensation because of they don't have enough information about the company (Al-Najjar, 2017; Capezio et al., 2011; Conyon, 2014; Conyon & He, 2011, 2012; Core et al., 1999; Hermalin & Weisbach, 1991; Jaiswall & Bhattacharyya, 2016; Ozkan, 2011; Reddy et al., 2015; Sapp, 2008) with a few exceptions e.g., (Alves et al., 2016; Chhaochharia & Grinstein, 2009).

The main limitations of the above studies are that they have focused on the board independence rather than compensation committee independence because in practice the board functions in committees. Therefore, it is more insightful, and useful to examine how compensation committee structure effects the CEO excessive compensation? However, most previous studies have reported the compensation committee independence also does not limit the CEO's total pay level (Kent et al., 2018; Capezio et al., 2011; Anderson & Bizjak, 2003; Conyon, 2014; Gregory-Smith, 2012; Main & Johnston, 1993). This contradictory evidence regarding the effectiveness of compensation committee raises the question concerning whether anyone can be confident that an independent compensation committee composed of all male directors is independent of hired managers. For example, Terjesen et al. (2016) argued that a gender-imbalanced board indicates that executives have power over the selection of outside directors. Therefore, there is the possibility that an independent compensation committee with all-male directors may be not truly independent of top managers and cannot limit the CEO pay or excessive pay.

However, few scholars have explored whether women's presence on the board or compensation committee reduces the CEO's compensation. For example, Adams and Ferreira (2009), Alves et al. (2016), and Benkraiem et al. (2017) investigate whether the presence of women directors on the board limits the CEO pay. Consistent with prior studies

on governance role of women directors Benkraiem et al. (2017) also documented that women's presence on the boards pay, less to their CEOs. On contrary, Adams and Ferreira (2009), Alves et al. (2016), reported no effect of women's presence on the board on CEO pay.

Similarly, few studies have also considered the consequence of women's presence in compensation committee on CEO's pay and reported inconsistent results (Strobl et al., 2016; Bugeja et al., 2016). For instance, Strobl et al. (2016) used the data of US listed companies and reported that women's presence in committees have no effect on the CEO pay, while, Bugeja et al. (2016) analyzed and reported that US firms with women's presence in committees pay, less to their CEOs. In addition, they also documented that the CEOs in US listed companies receive excessive compensation. They further reported women's presence in compensation committee is negatively linked with CEO's excessive pay. Based on their findings they concluded that women's presence in compensation committee enhances the committees' independence and effectiveness. Clearly, the results of preceding studies on the connection among women's presence in compensation committee and CEO pay are inconclusive and demand additional examination. However, there is only one study by Bugeja et al., (2016) that has investigated the effect of women's presence in the compensation committee on the CEO excessive compensation US context. So we go beyond that study and investigate the effect of gender diverse compensation committee on CEO excessive pay in China context. We also investigate whether gender diverse compensation committee strengthen the CEO excessive pay-performance link.

From the given empirical evidence on the governance part of women directors, we conclude that the presence of women on compensation committee improves the committee monitoring efficiency, so CEO's power over such committee will be low. Therefore, we hypotheses as follows;

- **H_1:** Women directors on compensation committee limit the CEO excessive compensation.
- **H_2:** Women directors on compensation committee strengthen the positive relationship of CEO excessive pay and firm performance

2.2 Sub-National Institutional Contingencies and Governance Role of Female Directors

Most of prior studies on women's presence in boardroom and CEO pay have been conducted in developed countries e.g., (Adams & Ferreira, 2009; Benkraiem et al., 2017; Bugeja et al., 2016; Strobl et al., 2016). However, the governance and structure of ownership in developing countries is different from developed countries. The structure of ownership is highly concentrated i.e. family ownership, foreign ownership, and state ownership is very common in China. Therefore, Chinese unique business environment

provides us the opportunity to explore how within country institutional factors such as state ownership, and family ownership effects governance role of women directors on CEO compensation.

China face unique governance challenges such as ownership concentration (La Porta et al., 1999), ineffectual structures' of the board (Dharwadkar et al., 2000), weak shareholder protection (La Porta et al., 2000), inactive external governance mechanisms (Claessens & Yurtoglu, 2013) and accordingly, lower market assessment of public corporations (La Porta et al., 2002) are apparent. Therefore, Firth et al. (2006) suggest that CEO pay is different from country to country because of variances in country-specific contextual aspects, such as culture, governance system, regulatory framework, and structures of ownership. Nevertheless, preceding studies have been conducted only in developed countries in which the contextual factors are similar (Zheng, 2010). Therefore, this study extends previous research by using the data from a developing country China, where there is no quota for female directors, but high state ownership, high family ownership, and foreign ownership is expressively different from that of the developed countries. So, investigating the question concerning whether the effect of women's presence in compensation committee on CEO compensation differs by type of ownership i.e. state-ownership vs. non-state-ownership and family-ownership vs. non-family-ownership.

In addition to these ownership differences some Chinese firms are cross listed on the Hong Kong stock exchange. In Hong Kong, the governance models are similar to Anglo-Saxon model. Prior studies have shown that cross listed firms have to face different regulatory and social environment (Ferris et al., 2009). Therefore, such exposure can influence the governance role of women directors. Furthermore, the studies have shown the institutional environment also significantly varies across the different regions of the China (Chen et al., 2010). Therefore, these two institutional differences provide the unique opportunity to explore the question concerning how governance role of women directors on CEO compensation varies across firms that are cross listed vs. non-cross listed and in firms situated in more developed areas as compared to firms situated in less developed regions.

Therefore, it will be insightful to explore whether the governance role of women's presence in compensation committee on CEO excessive compensation and CEO excessive pay-performance relationship varies across state-ownership firms vs. non-state-ownership firms, family-ownership vs. non-family-ownership, cross listed vs. non-cross listed and in firms situated in more developed areas as compared to firms situated in less developed regions. Therefore, following are hypothesized:

- **H_{3a}:** Governance role of women on compensation committee on CEO excessive pay varies across state-ownership firms and non-state-ownership firms

- **H_{3b}:** Governance role of women on compensation committee on CEO excessive pay-performance relationship varies across state-ownership firms and non-state-ownership firms
- **H_{4a}:** Governance role of women on compensation committee on CEO excessive pay varies across family and non-family-ownership firms
- **H_{4b}:** Governance role of women on compensation committee on CEO excessive pay-permeance relationship varies across family and non-family-ownership firms
- **H_{5a}:** Governance role of women on compensation committee on CEO excessive pay varies across cross-listed and domestic firms
- **H_{5b}:** Governance role of women on compensation committee on CEO excessive pay-performance relationship varies across cross-listed and domestic firms
- **H_{6a}:** Governance role of women on compensation committee on CEO excessive pay varies across firms situated in less-developed regions and more-developed regions
- **H_{6b}:** Governance role of women on compensation committee on CEO excessive pay-performance relationship varies across firms situated in less-developed regions and more-developed regions

3. Data Summary Statistics, and Statistical Methodology

3.1 Data Source and Sample

The data regarding the variables used in this study is obtained from "China Stock Market and Accounting Research" (CSMAR) database. The initial sample of this study consists of all A-share companies listed on the Shenzhen and Shanghai stock exchanges for the period ranging from 2006 to 2015 (22826 firm-year observations). The year 2006 is the starting year of this study because it is the year when CSRC made it mandatory for public listed companies to reveal the CEO's total compensation separately. In alignment with the previous studies, excluded observations in which a firm had no compensation committee, because the focus of this study is gender diverse compensation committee. As a result, sample reduced to 15976 observations. Finally, also excluded those observations in which data was missing on the variables. Therefore, the final useable sample is 11872 observations.

3.2 Variables Measurement

3.2.1 CEO Excessive pay

To compute the CEO excessive compensation (*CEOEXCESSIVEPAY*), following (Bugeja et al., 2016; Core et al., 2008; Core et al., 1999) we first calculate the CEO expected compensation by regressing the *LOGCEOPAY* on the economic features of the firm as

established in optimal contracting and remuneration literature (equation 1). The expected compensation is equal to exponential values of equation 1 for each firm-year observation.

$$LOGCEOPPAY_{it} = \beta_0 + \beta_1 FIRMAGE_{it} + \beta_2 \text{FINLEVERAGE}_{it} + \beta_3 \text{FIRMSIZE}_{it} + \beta_4 \text{FIRMGROWTH}_{it} + \beta_5 BMRATIO_{it} + \beta_6 ROA_{it} + \beta_7 Industry\_dummies + \beta_7 Year\_dummies\varepsilon_{it} \quad (1)$$

Where, *LOGCEOPAY* is log of CEO's whole cash pay. Firm size (*FIRMSIZE*) is measured by log of firm's total sales. Firm growth (*FIRMGROWTH*) is measured as the present year assets subtract the last year assets, divided by the present year assets. Book to market ratio (*BMRATIO*) is defined as market value divided by total common equity. Firm age (*FIRMAGE*) is defined as the number of years that the firm has been listed on the stock exchange. Financial leverage (*FINLEVRAGE*) is defined as total debt divided by total assets.

The excessive compensation is then calculated by taking the difference of actual CEO's total pay and expected pay (Equation 2).

$$EXCESSIVECEOPay_{it} = Ln\,(CEO\ Total\ Actual\ Compensation_{it}) - Ln\,(CEO\ Expected\ Compensation_{it}) \quad (2)$$

To test whether the governance role of women's presence on compensation committee on CEO excessive (CEO excessive pay and CEO excessive pay performance relationship) varies across the state-ownership enterprises and non-state-ownership enterprises, family owned vs. non-family owned firms, cross listed vs. non-cross listed firms and firms located in more developed regions vs. less developed regions, we estimate equations 3 to 4 on sub-sample of SOEs and non-SOEs; family ownership firms and non-family ownership firms; cross-listed and non-cross-listed; and firms situated in less-developed regions and more-developed regions separately for each. To isolate the effect of state ownership on the governance role governance role of women's presence in compensation committee on CEO pay, we will exclude the sub-national institutional contingencies i.e., (SOE, FAMILYOWNED, REGDEVELOPMENT, and CROSSLISTED) from equations 3 to 4 before estimating them.

In line with preceding studies on executive's pay e.g., (Conyon, 2014; Kent et al., 2016; Bugeja et al., 2016; He and Fang, 2016; Strobl et al., 2016, we also use the OLS regression technique to estimate the equations 3 to 5. Similarly, following the footstep of CEO compensation study (Usman et al., 2018). Following are the main equations of the study:

$$\text{CEOEXCESSIVEPAY}_{it} = \alpha + \beta_1 \text{CCWomen}_{it} + \beta_2 \text{ROA}_{it} + \beta_3 \text{CEODUALITY}_{it} + \beta_4 \text{CEOTENURE}_{it} + \beta_5 \text{BOARDSIZE}_{it} + \beta_6 \text{BOARDPROIND}_{it} + \beta_7 \text{CCSIZE}_{it} + \beta_8 \text{CCINDPRO}_{it} + \beta_9 \text{INSTHOLDING}_{it} + \beta_{10} \text{FIRMSIZE}_{it} + \beta_{11} \text{FIRMAGE}_{it} + \beta_{12} \text{FINLEVERAGE}_{it} + \beta_{13} \text{SOE}_{it} + \beta_{14} \text{FAMILYOWNED}_{it} + \beta_{15} \text{CROSSLISTED}_{it} +$$

$$\beta_{16}\text{REGDEVELOPMENT}_{it} + \beta_{17}\text{BMRATIO}_{it} + \beta_{18}\text{CCCEOPRESENCE}_{it} + \sum_{i=1}^{n}\beta_n\,\text{Industry\_Dummies}_{it} + \sum_{i=1}^{n}\beta_n\,\text{Year\_Dummies}_{it}\varepsilon_{it} \quad (3)$$

$$\text{EXCPAYPERFORMANCE}_{it} = \alpha + \beta_1\text{CCWomen}_{it} + \beta_2\text{ROA}_{it} + \beta_3\text{ROA}_{it} * \text{CCWomen}_{it} + \beta_4\text{CEODUALITY}_{it} + \beta_5\text{CEOTENURE}_{it} + \beta_6\text{B\_Size}_{it} + \beta_7\text{BOARDPROIND}_{it} + \beta_8\text{CCSIZE}_{it} + \beta_9\text{CCINDPRO}_{it} + \beta_{10}\text{INSTHOLDING}_{it} + \beta_{11}\text{FIRMSIZE}_{it} + \beta_{12}\text{FIRMAGE}_{it} + \beta_{13}\text{FINLEVERAGE}_{it} + \beta_{14}\text{SOE}_{it} + \beta_{15}\text{FAMILYOWNED}_{it} + \beta_{16}\text{CROSSLISTED}_{it} + \beta_{17}\text{REGDEVELOPMENT}_{it} + \beta_{18}\text{BMRATIO}_{it} + \beta_{19}\text{CCCEOPRESENCE}_{it} + \sum_{i=1}^{n}\beta_n\,\text{Industry\_Dummies}_{it} + \sum_{i=1}^{n}\beta_n\,\text{Year\_Dummies}_{it}\varepsilon_{it} \quad (4)$$

3.3 Descriptive Statistics

Table 2 shows the descriptive statistics for all variables for panel data. The average CEO pay in full sample of this study is 569000 RMB with standard deviation of 648000 RMB. The average compensation committee size is 3.46 with 66.1% of the independent directors in compensation committee and only 14% are female directors. The mean of the firm performance measure ROA is 3.4 percent with standard deviation of 16.2 percent.

Table 3 shows the descriptive statistics for all variables for sub-sample of firms with and without women's presence in compensation committee. The mean of CEO's total compensation and mean of CEO excessive compensation is low (566000 and -0.002 respectively) in sub-sample firms with women's presence in compensation committee as compared firms without women's presence in compensation committee (570000 and 0.011 respectively).

However, among the control variables there are some interesting statistics i.e. the firms with Women in compensation committee are slightly smaller (FIRMSIZE = 3.047) than the firms without women's presence on the boards (FIRMSIZE = 3.050). The firms with women's presence on the boards are relatively older (FIRMAGE = 10.78) than the firms with no women directors in compensation committee (FIRMAGE = 10.41). Similarly, the firms with women's presence in compensation committee are relatively good performing (ROA = 3.5%) as compared to firm without women's presence in compensation committee (ROA = 3.3%).

Table 2: Descriptive Statistics (for each variable for panel data) (N = 16457)

Variable	Mean	SD	Minimum	Maximum
CEO_COMPENSATION	569000	648000	0.000	16800000
CEOEXCESSIVEPAY	0.006	0.742	-10.428	3.009
CCWDUMMY	0.396	0.489	0.000	1.000
CCWOMENNUMBER	0.480	0.663	0.000	4.000
CCWOMENPRO	0.140	0.197	0.000	1.000
CCSIZE	3.464	0.978	1.000	8.000
CCINDPRO	0.661	0.120	0.000	1.000
CEODUALITY	0.228	0.419	0.000	1.000
CEOTENURE	2.916	2.580	0.000	19.000
BOARDSIZE	10.181	2.590	4.000	27.000
BOARDPROIND	0.376	0.068	0.000	0.800
INSTHOLDING	7.373	10.355	0.000	87.890
ROA	0.034	0.162	-5.855	6.109
FIRMSIZE	3.049	0.075	2.202	3.357
FIRMAGE	10.556	5.884	0.000	26.000
FINLEVERAGE	0.510	0.917	0.007	58.082
SOE	0.497	0.500	0.000	1.000
FAMILYOWNED	0.464	0.499	0.000	1.000
CROSSLISTED	0.029	0.167	0.000	1.000
REGDEVELOPMENT	0.601	0.490	0.000	1.000
BMRATIO	0.976	1.053	0.000	21.190
CCCEOPRESENCE	0.266	0.442	0.000	1.000

Table 3: Descriptive Statistics

Variables	Firms with female directors in compensation committee (N = 6518)		Firms without female directors in compensation committee (N = 9939)	
	Mean	Median	Mean	Median
CEO_COMPENSATION	566000	410000	570000	416000
CEOEXCESSIVEPAY	-0.002	0.021	0.011	0.058
ROA	0.035	0.034	0.033	0.034
CEODUALITY	0.240	0.000	0.219	0.000
CEOTENURE	3.037	2.000	2.835	1.917
BOARDSIZE	10.228	9.000	10.150	9.000
BOARDPROIND	0.376	0.364	0.376	0.364
CCSIZE	3.620	3.000	3.362	3.000
CCINDPRO	0.655	0.667	0.665	0.667
INSTHOLDING	7.421	4.260	7.342	4.296
FIRMSIZE	3.047	3.046	3.050	3.049
FIRMAGE	10.776	11.000	10.403	10.000
FINLEVERAGE	0.502	0.470	0.515	0.474
SOE	0.479	0.000	0.508	1.000
FAMILYOWNED	0.480	0.000	0.454	0.000
CROSSLISTED	0.020	0.000	0.034	0.000
REGDEVELOPMENT	0.592	1.000	0.606	1.000
BMRATIO	0.944	0.631	0.996	0.661
CCCEOPRESENCE	0.269	0.000	0.264	0.000

Table 4 shows the correlation between all variables that are used in this research paper. The correlation coefficient between the CCWOMENPRO and CEOEXCESSIVEPAY is negative which shows that the representation of high proportion of women directors in

compensation committee enhances the committee's objectivity in limiting the CEO to get excessive pay. This finding is in alignment with the fist hypothesis of this study which suggests that there is a negative relationship between women in compensation committee and CEO excessive pay.

The correlation coefficient between FAMILYOWNED and CEOEXCESSIVEPAY is positive and significant which represent that CEO's excessive compensation is high in family owned firms. This result shows that, in family-owned firm's CEO receive excessive compensation. Similarly, the correlation coefficient between the REGDEVELOPMENT and CEOEXCESSIVEPAY is also positive and significant which shows that CEO's excessive pay is high in that firms located in develop regions. These findings suggest that, cross-listed firms and that firms situated in developed regions pay high to their CEOs to motivate them to work effectively to enhance the corporate performance.

The correlation coefficient between main independent variables of this research does not remain below the acceptable limit of 0.70 (Tabachnick & Fidell, 1996). But all other independent variables are sufficiently independent from each other and therefore there is no issue of multicollinearity. Moreover, the correlation coefficient between the gender diversity measures (CCWDUMMY, CCWNUMBER, and CCWOMENPRO) is higher than the acceptable limit (0.70) (Tabachnick & Fidell, 1996). This indicates the possible problem of multicollinearity. Therefore, to deal with the possible problem of multicollinearity we follow most of prior studies on the gender diversity and estimate separate regression for each measure of the presence of women in compensation committee.

Table 4: Correlation Matrix

		1	2	3	4	5	6	7	8
1	LOGCEOPAY	1							
2	CEOEXCESSIVEPAY	0.860***	1						
3	CCWDUMMY	-0.010	-0.016	1					
4	CCWNUMBER	-0.012	-0.016	0.894***	1				
5	CCWOMENPRO	-0.020*	-0.024**	0.882***	0.948***	1			
6	ROA	0.048***	0.015	0.009	0.007	0.007	1		
7	CEODUALITY	0.045***	0.065***	0.023*	0.025**	0.041***	-0.020*	1	
8	CEOTENURE	0.210***	0.089***	0.031***	0.041***	0.042***	0.015	0.119***	1
9	BOARDSIZE	0.069***	-0.035***	0.025**	0.025**	-0.013	-0.027**	-0.086***	-0.020*
10	BOARDPROIND	0.055***	-0.005	0.001	-0.001	0.016	0.008	0.083***	0.129***
11	CCSIZE	0.027**	0.016	0.126***	0.158***	-0.035***	-0.000	-0.109***	-0.031***
12	CCINDPRO	0.071***	0.022*	-0.036***	-0.057***	0.025**	-0.006	0.012	0.040***
13	INSTHOLDING	0.061***	0.057***	0.019*	0.014	0.008	0.053***	-0.030**	-0.058***
14	FIRMSIZE	0.355***	0.028**	-0.022*	-0.025**	-0.046***	0.103***	-0.142***	0.041***
15	FIRMAGE	0.079***	-0.013	0.027**	0.033***	0.007	-0.108***	-0.190***	0.041***

16	FINLEVERAGE	-0.028**	0.001	-0.009	-0.009	-0.011	-0.177***	0.001	-0.035***
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
17	SOE	-0.032***	-0.071***	-0.029**	-0.038***	-0.065***	-0.086***	-0.283***	-0.148***
18	FAMILYOWNED	0.010	0.039***	0.021*	0.032***	0.061***	0.081***	0.290***	0.156***
19	CROSSLISTED	0.125***	0.012	-0.044***	-0.049***	-0.054***	-0.004	-0.041***	-0.006
20	REGDEVELOPMENT	0.189***	0.148***	-0.022*	-0.033***	-0.018	0.066***	0.084***	0.058***
21	BMRATIO	0.063***	-0.063***	-0.020*	-0.025**	-0.036***	-0.160***	-0.120***	-0.026**
22	CCCEOPRESENCE	-0.026*	-0.003	0.006	0.019*	-0.024*	0.008	0.143***	0.047***
		9	**10**	**11**	**12**	**13**	**14**	**15**	**16**
9	BOARDSIZE	1							
10	BOARDPROIND	-0.048**	1						
11	CCSIZE	0.207***	-0.065***	1					
12	CCINDPRO	-0.027**	0.088***	-0.371***	1				
13	INSTHOLDING	0.022*	-0.060***	0.031***	-0.009	1			
14	FIRMSIZE	0.205***	0.016	0.109***	0.074***	0.102***	1		
15	FIRMAGE	0.100***	-0.040***	0.121***	-0.006	0.055***	0.168***	1	
16	FINLEVERAGE	0.013	0.000	0.008	-0.003	-0.007	-0.023*	0.087***	1
17	SOE	0.185***	-0.114***	0.159***	0.054***	0.118***	0.291***	0.358***	0.032***
18	FAMILYOWNED	-0.178***	0.120***	-0.174***	-0.045***	-0.123***	-0.281***	-0.381***	-0.059***
19	CROSSLISTED	0.093***	0.025**	0.039***	0.072***	0.005	0.272***	0.029**	0.011
20	REGDEVELPMNT	-0.051***	0.015	-0.106***	0.035***	0.007	0.034***	-0.121***	-0.022*
		9	**10**	**11**	**12**	**13**	**14**	**15**	**16**
21	BMRATIO	0.124***	-0.018*	0.071***	0.061***	-0.027**	0.463***	0.193***	0.078***
22	CCCEOPRESNCE	-0.053***	0.0288**	0.193***	-0.216***	-0.023*	-0.065***	-0.062***	0.006
		17	**18**	**19**	**20**	**21**	**22**		
17	SOE	1							
18	FAMILYOWNED	-0.924***	1						
19	CROSSLISTED	0.135***	-0.131***	1					
20	REGDEVELOPMENT	-0.145***	0.158***	0.063***	1				
21	BMRATIO	0.266***	-0.255***	0.143***	-0.072***	1			
22	CCCEOPRESNCE	-0.121***	0.125***	-0.064***	-0.029**	-0.059***	1		

For detailed description of variables please Table 3.1 * p<0.10, ** p<0.05, *** p<0.01

3.4 Gender Diverse Compensation Committee on CEO Excessive Pay and CEO Excessive Pay Performance (H_1 and H_2)

Table 5 shows the association between the women's presence in compensation committee and CEO excessive pay. In Table 5 show the OLS regression results on the first hypothesis of the study (H_1) that women's presence in compensation committee is negatively linked with CEO excessive pay. Table 5 includes the results in (Models 1 to 3) on the effect of gender diversity measures CCWDUMMY, CCWNUMBER, and CCWOMENPRO on CEO excessive pay respectively. The OLS regression results show that the coefficient values of gender diversity measures (CCWDUMMY: -0.030 at $p<0.05$; CCWNUMBER: -0.019 at $p<0.1$; and CCWOMENPRO: -0.083 at $p<0.05$) are negative and significant. These results suggest that women's presence in compensation committee is negatively associated with CEO excessive pay. So, our first hypothesis of the study is accepted. These results are consistent with Bugeja et al. (2016), who documented negative association between the women's presence in compensation committee and CEO excessive pay.

Table 6 includes the results on the effect of women's presence in compensation committee on CEO excessive pay-performance relationship. It shows the results of hypothesis 2 that women's presence in compensation committee reducing the positive relationship between CEO excessive pay-performance. Models 1 to 3 of Table 6 shows, the coefficients of return on assets (ROA) in models 1 to 3 (0.642 remain same at $p<.01$) are positive and significant but reduced the coefficients value of ROA in models 1 to 3 of Table 6. The interaction effect of ROA and gender diversity measures i.e., ROA*CCWDUMMY, ROA*CCWNUMBER, and ROA*CCWOMENPRO on CEO excessive pay, respectively. The results show that the coefficients of all interaction variables (ROA*CCWDUMMY: 0.377 at $p<0.01$; ROA*CCWNUMBER: 0.237 at $p<0.01$; and ROA*CCWOMENPRO: 1.350 at $p<0.01$) are positive and highly significant in all Models respectively. These findings suggest that women's presence in compensation committee is effectual strengthening the positive relationship between CEO excessive pay-performance.

Our finding suggests that women's presence in compensation committee strengthening the positive relationship between CEO's excessive pay-performance, therefore, the second hypothesis (H_2) of the study is accepted.

Table 5: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay

	Model 1	Model 2	Model 3
CCWDUMMY	-0.030**		
	(-2.168)		
CCWNUMBER		-0.019*	
		(-1.908)	
CCWOMENPRO			-0.083**
			(-2.442)
ROA	0.642***	0.642***	0.642***
	(9.151)	(9.150)	(9.147)
CEODUALITY	0.091***	0.091***	0.091***
	(5.376)	(5.374)	(5.381)
CEOTENURE	0.033***	0.033***	0.033***
	(11.975)	(11.982)	(11.976)
BOARDSIZE	-0.005*	-0.005*	-0.005*
	(-1.910)	(-1.921)	(-1.919)
BOARDPROIND	-0.189*	-0.189*	-0.188*
	(-1.918)	(-1.925)	(-1.916)
CCSIZE	0.034***	0.035***	0.032***
	(4.506)	(4.509)	(4.243)
CCINDPRO	0.243***	0.242***	0.244***
	(4.003)	(3.990)	(4.017)
INSTHOLDING	0.003***	0.003***	0.003***
	(4.035)	(4.024)	(4.037)
FIRMSIZE	0.781***	0.782***	0.780***
	(6.242)	(6.252)	(6.239)
FIRMAGE	0.006***	0.006***	0.006***
	(4.547)	(4.561)	(4.552)
FINLEVERAGE	0.032***	0.032***	0.032***
	(4.938)	(4.939)	(4.934)
SOE	-0.329***	-0.329***	-0.329***
	(-9.503)	(-9.489)	(-9.503)
FAMILYOWNED	-0.254***	-0.253***	-0.254***
	(-7.184)	(-7.162)	(-7.170)
CROSSLISTED	-0.016	-0.015	-0.016
	(-0.399)	(-0.392)	(-0.408)

REGDEVELOPMENT	0.202***	0.202***	0.202***
	(14.082)	(14.062)	(14.042)
BMRATIO	-0.035***	-0.035***	-0.035***
	(-3.818)	(-3.829)	(-3.823)
Constant	-2.192***	-2.197***	-2.181***
	(-5.839)	(-5.852)	(-5.808)
Observations	11,718	11,718	11,718
R-squared	0.100	0.100	0.100
Year & Industry dummies	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

Table 6: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay-Performance Link

	Model 1	Model 2	Model 3
ROA_CCWDUMMY	0.377***		
	(2.598)		
ROA_CCWNUMBER		0.237**	
		(2.297)	
ROA_CCWOMENPRO			1.350***
			(3.507)
CCWDUMMY	-0.044***		
	(-3.008)		
CCWNUMBER		-0.029***	
		(-2.613)	
CCWOMENPRO			-0.136***
			(-3.642)
ROA	0.535***	0.558***	0.508***
	(6.566)	(7.051)	(6.360)
CEODUALITY	0.092***	0.092***	0.092***
	(5.418)	(5.426)	(5.450)
CEOTENURE	0.033***	0.033***	0.033***
	(11.964)	(11.980)	(11.964)
BOARDSIZE	-0.005*	-0.005*	-0.005*
	(-1.889)	(-1.888)	(-1.866)
BOARDPROIND	-0.186*	-0.187*	-0.186*
	(-1.896)	(-1.904)	(-1.891)

CCSIZE	0.034***	0.034***	0.032***
	(4.482)	(4.502)	(4.223)
CCINDPRO	0.242***	0.242***	0.245***
	(3.991)	(3.989)	(4.036)
INSTHOLDING	0.003***	0.003***	0.003***
	(4.040)	(4.025)	(4.023)
FIRMSIZE	0.763***	0.769***	0.757***
	(6.097)	(6.140)	(6.047)
FIRMAGE	0.006***	0.006***	0.006***
	(4.641)	(4.633)	(4.691)
FINLEVERAGE	0.028***	0.029***	0.027***
	(4.224)	(4.399)	(4.110)
SOE	-0.329***	-0.328***	-0.329***
	(-9.496)	(-9.480)	(-9.494)
FAMILYOWNED	-0.255***	-0.254***	-0.255***
	(-7.217)	(-7.183)	(-7.202)
CROSSLISTED	-0.015	-0.015	-0.015
	(-0.380)	(-0.380)	(-0.368)
REGDEVELOPMENT	0.202***	0.202***	0.202***
	(14.092)	(14.082)	(14.040)
BMRATIO	-0.033***	-0.034***	-0.033***
	(-3.679)	(-3.741)	(-3.671)
Constant	-2.136***	-2.154***	-2.106***
	(-5.681)	(-5.733)	(-5.603)
Observations	11,718	11,718	11,718
R-squared	0.100	0.100	0.101
Year & Industry dummies	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

3.5 Whether the Governance Role of Women in Compensation Committee Varies Across SOEs and Non-SOEs

Table 7 shows the results on the impact of women's presence in compensation committee on CEO excessive pay for SOEs subsample and non-SOE subsample. In Table 7 models 1 to 3 shows the results on the effect of women's presence in compensation committee (CCWDUMMY, CCWNUMBER, and CCWOMENPRO respectively) on CEO excessive pay for SOEs subsample. In these models the coefficient of women's presence in compensation committee (CCWDUMMY: -0.042 at p<0.05; CCWNUMBER: -0.028 at p<0.05; and CCWOMENPRO: -0.140 at p<0.01) measures are negative and highly

significant. In models 4 to 6 of Table 7 report the results on the effect of women's presence in compensation committee (CCWDUMMY, CCWNUMBER, and CCWOMENPRO respectively) on CEO excessive pay for non-SOEs subsample. These models show the coefficient of women's presence in compensation committee measures (CCWDUMMY: -0.012 at $p>0.10$; CCWNUMBER: -0.012 at $p>0.10$; and CCWOMENPRO: -0.037 at $p>0.10$) remain negative insignificant. These findings suggest that the women's presence in compensation committee are more effectual in limiting the CEO's excessive compensation in SOEs as compared to non-SOEs, therefore, our (H_{3a}) of the study is accepted.

Table 8 shows the results on the effect of women's presence in compensation committee on CEO excessive pay-performance for SOEs subsample and non-SOE subsample. Table 8 represent the results on the effect of interaction variables in models 1 to 3 of Table 8 (ROA_CCWDUMMY, ROA_CCWNUMBER, and ROA_CCWOMENPRO respectively) and ROA on CEO excessive pay for SOEs subsample. In these models (models 1 to 3 of Table 8) the coefficient of ROA (0.152 at $p<0.1$, 0.165 at $p<0.05$, 0.128 at $p>0.1$ respectively) are marginally significant in models 1 and 2 but in models 3 ROA becomes insignificant and the coefficient of interaction variables ((ROA_CCWDUMMY: 0.862 at $p<0.01$; ROA_CCWNUMBER: 0.725 at $p<0.01$; and ROA_CCWOMENPRO: 2.945 at $p<0.01$) are positive and highly significant. Models 4 to 6 of Table 8 report the results on the effect of interaction variables (ROA_CCWDUMMY, ROA_CCWNUMBER, and ROA_CCWOMENPRO respectively) and ROA on CEO excessive pay for non-SOEs subsample. Models 4 to 6 of Table 8 shows that the coefficient of ROA (0.382 at $p<0.01$, 0.325 at $p<0.01$, 0.389 at $p<0.01$ respectively) are highly significant and all the interaction variables (ROA_CCWDUMMY: 0.318 at $p>0.10$; ROA_CCWNUMBER: 0.088 at $p>0.10$; and ROA_CCWOMENPRO: 0.822 at $p>0.10$) remain positive but insignificant. These findings suggest that women's presence in compensation committee are effectual in strengthening the positive relationship between CEO excessive pay-performance only in SOEs, therefore, our (H_{3b}) of the study is accepted.

Overall, the result reported in Tables 7 and 8 shows that governance role of women's presence in compensation committee on CEO's excessive compensation and CEO's excessive pay-performance relationship varies across SOE and non-SOEs. These findings support the third's sub-hypotheses of this study. Our results suggest the women's presence in compensation committee is more effectual in SOEs as compared to non-SOEs. To extent the studies have demonstrated that, organizations that have government as a dominant part of owners have a definitive partition between control and owners, and are liable to serious agency problems (Megginson & Netter, 2001). For the most part, the corporate governance structure in state-ownership firms is feeble and in state ownership firms the principal-agent issues are severe when contrasted with non-state-owned firms (He and Fang, 2016). For

example, the past studies have recorded that the association between executive compensation and firm performance in state-ownership firms is week. (Conyon and He, 2011; Firth et al., 2007) Therefore, this study findings contribute to establish the effectual monitoring role of women's presence in compensation committee on CEO excessive pay. This monitoring role is more significant in state-ownership firms where the principal-agent issues are severe as compared to non-state-ownership firms.

Table 7: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay (State-Owned Firms vs. Non-State-Owned Firms)

	SOE Sub-sample			Non-SOE Sub-sample		
VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
CCWDUMMY	-0.042**			-0.012		
	(-2.246)			(-0.604)		
CCWNUMBER		-0.028**			-0.012	
		(-1.978)			(-0.804)	
CCWOMENPRO			-0.140***			-0.037
			(-2.837)			(-0.777)
ROA	0.310***	0.311***	0.310***	0.352***	0.351***	0.351***
	(4.033)	(4.048)	(4.033)	(3.838)	(3.837)	(3.835)
CEODUALITY	0.148***	0.148***	0.148***	0.072***	0.073***	0.073***
	(5.131)	(5.138)	(5.118)	(3.413)	(3.422)	(3.418)
CEOTENURE	0.054***	0.055***	0.054***	0.015***	0.015***	0.015***
	(14.243)	(14.260)	(14.249)	(3.916)	(3.913)	(3.913)
BOARDSIZE	-0.007**	-0.007**	-0.007**	0.000	0.000	0.000
	(-1.966)	(-2.010)	(-1.990)	(0.020)	(0.020)	(0.024)
BOARDPROIND	-0.157	-0.156	-0.156	-0.237*	-0.237*	-0.237*
	(-1.111)	(-1.106)	(-1.111)	(-1.714)	(-1.716)	(-1.715)
CCSIZE	0.019**	0.019**	0.016*	0.059***	0.060***	0.058***
	(2.012)	(2.027)	(1.678)	(4.517)	(4.548)	(4.488)
CCINDPRO	0.192***	0.192***	0.195***	0.287***	0.286***	0.287***
	(2.667)	(2.661)	(2.707)	(2.648)	(2.641)	(2.648)

INSTHOLDING	0.002***	0.002***	0.002***	0.008***	0.008***	0.008***
	(3.332)	(3.319)	(3.336)	(5.468)	(5.468)	(5.472)
FIRMSIZE	0.487***	0.489***	0.476***	1.520***	1.519***	1.520***
	(2.951)	(2.963)	(2.883)	(8.669)	(8.661)	(8.665)
FIRMAGE	0.008***	0.008***	0.008***	0.000	0.000	0.000
	(3.911)	(3.920)	(3.929)	(0.012)	(0.023)	(0.012)
FINLEVERAGE	-0.225***	-0.224***	-0.224***	0.031***	0.031***	0.031***
	(-5.755)	(-5.731)	(-5.729)	(4.325)	(4.323)	(4.321)
BMRATIO	0.013	0.013	0.014	0.003	0.003	0.003
	(1.366)	(1.363)	(1.395)	(0.225)	(0.218)	(0.219)
Constant	-1.611***	-1.616***	-1.562***	-4.611***	-4.608***	-4.605***
	(-3.291)	(-3.302)	(-3.188)	(-8.711)	(-8.704)	(-8.697)
Observations	6,237	6,237	6,237	5,786	5,786	5,786
R-squared	0.121	0.121	0.121	0.080	0.080	0.080
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

Table 8: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay-Performance Link (State-Owned Firms vs. Non-State-Owned Firms)

	SOE Sub-sample			Non-SOE Sub-sample		
VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
ROA_CCWDUMMY	0.862***			0.318		
	(4.688)			(1.517)		
ROA_CCWNUMBER		0.725***			0.088	
		(5.088)			(0.614)	
ROA_CCWOMENPRO			2.945***			0.822
			(5.898)			(1.450)
CCWDUMMY	-0.070***			-0.027		
	(-3.556)			(-1.224)		
CCWNUMBER		-0.051***			-0.016	
		(-3.396)			(-0.987)	

CCWOMENPRO			-0.231***			-0.075
			(-4.478)			(-1.379)
ROA	0.152*	0.165**	0.128	0.282***	0.325***	0.289***
	(1.818)	(2.020)	(1.547)	(2.746)	(3.224)	(2.864)
CEODUALITY	0.149***	0.151***	0.150***	0.073***	0.073***	0.073***
	(5.186)	(5.232)	(5.202)	(3.446)	(3.437)	(3.459)
CEOTENURE	0.054***	0.054***	0.054***	0.015***	0.015***	0.015***
	(14.121)	(14.162)	(14.112)	(3.943)	(3.919)	(3.930)
BOARDSIZE	-0.007*	-0.007*	-0.007*	-0.000	0.000	0.000
	(-1.911)	(-1.932)	(-1.924)	(-0.000)	(0.018)	(0.023)
BOARDPROIND	-0.145	-0.144	-0.143	-0.234*	-0.236*	-0.235*
	(-1.034)	(-1.023)	(-1.020)	(-1.692)	(-1.706)	(-1.698)
CCSIZE	0.018**	0.019**	0.015*	0.059***	0.060***	0.058***
	(1.963)	(2.023)	(1.664)	(4.516)	(4.546)	(4.490)
CCINDPRO	0.191***	0.192***	0.197***	0.288***	0.287***	0.289***
	(2.661)	(2.664)	(2.746)	(2.659)	(2.647)	(2.670)
INSTHOLDING	0.002***	0.002***	0.002***	0.008***	0.008***	0.008***
	(3.371)	(3.357)	(3.353)	(5.437)	(5.459)	(5.438)
FIRMSIZE	0.417**	0.408**	0.387**	1.497***	1.512***	1.498***
	(2.521)	(2.464)	(2.342)	(8.503)	(8.602)	(8.510)
FIRMAGE	0.008***	0.008***	0.008***	0.000	0.000	0.000
	(4.034)	(3.971)	(4.013)	(0.112)	(0.057)	(0.119)
FINLEVERAGE	-0.205***	-0.189***	-0.193***	0.028***	0.030***	0.028***
	(-5.212)	(-4.780)	(-4.910)	(3.818)	(4.071)	(3.878)
BMRATIO	0.015	0.014	0.015	0.005	0.004	0.005
	(1.478)	(1.384)	(1.481)	(0.345)	(0.253)	(0.322)
Constant	-1.403***	-1.381***	-1.300***	-4.540***	-4.587***	-4.540***
	(-2.861)	(-2.814)	(-2.649)	(-8.544)	(-8.647)	(-8.546)
Observations	6,237	6,237	6,237	5,786	5,786	5,786
R-squared	0.124	0.124	0.126	0.081	0.080	0.081
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

3.6 Whether the Governance Role of Women in Compensation Committee Varies Across FOEs and Non-FOEs

Table 9 documents the results on the effect of women's presence in compensation committee on CEO excessive pay for FOEs subsample and non-FOE subsample. Models 1 to 3 of Table 9 show the results on the effect women's presence in compensation committee (CCWDUMMY, CCWNUMBER, and CCWOMENPRO respectively) on CEO excessive pay for FOEs subsample. In these models (models 1 to 3 of Table 9) the coefficient of women's presence in compensation committee measures (CCWDUMMY: -0.007 at $p>0.10$; CCWNUMBER: -0.006 at $p>0.10$; and CCWOMENPRO: -0.014 at $p>0.10$) remain negative insignificant. Models 4 to 6 of Table 9 report the results on the effect of women's presence in compensation committee (CCWDUMMY, CCWNUMBER, and CCWOMENPRO respectively) on CEO excessive pay for non-FOEs subsample. Models 4 to 6 of Table 4.18 shows that the coefficient of women's presence in compensation committee measures (CCWDUMMY: -0.048 at $p<0.01$; CCWNUMBER: -0.038 at $p<0.01$; and CCWOMENPRO: -0.171 at $p<0.01$) are negative and highly significant. These results suggest that women's presence in compensation committee is effectual in limiting the CEO excessive pay only in non-FOEs, therefore our (H_{4a}) of the study is accepted.

Table 10 shows the results of women's presence in compensation committee effect on CEO excessive pay-performance relationship for FOEs subsample and non-FOEs subsample. Models 1 to 3 of Table 10 shows the results of interaction variables (ROA_CCWDUMMY, ROA_CCWNUMBER, and ROA_CCWOMENPRO respectively) and ROA on CEO excessive pay for FOEs subsample. In these Models the coefficient of ROA (0.250, 0.293 and 0.255 at $p<0.01$) remain significant and the coefficient of interaction variables (ROA_CCWDUMMY: 0.377 at $p<0.10$; ROA_CCWNUMBER: 0.129 at $p>0.10$; and ROA_CCWOMENPRO: 1.022 at $p<0.10$) are marginally significant except one. Models 4 to 6 of Table 10 represent the results of ROA and the interaction variables (ROA_CCWDUMMY, ROA_CCWNUMBER, and ROA_CCWOMENPRO respectively) on CEO excessive pay for non-FOEs subsample. Models 4 to 6 of Table 10 shows that ROA remains positive and significant at $p<0.01$ in models 4 to 6 but coefficient value reduced from models 2 to 3 of Table 4.13 and all the interaction variables (ROA_CCWDUMMY: 1.039 at $p<0.01$; ROA_CCWNUMBER: 0.865 at $p<0.01$; and ROA_CCWOMENPRO: 3.290 at $p<0.01$) remain positive and highly significant. These results suggest that the female directors are effectual in strengthening the positive relationship of CEO excessive pay-performance only in non-FOEs, therefore our (H_{4b}) of the study is accepted.

Results reported in Tables 9 and 10 show that governance role of women's presence in compensation committee on CEO excessive pay and CEO excessive pay performance relationship varies across FOEs and non-FOEs. These findings support the fourth's sub-hypotheses of this study. Our results suggest the women's presence on compensation

committee is more effectual in FOEs as compared to non-FOEs. Prior studies have documented that family large shareholders have strong incentives and motives to effectively design the executives' pay contract and effectively monitor the executives because of preservation of family name or reputation (Corbetta & Salvato, 2004; Dyer Jr & Whetten, 2006). Therefore, family owners have more incentive to monitor their CEOs' actions than do other types of large shareholders (Hashim & Amrah, 2016). Cheng et al. (2015) documented that controlling family owner effectual in limiting executives' compensation and strengthening the executives' compensation for firm performance relationship. Therefore, this study results contribute to establish the effectual monitoring role of female directors because the governance role of women's presence in compensation committee on CEO compensation is more consequential in non-family-ownership firms where the principal-agent issues are severe as compared to family-ownership firms.

Table 9: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay (Family-Owned Firms vs. Non-Family-Owned Firms)

	FOF Sub-sample			Non-FOF Sub-sample		
VARIABLES	Models 1	Models 2	Models 3	Models 4	Models 5	Models 6
CCWDUMMY	-0.007			-0.048***		
	(-0.360)			(-2.624)		
CCWNUMBER		-0.006			-0.038***	
		(-0.392)			(-2.718)	
CCWOMENPRO			-0.014			-0.171***
			(-0.293)			(-3.537)
ROA	0.332***	0.332***	0.332***	0.467***	0.467***	0.466***
	(3.430)	(3.429)	(3.428)	(6.319)	(6.323)	(6.310)
CEODUALITY	0.062***	0.062***	0.062***	0.167***	0.167***	0.167***
	(2.863)	(2.864)	(2.860)	(5.992)	(6.014)	(6.004)
CEOTENURE	0.016***	0.016***	0.016***	0.052***	0.052***	0.052***
	(4.080)	(4.078)	(4.078)	(13.964)	(13.984)	(13.966)
BOARDSIZE	0.000	0.000	0.000	-0.009**	-0.009**	-0.009**
	(0.092)	(0.094)	(0.099)	(-2.418)	(-2.456)	(-2.432)
BOARDPROIND	-0.197	-0.197	-0.197	-0.196	-0.196	-0.196
	(-1.389)	(-1.392)	(-1.394)	(-1.416)	(-1.419)	(-1.419)

CCSIZE	0.058***	0.058***	0.057***	0.026***	0.027***	0.022**
	(4.225)	(4.219)	(4.219)	(2.799)	(2.865)	(2.389)
CCINDPRO	0.288**	0.287**	0.287**	0.175**	0.175**	0.179**
	(2.550)	(2.546)	(2.546)	(2.439)	(2.436)	(2.501)
INSTHOLDING	0.008***	0.008***	0.008***	0.002***	0.002***	0.002***
	(5.387)	(5.390)	(5.391)	(3.302)	(3.294)	(3.306)
FIRMSIZE	1.190***	1.190***	1.190***	0.412***	0.408**	0.397**
	(6.644)	(6.642)	(6.643)	(2.582)	(2.559)	(2.487)
FIRMAGE	-0.002	-0.002	-0.002	0.006***	0.006***	0.006***
	(-1.149)	(-1.145)	(-1.150)	(3.090)	(3.110)	(3.127)
FINLEVERAGE	0.022	0.022	0.022	0.025***	0.025***	0.025***
	(1.543)	(1.542)	(1.542)	(3.376)	(3.377)	(3.362)
BMRATIO	0.049***	0.049***	0.049***	0.009	0.009	0.009
	(3.746)	(3.743)	(3.744)	(0.958)	(0.962)	(1.002)
Constant	-3.605***	-3.604***	-3.603***	-1.464***	-1.453***	-1.401***
	(-6.633)	(-6.632)	(-6.628)	(-3.084)	(-3.060)	(-2.948)
Observations	5,369	5,369	5,369	6,726	6,726	6,726
R-squared	0.081	0.081	0.081	0.106	0.106	0.107
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

Table 10: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay-Performance Link (Family-Owned Firms vs. Non-Family-Owned Firms)

	FOF Sub-sample			**Non-FOF Sub-sample**		
VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
ROA_CCWDUMMY	0.377*			1.039***		
	(1.685)			(5.902)		
ROA_CCWNUMBER		0.129			0.865***	
		(0.871)			(6.346)	
ROA_CCWOMENPRO			1.022*			3.290***
			(1.701)			(6.870)

CCWDUMMY	-0.026			-0.082***		
	(-1.109)			(-4.286)		
CCWNUMBER		-0.012			-0.065***	
		(-0.723)			(-4.470)	
CCWOMENPRO			-0.062			-0.275***
			(-1.095)			(-5.443)
ROA	0.250**	0.293***	0.255**	0.261***	0.273***	0.244***
	(2.299)	(2.745)	(2.392)	(3.206)	(3.417)	(3.030)
CEODUALITY	0.063***	0.062***	0.063***	0.169***	0.171***	0.170***
	(2.903)	(2.885)	(2.906)	(6.076)	(6.176)	(6.136)
CEOTENURE	0.017***	0.016***	0.016***	0.052***	0.052***	0.051***
	(4.115)	(4.088)	(4.103)	(13.817)	(13.847)	(13.801)
BOARDSIZE	0.000	0.000	0.000	-0.008**	-0.008**	-0.008**
	(0.054)	(0.086)	(0.086)	(-2.315)	(-2.330)	(-2.328)
BOARDPROIND	-0.192	-0.195	-0.194	-0.184	-0.183	-0.185
	(-1.356)	(-1.377)	(-1.369)	(-1.334)	(-1.329)	(-1.338)
CCSIZE	0.058***	0.058***	0.057***	0.025***	0.026***	0.022**
	(4.217)	(4.212)	(4.213)	(2.714)	(2.830)	(2.363)
CCINDPRO	0.289**	0.288**	0.290**	0.173**	0.173**	0.181**
	(2.562)	(2.553)	(2.567)	(2.421)	(2.419)	(2.535)
INSTHOLDING	0.008***	0.008***	0.008***	0.002***	0.002***	0.002***
	(5.354)	(5.381)	(5.354)	(3.313)	(3.288)	(3.277)
FIRMSIZE	1.166***	1.181***	1.165***	0.336**	0.329**	0.312*
	(6.487)	(6.579)	(6.484)	(2.105)	(2.059)	(1.959)
FIRMAGE	-0.002	-0.002	-0.002	0.006***	0.006***	0.006***
	(-1.039)	(-1.099)	(-1.021)	(3.354)	(3.330)	(3.365)
FINLEVERAGE	0.019	0.021	0.020	0.017**	0.018**	0.017**
	(1.349)	(1.451)	(1.380)	(2.329)	(2.456)	(2.264)
BMRATIO	0.051***	0.049***	0.050***	0.012	0.012	0.013
	(3.857)	(3.782)	(3.849)	(1.318)	(1.308)	(1.384)
Constant	-3.533***	-3.577***	-3.530***	-1.226***	-1.204**	-1.135**
	(-6.482)	(-6.573)	(-6.477)	(-2.580)	(-2.534)	(-2.390)
Observations	5,369	5,369	5,369	6,726	6,726	6,726
R-squared	0.081	0.081	0.081	0.111	0.111	0.113
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

3.7 Whether the Governance Role of Women in Compensation Committee Varies Across Cross-Listed Firms and Non-Cross-Listed Firms

Table 11 documents the results of women's presence in compensation committee on CEO excessive pay for subsample of cross-listed and non-cross-listed firm. Models 1 to 3 of Table 4.15 shows the results of women's presence in compensation committee measures (CCWDUMMY, CCWNUMBER, and CCWOMENPRO respectively) on CEO excessive pay for cross-listed firms' subsample. In these models (models 1 to 3 of Table 11) the coefficient of women's presence in compensation committee measures (CCWDUMMY: -0.030 at $p>0.10$; CCWNUMBER: -0.036 at $p>0.10$; and CCWOMENPRO: -0.173 at $p>0.10$) remain insignificant. Models 4 to 6 of Table 11 document the results of alternative measures of women's presence in compensation committee (CCWDUMMY, CCWNUMBER, and CCWOMENPRO respectively) on CEO excessive pay for non-cross-listed firms' subsample. Models 4 to 6 of Table 11 shows that the coefficient of women's presence in compensation committee measures (CCWDUMMY: -0.032 at $p<0.05$; CCWNUMBER: -0.022 at $p<0.05$; and CCWOMENPRO: -0.092 at $p<0.01$) are significant and negative. These results suggest that women's presence in compensation committee is effectual in limiting the CEO excessive compensation only in non-cross-listed firms, therefore our (H_{5a}) of the study is accepted.

Table 12 shows the results of women's presence in compensation committee on CEO excessive pay-performance link for firms that are cross-listed subsample and non-cross-listed subsample. Models 1 to 3 of Table 12 represent the results of ROA and interaction variables (ROA_CCWDUMMY, ROA_CCWNUMBER, and ROA_CCWOMENPRO respectively) on CEO excessive pay for cross-listed firms subsample. In these Models (Models 1 to 3 of Table 12) the coefficients of return on assets (ROA) (-0.331 at $p>0.1$, -0.344 at $p>0.1$ and -0.364 at $p<0.1$) are negative and insignificant except one in Model 3 and all the coefficients of interaction variables (ROA_CCWDUMMY: 2.918 at $p<0.01$; ROA_CCWNUMBER: 2.970 at $p<0.01$; and ROA_CCWOMENPRO: 13.487 at $p<0.01$) remain positive and highly significant. Models 4 to 6 of Table 4.16 document the results of ROA and interaction variables (ROA_CCWDUMMY, ROA_CCWNUMBER, and ROA_CCWOMENPRO respectively) on CEO excessive pay for non-cross-listed firms subsample. Models 4 to 6 of Table 12 shows that all the coefficients of return on assets (ROA) are positive and highly significant and all the interaction variables (ROA_CCWDUMMY: 0.646 at $p<0.01$; ROA_CCWNUMBER: 0.406 at $p<0.01$; and ROA_CCWOMENPRO: 2.004 at $p<0.01$) remain positive and significant. These findings suggest that the female directors are more effectual in strengthening the positive relationship between CEO's excessive pay-performance in cross-listed firms, therefore our (H_{5b}) of the study is accepted.

To summarize the results of Tables 11 and 12 show that governance role of women's presence in compensation committee on CEO's excessive compensation and CEO excessive pay performance link varies across subsample of cross-listed and non-cross-listed firms. These results support the fifth's sub-hypotheses of the study. The results suggest the women's presence in compensation committee is more effectual in those firms that are cross-listed firms as compared to non-cross-listed. The existing studies show that when a firms cross list it represents that the firm has tied its own hands to become more inclined towards the regulations related to the investor protection (Coffee, 2003). Cross listed firms face restrictive regulatory standards related to disclosure, transparency and investor protection as compared to domestic companies. Therefore, this study results contribute to establish the effectual governance role of female directors because the monitoring role of women's presence in compensation committee on CEO compensation is more consequential in non-cross-listed firms where the principal-agent issues are severe as compared to cross-listed firms.

Table 11: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay (Cross-Listed Firms vs. Non-Cross-Listed Firms)

	Cross-Listed Sub-sample			Non-Cross-Listed Sub-sample		
VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
CCWDUMMY	-0.030			-0.032**		
	(-0.397)			(-2.317)		
CCWNUMBER		-0.036			-0.022**	
		(-0.544)			(-2.137)	
CCWOMENPRO			-0.173			-0.092***
			(-0.769)			(-2.656)
ROA	-0.127	-0.127	-0.130	0.518***	0.518***	0.518***
	(-0.612)	(-0.615)	(-0.628)	(8.074)	(8.075)	(8.072)
CEODUALITY	-0.060	-0.059	-0.058	0.111***	0.111***	0.111***
	(-0.617)	(-0.606)	(-0.597)	(6.489)	(6.493)	(6.498)
CEOTENURE	0.038***	0.038***	0.037***	0.034***	0.034***	0.034***

	(3.249)	(3.241)	(3.209)	(12.123)	(12.130)	(12.124)
BOARDSIZE	0.005	0.005	0.005	-0.008***	-0.008***	-0.008***
	(0.375)	(0.375)	(0.378)	(-2.744)	(-2.753)	(-2.751)
BOARDPROIND	0.244	0.240	0.234	-0.205**	-0.206**	-0.205**
	(0.522)	(0.514)	(0.502)	(-2.024)	(-2.037)	(-2.025)
CCSIZE	0.113***	0.114***	0.110***	0.030***	0.030***	0.027***
	(3.293)	(3.309)	(3.213)	(3.785)	(3.806)	(3.491)
CCINDPRO	0.162	0.164	0.172	0.208***	0.207***	0.209***
	(0.687)	(0.695)	(0.727)	(3.323)	(3.307)	(3.332)
INSTHOLDING	-0.001	-0.001	-0.001	0.003***	0.003***	0.003***
	(-0.251)	(-0.259)	(-0.277)	(5.172)	(5.160)	(5.173)
FIRMSIZE	-1.371**	-1.382**	-1.391**	0.847***	0.847***	0.844***
	(-2.477)	(-2.494)	(-2.511)	(6.866)	(6.865)	(6.844)
FIRMAGE	0.026***	0.026***	0.026***	0.001	0.001	0.001
	(4.010)	(4.030)	(4.054)	(0.623)	(0.635)	(0.621)
FINLEVERAGE	0.029	0.026	0.019	0.030***	0.030***	0.030***
	(0.131)	(0.120)	(0.088)	(4.643)	(4.644)	(4.639)
BMRATIO	0.088***	0.089***	0.089***	-0.012	-0.012	-0.012
	(4.446)	(4.459)	(4.491)	(-1.389)	(-1.399)	(-1.385)
Constant	3.552**	3.586**	3.626**	-2.549***	-2.549***	-2.530***
	(2.178)	(2.196)	(2.220)	(-6.899)	(-6.900)	(-6.845)
Observations	558	558	558	11,537	11,537	11,537
R-squared	0.370	0.370	0.371	0.072	0.072	0.072
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

Table 12: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay-Performance Link (Cross-Listed Firms vs. Non-Cross-Listed Firms)

	Cross-Listed Sub-sample			Non-Cross-Listed Sub-sample		
VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
ROA_CCWDUMMY	2.918***			0.646***		
	(3.980)			(4.546)		
ROA_CCWNUMBER		2.970***			0.406***	
		(4.298)			(3.983)	
ROA_CCWOMENPRO			13.487***			2.004***
			(4.910)			(5.257)
CCWDUMMY	-0.134*			-0.058***		
	(-1.714)			(-3.858)		
CCWNUMBER		-0.167**			-0.038***	
		(-2.322)			(-3.415)	
CCWOMENPRO			-0.626***			-0.170***
			(-2.626)			(-4.509)
ROA	-0.331	-0.344	-0.364*	0.364***	0.398***	0.354***
	(-1.571)	(-1.639)	(-1.747)	(5.027)	(5.625)	(4.960)
CEODUALITY	-0.066	-0.070	-0.076	0.112***	0.112***	0.112***
	(-0.681)	(-0.725)	(-0.793)	(6.551)	(6.574)	(6.592)
CEOTENURE	0.037***	0.035***	0.034***	0.034***	0.034***	0.034***
	(3.259)	(3.094)	(3.007)	(12.101)	(12.117)	(12.097)
BOARDSIZE	0.009	0.008	0.010	-0.008***	-0.008***	-0.008***
	(0.692)	(0.648)	(0.794)	(-2.713)	(-2.702)	(-2.688)
BOARDPROIND	0.331	0.331	0.301	-0.201**	-0.203**	-0.201**
	(0.716)	(0.720)	(0.659)	(-1.990)	(-2.006)	(-1.993)
CCSIZE	0.103***	0.103***	0.099***	0.029***	0.030***	0.027***
	(3.038)	(3.035)	(2.943)	(3.760)	(3.804)	(3.478)
CCINDPRO	0.159	0.152	0.219	0.208***	0.208***	0.212***
	(0.686)	(0.657)	(0.948)	(3.324)	(3.322)	(3.376)
INSTHOLDING	0.000	0.000	0.000	0.003***	0.003***	0.003***
	(0.104)	(0.091)	(0.148)	(5.177)	(5.162)	(5.150)
FIRMSIZE	-1.580***	-1.597***	-1.656***	0.808***	0.816***	0.799***
	(-2.884)	(-2.919)	(-3.042)	(6.537)	(6.608)	(6.463)

FIRMAGE	0.029***	0.029***	0.031***	0.001	0.001	0.001
	(4.453)	(4.545)	(4.801)	(0.888)	(0.831)	(0.928)
FINLEVERAGE	0.128	0.135	0.139	0.025***	0.026***	0.024***
	(0.588)	(0.622)	(0.646)	(3.731)	(3.961)	(3.705)
BMRATIO	0.089***	0.090***	0.092***	-0.009	-0.010	-0.009
	(4.546)	(4.589)	(4.727)	(-1.104)	(-1.205)	(-1.088)
Constant	4.078**	4.142**	4.258***	-2.426***	-2.455***	-2.387***
	(2.529)	(2.572)	(2.656)	(-6.554)	(-6.634)	(-6.449)
Observations	558	558	558	11,537	11,537	11,537
R-squared	0.389	0.393	0.400	0.074	0.073	0.074
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

3.8 Whether the Governance Role of Women in Compensation Committee Varies Across Firms Located in Less-Developed Regions and Firms Located in More-Developed Regions

Table 13 documents the results of women's presence in compensation committee on CEO excessive pay for subsample of firms situated in more-developed and in less-developed regions of China. Models 1 to 3 of Table 13 represents the results of women's presence in compensation committee measures (CCWDUMMY, CCWNUMBER, and CCWOMENPRO respectively) on CEO excessive pay for subsample of firms situated in more-developed regions. In these models (models 1 to 3 of Table 13) the coefficient of women's presence in compensation committee measures (CCWDUMMY: -0.023 at p>0.10; CCWNUMBER: -0.017 at p>0.10; and CCWOMENPRO: -0.053 at p>0.10) remain insignificant. Models 4 to 6 of Table 13 document the results of women's presence in compensation committee measures (CCWDUMMY, CCWNUMBER, and CCWOMENPRO respectively) on CEO excessive pay for subsample of firms situated in less-developed regions. Models 4 to 6 of Table 13 shows that the coefficient of women's presence in compensation committee measures (CCWDUMMY: -0.047 at p<0.05; CCWNUMBER: -0.028 at p<0.10; and CCWOMENPRO: -0.150 at p<0.01) remain negative and significant. These results suggest that women's presence in compensation committee is effectual in limiting the CEO excessive pay only in firms situated in less-developed regions of China, therefore our (H_{6a}) of the study is accepted.

Table 14 shows the results of women's presence in compensation committee on CEO excessive pay-performance link for subsample of firms situated in more-developed and in less-developed regions of China. Models 1 to 3 of Table 14 represents the results of ROA and interaction variables (ROA_CCWDUMMY, ROA_CCWNUMBER, and ROA_CCWOMENPRO respectively) on CEO excessive pay for subsample of firms situated in more-developed regions. In these models (models 1 to 3 of Table 14) the

coefficient of ROA (1.199 at p<0.01, 1.129 at p<0.01 and 1.090 at p<0.01) are positive and highly significant and all the coefficients of interaction variables i.e., (ROA_CCWDUMMY: -0.379 at p<0.10; ROA_CCWNUMBER: -0.203 at p>0.10; and ROA_CCWOMENPRO: -0.468 at p>0.10) remain negative and insignificant except one. Models 4 to 6 of Table 14 document that the results of ROA and interaction variables (ROA_CCWDUMMY, ROA_CCWNUMBER, and ROA_CCWOMENPRO respectively) on CEO excessive pay for subsample of firms situated in less-developed regions in China. Models 4 to 6 of Table 14 shows that the coefficients of return on assets (ROA) (0.142 at p<0.1, 0.192 at p<0.05 and 0.158 at p<0.1) are marginally significant and all the interaction variables (ROA_CCWDUMMY: 1.276 at p<0.01; ROA_CCWNUMBER: 0.633 at p<0.01; and ROA_CCWOMENPRO: 3.180 at p<0.01) remain positive and highly significant. These findings suggest that the female directors are effectual in strengthening the positive association between CEO's excessive compensation and firm performance only in firms located in less-developed regions of China, therefore our (H_{6b}) of the study is accepted.

To summarize all the results reported in Tables 13 and 14 show that governance role of women's presence in compensation committee on CEO's excessive compensation and CEO's excessive pay-performance relationship varies across firms situated in more-developed and in less-developed regions of China. These findings support the sixth's sub-hypotheses of this study. Our findings suggest that the women's presence in compensation committee is more effectual in firms situated in less-developed as compared to those firms that situated in more-developed regions of China. Prior scholars have noted that developed regions significantly differ in critical issues i.e., formal monitoring mechanism, contract enforcement, and property rights protection (Shi et al., 2012). Cordeiro et al., (2013) reported that in the developed regions the interest of investors and creditors are better protected because of more effectual protection of property as well as civil rights. On the other hand, in less developed areas the local governments are less effectual, less stringent enforcement of law, exploitation and intervention of business is more (Chan et al., 2010). Therefore, this study results contribute to establish the effectual monitoring role of female directors because the governance role of women's presence in compensation committee on CEO pay is more consequential in firms situated in less-developed regions where the principal-agent issues are high as compared to firms situated in more-developed regions of China.

Table 13: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay (More Developed Regions Firms vs. Less Developed Region Firms)

	Developed Regions Firms Sub-sample			Less Developed Regions Firms Sub-sample		
VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
CCWDUMMY	-0.023			-0.047**		
	(-1.302)			(-2.131)		
CCWNUMBER		-0.017			-0.028*	
		(-1.294)			(-1.760)	
CCWOMENPRO			-0.053			-0.150***
			(-1.206)			(-2.726)
ROA	1.013***	1.013***	1.013***	0.293***	0.294***	0.293***
	(9.172)	(9.164)	(9.165)	(3.760)	(3.774)	(3.758)
CEODUALITY	0.072***	0.072***	0.072***	0.162***	0.162***	0.163***
	(3.465)	(3.466)	(3.459)	(5.593)	(5.598)	(5.619)
CEOTENURE	0.037***	0.037***	0.037***	0.034***	0.034***	0.034***
	(10.610)	(10.610)	(10.605)	(7.559)	(7.580)	(7.560)
BOARDSIZE	-0.002	-0.002	-0.002	-0.012***	-0.012***	-0.012***
	(-0.658)	(-0.661)	(-0.660)	(-2.699)	(-2.716)	(-2.725)
BOARDPROIND	-0.147	-0.147	-0.146	-0.187	-0.189	-0.191
	(-1.178)	(-1.177)	(-1.170)	(-1.168)	(-1.186)	(-1.198)
CCSIZE	0.034***	0.035***	0.033***	0.047***	0.046***	0.042***
	(3.325)	(3.358)	(3.192)	(4.101)	(4.063)	(3.752)
CCINDPRO	0.358***	0.359***	0.359***	0.051	0.046	0.053
	(4.460)	(4.469)	(4.471)	(0.549)	(0.499)	(0.575)
INSTHOLDING	0.003***	0.003***	0.003***	0.003**	0.003**	0.003**
	(3.840)	(3.830)	(3.831)	(2.480)	(2.476)	(2.490)
FIRMSIZE	0.484***	0.485***	0.486***	0.664***	0.659***	0.660***

	(3.048)	(3.051)	(3.060)	(3.566)	(3.539)	(3.546)
FIRMAGE	0.005***	0.005***	0.005***	0.003	0.003	0.003
	(3.163)	(3.153)	(3.144)	(1.188)	(1.234)	(1.271)
FINLEVERAGE	0.050***	0.050***	0.050***	0.010	0.010	0.010
	(6.443)	(6.436)	(6.437)	(0.704)	(0.712)	(0.705)
BMRATIO	-0.040***	-0.040***	-0.040***	0.035***	0.035***	0.035***
	(-3.157)	(-3.162)	(-3.165)	(3.251)	(3.230)	(3.261)
Constant	-1.396***	-1.399***	-1.396***	-2.162***	-2.145***	-2.129***
	(-2.944)	(-2.951)	(-2.943)	(-3.912)	(-3.881)	(-3.854)
Observations	7,261	7,261	7,261	4,650	4,650	4,650
R-squared	0.097	0.097	0.097	0.085	0.085	0.086
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

Table 14: Effect of Gender Diverse Compensation Committee on CEO Excessive Pay-Performance Link (More Developed Regions Firms vs. Less Developed Region Firms)

	Developed Regions Firms Sub-sample			Less Developed Regions Firms Sub-sample		
VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
ROA_CCWDUMMY	-0.379*			1.276***		
	(-1.825)			(5.695)		
ROA_CCWNUMBER		-0.203			0.633***	
		(-1.299)			(4.369)	
ROA_CCWOMENPRO			-0.468			3.180***
			(-0.826)			(5.569)
CCWDUMMY	-0.006			-0.088***		
	(-0.301)			(-3.775)		
CCWNUMBER		-0.008			-0.049***	
		(-0.564)			(-2.915)	

CCWOMENPRO			-0.032			-0.246***
			(-0.641)			(-4.287)
ROA	1.199***	1.129***	1.090***	0.142*	0.192**	0.158*
	(7.989)	(7.925)	(7.539)	(1.727)	(2.366)	(1.936)
CEODUALITY	0.071***	0.071***	0.071***	0.163***	0.164***	0.164***
	(3.438)	(3.434)	(3.441)	(5.638)	(5.657)	(5.687)
CEOTENURE	0.037***	0.037***	0.037***	0.033***	0.034***	0.033***
	(10.594)	(10.602)	(10.602)	(7.460)	(7.540)	(7.493)
BOARDSIZE	-0.002	-0.002	-0.002	-0.011**	-0.011***	-0.011***
	(-0.608)	(-0.642)	(-0.651)	(-2.554)	(-2.620)	(-2.617)
BOARDPROIND	-0.146	-0.147	-0.146	-0.156	-0.170	-0.168
	(-1.167)	(-1.175)	(-1.169)	(-0.977)	(-1.066)	(-1.057)
CCSIZE	0.034***	0.034***	0.032***	0.044***	0.045***	0.041***
	(3.302)	(3.331)	(3.187)	(3.876)	(3.945)	(3.659)
CCINDPRO	0.359***	0.360***	0.359***	0.050	0.048	0.059
	(4.471)	(4.478)	(4.472)	(0.543)	(0.521)	(0.640)
INSTHOLDING	0.003***	0.003***	0.003***	0.003**	0.003**	0.003**
	(3.783)	(3.801)	(3.815)	(2.380)	(2.429)	(2.396)
FIRMSIZE	0.472***	0.479***	0.482***	0.519***	0.577***	0.537***
	(2.969)	(3.016)	(3.037)	(2.771)	(3.085)	(2.871)
FIRMAGE	0.005***	0.005***	0.005***	0.004*	0.003	0.004
	(3.129)	(3.127)	(3.122)	(1.654)	(1.478)	(1.637)
FINLEVERAGE	0.058***	0.055***	0.053***	0.010	0.011	0.011
	(6.567)	(6.401)	(6.183)	(0.726)	(0.773)	(0.762)
BMRATIO	-0.040***	-0.040***	-0.040***	0.040***	0.038***	0.039***
	(-3.121)	(-3.138)	(-3.150)	(3.733)	(3.501)	(3.660)
Constant	-1.371***	-1.389***	-1.391***	-1.726***	-1.898***	-1.762***
	(-2.889)	(-2.930)	(-2.931)	(-3.105)	(-3.423)	(-3.178)
Observations	7,261	7,261	7,261	4,650	4,650	4,650
R-squared	0.097	0.097	0.097	0.092	0.089	0.092
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

3.9 Endogeneity and Further Robustness Test

This study also provides the test results regarding the robustness of this study results. At first place, consider the main issue of endogeneity and then focus on alternative measures of the presence of women in compensation committee. To save the space and time, we report the robustness and endogeneity test results for main hypotheses (H_1 and H_2) only.

To deal with endogeneity problem, we follow the previous literature on gender diversity e.g., (Bugeja et al., 2016; Faccio et al., 2016; Liu et al., 2014; Usman et al., 2018a; Usman et al., 2018b) and use 2SLS methodology.

The results of instrument variables method are reported in Tables 15 (Models 1 to 6) document the results on the effect of women's in compensation committee on CEO excessive compensation and excessive pay-performance link. The coefficients of women's presence in compensation committee measures remain negative and highly significant in all models of Tables 15. These findings are consistent with the preceding findings and suggest that the presence of women in compensation committee are effectual in limit the CEO excessive compensation and strengthening the CEO excessive pay-performance relationship.

Table 15: Endogeneity test: Effect of gender diverse compensation committee on CEO excessive pay and excessive pay-performance link (Two-stage Least Square Regression).

	CEO Excessive Pay			CEO Excessive Pay-Performance Link		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
ROA_CCWDUMMY				4.636***		
				(6.013)		
ROA_CCWNUMBER					2.964***	
					(6.042)	
ROA_CCWOMENPRO						13.519***
						(6.039)
CCWDUMMY	-0.976***			-1.171***		
	(-6.063)			(-5.937)		
CCWNUMBER		-0.711***			-0.833***	
		(-6.105)			(-6.001)	
CCWOMENPRO			-2.525***			-3.105***
			(-6.012)			(-5.870)
ROA	0.651***	0.648***	0.641***	-0.677***	-0.409**	-0.705***
	(7.820)	(7.837)	(7.629)	(-2.810)	(-2.057)	(-2.877)
CEODUALITY	0.120***	0.123***	0.120***	0.129***	0.135***	0.132***
	(5.692)	(5.835)	(5.634)	(5.803)	(6.035)	(5.799)
CEOTENURE	0.024***	0.025***	0.024***	0.023***	0.024***	0.024***
	(7.910)	(8.227)	(8.025)	(7.552)	(7.954)	(7.580)
BOARDSIZE	-0.008**	-0.009***	-0.008**	-0.007**	-0.008**	-0.007**
	(-2.380)	(-2.628)	(-2.485)	(-2.096)	(-2.236)	(-1.984)
BOARDPROIND	-0.227*	-0.246**	-0.218*	-0.196	-0.218*	-0.191
	(-1.949)	(-2.127)	(-1.857)	(-1.632)	(-1.837)	(-1.559)
CCSIZE	0.109***	0.123***	0.033***	0.108***	0.123***	0.032***

	(7.491)	(7.538)	(3.664)	(7.271)	(7.360)	(3.354)
CCINDPRO	0.303***	0.282***	0.322***	0.295***	0.280***	0.334***
	(4.126)	(3.893)	(4.309)	(3.909)	(3.786)	(4.279)
INSTHOLDING	0.004***	0.004***	0.004***	0.004***	0.004***	0.004***
	(5.416)	(5.313)	(5.279)	(5.303)	(5.203)	(5.033)
FIRMSIZE	0.401***	0.406***	0.398***	0.195	0.241	0.162
	(2.712)	(2.762)	(2.661)	(1.199)	(1.532)	(0.971)
FIRMAGE	0.004**	0.005***	0.004**	0.005***	0.006***	0.006***
	(2.387)	(2.815)	(2.504)	(3.202)	(3.387)	(3.367)
FINLEVERAGE	0.032***	0.033***	0.032***	-0.016	-0.005	-0.016
	(4.181)	(4.233)	(4.042)	(-1.363)	(-0.448)	(-1.386)
SOE	-0.381***	-0.368***	-0.375***	-0.377***	-0.364***	-0.371***
	(-9.044)	(-8.886)	(-8.872)	(-8.727)	(-8.600)	(-8.497)
FAMILYOWNED	-0.317***	-0.292***	-0.297***	-0.332***	-0.302***	-0.309***
	(-7.583)	(-7.035)	(-7.053)	(-7.669)	(-7.103)	(-7.072)
CROSSLISTED	-0.103**	-0.104**	-0.105**	-0.095*	-0.099*	-0.091*
	(-2.059)	(-2.088)	(-2.072)	(-1.854)	(-1.948)	(-1.758)
REGDEVELOPMENT	0.195***	0.185***	0.179***	0.196***	0.188***	0.177***
	(11.411)	(10.816)	(10.202)	(11.133)	(10.748)	(9.691)
BMRATIO	-0.024**	-0.025**	-0.024**	-0.011	-0.017*	-0.012
	(-2.398)	(-2.565)	(-2.426)	(-1.039)	(-1.662)	(-1.155)
Constant	-1.085**	-1.145***	-0.811*	-0.403	-0.615	-0.045
	(-2.413)	(-2.577)	(-1.742)	(-0.808)	(-1.283)	(-0.085)
Observations	11,718	11,718	11,718	11,718	11,718	11,718
Year & Industry dummies	Yes	Yes	Yes	Yes	Yes	Yes

* p<0.10, ** p<0.05, *** p<0.01

4. Conclusions

The presence of female on the top management of companies is a controversial topic. Several studies have reported that females are less represented on the boards that have motivated the regulators and politicians to interfere directly through introducing quotas on corporate board or indirectly by offering persuading to encourage female existence on the corporate boards. This study finds the evidence that the Chinese CEOs do receive excessive compensation and those firms have women's presence in compensation committee is negatively connected with excessive CEO compensation. These results validate the findings of Bugeja et al. (2016) the only study which has investigated the effect of women's presence in compensation committee on the CEO pay and also documented negative affiliation among the women's presence in compensation committee and CEO excessive pay.

The study results depict that the governance role of women's presence in compensation committee on CEO excessive compensation and CEO excessive pay link with performance varies across sub-national institutional contingencies. The results show that women's presence in compensation committee are more active in reducing the CEO excessive compensation in state-ownership firms, non-family-ownership firms, non-cross-listed and firms situated in less developed regions of China as compared to non-state-ownership firms, family-ownership firms, cross-listed, and firms situated in more developed regions of China. This study also finds that, the women's presence in compensation committee is more effectual monitor in strengthening the positive relationship between CEO excessive pay and firm performances in state-ownership firms, cross-listed firms and those firms that situated in less develop regions of China as compared to non-state-ownership firms, non-cross-listed firms and firms situated in develop regions of China.

This study has certain limitations and provides future research directions. First, this research analyzed the data from China, so there is an issue of generalizability of results, where in other countries' data hypotheses should be tested further. Because in China the ownership structure is more concentrated and governance structure is weaker than it is in developed countries. In this study we consider women's presence in compensation committee, but there may be other kinds of diversity, such as nationality, that affect CEO compensation and firm performance. Therefore, there is need to investigate such issues as whether the effects of other diversities are the same or different from the effects found in this study. Further study may also include the gender of CEO because it is important to investigate that women directors have same or different monitoring role regarding CEO compensation for male and female CEO.

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