Balancing Risk and Reputation: Corporate Board Gender Diversity in the Face of Sexual Harassment Litigation

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Abstract

We show that an increase in local sexual harassment litigation raises the likelihood of appointing female board directors, particularly in firms with a higher proportion of female board members. We measure the impact of the #MeToo movement using an anti-sexual harassment legal index. This effect is more pronounced in states with varied anti-sexual harassment laws and in federal district courts with more female judges, judges appointed by Democratic presidents, or judges with longer tenures. Conversely, the effect weakens in courts with a higher proportion of white or younger judges, or with fewer highly qualified judges.

JEL Classifications: G34, J7, K4.

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1. Introduction

On June 19, 1986, the United States Supreme Court ruled unanimously (9-0) in Meritor Savings Bank v. Vinson (477 U.S. 57) that sexual harassment in the workplace is an illegal form of discrimination for the first time. Sexual harassment in the workplace is a violation of Title VII of the Civil Rights Act of 1964. In their decision, the United States Supreme Court also established when an employer can be held liable for their employees' sexual misconduct (JUSTIA U.S. Supreme Court). The U.S. Equal Employment Opportunity Commission (EEOC) enforces Title VII of the Civil Rights Act of 1964. Because the EEOC is officially tasked with enforcing Title VII of the Civil Rights Act of 1964, employees must file a formal sexual harassment charge with the EEOC (U.S. Equal Employment Opportunity Commission, 2022).

Even after making sexual harassment in the workplace an illegal practice under Federal Employment Law, sexual harassment remains a significant problem in the United States. For example, the average total monetary benefits received from litigation in which the EEOC was the plaintiff between 1996 and 2022 is $412,360.70 (in 1990 US dollars). The success rate of sexual harassment lawsuits is 90.31%. The probability that the company will choose a consent decree (out-of-court settlement) with a monetary benefit resolution is 84.04%. Following each workplace sexual harassment case litigation, the EEOC informs the public of the outcome through a press release and extensive follow-up with local and national media. In cases with significant public interest implications, the EEOC will hold press conferences (U.S. Equal Employment Opportunity Commission). As a result, the current success rate of sexual harassment litigation in the workplace may encourage victims to come forward and seek justice against their harassers without fear of retaliation or shame.

Despite the magnitude of sexual harassment litigation costs for corporations, these costs are largely absent from corporate finance theories, which typically do not emphasize this type of misconduct.

However, such misconduct can create a hostile work environment and negatively impact individuals and the overall workplace culture. In this paper, we examine whether corporate boards are stepping up efforts to increase gender diversity in their boardroom to mitigate the potential negative impacts of future sexual harassment incidents in their company, particularly in an environment with an increased threat of workplace sexual harassment litigation. We examine the impact of the severity of confirmed local workplace sexual harassment lawsuits on the likelihood that a board member is female, after considering the current gender composition of the board of directors from 2003 until 2022.

We validate the predictions of two theories that can explain how the severity of confirmed local workplace sexual harassment lawsuits may influence the likelihood of a board director being female. The first explanation is the precautionary explanation. The hypothesis of this explanation predicts a positive effect of the local severity of workplace sexual harassment cases on the probability of a female board director. The increased severity of confirmed local workplace sexual harassment cases may encourage survivors to file a lawsuit seeking protective measures against their harassers. Corporate boards that anticipate one of their employees will seek legal protection against their harassers may attempt to protect themselves from any financial ramifications of a case. One way to mitigate the financial impact of such a case is to strategically choose a female director for the corporate board in order to enhance the corporate reputation of becoming a more socially responsible firm[3]. When a female director sits on the corporate board, the media are more

[3] Existing board gender diversity literature highlights that female directors on corporate boards enhance corporate reputation (see e.g., Miller and Triana, 2009; Brammer, Millington, and Pavelin, 2009; Bear, Rahman, and Post, 2010). This is possible because the board of directors is an effective corporate governance structure that can influence stakeholders' attitudes, opinions, thoughts, and views about the company (Gabbioneta, Ravasi, and Mazzola, 2007).

likely to cover the corporation favorably (Williams, Kilanski, and Muller, 2014). Employees, including sexual harassment victims, will have more difficulty claiming that there is a significant sex discrimination issue in the firm with more women on the board of directors (Terjesen, Sealy, and Singh, 2009). As a result, corporate boards that include some female directors can protect the company from gender discrimination lawsuits (Williams, Kilanski, and Muller, 2014).

Female employees can benefit from increased female board directorship in many different ways. First, female board directors can serve as role models for other women, demonstrating that gender is not an insurmountable barrier to success (Singh, 2008b). More women will hold positions of leadership in the firm, such as executives or managers, and more women will be among the company's top earners (Bilimoria, 2006). Second, junior women will advance their careers more quickly because female board directors not only monitor them more closely but also provide them with more networking opportunities than male board directors (Catalyst, 1995; Bilimoria, 2000). The empowerment of female employees also depends on whether the current corporate board contains a 'critical mass' of women directors. To achieve a 'critical mass' of female directors, at least 35% of corporate board directors should be female (Kanter, 1977). When corporate boards lack a 'critical mass' of female board directors, the need to have a female director becomes more pressing. As a result, the current proportion of female directors on corporate boards will attenuate the predicted positive relationship between the severity of confirmed local workplace sexual harassment cases and the likelihood of a board director being a female. The precautionary theory predicts a direct positive effect of local workplace sexual harassment severity and an indirect negative effect of the local severity of workplace harassment through the current fraction of female directors on the corporate board on the probability that the board director is a female.

The screening theory is the second and final theory. The screening theory hypothesis predicts a negative relationship between the local severity of workplace sexual harassment cases and the likelihood that the gender of the director on the corporate board is female. Women will be less likely to serve on a corporate board when there is a greater likelihood of a scandal tarnishing their personal reputations and limiting their outside employment options compared to men. This is a result of gender bias stemming from negative gender stereotypes. Gender bias leads to discriminatory decisions and judgments that hinder the careers of women who are just as competent and qualified as men for leadership roles in corporations and corporate boards (see, for example, Heilman, 2012; Chizema, Kamuriwo, and Shinozawa, 2015; Adams, 2016; Kirsch, 2018). The degree of shareholder opposition to female director candidates may also contribute to the lack of outside employment opportunities for female directors from corporate boards embroiled in scandal (Mitra, Post, and Sauerwald, 2021). Because there are fewer qualified women than men on boards, shareholders who wish to protect their interests will scrutinize female candidates more carefully than male candidates (Groysberg and Bell, 2013). This is because investors are not entirely convinced that women can serve as directors on company boards who will safeguard their interests (Mitra, Post, and Sauerwald, 2021). The absence of external job opportunities for women on corporate boards following a scandal may also result from shareholders prioritizing their own interests over raising CSR ratings (Solal and Snellman, 2019).

The screening theory also asserts that the current gender diversity of the corporate board will be important in determining whether the gender of the director on the corporate board is female in areas where workplace sexual harassment cases are more severe. Since there is a decreased chance of sexual harassment cases at corporate boards with a predominant number of female directors, a woman will be more likely to sit on these boards when there is a critical mass of female board

directors. For instance, Billings, Klein, and Shi (2022) demonstrated that as the number of #MeToo sexual harassment revelations increased, investors reacted favorably to companies that had traditionally embraced gender diversity on their boards. Investors anticipate that corporate boards with a higher proportion of female board members will be less vulnerable to allegations of sexual harassment during the #MeToo movement. Thus, the existing percentage of female directors on corporate boards will mitigate the expected inverse relationship between the likelihood of a female director on the board of directors and the severity of confirmed local workplace sexual harassment cases. Therefore, the screening theory predicts a direct negative effect of local workplace sexual harassment severity and an indirect positive effect of the severity of local sexual harassment through the current fraction of female directors on the corporate board on the likelihood that the gender of the board director is female.

Our examination necessitates the introduction of a novel index assessing the local severity of litigated sexual harassment incidents in the workplace. Our index gauges the severity of workplace sexual harassment using data from completed federal workplace sexual harassment cases. Sexual harassment in the workplace constitutes a violation of Title VII of the Civil Rights Act of 1964, a Federal Employment Law. Given that the Civil Rights Act of 1964 is a federal law, the Federal District Court holds jurisdiction over violations of this statute. Consequently, our index captures year-to-year variations in the severity of workplace sexual harassment across U.S. Federal District Courts. Section 2 of this paper provides a detailed discussion of the index's construction. Higher values of this index indicate more severe workplace sexual harassment within a specific Federal District Court for a given year.

Using a sample of 104,916 corporate board director-year observations from 2003 until 2022, we document that the severity of local workplace sexual harassment cases can directly impact the

likelihood of a board director being female, as well as indirectly through the current proportion of female board directors. The direct effect of the severity of workplace sexual harassment cases is a decrease in the likelihood that a board director is female. The indirect effect of the severity of workplace sexual harassment cases through the current fraction of female board directors on the likelihood that the board director is female is negative. The current proportion of female board directors mitigates the negative effect of workplace sexual harassment severity on the likelihood of a woman being on the corporate board. The main finding of our paper confirms the prediction of the precautionary hypothesis. Graphical analysis of the average marginal effect of workplace sexual harassment severity reveals that the change in the probability of a corporate board director being female becomes increasingly positive as the percentage of women currently serving on the corporate board increases from 20% to 100%. This result remains robust after considering the long-term historical trend in the severity of workplace sexual harassment in each Federal District. Furthermore, the results hold when repeating the analysis at the corporate board level instead of the individual board director level.

We next investigate whether the main result of our paper changes after considering how the passage of different anti-sexual harassment state laws can impact our findings. Since the #MeToo movement gained traction following the groundbreaking New York Times article about decades of sexual harassment by one of Hollywood's prominent producers, Harvey Weinstein of the Weinstein Company (Kantor and Twohey, 2017), states have enacted laws to prevent and address sexual harassment in the workplace. These laws address crucial issues such as (1) extending harassment protections to all workers, (2) enhancing access to justice for potential victims of workplace sexual harassment by removing barriers, (3) limiting employer-imposed secrecy regarding sexual harassment incidents to empower workers, and (4) implementing strategies to prevent sexual

harassment incidents (Johnson, Menefee, and Sekaran, 2019; Johnson, Sekaran, and Gombar, 2020; Johnson, Ijoma, and Wiese, 2021). By gathering information on the enactment of these various anti-sexual harassment state laws, we construct a novel index of anti-sexual harassment legislation. Higher values of this index indicate that states have implemented stricter anti-sexual harassment measures. Employing a difference-in-differences design, we demonstrate that corporate boards in federal districts with more severe sexual harassment cases are more likely to have a female board director in states with stronger anti-sexual harassment laws, even after accounting for current board gender diversity.

Our final test examines whether the personal characteristics and professional characteristics of federal district court judges will change the strength of our main finding. Federal district judges are important in workplace sexual harassment litigation since they exert major influence on workplace sexual harassment case outcomes by interpreting and applying the law, overseeing proceedings, and delivering final judgments (Rowland and Carp, 1996; Weinstein, 2010). Even when federal district court judges are expected to remain impartial and apply the law fairly (Geyh, 2014), personal characteristics and professional characteristics of federal district judges may *unconsciously* influence the outcomes of sexual harassment cases (Rowland and Carp, 1996; Kulik, Perry, and Pepper, 2003). Even when the norm is that federal district court judges are assigned randomly to cases through a process known as random assignment or blind draw (Bird, 1975; Macfarlane, 2014; Dobbie, Goldin, and Yang, 2018), the case assignment of federal district court judges can, to some extent, be anticipated when more judges of a federal district court share similar personal and professional characteristics. We find that the main finding of our paper is stronger when federal district courts have more judges who are either female, appointed by Democratic Presidents, or more senior. We also find that the main finding of our paper is weaker

when federal district courts have more judges who are either white, younger, or less qualified as federal district judges at the time of nomination by the president for the position of federal district court judge.

The findings of our paper make important contributions to three significant academic literatures. First, they add to the large body of literature on the predictors of gender diversity on corporate boards (see, for example, Farrell and Hersch, 2005; Terjesen, Sealy, and Singh, 2009; Matsa and Miller, 2013; Kogut, Colomer, and Belinky, 2014). We offer a new perspective that can explain the presence of women on corporate boards by highlighting a novel avenue through which corporate boards seek to improve gender diversity. Specifically, we contribute to the literature by emphasizing the role of the threat of legal action for incidents of sexual harassment at work. Additionally, we identify the instances and circumstances in which the impact of this threat on the gender diversity of the corporate board is greater or lesser.

Secondly, the findings of our paper are also related to the labor and finance literature (see, for example, Pagano and Volpin, 2005; Fauver and Fuerst, 2006; Atanassov and Kim, 2009; Berk, Stanton, and Zechner, 2010; Matsa, 2010; Agrawal and Matsa, 2013; Chemmanur, Chen, and Zhang, 2013; Kim and Ouimet, 2014; Simintzi, Vig, and Volpin, 2015; Brown and Matsa, 2016; Falato and Liang, 2016; Serfling, 2016; Bradley, Kim, and Tian, 2017; Matsa, 2018; Caggese, Cunat, and Metzger, 2019; Barkai, 2020; Bemmelech, Bergman, and Seru, 2021; Bena, Ortiz-Molina, and Simintzi, 2022; Graham et al., 2023). We contribute to this literature by highlighting that the costs of sexual harassment litigation for corporations, an important aspect of mistreating employees in the workplace, should be included in corporate finance theories.

Thirdly and finally, the findings of our paper contribute to the literature that examines the economic effects of sexual harassment on corporations (see, for instance, Borelli-Kjaer, Moehl Schack, and

Nielson, 2021; Billings, Klein, and Shi, 2022). To the best of our knowledge, we are the first paper to identify the economic implications of the costs of sexual harassment litigation on corporations, particularly concerning the composition of their boards.

The remainder of this paper is organized as follows: Section 2 introduces the index of the severity of litigated sexual harassment incidents in the workplace. Section 3 describes the data collection process and presents descriptive statistics about the sample. Section 4 presents the estimation strategy. Section 5 contains the main results of this paper, along with the results of different extensions that validate the main findings. Finally, Section 6 concludes the paper.

2. An index of the severity of the litigated sexual harassment incidences in the workplace

We introduce an index that measures the severity of litigated workplace sexual harassment incidents within the jurisdiction of each Federal District Court by calendar year. To construct this index, we use data on cases involving violations of federal law against sexual harassment with resolutions from the U.S. Equal Employment Opportunity Commission (EEOC) from 1996 to 2022. We have obtained all cases involving privately held companies as well as stock market-listed companies in the United States. In each of these cases, the plaintiff is the EEOC. The amended Section 706 of Title VII of the Civil Rights Act of 1964 in 1972 permitted the EEOC to file lawsuits in federal district courts alleging breaches of this Act against sexual harassment (Burris, 1985).

The EEOC can only initiate suits to take remedial action if the individual or any agency that files on behalf of the individual to protect her identity has filed a charge of discrimination. This person formally alleges in the charge of discrimination that her employer may have violated federal law against sexual harassment. Following the filing of the charge of discrimination, the EEOC notifies the employer (U.S. Equal Employment Opportunity Commission, 2023). The charge of

discrimination document must be filed for the sexual harassment claims within 180 days after the alleged sexual harassment incident (U.S. Equal Employment Opportunity Commission, 2023). The data on cases involving violations of federal law against sexual harassment covers the period from 1995 to 2022. Since sexual harassment cases are violations of federal law, the appropriate jurisdiction for these types of cases is the Federal District Court.

The richness of the data allows us to define 15 attributes at the level of the Federal District Court by calendar year. The first attribute is the frequency of concluded cases related to violations of federal law against sexual harassment. Table 1 of Appendix A provides an overview of the summary statistics for these 15 attributes. This table shows that the mean (median) frequency of concluded sexual harassment cases is 1.83 (1.00), with a range of 10 cases across court-year observations.

The second attribute is the average time needed to close a case. Table 1 of Appendix A also highlights a wide range in the resolution times for legal complaints of sexual harassment, ranging from one calendar day to potentially up to 7,204 calendar days. The average (median) time to conclude a sexual harassment case is 904.41 (642.50) days.

The third attribute is the average number of other types of violations of federal law against employment discrimination for each sexual harassment case. In every filed legal complaint of sexual harassment, there is an initial check by the EEOC to determine if other types of employment discrimination laws have been violated. The mean (median) number of various employment discrimination violations per sexual harassment case is 3.41 (3.33).

The fourth attribute is the settlement amount. To construct this attribute, we use a ratio reflecting the significance of total settlement amounts for different cases in each Federal District Court

relative to a specific cost-of-living metric: the average per capita personal income by county within the Federal District at the end of the previous calendar year. We adjust for price inflation using the CPI deflator. Table 1 of Appendix A shows that the mean (median) settlement amount for sexual harassment claims across court-year observations is 6.88 (2.05) times greater than the mean per capita income of a county by federal district court.

We have several sexual harassment cases settled for significant sums, with the highest figure for compensation amounting to 635.13. There are also cases with a settlement amount of zero, indicating that the plaintiff did not receive any monetary compensation after filing the sexual harassment case.

The proportion of instances involving sexual harassment complaints resolved via an EEOC consent decree is the fifth attribute. An EEOC consent decree is a settlement or agreement reached between the plaintiff (the employee represented by the EEOC) and the defendant (the employer), where the defendant does not admit fault. It is used typically when a company may be having problems with systemic employee maltreatment. Table 1 of Appendix A also highlights that consent decrees are used to resolve 80% of legal complaints of sexual harassment.

The number of remaining attributes depends on the number of violations of federal law against different types of employment discrimination in each sexual harassment case. There are 10 other types of employment discrimination violations, for which we define an attribute for each type. Table 1 of Appendix A reveals that the top three most frequently occurring other types of employment discrimination violations that exacerbate sexual harassment cases, based on their maximum sample value across Federal Court District-years in increasing order, are retaliations (6 violations), sex-based discrimination (10 violations), and prohibited employment policies discriminations (10 violations).

We assign zero values for the 15 different attributes for Federal District Courts without any concluded sexual harassment cases.

We then use Principal Component Analysis (PCA), a statistical estimation technique, to construct the index of sexual harassment severity. The objective of PCA is to reduce the number of attributes related to sexual harassment legal cases from 15 to one composite variable that contains most of the variance. We apply this technique using a full, balanced sample of 2,548 Federal Court District-year observations from 1995 to 2022. We do not winsorize the attributes for extreme values before applying the PCA statistical estimation technique. Table 1 reports the results of the PCA estimation. We select the first principal component with the highest eigenvalue. Panel A of Table 1 shows the eigenvalues of the different components. We find that the eigenvalue of the first principal component has the largest value. The value of the first principal component is 6.2611, explaining 41.74% (6.2611/15) of the total variance between the different attributes. Kaiser (1960) states that a principal component should be retained if it has an eigenvalue of at least one. We retain the first component.

Panel B of Table 1 shows the loadings of the different attributes for the first principal component. The loadings are all positive, suggesting that the first principal component increases with increasing values for the 15 different attributes. The increase of the principal component is relatively strongest for the frequency of sexual harassment cases with an outcome (Score of 0.3782).

We use the first component of the principal component analysis to construct the sexual harassment severity index. The index has both positive and negative values. Negative values of this index imply that there are no concluded sexual harassment cases in the federal district for a specific year. We set these negative values of the sexual harassment severity index to zero. The interpretation of

this index is that higher values imply a more severe concentration of severe sexual harassment cases. The baseline results are robust when we use the unadjusted sexual harassment severity index.

The sexual harassment severity index histogram is displayed in Figure 1, with bars representing the percentage of observations. The majority of the sexual harassment severity index values in the histogram are zero, indicating that there are Federal District Courts with no concluded sexual harassment cases.

We provide insights into the geographical distribution of the sexual harassment severity index and its 15 attributes by the Federal District Court in Figure 2. Panel 1 of Figure 2 shows the geographical distribution of the sample mean of sexual harassment severity index by the Federal District Court.

This figure shows that the top five Federal District Courts in terms of increasing order of mean sexual harassment discrimination severity are the Federal District Court of the Southern District of Texas (3.0929), Northern District of California (3.5313), District of Arizona (3.9449), District of Maryland (4.4629), and Northern District of Illinois (5.2571). We make the same observations for the trend in the sample mean values of the remaining different attributes by the Federal District Court in Panels 2 to 20 of Figure 2.

We show the distribution of the sum of all violations of federal law against other types of sexual harassment occurred in the concluded sexual harassment cases in Figure 3. The top five types of other discriminations in increasing order of violation occurrence are race color (82 violations), harassment (202 violations), retaliations (876 violations), prohibited employment policy discrimination (1,344 violations), and sex-based discrimination (1,579 violations).

[Insert Figures 1,2 and 3]

3. Data description and sample selection

Compustat North America provides us with information on balance sheets at the firm level. Companies that fall within the categories of utilities (SIC codes 4900-4999) or financial service providers (SIC codes 6000-6999) are not included in our sample. The Execucomp database contains information on the gender of the company's CEO. We use Version 1 of the Refinitiv ESG database to gather information about the leadership of the firm in environment, social and governance. This database also provides data about the individual board of directors and the presence of corporate crisis management systems. Refinitiv ESG database information is accessible starting in the year 2002. The sample period begins in the year 2003 since our empirical model will use the percentage of women on the board of directors at the conclusion of the preceding calendar year.

We obtain data of federal district court cases about violations of the federal law against sexual harassment with a resolution from the U.S. Equal Employment Opportunity Commission (EEOC). Finally, we got information from the Bureau of Economic Analysis regarding the per capita personal income by county and the yearly growth rate of the GDP by county. To determine the overall settlement amount of sexual harassment lawsuits in a Federal District Court that has been adjusted to the average per capita personal income by county within this Federal District Court, we utilize the per capita personal income by county.

We remove directors of board of directors from our sample with missing values. We also remove board members with an age of zero from our sample. We reduce the effect of extreme values by winsorizing the continuous variables at their 1^{st} and 99^{th} percentile. The final sample covers the period from 2003 until 2021. The final sample includes 104,916 directors on the board of directors. Table 2 shows the mean, standard deviation, minimum, median, and maximum values of the full sample. Appendix B provides detailed definitions of all the variables used in the empirical analysis.

Table 2 reveals that 18% of the board of directors' members in our sample are female. There were on average 0.16 percent female board members at the end of the previous calendar year, with a minimum (maximum) value of 0.00 (0.44). The mean median industry female proportion on board of directors is 0.18.

The majority of the board of directors' members are independent directors. The average age of a board of directors' member is 62 years old. Members of the board of directors have accrued a substantial amount of board experience. The typical length of time since a board member joined the firm is 8 years. Our sample of directors includes directors who are either (1) a lead director (sample mean is 6%), (2) an employee of the firm (sample mean is 16%), (3) directors having financial expertise (sample mean is 31%), (4) directors having professional experience in the same industry (sample mean is 38%), and (5) directors with a broad corporate network (sample mean of corporate affiliations is 8). The mean size of the board of directors across directors-year observations is 11 directors. Table 2 highlights that few companies with a female CEO are represented in the sample over directors' years of observations.

The mean (median) score for sexual harassment severity index across observations from directors' years is 1.67 (0.00), with a range of 12.42. We provide a detailed description of the sexual harassment severity index and its attributes in Section 2 of this paper.

In our empirical research, we consider the workforce corporate leadership index and the governance corporate leadership index. The score of the workforce corporate leadership index ranges across directors-year observations from 0.02 to 0.99, with a mean (median) score of 0.47 (0.45). The score of the governance corporate leadership index varies across directors-year observations from 0.18 to 2.68, with a mean (median) score of 1.34 (1.30).

Table 2 shows that, across the directors' years of observation, 32% of the firms report on crisis management systems or reputation disaster recovery plans to lessen or eliminate the consequences of reputation disasters in the sample.

When we use the natural logarithm of yearly sales to quantify the size of the firm, the summary statistics of Table 2 inform me that our sample contains both small and large businesses. We also remove the effect of price inflation on the firm's sales by using the yearly CPI deflator of the USA. The CPI deflator is the ratio of the current CPI scaled by the CPI of 1990. Our sample contains firms with varying degrees of profitability. For example, the minimum (maximum) value of firm profitability across director-year observations is -0.14 (0.39), while the mean (median) firm profitability across director-year observations is 0.14 (0.13). The average value of firm leverage across director-year observations is 0.59 (the median is 0.58, the lowest is 0.12, and the highest is 1.29). Our measure of market valuation of the firm, Tobin's Q, implies that the mean (median) market value of the firm across director-year observations is 2.21 (1.78).

Our sample includes counties with an annual economic growth rate that varies from -8.00% to 10.20%, with a mean (median) annual economic growth rate of 1.98% (2.10%).

[Insert Table 2]

4. Estimation framework

We estimate the following logistic regression model with multiple levels of fixed effects (1).

$$\text{Logit(p)} = \ln\left(\frac{p_i}{1-p_i}\right) = \alpha_1 \text{ sexual harassment severity}_{dt} + \alpha_2 \text{ fraction of females on the board}_{ft-1} + \boldsymbol{\alpha_3}\ \boldsymbol{\text{sexual harassment severity}_{dt}\ x\ \text{fraction of females on the board}_{ft-1}} + X_{ift}\,\beta + Z_{ft}\,\beta + \alpha_4 \text{ GDP growth rate}_{ct} + \text{year}_t + \text{firm}_f + \text{federal district}_d + \varepsilon_{it}, \quad (1)$$

Where *i* indexes directors on the board of directors; *f* indexes firms, *d* indexes Federal Court Districts, *c* indexes county, and *t* indexes years. The dependent variable is the female director on

the board of directors that is a dummy variable (0,1) that takes the value of one if the gender of the director on the board of directors is female, else zero. We define all the explanatory variables in Appendix B of this paper.

The baseline regression model includes the sexual harassment severity index, the fraction of female board directors at the end of the previous calendar year, and their interaction. The signaling hypothesis predicts a negative association between the likelihood of having a female board director and the sexual harassment severity index. There is uncertainty about the expected impact of the percentage of female board directors at the end of the previous fiscal year on the likelihood of having a female board director. When companies move toward their desired percentage of female board directors through the inclusion of a female director on their board, the effect of the fraction of female board directors at the end of the previous calendar year is positive. When businesses deviate from their desired percentage of female board directors through the exclusion of a female director on the board, the effect of the fraction of female directors at the end of the previous calendar year will be negative. The critical mass hypothesis predicts that the sexual harassment severity index will strengthen the positive effect of the fraction of female board directors at the end of the previous calendar year on the likelihood of having a female board director. Companies will be moving much faster toward their desired percentage of female board directors through the inclusion of a female director on their board.

The baseline regression model includes a vector of attributes of directors, X_{ift}, because it is important to account for the impact of these factors on board directors. We refrain from making a prediction on the expected effect of these attributes because doing so would suggest a strong preference for a particular gender type. By using these different types of characteristics, we are able to control the effect of whether the director is (1) an independent director, (2) an insider, (3)

a lead director, (4) a financial expert, (5) a corporate networker, (6) a director with a cultural background different from the location of the corporate headquarters, or (7) a seasoned director on the board of directors. We use the biological age of the board director as their main personal characteristic. We also control whether the CEO is a member of the board of directors.

The baseline regression model also includes a vector Z that includes firm characteristics such as the workforce corporate leadership, corporate governance leadership, gender of CEO, firm profitability, firm leverage, firm size, Tobin's Q, and median industry female proportion on board of directors.

We include the workforce corporate leadership index in the baseline regression model. This index scores the effectiveness of the company's employment policy in terms of career development and training, diversity and inclusion, health and safety, and working conditions. Higher workforce corporate leadership scores indicate that employers are treating their employees better (Refinitiv, 2022). The effect of the workforce leadership index on the likelihood of having a female director on the board of directors is unclear. On one hand, we predict that firms with a higher degree of friendliness towards their workforce are more likely to have a female board director on their boards of directors. Employers who pride themselves on their superior workforce orientation are more likely to have a policy in place that treats all workers equally and fairly, regardless of their personal traits. These types of employers are more likely to receive pressure to reflect the composition of their board of directors to the composition of their workforce. For example, existing research confirms that firms with more female workers are more likely to have more female directors on their board of directors (Hillman, Shropshire, and Cannella, 2007; Compton, Kang, and Zhu, 2019; Cunningham and Ereddia, 2023). On the other hand, shareholders of firms with better treatment of the workforce may not feel the need to have more female board directors since better treatment

of employees could point to a more civil workplace (Andersson and Pearson, 1999), which in turn signals the existence of a corporate culture of inclusion and diversity (Pless and Maak, 2004). Therefore, the board of directors will be less likely to promote more women to the board in an effort to foster a diverse and more inclusive culture. Hence, we believe that the firm's workforce leadership will reduce the likelihood that the board of directors will have a female director.

We also include the corporate governance leadership index. Higher values of this index imply that the corporation has good corporate governance (Refinitiv, 2022). We predict that firms with better corporate governance are likely to enhance the effectiveness of their existing corporate governance structures by appointing a female board director (Terjesen, Sealy, and Singh, 2009).

The baseline regression model includes a dummy variable that equals 1 when the gender of the CEO is female and 0 otherwise. We anticipate that businesses with female CEOs will be more likely to have boards with a higher proportion of female directors. According to the homophily theory, organizations with similar leaders are more likely to complete complex projects successfully because they have greater mutual trust and share similar core values and priorities (Smith, 2002). As a result, the presence of other women in leadership positions is necessary for the female CEO to advance her goals within an organization (Glass and Cook, 2018). Women in different leadership roles are more likely to have greater mutual trust, which is a prerequisite for successfully implementing corporate strategies. Therefore, female CEOs are more likely to encourage shareholders to increase the representation of women on the board of directors or to encourage other female leaders to remain in their leadership positions.

Uncertainty exists regarding the impact of firm size on the likelihood of having a female director on the board of directors. The outcome largely depends on societal expectations regarding the proportion of female directors on the board. When societal expectations for gender diversity entail

having more (or less) female representation on the board of directors, larger firms will be more (or less) likely to experience pressure from society to appoint more female directors. Larger businesses are more likely to succumb to societal pressure to meet existing expectations (Demsetz and Lehn, 1985). When large companies defy accepted public opinion, they run a greater risk of criticism from various stakeholders such as investors, customers, and communities (Hillman, Shropshire, and Cannella, 2007).

We include two firm performance measures as control variables in the baseline regression model. The first performance measure is an accounting performance measure, defined as the ratio of operating income before depreciation to book assets. The second and final performance measure is a stock market-based performance measure, namely Tobin's Q. In contrast to the accounting performance measure, Tobin's Q sheds light on market expectations of future earnings of the firm (Wernerfelt and Montgomery, 1988) based on the effective use of available firm resources (Lindenberg and Ross, 1981).

Uncertainty exists regarding the impact of firm performance on the likelihood of having a female director on the board of directors. On one hand, the statistical theory of sexism discrimination in the labor market predicts that better-performing firms will be less likely to have female directors because either (1) these individuals are typically viewed as having lower qualifications than their male counterparts or (2) it would require the company to expend a significant amount of resources to confirm the credentials of the female directors (Phelps, 1972). On the other hand, female directors are more likely to work for better-performing businesses. They are better positioned to join only more successful companies when there is greater demand for them than there is supply (Adams and Ferreira, 2009).

Since female directors tend to be risk-averse, which may indicate that they lack the skills to make risky decisions that are thought to be essential for a firm's success. Therefore, firms facing significant levels of risk will likely hire fewer female directors (Mateos de Cabo, Gimeno, and Escot, 2011). Since the level of debt can significantly increase the risk of financial distress and default risk (Molina, 2005), we include leverage as a control variable in the baseline regression model. Consequently, the likelihood of having a female director on the board of directors may depend on how much debt the company has. We predict that women are more likely than men to avoid serving on a board of directors for a company with a high level of debt because they are more risk-averse than men tend to be.

The likelihood of being a female director on the board of directors of a firm also depends on its industry. In industries that are diversified and focused on manufacturing, businesses prefer to appoint male directors to their boards. Businesses in service-oriented, labor-intensive, or industries producing primarily female products are more likely to have female directors on their boards of directors (Fryxell and Lerner, 1989). Because the inclusion of a female director depends on the industry, it is possible that shareholders of companies use industry benchmarks, such as the median percentage of female board directors in their own industry, to help them decide whether to add a female director to the board of directors. Therefore, we include the 2-digit SIC industry median proportion of female board directors in our baseline regression model. We predict a positive relationship between the likelihood of being a female board director on the board of directors and the 2-digit SIC industry median proportion of female board directors.

We also include GDP growth rate to control for the effect of local economic conditions on the likelihood of being a female board directors.

We also include three types of fixed effects. To account for time-invariant factors that can influence the dependent variable, we include calendar year fixed effects in the baseline regression model. To capture specific characteristics of each Federal District Court that do not change over time and might affect the dependent variable, we include Federal District Court fixed effects in the baseline regression model. Additionally, we include firm fixed effects. The firm fixed effects and the Federal District Court fixed effects do not cancel each other out since we also account for changes in the geographic location of company headquarters during the sample period. The inclusion of these types of fixed effects ensures that the estimated relationships between the explanatory variables and the dependent variable are not confounded by year-specific, firm-specific, and federal district court-specific factors.

We construct z-statistics for each explanatory variable used in the regression analysis by adjusting the standard errors for heteroskedasticity and clustering the standard errors at the firm level (Petersen, 2009). To correct for the possibility that the results could be explained mainly by firms with a high number of directors on their board of directors, we use sampling probability weights to adjust the regression parameters and standard errors for the unequal firm-year fractions (Seaman and White, 2011). The probability weight is the inverse of the number of directors at the board of directors at a firm by calendar year.

5. Empirical evidence

5.1. Workplace sexual severity, current fraction of females on the corporate board, and the likelihood of being a female board director.

Table 3 presents estimates for our baseline logistic regression model (1). We first show estimates for a model with the sexual harassment severity index, the main measurement of sexual harassment severity, in column (1). For robustness purposes, we also show estimates for models with two-

year, three-year, four-year, and five-year moving average of sexual harassment severity index in lieu of my main measurement of sexual harassment severity in columns (2) to (5).

The coefficient on the stand-alone sexual harassment severity variable is significantly negative (-0.03957, z = -3.50) in column (1) of Table 3. This finding implies that an increase in the local severity of sexual harassment cases decreases the likelihood of a female board director. In contrast to this finding, we find that the estimated coefficient on the interaction term between sexual harassment severity and the fraction of females on the board at the beginning of the calendar year is positive (0.22721) and statistically significant at 1%. This result does not necessarily imply that the proportion of females on the board at the start of the calendar year lessens the harmful effects of sexual harassment severity on the likelihood of a female board director. This is because we need to be cautious interpreting interaction terms in nonlinear regression models (e.g., logistic regression model). The interpretation of the effect of continuous variables in linear regression models does not extend to nonlinear regression models such as the logistic regression model.

For at least three reasons, we must exercise extreme caution when interpreting interaction terms in logistic regression models. First, even if the estimated coefficient of the interaction term is statistically insignificant at the 5% significance level, the estimated coefficient of the interaction term could still be nonzero. Consequently, the statistical significance of the interaction term can only be determined by calculating the cross-partial derivative rather than relying on a simple t-test to ascertain whether the estimated coefficient of the interaction term is zero. Second, unlike in linear regression models, the interaction effect in logistic regression models is dependent on the independent variables. Third and lastly, the sign of the estimated coefficient on the interaction term does not always imply the sign of the interaction effect since we utilize two additive components that might be positive or negative (Nortan, Wang, and Ai, 2004; Mood, 2010; Norton and Dowd,

2018; Mize, Doan, and Long, 2019). Therefore, we calculate the cross-partial derivative of the likelihood of a female board director with respect to the sexual harassment severity index at different values for the fraction of females on the board at time t-1."

During the calculation of the average marginal effect of sexual harassment severity index, we allow the fraction of females on the $board_{t-1}$ to increase from 0 to 1 by intervals of 0.1 and keep the other explanatory variables at their sample values. We compute the 95% confidence intervals corresponding to each average marginal effect of sexual harassment severity index using the Delta method-based standard errors. In Panel A of Figure 4, we finally exhibit the average marginal effects of sexual harassment and the accompanying 95% confidence intervals. In order to demonstrate if the average marginal effect of sexual harassment severity deviates statistically substantially from zero, we also depict a dashed line with $y = 0$. Panel A of Figure 4 shows that the average marginal effect of sexual harassment severity on the change in the probability of a female board director is statistically significantly positive (negative) increasing (decreasing) when boards have more (less) than 20% female directors at the beginning of the calendar year. In addition to Figure 4, we also report the average marginal effect of sexual harassment severity when the fraction of female board directors at the beginning of the calendar year is 0.00, 0.25, 0.50, 0.75, and 1.00 with the remaining explanatory variables at their sample values at the bottom of Table 3. The z-test statistics corresponding the estimated coefficient on the average marginal effect of sexual harassment severity are constructed based on estimated standard errors by using the Delta-method. The reported average marginal effects of sexual harassment suggest a greater probability of a female serving on existing boards with more female directors in federal districts experiencing more severe issues of corporate sexual harassment.

[Insert Figure 4]

To enhance our understanding of how the interaction term affects the likelihood of having a female board director, we will additionally create contour plots with shaded regions to visually interpret the interaction results derived from the baseline logistic regression model. The use of contour plots with shaded areas will improve our interpretation and presentation of the joint effect of the current fraction of female board directors and the sexual harassment severity index on the likelihood of a female board director. We connect both the current fraction of female board directors (x-coordinate) and the level of sexual harassment severity (y-coordinate) with their corresponding predicted probability of a female board director (z-coordinate). To calculate the predicted probabilities of a female board director, we allow the current fraction of female board directors to change from 0.0 to 1.0 in intervals of 0.1 and the sexual harassment severity index to change from 0.0 to 12.0 in intervals of 0.5 while keeping the remaining explanatory variables from the baseline logistic regression model at their sample mean values. Panel A of Figure 5 shows the constructed contour plot. In Panel A of Figure 5, we observe that the contours become darker for larger values of both the severity of sexual harassment and the current fraction of female board directors. This result implies that the predicted probability of a female board director increases when there are more severe sexual harassment cases and when boards consist of more female directors at the beginning of the calendar year.

[Insert Figure 5]

To better understand the direction of the trend in sexual harassment severity within a Federal District Court, we replace the sexual harassment severity index by its 2-year, 3-year, 4-year, and 5-year moving average. By using the moving average of the sexual harassment severity index, we are also able to lessen the effects of sporadic, transient increases in the number of sexual harassment cases over a given period of time. In the final four columns of Table 3, we present the

findings using various moving averages of the sexual harassment severity index. The main finding of this paper remain unchanged after using different moving averages of sexual harassment severity. We also replicate Panel A of Figure 4 by using two-year, three-year, four-year and five-year moving average of sexual harassment severity. The results of this replication are in Panels B, C, D, and E of Figure 4. The results remain unchanged. We finally replicate Panel A of Figure 5 by using the same moving average of sexual harassment severity measures (see Panels B, C, D, and E of Figure 5). The results remain unaltered.

As an additional robustness test, we also rerun our regression to the firm level. We perform this test to address the concern that boards can simultaneously have more than one woman on their boards. To do so, we calculate the average value of the dependent variable and individual board member characteristics across firm-years. We run a firm fixed effects linear regression model by treating each firm-year observation as one observation. In addition, this regression model also includes the same explanatory variables from the baseline logistic regression model (1). The standard errors are robust for heteroskedasticity and clustered at the firm level. We report the results of this robustness test in Table 4. The results are qualitatively similar.

[Insert Tables 3 and 4]

We next discuss the results of the remaining explanatory variables from the estimation of the baseline logistic regression model reported in column (1) of Table 3. The coefficient on the fraction of females on the $board_{t-1}$ variable is significantly positive (*2.50129, z = 7.85*). Firms with more females on their board at the beginning of the calendar year will have a higher likelihood that the gender of the board of director at the future board of directors will be a female.

The results from column (1) of Table 3 also show that different characteristics of individual board directors can predict the likelihood of a female board director. The likelihood of a female board

director is lower when the board director is either not an employee of the firm (i.e., employee of the firm) nor a lead director. The likelihood of a female board director is higher when the board director is an independent director.

According to the results of the first column of Table 3, the likelihood of having a female board member can also be changed by the company CEO. For instance, firms led by women are more likely to have a woman for the position of board member. The likelihood of a female on the board decreases for smaller board of directors.

The only statistically significant firm-specific determinants that influence the presence of female board directors are firm size and Tobin's Q in the first column of Table 3. For instance, a female director is more likely to be found on the boards of smaller companies. A female board director is less likely to be selected to boards of companies with lower market valuations.

[Insert Figures 4 and 5]

5.2. #Metoo workplace sexual harassment reforms

Tarana Burke, a survivor of sexual assault, coined the phrase "MeToo" in 2006 to increase public awareness and attention to women and girls of color who had experienced sexual harassment (Chicago Tribune, 2021). On October 5th, 2017, the MeToo movement gained momentum when the New York Times published the findings of their investigation, which revealed that Hollywood producer Harvey Weinstein of the Weinstein Company may have sexually harassed actresses over a nearly three-decade period (Kantor and Twohey, 2017). Since this groundbreaking news article, many women have come forward publicly to say that they have been sexually harassed in the past, but that their employers did not adequately address their sexual harassment complaints. State lawmakers have responded to public outrage over employers' inability to deal with sexual harassment complaints from their employees by introducing policy reforms to stop and prevent

sexual harassment in the workplace. The four main goals of these policy changes are to: (1) ensure all workers are covered by harassment protections, (2) remove barriers to accessing justice, (3) restore worker power and restrict employer-imposed secrecy, and (4) increase prevention strategies (Johnson, Menefee, and Sekaran, 2019; Johnson, Sekaran, and Gombar, 2020; Johnson, Ijoma, and Wiese, 2021).

We collect data about the year of enactment of the different workplace sexual harassment reforms from the National Women's Law Center. Based on the collected data, we construct an anti-sexual harassment state law index. The construction of this index require us to define a dummy variable for each type of workplace sexual harassment reform. The value of this dummy variable is one when the state has enacted this type of reform, else zero. The anti-sexual harassment state law index is the total of all dummy variables. Higher index values indicate that the state has more policies in place to combat and prevent workplace sexual harassment. Appendix D details summary statistics of the anti-sexual harassment state law index and its components. The mean (median) value of this index across director-year observations is 0.94 (0.00). The minimum (maximum) value of this index across director-year observations is 0.00 (12.00). Across director-year observations, we observe that states have a preference to implement the following five anti-harassment laws in increasing importance: stopping forced arbitration (0.09), requiring notice of employee rights (0.10), limiting non-disclosure agreements (NDA) in settlement agreements (0.11), limiting non-disclosure agreements (NDA) as a condition of employment (0.12), and requiring anti-harassment training (0.12).

These #MeToo sexual harassment reforms make it much easier for possible victims of workplace sexual harassment to sue their harassers, and they also aim to prevent future sexual harassment in the workplace. The #MeToo sexual harassment reforms could either increase or decrease the

severity of sexual harassment cases because these reforms significantly reduce the fear of retaliation from the harasser. These reforms will make sexual harassment cases more severe. This is due to (1) reduced fear of retaliation and (2) reduced feelings of shame as a result of the establishment of a workplace culture that does not tolerate sexual harassment, as well as increased public attention and support for victims of workplace sexual harassment. However, these reforms may also lessen the severity of sexual harassment cases. This is the case when these reforms function as a deterrent to future sexual harassment incidents because sexual harassers will not get away with their harassing behavior without facing legal consequences. Therefore, the #MeToo sexual harassment reforms can either increase or decrease the likelihood that the boards of firms in federal districts hit with more severe sexual harassment cases will include a woman on their board, considering the current gender composition of the board. The likelihood will be lower (higher) when these reforms make sexual harassment cases less (more) severe.

This test requires us to extend the baseline logistic regression model equation (1) with a three-way interaction between sexual harassment severity index, the fraction of females on the $board_{t-1}$, and the anti-sexual harassment state law index. In Table 5, we report the empirical results of the moderating effect of the anti-sexual harassment state law index. We find that the estimated coefficient on the three-way interaction term between sexual harassment severity, the fraction of females on the $board_{t-1}$, and the anti-sexual harassment state law index is positive (0.05184) and statistically significant at 1%. Given the caveats in interpreting the interaction results in logistic regression models, we first calculate the average marginal effect of sexual harassment severity for different fractions of females on the board at the beginning of the calendar year (i.e., 0%, 25%, 50%, 75%, and 100%). We keep the remaining explanatory variables at their sample values. The z-test statistics corresponding the estimated coefficient on the average marginal effect of sexual

harassment severity are constructed based on estimated standard errors by using the Delta-method. We observe a similar trend in the average marginal effect of sexual harassment severity for increasing proportions of female board members at the start of the calendar year, consistent with our findings in Table 3.

We also visually illustrate the average marginal effects of sexual harassment severity for various proportions of female board directors at the beginning of the calendar year and different values of the anti-sexual harassment state law index. This visualization involves creating a contour plot. We calculate the average marginal effect of sexual harassment severity while allowing the proportion of female board directors at the beginning of the calendar year to vary from 0.0 to 1.0 in increments of 0.10, and the anti-sexual harassment state law index to range from 0.0 to 12.0 in increments of 1.0. We maintain the other explanatory variables at their sample mean values. In the contour plot, darker shading indicates higher average marginal effects of sexual harassment severity. Please refer to Figure 6 for the constructed contour plot. The main results of this paper are strengthened when the darkest shade appears in the upper right corner of the contour plot. This implies that companies currently have more female board directors on their boards in states with a higher score on the anti-sexual harassment state law index.

In Figure 6, we observe that the average marginal effect of sexual harassment severity on the likelihood of having a female board director is higher for firms currently having more female board directors in states that have adapted more anti-sexual harassment legislation. This result strengthens our main result of the paper. This is the case for firms with a current fraction of female board members of at least 0.30. We also observe that the average marginal effect of sexual harassment severity for firms with a current fraction of female board members of less than 0.30 is negative regardless of whether states have adopted any anti-sexual harassment laws.

[Insert Figure 6]

We next examine whether the moderating result of the anti-sexual harassment state law index reported in Table 5 reflects dominant effects of some particular type of anti-sexual harassment state law. This test necessitates re-estimating the extended baseline model equation (1) from Table 5 according to the type of anti-sexual harassment state law. Panels A to D of Table 6 report the results of the analysis that we conduct to assess the moderating impact of the different types of anti-sexual harassment state laws on our baseline results. We find that the three-way interaction term between sexual harassment severity, fraction of females on the $board_{t-1}$, and anti-sexual harassment state law index is statistically significantly positive for the three types of anti-sexual harassment state law indices, except for the index of state laws on removing barriers to accessing justice. The interaction with the index of the state laws on removing barriers to accessing justice is positive but not statistically insignificant. However, we need to be cautious in interpreting these results. Therefore, we will also be required to calculate the average marginal effect of sexual harassment severity by type of index of anti-sexual harassment state law. This requires replicating the contour plots from Figure 6 for each type of #Metoo anti-sexual harassment law index. We present the graphical evidence of this replication in Figure 7. The main results of this paper are strengthened when the darkest shade appears in the upper right corner of the contour plot. This implies that companies currently have more female board directors on their boards in states with a higher score on the type of anti-sexual harassment state law index.

In Figure 7, we observe a similar pattern of shaded areas indicating the average marginal effect of sexual harassment severity across the four types of state anti-sexual harassment law indices, as we observed with the aggregate sexual harassment laws index in Figure 6. We can conclude that no single component of the aggregate anti-sexual harassment index alone drives the relationship

between sexual harassment severity and the likelihood of a female board director, conditional on the current proportion of female board directors.

[Insert Table 6]

[Insert Figure 7]

Our main results strengthen when there are more federal districts with more employed women who are more highly educated but weaken when there are more employed women who are either part-time or full-time students at a college or university.

5.3. Personal and professional characteristics of judges at federal district courts

In this section, we examine whether the personal characteristics of judges at the federal district court could influence the main result of this paper. Examining this question is important since judges at the federal district court have the sole responsibility for the outcome of sexual harassment cases. Personal biases and opinions can cause judges not to remain completely impartial and to base their decisions solely on the facts and the law (Kulik, Perry, and Pepper, 2003). When victims of sexual harassment file a case, federal district court judges are randomly assigned to these cases. Acknowledging the random assignment of federal district court judges to cases, we argue that the probability of a federal district court judge being assigned to future sexual harassment cases is less random when there are similar judges within the federal district court. Judges can be similar if we rank them based on important personal characteristics such as gender, qualifications, race, age, tenure, and political affiliation.

We next discuss how the personal characteristics of a federal district court judge could influence the outcome of sexual harassment cases. The first characteristic is the gender of the judge. Females will be more sensitive than males to sexual harassment behavior experienced by others (Gutek, 1995). This is mainly because the majority of the victims of sexual harassment are females.

Females may also have personally experienced sexual harassment. This will make females much easier to identify them with victims of sexual harassment (Pryor and Day, 1988). This has important implications for companies with potential victims of workforce sexual harassment. A federal district court with more female judges will encourage potential victims of sexual harassment to seek justice even in cases in which the accused holds position of authority or privilege. This is because the presence of more female judges present in the federal district court are more likely to signal to survivors that their experiences will be taken seriously and addressed impartially. The evidence is mixed on how the gender of the judge impacts the outcome of sexual harassment cases, mainly because of the different types of judiciaries and differences in the used method across studies. The sample size of legal cases tends to be very small in empirical legal research (Martin, 1990). For example, there were no statistically meaningful differences between male and female judges regarding whether to support potential victims (plaintiffs) of sexual harassment cases at federal district courts, as shown in the analysis of 143 cases between 1981 and 1996 (Kulik, Perry, and Pepper, 2003). In contrast, female judges at federal appellate courts are more likely to side with the plaintiff in sexual harassment and gender discrimination cases (Peresie, 2005).

Race is the second characteristic of the judge. Minorities have often been employed in lower positions. These jobs pay less. Minorities in these jobs also have less influence on decision-making within organizations (Reskin and Padavic, 1999; Bayard et al., 2003; Elliot and Smith, 2004). Therefore, minorities could be more susceptible to both sexual and racial harassment (Kulik, Perry, and Pepper, 2003). Evidence has shown that sexual harassment affects relatively more women of color within the workplace (Murrel, 1996; Richardson and Taylor, 2009; Cassino and Besen-Cassino, 2019). For example, African-American women experienced relatively more sexual

harassment in the workplace across the United States from 1997 to 2017 (Cassino and Besen-Cassino, 2019). The heightened vulnerability of minorities could increase their sensitivity towards any type of harassment experienced by others. Therefore, the same reasoning we used for female judges could also be applied to explain how judges belonging to minorities are likely to handle sexual harassment cases.

The third aspect to consider is the age of the judge. Younger judges tend to exhibit a more liberal approach in their decision-making compared to their older counterparts (see, for example, Goldman, 1975; Culik, Perry, and Pepper, 2003; Manning, Carroll, and Carp, 2004). Within the realm of sexual harassment cases, a younger judge are more likely to be inclined to interpret federal anti-sexual harassment laws in a manner that places a greater emphasis on safeguarding the rights of victims. Additionally, younger judges are more likely to display increased empathy and sensitivity towards victims of sexual harassment. This ensures not only the protection of the rights of potential victims but also the preservation of their dignity throughout the legal proceedings. They are also more prone to taking proactive measures to prevent future instances of harm in workplaces where sexual harassment has occurred. Moreover, younger judges underscore the significance of addressing systemic issues associated with sexual harassment. Consequently, younger judges are more inclined to support the plaintiff in a sexual harassment case compared to their older counterparts (Kulik, Perry, and Pepper, 2003).

The fourth characteristic is the tenure of federal district court judges. These judges are life-tenured district court judges. However, newly appointed judges must build their reputation as federal district court judges. This is especially important when they are seeking promotion to the federal appellate courts in the longer term. Therefore, promotional prospects could weigh on the case outcomes of federal district judges who are seeking promotion to the court of appeals. They have

more incentives to be tougher in sentencing in cases that can attract large-scale media attention (Epstein, Landes, and Posner, 2013; Campbell and Wilcox, 2020). Judges with lower seniority must achieve contender status over their career by highlighting consistency in their sentencing behavior over a longer period of time. Therefore, newly appointed judges will be more likely to side with the plaintiffs in sexual harassment cases. We assume in our reasoning that presidents are interested in promoting newly appointed district court judges to appellate courts because they are often younger, which allows them to serve longer on the appellate courts.

The fifth characteristic is the political affiliation of the federal district court judges. Federal district court judges can be appointed by either Democratic or Republican Presidents. Candidates for the position of federal district judges are more likely to be appointed or elected based on their perceived alignment with certain political ideologies or agendas of the incumbent president. This can lead to concerns about judicial independence and the impartiality of the judiciary. As a result, federal district court judges appointed by Democratic Presidents are more likely to decide in a more liberal way on cases about violations of federal law on the protection of civil rights and liberties that come before the federal courts compared to federal district court judges appointed by Republican Presidents (Rowland & Carp, 1996). An important violation of federal law on the protection of civil rights is sexual harassment. Existing research has highlighted that federal district court judges appointed by Democratic Presidents are more likely to side with the plaintiff in cases of sexual harassment compared with federal district court judges appointed by Republican Presidents (Rowland and Carp, 1996; Kulik, Perry, and Pepper, 2003).

The sixth and final characteristic of a federal district court judge is the level of qualification of the potential nominee for the federal district judge, nominated by the incumbent president before the U.S. Senate election. Incumbent presidents ask the Standing Committee on Federal Judiciary of

the American Bar Association (ABA) to vet each potential nominee. Each nominee for the federal district judge position is evaluated by the Standing Committee on Federal Judiciary of the American Bar Association (Grossman, 1965). Each potential nominee receives a rating from the ABA, which is either not qualified, qualified, or well qualified, based on an assessment of their professional competence, integrity, and judicial temperament by the ABA. A higher ABA rating generally indicates that the nominee has demonstrated exceptional qualifications for judicial service (Smelcer, Steigerwalt, and Vining, 2012). Our expectation is that federal district judges with better ABA ratings will be better equipped to decide workplace sexual harassment cases due to a more thorough understanding of applicable laws, a higher level of integrity, and the appropriate judicial temperament when listening to victims of sexual harassment.

We collect information about the federal district court judges from the database CourtListener. We extend the baseline regression with the type of characteristic of the federal district court judge and the three-way interaction between the sexual harassment severity, the fraction of females on the board of directors$_{t-1}$, and the type of characteristic of the federal district court judge. We report the results of the extended baseline logistic regression model by type of characteristic of the federal district court judge in Table 7. Since we cannot make meaningful observations based on the estimated coefficient of an interaction term, we also construct contour plots for each type of characteristic of the federal district judge.

[Insert Table 7]

To construct these contour plots, we calculate the average marginal effect of sexual harassment severity. During the calculation of the average marginal effect of sexual harassment severity, we allow the different types of characteristics of federal district court judges to change as follows. The average age of the federal district court judge are allowed to change from 50 years to 70 years by

intervals of 2 years. The average tenure of the federal district court judge are allowed to change from 1 year to 18 years by intervals of 1 year. The remaining four characteristics of the federal district court judge (i.e., the percentage of female judges, percentage of at least qualified judges, percentage of judges appointed by democratic presidents, and the percentage of white judges) are allowed to change from 0.0 to 1.0 by intervals of 0.1. The different contour plots are in Figure 8. Darker shaded on the contour plots implies higher average marginal effect of sexual harassment severity on the likelihood of being a female board director. The main results of this paper are strengthened when the darkest shade appears in the upper right corner of the contour plot. This implies that companies currently have more female board directors on their boards in federal districts with more federal district judges with a relevant characteristic.

Figure 8 illustrates that the average marginal effect of sexual harassment severity increases positively with the likelihood of having a female board director especially when there is a higher proportion of females on the board at the beginning of the calendar year and in federal districts with either more female judges, judges appointed by Democratic Presidents, or senior judges in federal district courts. Our main results strengthen when there are more federal districts with either more female judges, judges appointed by Democratic Presidents, or more tenured judges in federal district courts. However, the average marginal effect of sexual harassment severity also increases positively with the probability of having a female board director for firms with more females on their board of directors at the beginning of the calendar year in federal districts with fewer well-qualified district court judges, fewer white district court judges, or fewer older district court judges. The main results of this paper are weakened in federal districts with more federal district judges who are either white, younger, or less qualified as federal district judges.

[Insert Figure 8]

6. Conclusion

This paper examines how local workforce sexual harassment litigation affects board gender diversity. Sexual harassment is a severe and pervasive problem in the United States. We identify two views with opposing predictions on how local workforce sexual harassment litigation affects the presence of female board directors. These two views are the precautionary and screening perspectives. They both posit that the relationship between local workforce sexual harassment litigation and the likelihood of having a female board member depends on the current proportion of female board directors. We validate these opposing predictions using a large sample of corporate board directors from 2003 to 2022. This study necessitates the development of a novel index to measure the severity of litigated sexual harassment incidents in the workplace.

We find that local workplace sexual harassment severity increases the likelihood of being a female board member for companies with an already stronger female oriented board of directors. This effect is strongest when the current fraction of the board of directors is at least 20%. This finding confirms the prediction of the precautionary perspective. Our main finding is robust after considering the past multi-year trends in the intensity of locally filed lawsuits involving workplace sexual harassment and the potential for adding several female directors to the corporate board at the same time.

We introduce two tests to examine the validity of our main findings. The first test assesses the strength of our main findings while considering that states have introduced anti-sexual harassment legislation during and after #MeToo. The aim of these laws is to prevent future workplace sexual harassment and facilitate easier reporting for victims without fear of retaliation from the harasser or employer. We find that our main findings are stronger in states with several types of anti-sexual harassment legislation. The second and final test investigates whether the main findings of this

paper change after considering the personal and professional characteristics of federal district judges. We introduced this test in our paper because federal district judges play a crucial role in determining the outcomes of workplace sexual harassment cases (Rowland and Carp, 1996; Weinstein, 2010). We document that our main findings are stronger when there are more female judges, judges appointed by Democratic administrations, and judges with longer tenure on the federal district court bench. However, the main findings are weaker for judges who are white, younger, or less qualified at the time of nomination by the incumbent president.

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Appendix A: Table 1. Summary statistics of the aggregate sexual harassment cases by Federal District Court.

This Table shows the summary statistics of the attributes of the sexual harassment index over the period from 1995 until 2022. The sample includes 890 Federal District Court-year observations. We restrict the sample to federal districts with at least one case. We define the variables in Section 2 Sexual harassment severity index of this paper.

Variable name	Obs.	Mean	St. Dev.	Min	Median	Max
Frequency of concluded sexual harassment cases	890	1.83	1.33	1.00	1.00	10.00
Average number of days to close a sexual harassment case	890	904.41	818.21	1.00	642.50	7,204.00
Average number of other types of violations against the federal law against sexual harassment for each case of sexual harassment	890	3.41	0.88	1.00	3.33	8.00
Sexual harassment settlement amount	890	21.78	83.63	0.00	6.89	1,905.39
Average percentage of cases with consent decree	890	0.80	0.35	0.00	1.00	1.00
Number of retaliations	890	0.93	1.04	0.00	1.00	6.00
Number of age discriminations	890	0.01	0.12	0.00	0.00	1.00
Number of disability discriminations	890	0.07	0.26	0.00	0.00	1.00
Number of harassment discriminations	890	0.22	0.48	0.00	0.00	3.00
Number of prohibited employment policies discriminations	890	1.47	1.41	0.00	1.00	10.00
Number of national origin discriminations	890	0.06	0.23	0.00	0.00	2.00
Number of pregnancy discriminations	890	0.01	0.12	0.00	0.00	1.00
Number of race color discriminations	890	0.09	0.30	0.00	0.00	2.00
Number of religious discriminations	890	0.02	0.15	0.00	0.00	1.00
Number of sex-based discriminations	890	1.71	1.30	0.00	1.00	10.00

Appendix B: Variable definitions and data sources

This Appendix entails the definitions of the variables and their data sources.

Name of variable	Definition of variable and data source
Female member of the board of directors	Dummy (0,1) with one if the director of the Board of the Director is a female director, else zero (CG_BD_BS_DP026) (Data source: V1 Refinitiv ESG Board Member Data).
Sexual harassment severity index	The construction of the sexual harassment severity index by Federal District Court-year is detailed in section "Sexual harassment severity index" of the paper.
Workforce corporate leadership	The sum of the human right score, product responsibility score, workforce score, and community score (Data source: V2 Refinitiv ESG Scores).
Corporate governance leadership of the firm	The sum of the management score, shareholder score, and CSR strategy score (Data source: V2 Refinitiv ESG Scores).
Profitability	Ratio of operating income before depreciation (oibdp) to total assets (at) (Data source: Compustat).
Leverage	Ratio of total liabilities (lt) to total assets (at) (Data source: Compustat).
Firm size	Natural logarithm of sales (sale). (Data source: Compustat)
Tobin Q	Ratio of (book value of total assets (at) minus book value of equity (ceq) plus market value of equity(csho x prcc_f)) to book value of total assets (at) (Data source: Compustat).
Female CEO	Dummy (0,1) with one if the CEO is a female, else zero (GENDER) (Data source: Execucomp).
Employee is a board member	Dummy (0,1) with one if the director of the board of director is an employee of the firm (CG_BD_BS_DP036) (Data source: V1 Refinitiv ESG Board Member Data).
Ln(Board member corporate affiliations)	The natural logarithm of the sum of one and the number of corporate affiliations of the directors at the board of directors (CG_BD_BS_DP046) (Data source: V1 Refinitiv ESG Board Member Data).
Board member financial expertise	Dummy (0,1) with one if the board member has financial expertise, else zero (CG_BD_BS_DP031) (Data source: V1 Refinitiv ESG Board Member Data).
Executive board member	Dummy (0,1) with one if the board member is an executive, else zero (CG_BD_BS_DP034) (Data source: V1 Refinitiv ESG Board Member Data).
Independent board member	Dummy (0,1) with one if the board member is an independent director, else zero (CG_BD_BS_DP043) (Data source: V1 Refinitiv ESG Board Member Data).
Lead director	Dummy (0,1) with one if the board member is a lead director, else zero (CG_BD_BS_DP038) (Data source: V1 Refinitiv ESG Board Member Data).

CEO board member	Dummy (0,1) with one if CEO is a board member, else zero (CG_BD_BS_DP061) (Data source: V1 Refinitiv ESG Board Member Data).
Board member age	Natural logarithm of the sum of one and the age of the director at the board of directors (CG_BD_BS_DP025) (Data source: V1 Refinitiv ESG Board Member Data).
Board membership in years	Natural logarithm of the sum of one and board memberships of the director at the board of directors in years (CG_BD_BS_DP025) (Data source: V1 Refinitiv ESG Board Member Data).
Board member industry experience	Dummy (0,1) with one if the board member is from the same industry as the company, else zero (CG_BD_BS_DP029) (Data source: V1 Refinitiv ESG Board Member Data).
Size of the board of directors	The total number of directors at the board of directors (Data source: V1 Refinitiv ESG Board Member Data).
Crisis management system	Dummy (0,1) with one if the company has crisis management systems, else zero (So_So_Co_DP053) (Data source: V1 Refinitiv ESG Company Screening Data).
Median industry female proportion on board of directors	Median two-digit SIC industry female proportion on board of directors (Data source: V1 Refinitiv ESG Company Screening Data).
GDP growth rate	The real gross domestic product percent change by county (Data source: Bureau of Economic Analysis).
Fraction of female federal district court judges	The fraction of female judges by federal district court-year (Data source: CourtListener).
Fraction of well-qualified federal district court judges	The fraction of well-qualified judges by federal district court-year (Data source: CourtListener).
Fraction of federal court judges appointed by Democratic Presidents	The fraction of judges appointed by Democratic Presidents by federal district court-year (Data source: CourtListener).
Fraction of white federal district court judges	The fraction of white judges by federal district court-year (Data source: CourtListener).
Average tenure of federal district court judges	The average tenure of judges by federal district court-year (Data source: CourtListener).
Average age of federal district court judges	The average age of judges by federal district court-year (Data source: CourtListener).

Appendix C: Summary statistics of the anti-sexual harassment state law index and its components

Appendix C provides summary statistics of the anti-sexual harassment state law index and its components. The anti-sexual harassment state law index is the composite score of several types of anti-sexual harassment state laws.

Name	Nobs	Mean	St. dev.	Min	Median	Max
Anti-sexual harassment state law index	104,916	0.95	2.56	0.00	0.00	12.00
Goal 1: Ensure all workers are covered by harassment protections						
Protecting more workers	104,916	0.04	0.21	0.00	0.00	1.00
Covering more employers	104,916	0.04	0.20	0.00	0.00	1.00
Goal 2: Remove barriers to accessing justice						
Ensuring employer liability for supervisor harassment	104,916	0.00	0.06	0.00	0.00	1.00
Redressing harm to victims of harassment	104,916	0.03	0.17	0.00	0.00	1.00
Revising the severe or pervasive liability standard	104,916	0.07	0.25	0.00	0.00	1.00
Closing a loophole in employer liability	104,916	0.02	0.13	0.00	0.00	1.00
Extending statutes of limitations	104,916	0.07	0.26	0.00	0.00	1.00
Goal 3: Restore worker power and restrict employer-imposed secrecy						
Limiting NDA as a condition of employment	104,916	0.12	0.32	0.00	0.00	1.00
Limiting NDA in settlement agreements	104,916	0.11	0.32	0.00	0.00	1.00
Stopping forced arbitration	104,916	0.09	0.29	0.00	0.00	1.00
Transparency about harassment claims	104,916	0.03	0.16	0.00	0.00	1.00
Prohibiting no-rehire provisions	104,916	0.04	0.19	0.00	0.00	1.00
Goal 4: Increase prevention strategies						
Requiring anti-harassment training	104,916	0.12	0.32	0.00	0.00	1.00
Requiring strong anti-harassment policies	104,916	0.06	0.24	0.00	0.00	1.00
Requiring notice of employee rights	104,916	0.10	0.30	0.00	0.00	1.00

Figure 1: Mean index of the severity of the litigated sexual harassment incidents in the workplace by Federal District

Figure 1 shows the sample mean sexual harassment severity from 1995 until 2022 by Federal District Court. We define the variables in Section 2 Sexual harassment severity index of this paper.

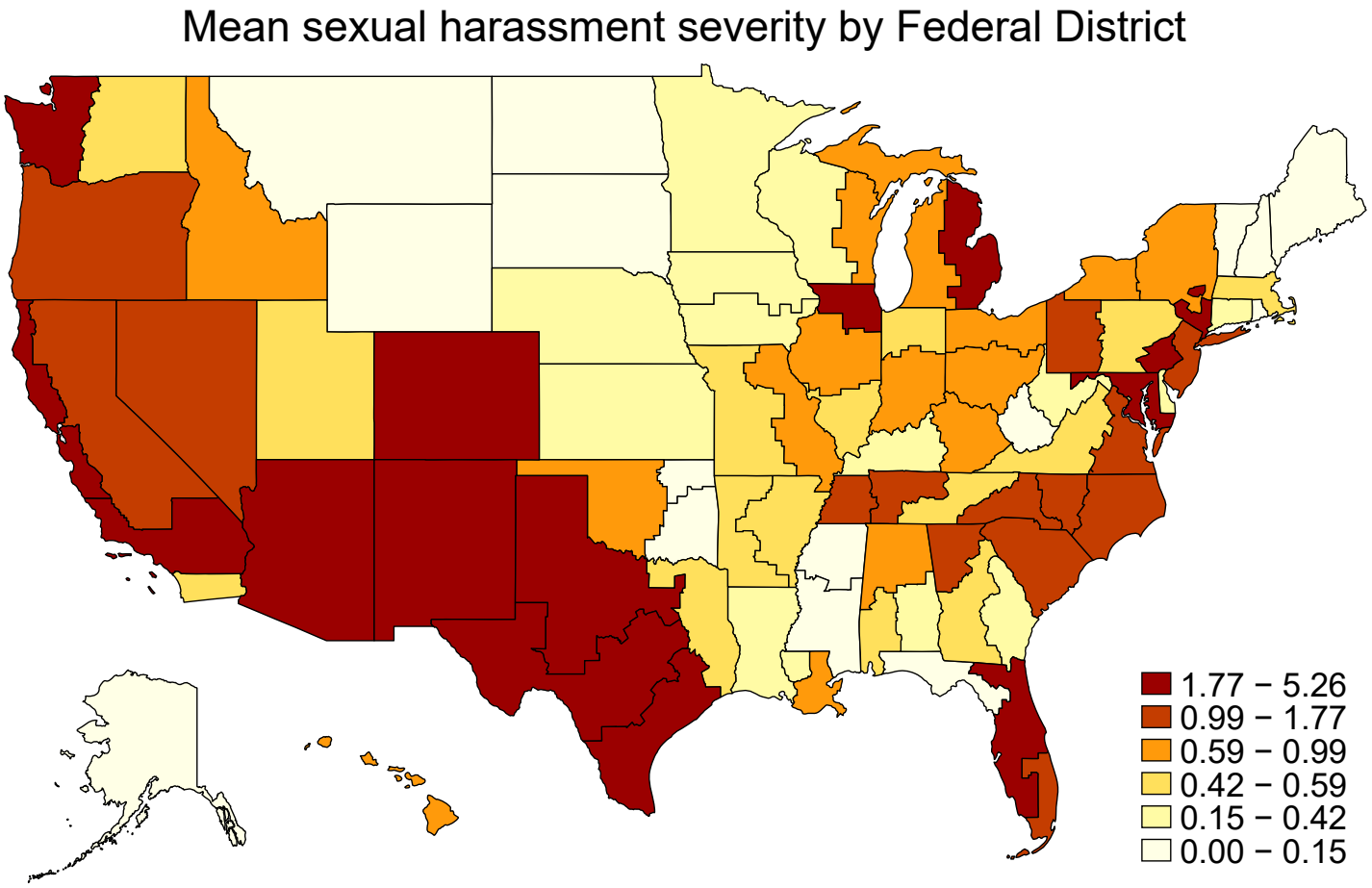
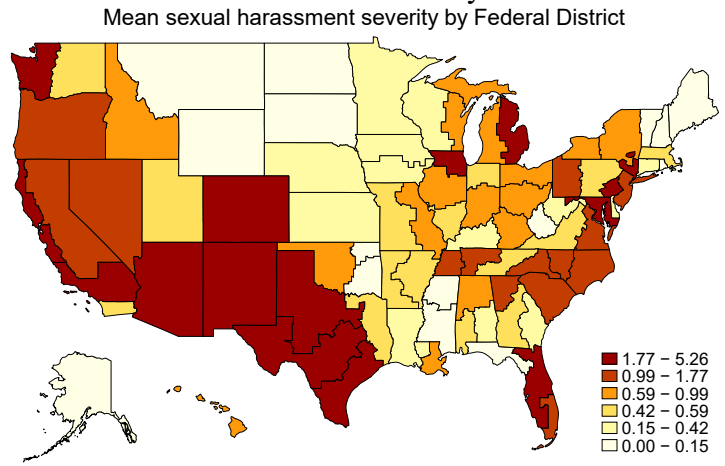


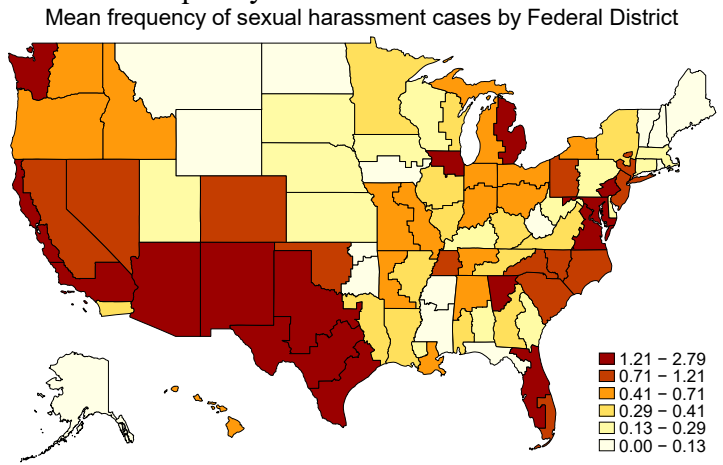
Figure 2: Mean index of the severity of the litigated sexual harassment incidents in the workplace and its components by Federal District

Figure 2 shows the sample mean sexual harassment severity and its attributes from 1995 until 2022 by Federal District Court. We define the variables in Section 2 Sexual harassment severity index of this paper.

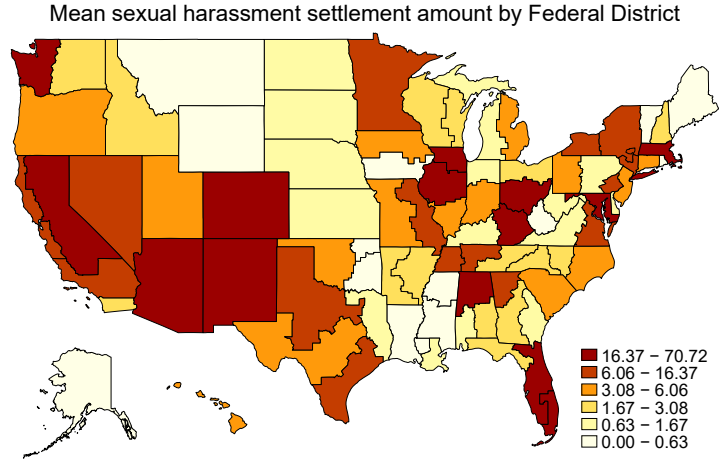
Panel 1: Mean sexual harassment severity



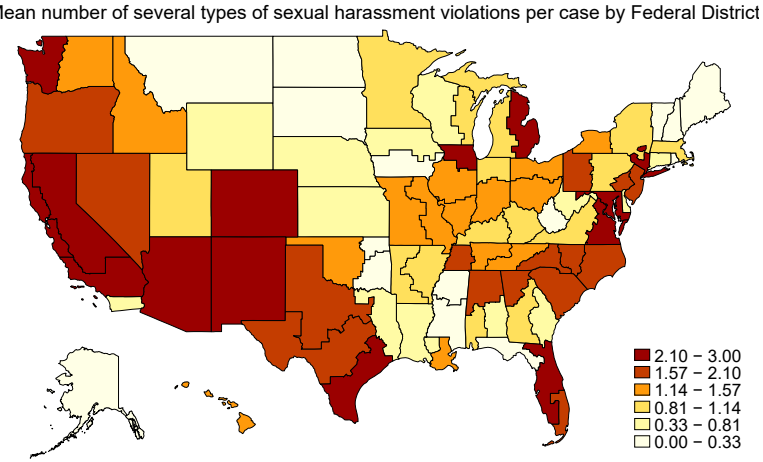
Panel 2: Mean frequency a sexual harassment case



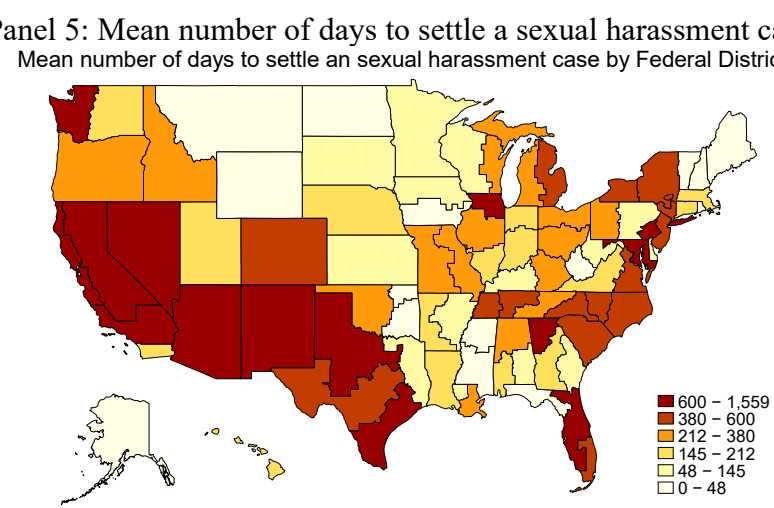
Panel 3: Mean sexual harassment settlement amount



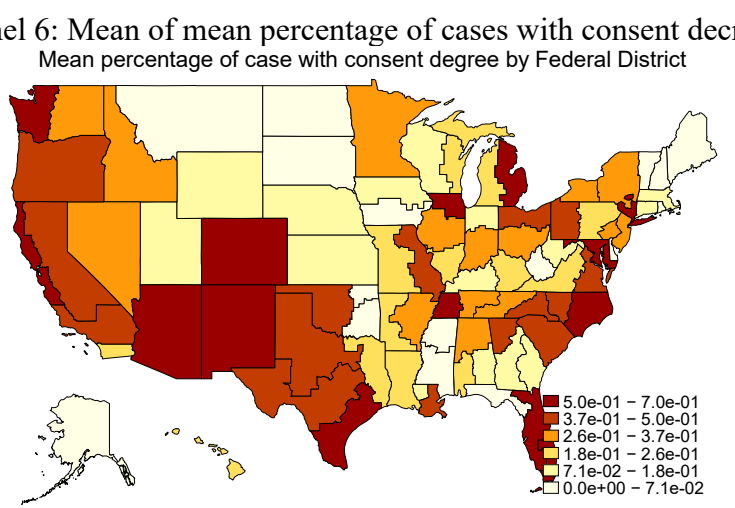
Panel 4: Mean of mean number of several types a sexual harassment violations per case



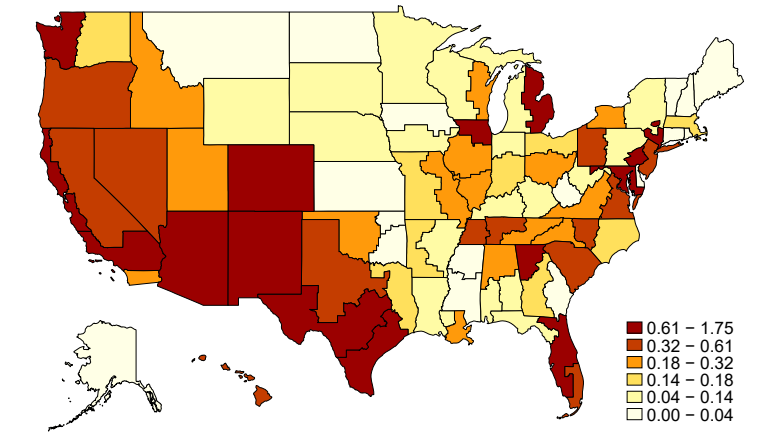
Panel 5: Mean number of days to settle a sexual harassment case



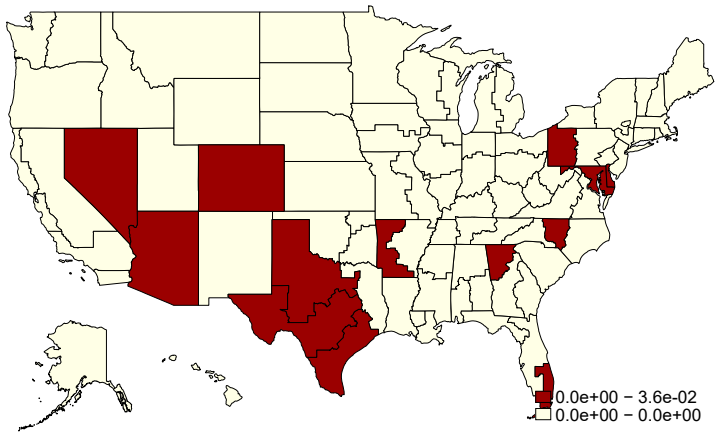
Panel 6: Mean of mean percentage of cases with consent decree



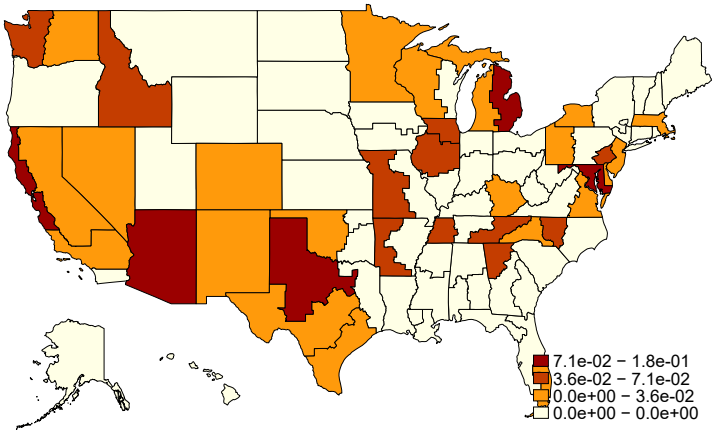
Panel 7: Number of employee retaliations



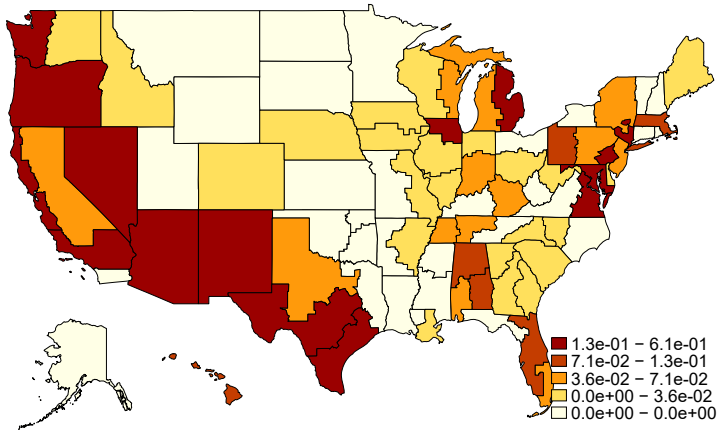
Panel 8: Number of age discrimination violations



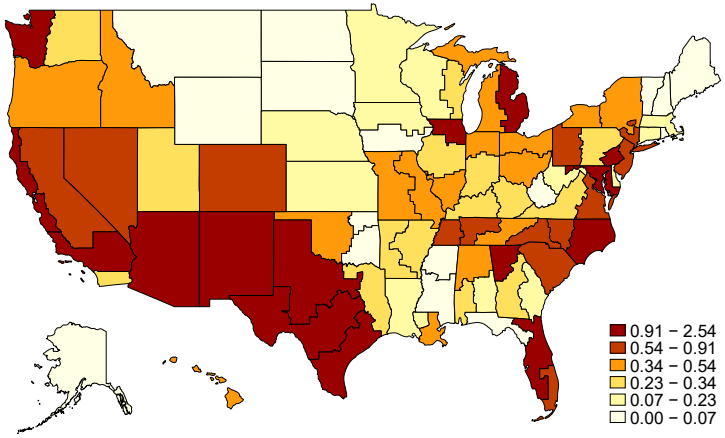
Panel 9: Number of disability discrimination violations



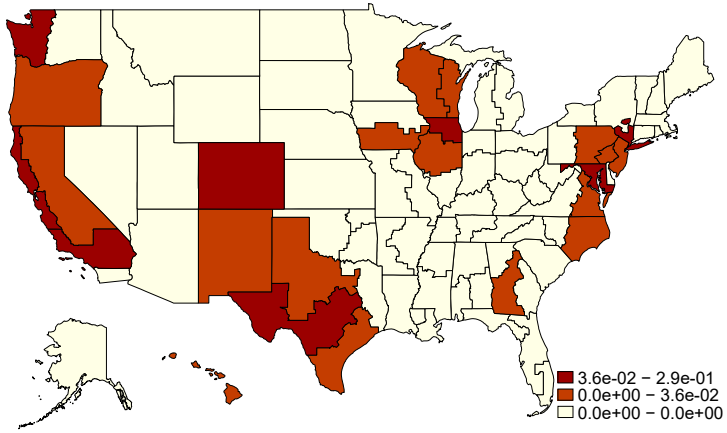
Panel 10: Number of harassment discrimination violations



Panel 11: Number of prohibited employment policies discrimination violations

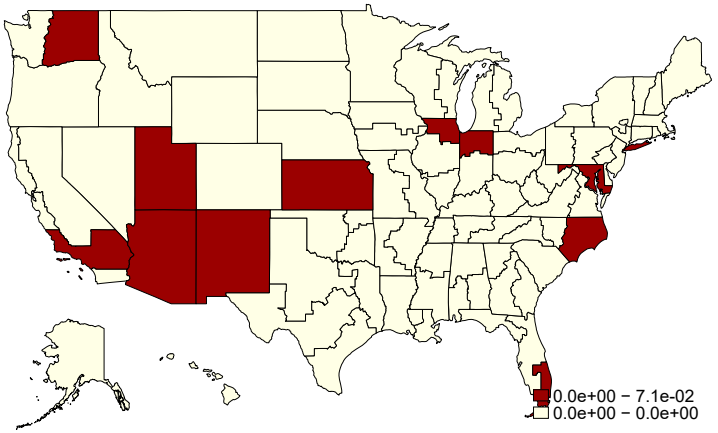


Panel 12: Number of national origin discrimination violations



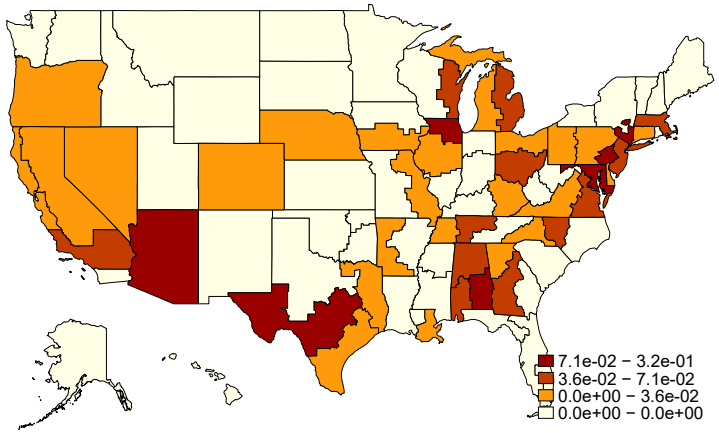
Panel 14: Number of pregnancy discrimination violations

Mean number of pregnacy discrimination violations by Federal District



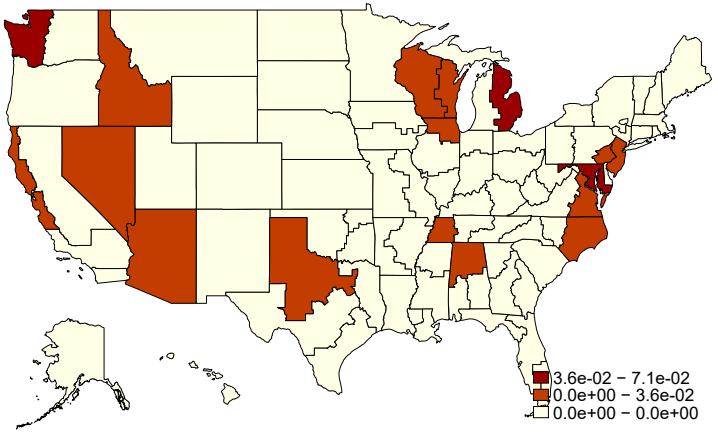
Pane l5: Number of race color discrimination violations

Mean number of race color discrimination violations by Federal District



Panel 16: Number of religious discrimination violations

Mean number of religious discrimination violations by Federal District



Panel 17: Number of sex-based discrimination violations

Mean number of sex-based discrimination violations by Federal District

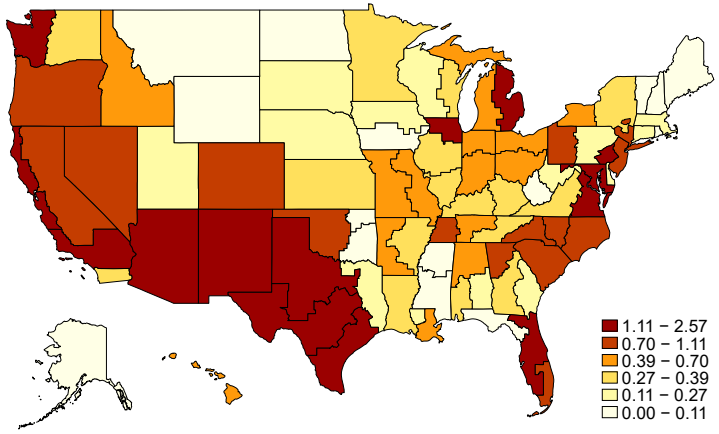


Figure 3: Additional violations of discrimination violations as aggravating factor for the sexual harassment case

Figure 3 shows the frequency of additional discrimination violations that have aggravated the settled sexual harassment cases. The period is from 1995 until 2022. We define all the variables in Appendix B.

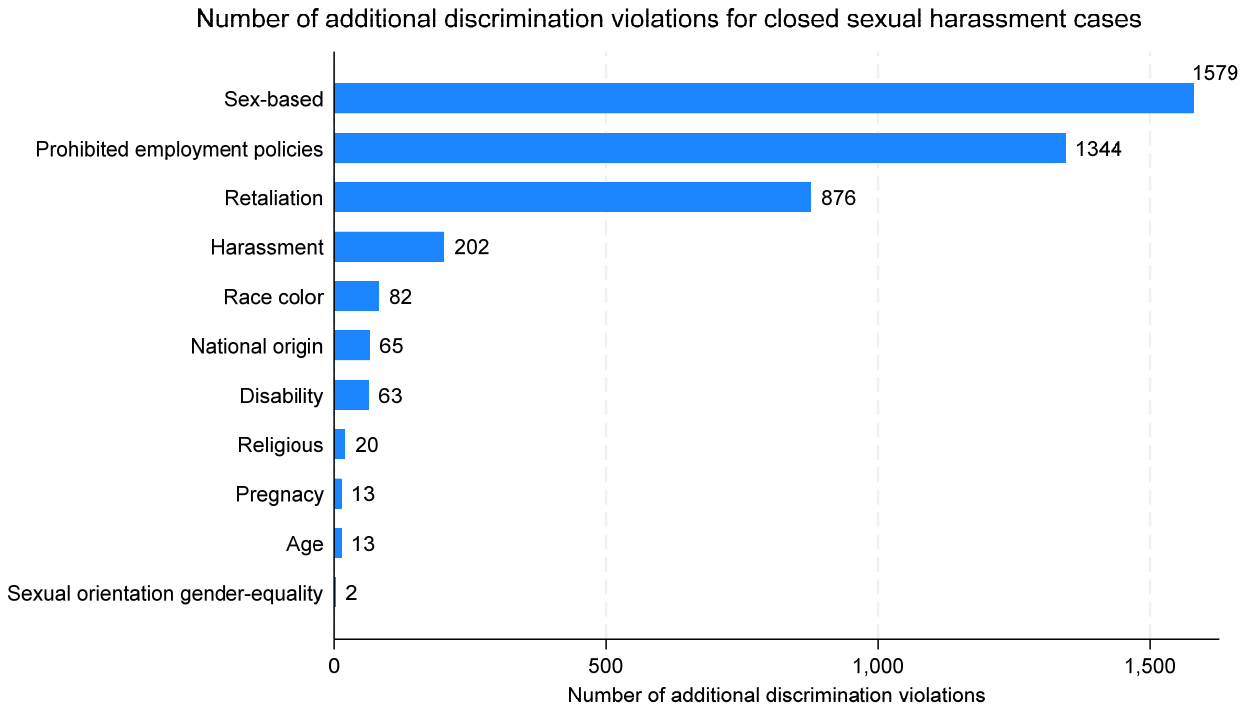
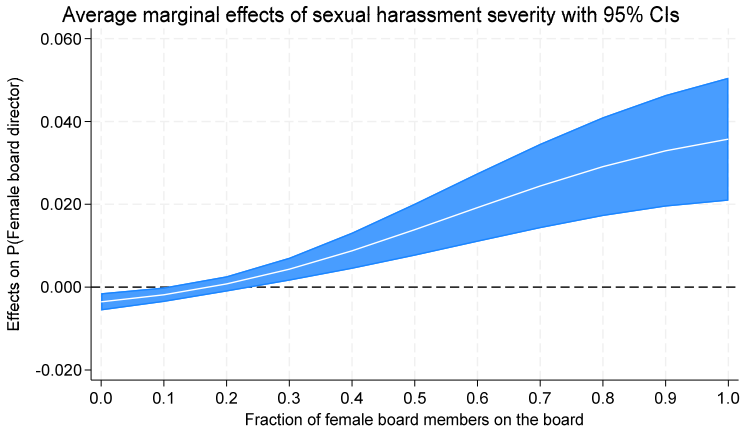


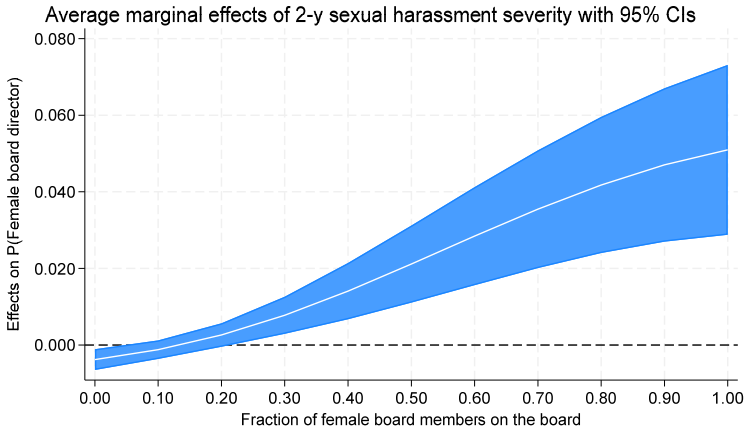
Figure 4: Average marginal effect sexual harassment severity conditional on the fraction of females on the board at the start of the year

This Figure shows the average marginal effect sexual harassment severity on the likelihood of female board director conditional on the fraction of females on the board at the start of the year. We present the results by using the following measures: the sexual harassment severity (Panel A), 2-year moving average of sexual harassment severity (Panel B), 3-year moving average of sexual harassment severity (Panel C), 4-year moving average of sexual harassment severity (Panel C), and 5-year moving average of sexual harassment severity (Panel E). To construct this Figure, we first estimate the baseline regression model (see Table 3). Based on the estimated of the baseline regression model, we calculate the average marginal effect sexual harassment severity conditional on the fraction of females on the board of directors. During the calculation, we allow the fraction of females on the board of directors to increase from 0.0 to 1.0 by intervals of 0.1 and keep the other explanatory values at their sample values. We also plot a dashed line with y is 0 to highlight whether the average marginal effects are statistically significantly different from zero. We use delta method based standard errors to construct the 95% confidence intervals corresponding to each average marginal effect estimate. We define the variables in Appendix B of this paper.

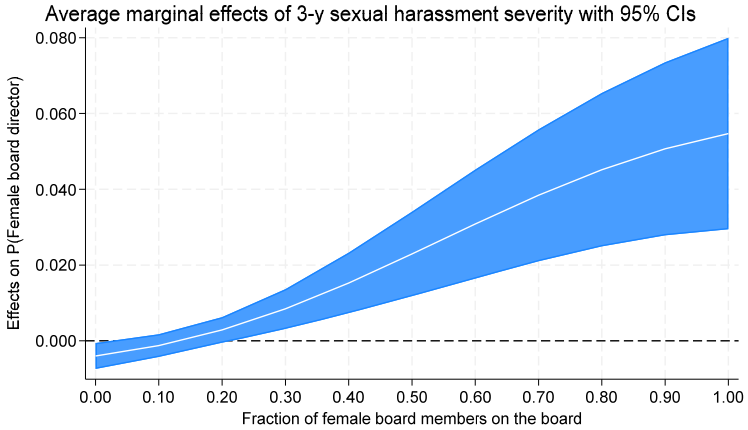
Panel A: Average marginal effect of sexual harassment severity



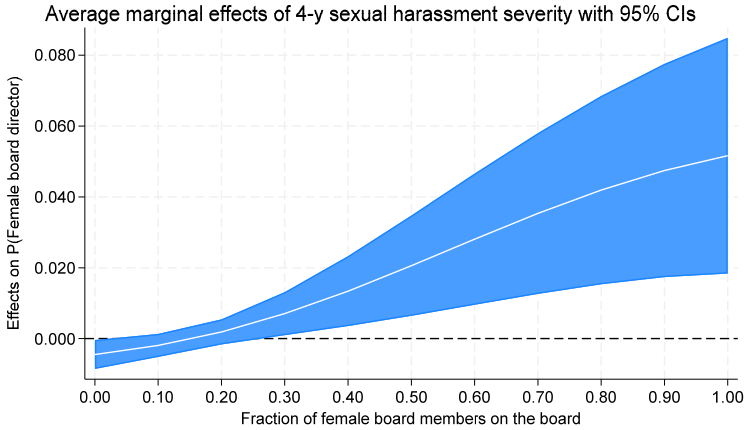
Panel B: Average marginal effect of 2-year moving average of sexual harassment severity



Panel C: Average marginal effect of 3-year moving average of sexual harassment severity



Panel D: Average marginal effect of 4-year moving average of sexual harassment severity



Panel E: Average marginal effect of 5-year moving average of sexual harassment severity

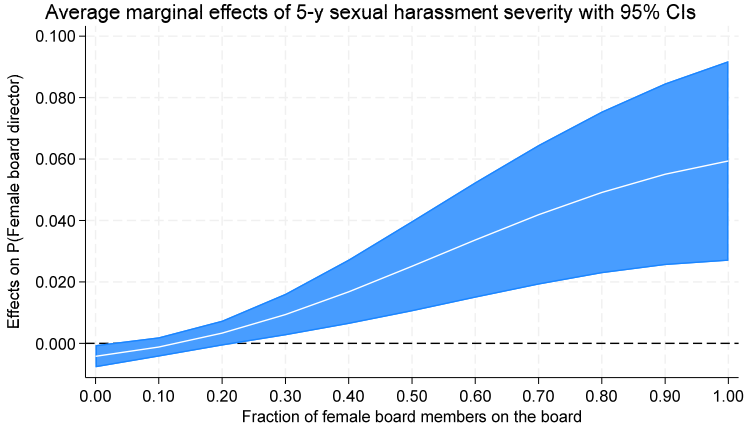
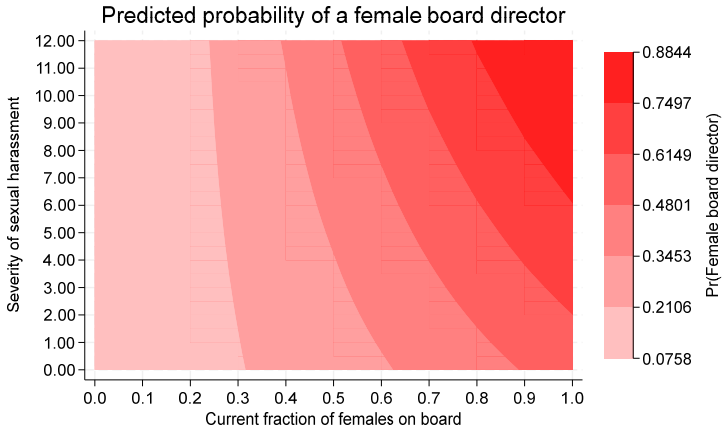


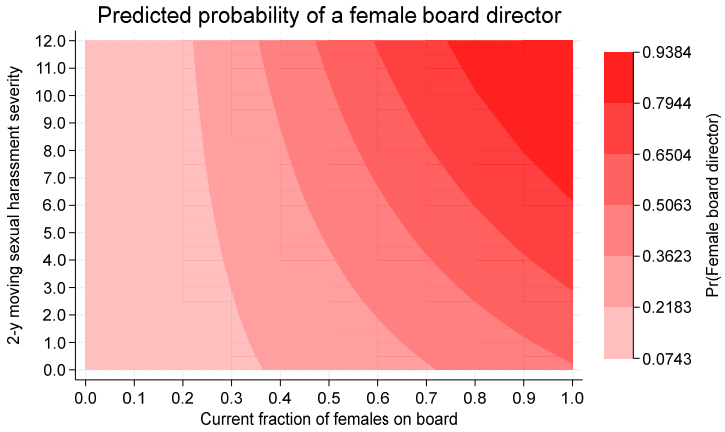
Figure 5: Contour plots of the joint effect of the sexual harassment severity and the current fraction of females on the board on the predicted probability of a female board director

This Figure shows the joint effect of the sexual harassment severity and the current fraction of females on the board on the predicted probability of a female board director. We present the results by using the following measures: the sexual harassment severity (Panel A), 2-year moving average of sexual harassment severity (Panel B), 3-year moving average of sexual harassment severity (Panel C), 4-year moving average of sexual harassment severity (Panel C), and 5-year moving average of sexual harassment severity (Panel E). To construct this Figure, we first estimate the baseline regression model (see Table 3). Based on the estimated of the baseline regression model, we calculate the predicted probability of a female board director by allowing the fraction of females on the board of directors to increase from 0.0 to 1.0 by intervals of 0.1 and the sexual harassment severity to increase from 0.0 to 12.0 by intervals of 0.5. We keep the other explanatory variables at their sample mean values. We define the variables in Appendix B of this paper.

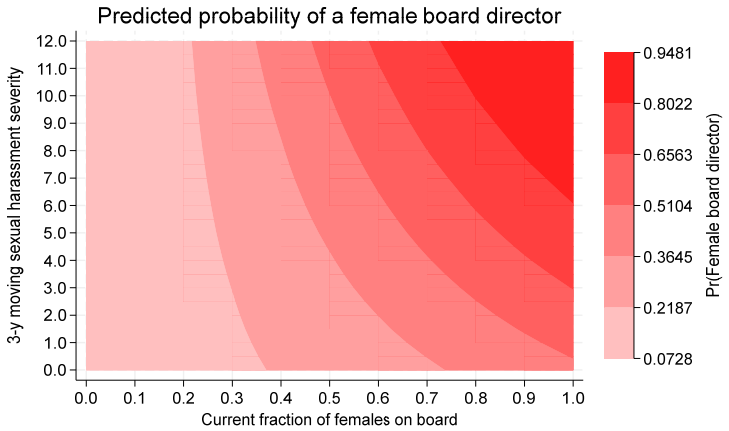
Panel A: Average marginal effect of sexual harassment severity



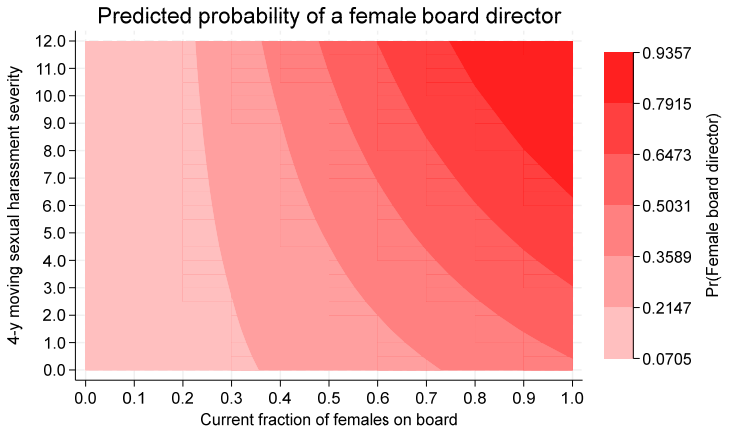
Panel B: Average marginal effect of 2-year moving average of sexual harassment severity



Panel C: Average marginal effect of 3-year moving average of sexual harassment severity



Panel D: Average marginal effect of 4-year moving average of sexual harassment severity



Panel E: Average marginal effect of 5-year moving average of sexual harassment severity

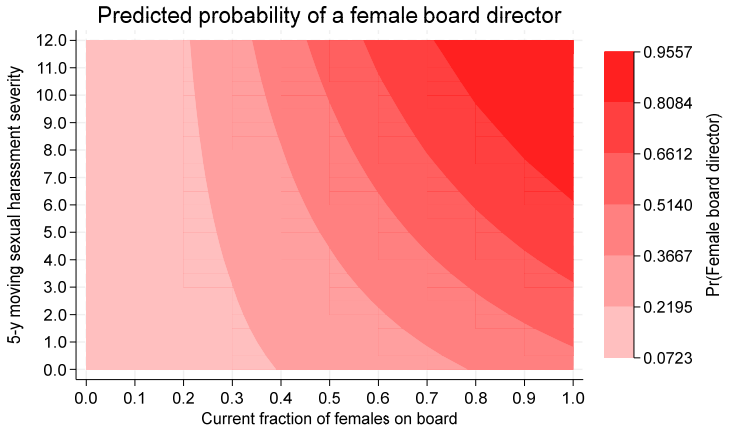


Figure 6: Contour plot of average marginal effect of sexual harassment severity by anti-sexual harassment state law index and the current fraction of female board directors.

This Figure shows the average marginal effect of sexual harassment severity by anti-sexual harassment state law index (Y-axis) and the current fraction of female board directors (X-axis). We calculate the average marginal effects of sexual harassment severity by using the estimates from Table 5. During the calculation of the average marginal effects of sexual harassment severity, we allow the anti-sexual harassment state law index to change from 0.0 to 12.0 by intervals of 1 and the current fraction of female board directors to change from 0.0 to 1.0 by intervals of 0.1. We keep the other explanatory variables at their sample mean value during the calculation of the average marginal effect of sexual harassment severity. We define the variables in Appendix B of this paper.

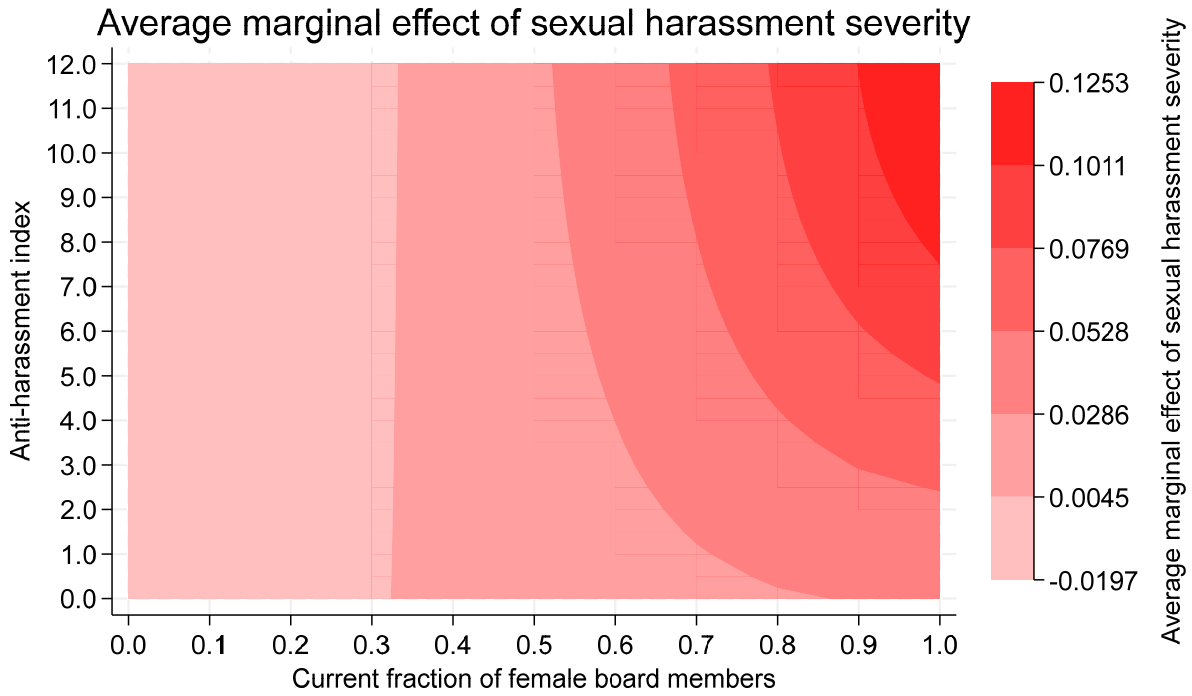
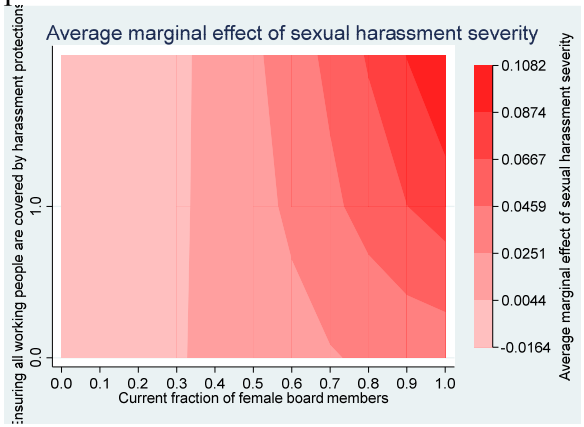


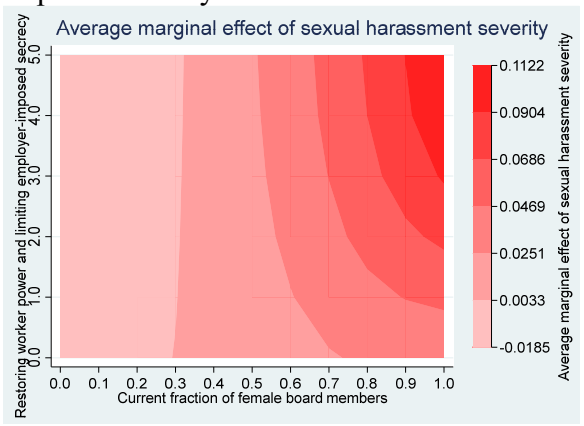
Figure 7: Contour plot of average marginal effect of sexual harassment severity by type of anti-sexual harassment state law index and the current fraction of female board directors.

This Figure shows the average marginal effect of sexual harassment severity by type of anti-sexual harassment state law index (Y-axis) and the current fraction of female board directors (X-axis). We report the average marginal effect of sexual harassment severity by the index of state laws for ensuring all working people are covered by harassment protections (Panel A), the index of state laws restoring worker power and limiting employer-imposed secrecy (Panel B), the index of state laws on removing barriers to accessing justice (Panel C), and the index of state laws on promoting prevention strategies (Panel D). We calculate the average marginal effects of sexual harassment severity by using the estimates from Table 6. During the calculation of the average marginal effects of sexual harassment severity, we allow the current fraction of female board directors to change from 0.0 to 1.0 by intervals of 0.1. We also allow the index of state laws for ensuring all working people are covered by harassment protections to change from 0.0 to 2.0 by intervals of 1.0. We also allow the index of state laws restoring worker power and limiting employer-imposed secrecy to change from 0.0 to 5.0 by intervals of 1.0. We also allow the index of state laws on removing barriers to accessing justice to change from 0.0 to 5.0 by intervals of 1.0. We also allow the index of state laws on promoting prevention strategies to change from 0.0 to 3.0 by intervals of 1.0. We keep the other explanatory variables at their sample mean value during the calculation of the average marginal effect of sexual harassment severity. We define the variables in Appendix B of this paper.

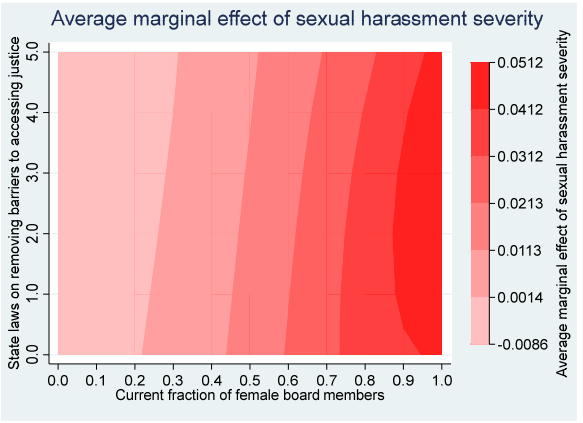
Panel A: Index of state laws for ensuring all working people are covered by harassment protections



Panel B: Index of state laws restoring worker power and limiting employer-imposed secrecy



Panel C: Index of state laws on promoting prevention strategies



Panel D: Index of state laws on promoting prevention strategies

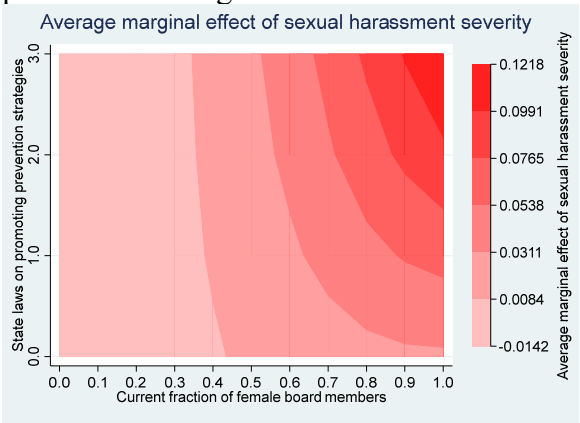
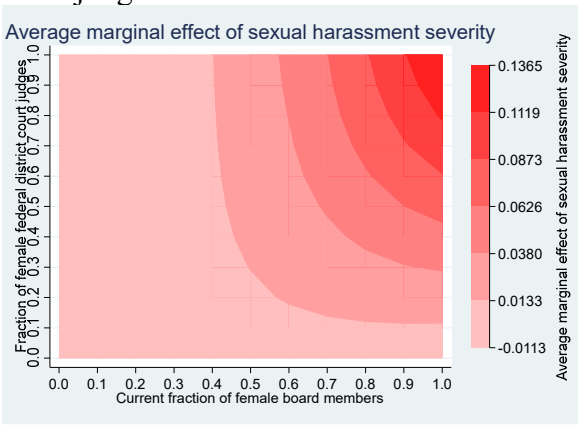


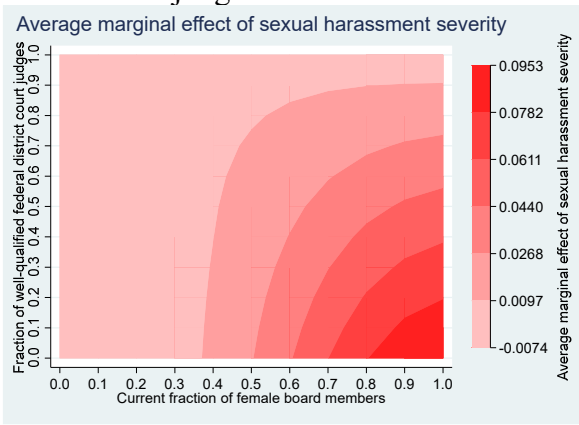
Figure 8: Contour plots of the average marginal effect of sexual harassment severity by characteristic of the judge at the federal district court

This Figure shows the average marginal effect of sexual harassment severity by characteristic of the judge at the federal district court. We present the contour plots for the fraction of female judges (Panel A), fraction of well-qualified federal district court judges (Panel B), federal court judges appointed by Democratic Presidents (%) (Panel C), fraction of white federal district court judges (Panel D), average tenure of federal district court judges (Panel E), and average age of federal district court judges (Panel F). To construct this Figure, we calculate the average marginal effects of sexual harassment severity by using the estimates from Table 7. During the calculation of the average marginal effects of sexual harassment severity, we allow the current fraction of female board directors to change from 0.0 to 1.0 by intervals of 0.1. We allow the characteristic of the judge at the federal district court to change from 0.0 to 1.0 by intervals for the majority of characteristics, except for the tenure of the federal district judge and the age of the federal district court judge. We allow the tenure of federal district judges to increase from 0.0 to 18.0 by intervals of 1 year. We allow the age of federal district court judges to increase from 50 to 70 by intervals of 2 years. We keep the other explanatory variables at their sample mean values. We define the variables in Appendix B of this paper.

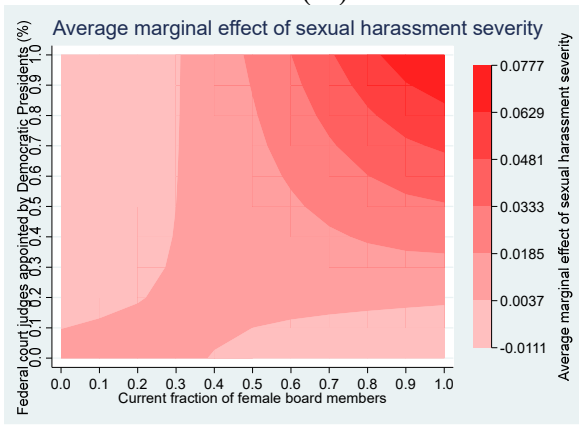
Panel A: Fraction of female federal district court judges



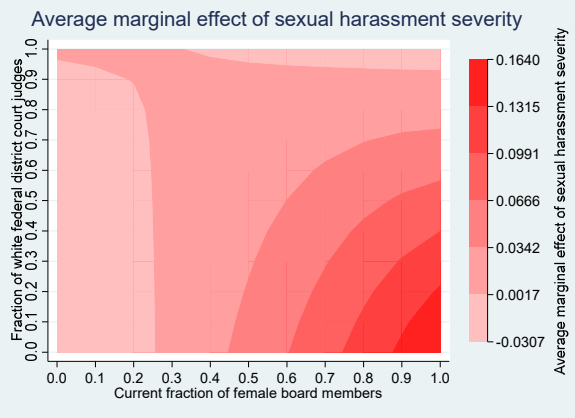
Panel B: Fraction of well-qualified federal district court judges



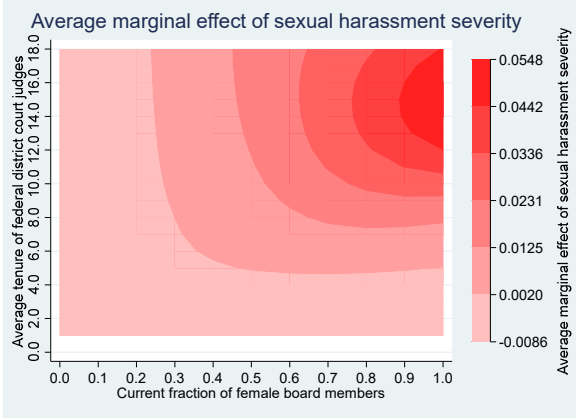
Panel C: Federal court judges appointed by Democratic Presidents (%)



Panel D: Fraction of white federal district court judges



Panel E: Average tenure of federal district court judges



Panel F: Average age of federal district court judges

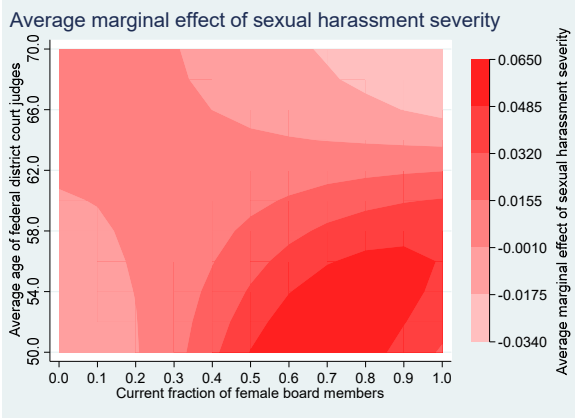


Table 1: Index of the severity of the litigated sexual harassment incidents in the workplace

Table 1 shows the eigen values of the correlation matrix (Panel A) and the eigenvectors of the first component (Panel B) by using a sample of 2,548 Federal District Court-year observations from 1995 until 2022. We define the variables in Section 2 Sexual harassment severity index of this paper.

Panel A: Eigen values of the correlation matrix

Eigenvalues of the correlation matrix		
	Number of observations	2,548
	Number of components	15
	Trace	15
	Rho	1.000
Principal components	**Eigenvalue**	**Proportion of variance explained**
Component 1	6.2611	0.4174
Component 2	1.4033	0.0936
Component 3	1.2459	0.0831
Component 4	1.0053	0.0670
Component 5	0.9882	0.0659
Component 6	0.8945	0.0596
Component 7	0.8040	0.0536
Component 8	0.7004	0.0467
Component 9	0.5235	0.0349
Component 10	0.4281	0.0285
Component 11	0.2584	0.0172
Component 12	0.2206	0.0147
Component 13	0.1585	0.0106
Component 14	0.1009	0.0067
Component 15	0.0073	0.0005

Panel B: Eigenvectors of component 1

Eigenvectors of components 1	**Score**
Frequency a sexual harassment cases with an outcome	0.3782
Average number of days to conclude a sexual harassment case	0.3464
Average number of other types of violations against the federal law against employment discrimination for each case of sexual harassment	0.3371
Sexual harassment settlement amount	0.1188
Average percentage of cases with consent decree	0.2946
Number of retaliations	0.3423
Number of age discriminations	0.0688
Number of disability discriminations	0.1145
Number of harassment discriminations	0.2558
Number of prohibited employment policies discriminations	0.3553
Number of national origin discriminations	0.1407
Number of pregnancy discriminations	0.0669
Number of race color discriminations	0.1742
Number of religious discriminations	0.0542
Number of sex-based discriminations	0.3718

Table 2: Descriptive statistics of the full sample.

This Table presents the number of observations, max, mean, median, max, and standard deviation. The full sample includes 104,916 director-year observations on the board of directors. The sample period is from 2003 until 2021. We define the variables in Appendix B of this paper.

Variable name	Obs.	Mean	St. Dev.	Min	Median	Max
Female director on the board of directors	104,916	0.18	0.39	0.00	0.00	1.00
Sexual harassment severity	104,916	1.67	2.61	0.00	0.00	12.42
Fraction of females on the board of directors $_{t-1}$	104,916	0.16	0.10	0.00	0.15	0.44
Board member is an insider	104,916	0.16	0.37	0.00	0.00	1.00
Board member industry experience	104,916	0.39	0.49	0.00	0.00	1.00
Board member financial expertise	104,916	0.31	0.46	0.00	0.00	1.00
Ln(Board member corporate affiliations)	104,916	2.23	3.47	0.00	0.11	12.61
Independent board member	104,916	0.81	0.39	0.00	1.00	1.00
Lead director	104,916	0.06	0.24	0.00	0.00	1.00
Board membership in years	104,916	2.24	0.37	1.10	2.27	3.06
Board member age	104,916	4.14	0.06	3.96	4.15	4.28
CEO is board member	104,916	0.11	0.31	0.00	0.00	1.00
Corporate governance leadership	104,916	1.34	0.60	0.18	1.30	2.68
Workforce corporate leadership	104,916	0.47	0.27	0.02	0.45	0.99
Leverage	104,916	0.59	0.22	0.12	0.58	1.29
Firm size	104,916	8.99	1.39	5.65	8.91	12.54
Tobin's Q	104,916	2.21	1.40	0.81	1.78	8.79
Profitability	104,916	0.14	0.08	-0.14	0.13	0.39
Female CEO	104,916	0.04	0.20	0.00	0.00	1.00
Size of the board of directors	104,916	10.97	2.36	6.00	11.00	18.00
Crisis management system	104,916	0.32	0.47	0.00	0.00	1.00
Median industry female proportion on board of directors	104,916	0.18	0.06	0.08	0.18	0.33
GDP growth rate	104,916	2.00	3.53	-8.00	2.10	10.30

Table 3: Effect of sexual harassment severity conditional on the current fraction of females on the board

This Table shows the results of the baseline logistic regression model about the effect sexual harassment severity on the fraction of female directors on the board of the directors conditional on the fraction of females on the board at the end of the previous year. The dependent variable is the fraction of female director on the board of directors. We report t-statistics in parentheses below the estimated coefficient. Standard errors are robust for heteroskedasticity and clustered at the firm level. For brevity, we do not report the estimated coefficient and the corresponding t-statistics of the firm, federal district court, and year fixed effects. In the final row, we report the results of the Chi2-test statistic of the test of whether the estimated coefficients on the sexual harassment severity, females on the board$_{t-1}$ and its interactions are jointly statistically significantly different from zero. The null hypothesis is that the estimated coefficients are zero. We define the variables in Appendix B of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Female director on the board of directors				
Independent variables	(1)	(2)	(3)	(4)	(5)
1-year sexual harassment severity	-0.03957***				
	(-3.50)				
2-year moving sexual harassment severity		-0.04250***			
		(-2.72)			
3-year moving sexual harassment severity			-0.04493**		
			(-2.34)		
4-year moving sexual harassment severity				-0.04992**	
				(-2.12)	
5-year moving sexual harassment severity					-0.04698**
					(-2.30)
Fraction of females on the board$_{t-1}$	2.50129***	2.27722***	2.22909***	2.17964***	2.09126***
	(7.85)	(7.16)	(6.39)	(5.64)	(5.16)
Sexual harassment severity x fraction of females on the board$_{t-1}$	**0.22721*** (4.43)**	**0.31292*** (3.97)**	**0.33540*** (3.72)**	**0.32193*** (2.75)**	**0.36275*** (3.31)**
Board member is an insider	-1.70849***	-1.71333***	-1.71269***	-1.70989***	-1.71210***
	(-3.06)	(-3.10)	(-3.09)	(-3.08)	(-3.08)
Board member industry diversity	0.58469	0.58640	0.58731	0.58888	0.58907
	(0.88)	(0.89)	(0.89)	(0.89)	(0.89)
Board member financial expertise	-0.69059	-0.69175	-0.69164	-0.69111	-0.68971
	(-1.15)	(-1.15)	(-1.15)	(-1.15)	(-1.15)

Board member corporate affiliations	0.00017	0.00015	0.00016	0.00004	0.00013
	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)
Independent board member	0.99855***	0.99840**	1.00059***	1.00314**	1.00183***
	(2.58)	(2.57)	(2.58)	(2.57)	(2.58)
Lead director	-1.58879***	-1.58802***	-1.58626***	-1.58780***	-1.58809***
	(-4.12)	(-4.12)	(-4.12)	(-4.12)	(-4.12)
Board membership in years	-0.09328	-0.10041	-0.09648	-0.10526	-0.11141
	(-0.81)	(-0.87)	(-0.89)	(-0.94)	(-1.01)
Age of the board member	-0.77966	-0.64008	-0.65902	-0.66150	-0.61511
	(-1.07)	(-0.93)	(-0.96)	(-0.95)	(-0.90)
CEO board member	0.21266	0.21609	0.21676	0.21550	0.21703
	(0.39)	(0.40)	(0.40)	(0.39)	(0.40)
Corporate governance leadership	0.04491	0.04123	0.03346	0.02915	0.02703
	(1.07)	(1.05)	(0.86)	(0.75)	(0.69)
Workforce leadership	-0.06393	-0.04569	-0.03621	-0.03848	-0.04011
	(-0.62)	(-0.44)	(-0.35)	(-0.36)	(-0.39)
Leverage	-0.01253	-0.02505	-0.01460	-0.01133	-0.00904
	(-0.11)	(-0.21)	(-0.12)	(-0.10)	(-0.08)
Firm size	0.19503***	0.18978***	0.18407***	0.18892***	0.19273***
	(3.04)	(2.84)	(2.74)	(2.80)	(2.82)
Tobin's Q	-0.05162***	-0.05604***	-0.05455***	-0.05381***	-0.05059***
	(-3.03)	(-3.08)	(-3.08)	(-3.00)	(-2.95)
Profitability	-0.08456	-0.10842	-0.07680	-0.05636	-0.05421
	(-0.30)	(-0.37)	(-0.27)	(-0.19)	(-0.19)
Female CEO	0.35613***	0.35911***	0.35352***	0.34702***	0.34404***
	(6.79)	(6.78)	(6.65)	(6.45)	(6.44)
Size of the board of directors	-0.01860*	-0.01982*	-0.01645*	-0.01524	-0.01429
	(-1.86)	(-1.91)	(-1.73)	(-1.59)	(-1.43)
Crisis management system	-0.01110	-0.02163	-0.02060	-0.01887	-0.01978
	(-0.17)	(-0.30)	(-0.31)	(-0.29)	(-0.32)
Median industry female proportion on board of directors	-0.00360	-0.00296	-0.00430	-0.00357	-0.00378
	(-0.70)	(-0.58)	(-0.84)	(-0.71)	(-0.78)
GPD growth rate	1.69355*	1.73396*	1.75679*	1.76027*	1.73244*

	(1.75)	(1.84)	(1.89)	(1.89)	(1.91)
Constant	-0.82651	-1.33884	-1.26303	-1.27421	-1.48457
	(-0.27)	(-0.46)	(-0.43)	(-0.43)	(-0.52)
Year FE	YES	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES	YES
Federal District FE	YES	YES	YES	YES	YES
Number of firm-year observations	103,073	103,073	103,073	103,073	103,073
Pseudo R2	0.12	0.12	0.12	0.12	0.12
Joint statistical significance of interacted variables and interaction term	130.38***	106.65***	110.88***	98.38***	101.72***
Average marginal effects of sexual harassment severity when:					
Fraction of females on the board$_{t-1}$ = 0.00	-0.0029***	-0.0031***	-0.0033**	-0.0037**	-0.0035**
Fraction of females on the board$_{t-1}$ = 0.25	0.0023**	0.0047***	0.0051***	0.0040*	0.0058**
Fraction of females on the board$_{t-1}$ = 0.50	0.0149***	0.0228***	0.0248***	0.0223***	0.0272***
Fraction of females on the board$_{t-1}$ = 0.75	0.0324***	0.0475***	0.0512***	0.0473***	0.0558***
Fraction of females on the board$_{t-1}$ = 1.00	0.0435***	0.0632***	0.0670***	0.0636***	0.0727***

Table 4: Effect of sexual harassment severity conditional on the current fraction of females on the board

This Table shows the results of the baseline fixed effect linear regression model about the effect sexual harassment severity on the fraction of female directors on the board of the directors conditional on the fraction of females on the board at the end of the previous year. The dependent variable is the fraction of female director on the board of directors. We report t-statistics in parentheses below the estimated coefficient. Standard errors are robust for heteroskedasticity and clustered at the firm level. For brevity, we do not report the estimated coefficient and the corresponding t-statistics of the firm, federal district court, and year fixed effects. In the final row, we report the results of the Chi2-test statistic of the test of whether the estimated coefficients on the sexual harassment severity, females on the board$_{t-1}$ and its interactions are jointly statistically significantly different from zero. The null hypothesis is that the estimated coefficients are zero. We define the variables in Appendix B of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Fraction of female director on the board of directors				
Independent variables	(1)	(2)	(3)	(4)	(5)
1-year sexual harassment severity	-0.00123**				
	(-2.24)				
2-year moving sexual harassment severity		-0.00192**			
		(-2.43)			
3-year moving sexual harassment severity			-0.00314***		
			(-3.35)		
4-year moving sexual harassment severity				-0.00320***	
				(-3.23)	
5-year moving sexual harassment severity					-0.00392***
					(-3.90)
Fraction of females on the board$_{t-1}$	0.42994***	0.42051***	0.41280***	0.40817***	0.40584***
	(22.23)	(20.87)	(19.86)	(18.93)	(18.50)
Sexual harassment severity x fraction of females on the board$_{t-1}$	**0.00843*** (2.71)**	**0.01356*** (3.01)**	**0.01791*** (3.53)**	**0.01954*** (3.54)**	**0.02397*** (4.17)**
Fraction of board members who are an insider	-0.06534***	-0.06525***	-0.06558***	-0.06523***	-0.06262***
	(-3.26)	(-3.26)	(-3.27)	(-3.25)	(-3.12)
Fraction of board members industry diversity	-0.00753	-0.00737	-0.00708	-0.00705	-0.00545
	(-1.45)	(-1.42)	(-1.36)	(-1.36)	(-1.06)
Fraction of board members financial expertise	-0.00280	-0.00310	-0.00314	-0.00302	-0.00268
	(-0.27)	(-0.29)	(-0.30)	(-0.29)	(-0.26)

Fraction of board members corporate affiliations	0.00047	0.00047	0.00048	0.00049	0.00050
	(0.74)	(0.74)	(0.75)	(0.77)	(0.79)
Fraction of Independent board members	0.06397***	0.06389***	0.06409***	0.06412***	0.06436***
	(4.37)	(4.36)	(4.38)	(4.38)	(4.39)
Fraction of Lead directors	-0.04115**	-0.04078**	-0.04043**	-0.04075**	-0.04146**
	(-2.33)	(-2.31)	(-2.30)	(-2.32)	(-2.36)
Average board membership in years	-0.00772	-0.00785	-0.00809	-0.00812	-0.00809
	(-1.24)	(-1.26)	(-1.30)	(-1.31)	(-1.33)
Average age of the board member	-0.11418***	-0.11363***	-0.11463***	-0.11456***	-0.09923***
	(-3.28)	(-3.28)	(-3.32)	(-3.32)	(-2.95)
CEO board member	-0.03065	-0.03094	-0.03070	-0.03080	-0.03269
	(-0.90)	(-0.90)	(-0.90)	(-0.90)	(-0.96)
Corporate governance leadership	0.00763***	0.00762***	0.00752***	0.00750***	0.00694***
	(3.25)	(3.24)	(3.20)	(3.19)	(2.98)
Workforce leadership	0.00041	0.00069	0.00082	0.00087	-0.00028
	(0.09)	(0.15)	(0.17)	(0.19)	(-0.06)
Leverage	0.00327	0.00352	0.00369	0.00375	0.00514
	(0.39)	(0.42)	(0.44)	(0.45)	(0.63)
Firm size	0.00479	0.00461	0.00460	0.00450	0.00358
	(1.49)	(1.43)	(1.43)	(1.39)	(1.12)
Tobin's Q	-0.00214*	-0.00216*	-0.00218*	-0.00217*	-0.00214*
	(-1.91)	(-1.94)	(-1.96)	(-1.96)	(-1.94)
Profitability	0.00360	0.00306	0.00293	0.00285	0.00270
	(0.21)	(0.18)	(0.17)	(0.17)	(0.16)
Female CEO	0.05181***	0.05172***	0.05132***	0.05127***	0.05171***
	(6.20)	(6.24)	(6.22)	(6.23)	(6.41)
Size of the board of directors	0.00116*	0.00115*	0.00115*	0.00116*	0.00114*
	(1.93)	(1.92)	(1.92)	(1.94)	(1.89)
Crisis management system	0.00025	0.00021	0.00023	0.00022	0.00073
	(0.09)	(0.08)	(0.09)	(0.08)	(0.27)
Median industry female proportion on board of directors	0.25320***	0.25242***	0.25110***	0.25062***	0.25278***
	(7.19)	(7.20)	(7.19)	(7.20)	(7.28)
GPD growth rate	0.00024	0.00024	0.00024	0.00025	0.00028

	(1.06)	(1.09)	(1.07)	(1.10)	(1.29)
Constant	0.46026***	0.46146***	0.46858***	0.46948***	0.41362***
	(3.31)	(3.33)	(3.39)	(3.40)	(3.06)
Year FE	YES	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES	YES
Federal District FE	YES	YES	YES	YES	YES
Number of firm-year observations	11,262	11,262	11,262	11,262	11,262
Adj. R2	0.74	0.74	0.74	0.74	0.74
Joint statistical significance of interacted variables and interaction term	201.01***	199.36***	205.73***	207.31***	218.48***
Average marginal effects of sexual harassment severity when:					
Fraction of females on the board$_{t-1}$ = 0.00	-0.0012**	-0.0019**	-0.0031***	-0.0032***	-0.0040***
Fraction of females on the board$_{t-1}$ = 0.25	0.0009*	0.0015*	0.0013	0.0017	0.0021*
Fraction of females on the board$_{t-1}$ = 0.50	0.0030**	0.0049***	0.0058***	0.0066***	0.0083***
Fraction of females on the board$_{t-1}$ = 0.75	0.0051***	0.0082***	0.0103***	0.0114***	0.0145***
Fraction of females on the board$_{t-1}$ = 1.00	0.0072***	0.0116***	0.0148***	0.0163***	0.0206***

Table 5: Anti-sexual harassment state law index

This Table shows whether #MeToo anti-sexual harassment laws changes the result of the baseline logistic regression model about the effect of the sexual harassment severity on having a female director on the board of directors' conditional on the fraction of females on the board at the end of the previous year. The dependent variable is the female director on the board of directors. We report z-statistics in parentheses below the estimated coefficient. Standard errors are robust for heteroskedasticity and clustered at the firm level. For brevity, we do not report the estimated coefficient and the corresponding t-statistics of the intercept, control variables, firm, federal district court, and year fixed effects. In the final row, we report the results of the Chi2-test statistic of the test of whether the estimated coefficients on #Metoo anti-sexual harassment law, the sexual harassment severity, females on the board$_{t-1}$ and their interactions are jointly statistically significantly different from zero. The null hypothesis is that the estimated coefficients are zero. We define the variables in Appendix B of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Female director on the board of directors
Independent variables	(1)
1-year sexual harassment severity	-0.02798* (-1.89)
Fraction of females on the board$_{t-1}$	2.99306*** (8.74)
Sexual harassment severity x fraction of females on the board$_{t-1}$	**0.17200***** **(2.71)**
Anti-sexual harassment state law index	0.05505*** (2.60)
Sexual harassment severity x anti-sexual harassment state law index	-0.01687*** (-3.67)
Fraction of females on the board$_{t-1}$ x anti-sexual harassment state law index	-0.26095*** (-3.58)
Sexual harassment severity x fraction of females on the board$_{t-1}$ x anti-sexual harassment state law index	**0.05184***** **(2.98)**
Intercept	YES
Control variables	YES
Firm FE	YES
Federal District FE	YES
Year FE	YES
Number of directors of board of directors	103,073
Pseudo R2	0.11
Joint statistical significance of interacted variables and interaction term	540.39***
Average marginal effects of sexual harassment severity when:	
Fraction of females on the board$_{t-1}$ = 0.00	-0.0041**
Fraction of females on the board$_{t-1}$ = 0.25	0.0011
Fraction of females on the board$_{t-1}$ = 0.50	0.0150***
Fraction of females on the board$_{t-1}$ = 0.75	0.0343***
Fraction of females on the board$_{t-1}$ = 1.00	0.0456***

Table 6: Type of #Metoo anti-sexual harassment law

This Table shows whether the type of #Metoo anti-sexual harassment law changes the result of the baseline logistic regression model about the effect of the sexual harassment severity on having a female director on the board of directors' conditional on the fraction of females on the board at the end of the previous year. The dependent variable is the female director on the board of directors. We report z-statistics in parentheses below the estimated coefficient. Standard errors are robust for heteroskedasticity and clustered at the firm level. For brevity, we do not report the estimated coefficient and the corresponding t-statistics of the intercept, control variables, firm, federal district court, and year fixed effects. In the final row, we report the results of the Chi2-test statistic of the test of whether the estimated coefficients on the type of #Metoo anti-sexual harassment law, the sexual harassment severity, females on the board$_{t-1}$ and their interactions are jointly statistically significantly different from zero. The null hypothesis is that the estimated coefficients are zero. We define the variables in Appendix B of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Panel A: Type of state laws for ensuring all working people are covered by harassment protections.

Dependent variable:	Female director on the board of directors		
	Total of protecting more workers and covering more employers	Different types	
		Protecting more workers	Covering more employers
Independent variables	(1)	(2)	(3)
1-year sexual harassment severity	-0.03310**	-0.03431**	-0.03311**
	(-2.21)	(-2.28)	(-2.21)
Fraction of females on the board$_{t-1}$	2.87084***	2.83439***	2.87251***
	(8.18)	(7.87)	(8.16)
Sexual harassment severity x fraction of females on the board$_{t-1}$	**0.18402*** (2.84)**	**0.18802*** (2.90)**	**0.18638*** (2.89)**
State laws	0.27905**	0.47840***	0.57799***
	(2.45)	(2.64)	(2.59)
Sexual harassment severity x state laws	-0.07981**	-0.13878**	-0.16609**
	(-2.18)	(-2.37)	(-2.29)
Fraction of females on the board$_{t-1}$ x state laws	-1.29156***	-2.35943***	-2.46227***
	(-3.82)	(-4.21)	(-3.50)
Sexual harassment severity x fraction of females on the board$_{t-1}$ x state laws	**0.23843** (2.07)**	**0.41168** (2.18)**	**0.44860* (1.94)**
Intercept	YES	YES	YES
Control variables	YES	YES	YES
Firm FE	YES	YES	YES
Federal District FE	YES	YES	YES
Year FE	YES	YES	YES
Number of directors of board of directors	103,073	103,073	103,073
Pseudo R2	0.11	0.11	0.11

Joint statistical significance of interacted variables and interaction term	452.51***	467.99***	448.62***
Average marginal effects of sexual harassment severity when:			
Fraction of females on the board$_{t-1}$ = 0.00	-0.0039**	-0.0038**	-0.0040**
Fraction of females on the board$_{t-1}$ = 0.25	0.0010	0.0011	0.0009
Fraction of females on the board$_{t-1}$ = 0.50	0.0140***	0.0138***	0.0139***
Fraction of females on the board$_{t-1}$ = 0.75	0.0322***	0.0318***	0.0322***
Fraction of females on the board$_{t-1}$ = 1.00	0.0435***	0.0430***	0.0433***

Panel B: State laws on promoting prevention strategies

Dependent variable:	Female director on the board of directors			
	Total	Type of laws		
		Requiring anti-harassment training	Requiring strong anti-harassment policies	Requiring notice of employee rights
Independent variables	(1)	(2)	(3)	(4)
1-year sexual harassment severity	-0.02632*	-0.02673*	-0.02667*	-0.02739*
	(-1.71)	(-1.75)	(-1.70)	(-1.82)
Fraction of females on the board$_{t-1}$	2.97200***	2.98903***	2.83879***	2.95455***
	(8.53)	(8.48)	(7.63)	(8.57)
Sexual harassment severity x fraction of females on the board$_{t-1}$	**0.16067*** (2.62)**	**0.16503*** (2.65)**	**0.15856*** (2.61)**	**0.17314*** (2.86)**
State laws	0.16321**	0.43514***	0.42407**	0.49674**
	(2.37)	(2.59)	(2.22)	(2.48)
Sexual harassment severity x state laws	-0.04857***	-0.12779***	-0.13943***	-0.13708***
	(-3.40)	(-4.01)	(-3.29)	(-3.59)
Fraction of females on the board$_{t-1}$ x state laws	-0.82073***	-2.21734***	-1.98227***	-2.25629***
	(-3.40)	(-3.68)	(-2.91)	(-3.08)
Sexual harassment severity x fraction of females on the board$_{t-1}$ x state laws	**0.17105*** (3.42)**	**0.45285*** (3.76)**	**0.46304*** (3.59)**	**0.46467*** (3.19)**
Intercept	YES	YES	YES	YES
Control variables	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES
Federal District FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Number of directors of board of directors	103,073	103,073	103,073	103,073
Pseudo R2	0.11	0.11	0.11	0.11
Joint statistical significance of interacted variables and interaction term	330.87***	250.01***	417.41***	274.74***
Average marginal effects of sexual harassment severity when:				
Fraction of females on the board$_{t-1}$ = 0.00	-0.0043**	-0.0041**	-0.0041**	-0.0042**
Fraction of females on the board$_{t-1}$ = 0.25	0.0013	0.0015	0.0011	0.0015

Fraction of females on the board$_{t-1}$ = 0.50	0.0158***	0.0160***	0.0144***	0.0163***
Fraction of females on the board$_{t-1}$ = 0.75	0.0362***	0.0361***	0.0332***	0.0369***
Fraction of females on the board$_{t-1}$ = 1.00	0.0491***	0.0483***	0.0458***	0.0496***

Panel C: State laws restoring worker power and limiting employer-imposed secrecy.

Dependent variable:	Female director on the board of directors					
	Total	Different types				
		Limiting NDA as a condition of employment	Limiting NDA in settlement agreements	Stopping forced arbitration	Transparency about harassment claims	Prohibiting no-rehire provisions
Independent variables	(1)	(2)	(3)	(4)	(5)	(6)
1-year sexual harassment severity	-0.02991**	-0.03332**	-0.03421**	-0.03165**	-0.02819*	-0.03661***
	(-2.06)	(-2.41)	(-2.39)	(-2.29)	(-1.75)	(-3.45)
Fraction of females on the board$_{t-1}$	3.02824***	2.95459***	3.00510***	2.94810***	2.85074***	2.64114***
	(9.02)	(8.30)	(8.64)	(8.57)	(8.03)	(8.69)
Sexual harassment severity x fraction of females on the board$_{t-1}$	**0.17811*** (2.80)**	**0.20790*** (3.40)**	**0.19928*** (3.01)**	**0.18031*** (2.99)**	**0.16414*** (2.60)**	**0.21213*** (4.18)**
State laws	0.13178***	0.46723***	0.43537***	0.47271***	0.57734**	0.71942**
	(2.83)	(3.14)	(3.23)	(2.91)	(2.09)	(2.29)
Sexual harassment severity x state laws	-0.03605***	-0.10267***	-0.09758***	-0.13215***	-0.16197***	-0.03325
	(-3.53)	(-3.89)	(-3.67)	(-3.30)	(-2.65)	(-0.35)
Fraction of females on the board$_{t-1}$ x state laws	-0.63269***	-1.92353***	-2.25296***	-2.15765***	-2.80063***	-2.72332**
	(-3.68)	(-3.36)	(-4.48)	(-3.49)	(-3.33)	(-2.43)
Sexual harassment severity x fraction of females on the board$_{t-1}$ x state laws	**0.11085*** (2.68)**	**0.25431** (2.32)**	**0.30145** (2.50)**	**0.37485** (2.35)**	**0.63884*** (3.80)**	**0.14146 (0.40)**
Intercept	YES	YES	YES	YES	YES	YES
Control variables	YES	YES	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES	YES	YES
Federal District FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Number of directors of board of directors	103,073	103,073	103,073	103,073	103,073	103,073
Pseudo R2	0.11	0.11	0.11	0.11	0.11	0.11
Joint statistical significance of interacted variables and interaction term	476.15***	227.81***	270.22***	492.45***	628.13***	158.95***
Average marginal effects of sexual harassment severity when:						
Fraction of females on the board$_{t-1}$ = 0.00	-0.0039***	-0.0036***	-0.0036***	-0.0038***	-0.0043**	-0.0027***

Fraction of females on the board$_{t-1}$ = 0.25	0.0012	0.0016	0.0016	0.0010	0.0016	0.0022**
Fraction of females on the board$_{t-1}$ = 0.50	0.0149***	0.0155***	0.0152***	0.0138***	0.0165***	0.0143***
Fraction of females on the board$_{t-1}$ = 0.75	0.0338***	0.0342***	0.0337***	0.0315***	0.0375***	0.0308***
Fraction of females on the board$_{t-1}$ = 1.00	0.0444***	0.0441***	0.0435***	0.0417***	0.0519***	0.0406***

Panel D: State laws on removing barriers to accessing justice

Dependent variable: Female director on the board of directors						
	Total	Types of laws				
		Ensuring employer liability for supervisor harassment	Redressing harm to victims of harassment	Revising the severe or pervasive liability standard	Closing a loophole in employer liability	Extending statutes of limitations
Independent variables	(1)	(2)	(3)	(4)	(5)	(6)
1-year sexual harassment severity	-0.03884***	-0.03970***	-0.03892***	-0.03925***	-0.03901***	-0.03758***
	(-3.52)	(-3.51)	(-3.44)	(-3.65)	(-3.45)	(-3.38)
Fraction of females on the board$_{t-1}$	2.58414***	2.50090***	2.51328***	2.60837***	2.50340***	2.64859***
	(8.14)	(7.85)	(7.71)	(8.30)	(7.71)	(8.50)
Sexual harassment severity x fraction of females on the board$_{t-1}$	**0.22587*** (4.27)**	**0.22824*** (4.44)**	**0.22554*** (4.40)**	**0.22968*** (4.38)**	**0.22574*** (4.41)**	**0.21425*** (4.13)**
State laws	0.09255	0.13539	0.34106	0.29645	0.13911	0.38654*
	(0.89)	(0.38)	(1.05)	(0.96)	(0.29)	(1.83)
Sexual harassment severity x state laws	-0.00986	0.07054	-0.43792	-0.01100	-0.30880	-0.02896
	(-0.26)	(1.62)	(-1.41)	(-0.18)	(-0.87)	(-0.34)
Fraction of females on the board$_{t-1}$ x state laws	-0.42998	-0.56741	-1.38158	-1.41065	-1.05658	-1.71810**
	(-1.29)	(-0.50)	(-1.22)	(-1.39)	(-0.68)	(-2.21)
Sexual harassment severity x fraction of females on the board$_{t-1}$ x state laws	**0.01777 (0.13)**	**-0.29333 (-1.64)**	**1.33800 (1.23)**	**-0.00631 (-0.03)**	**1.18058 (0.93)**	**0.13698 (0.44)**
Intercept	YES	YES	YES	YES	YES	YES
Control variables	YES	YES	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES	YES	YES
Federal District FE	YES	YES	YES	YES	YES	YES

Year FE	YES	YES	YES	YES	YES	YES
Number of directors of board of directors	103,073	103,073	103,073	103,073	103,073	103,073
Pseudo R2	0.11	0.11	0.11	0.11	0.11	0.11
Joint statistical significance of interacted variables and interaction term	132.32***	135.26***	161.06***	137.95***	161.04***	139.15***
Average marginal effects of sexual harassment severity when:						
Fraction of females on the board$_{t-1}$ = 0.00	-0.0029***	-0.0031***	-0.0032***	-0.0029***	-0.0031***	-0.0028***
Fraction of females on the board$_{t-1}$ = 0.25	0.0023**	0.0023**	0.0021**	0.0023**	0.0023**	0.0021**
Fraction of females on the board$_{t-1}$ = 0.50	0.0150***	0.0152***	0.0155***	0.0153***	0.0154***	0.0145***
Fraction of females on the board$_{t-1}$ = 0.75	0.0325***	0.0336***	0.0340***	0.0329***	0.0337***	0.0313***
Fraction of females on the board$_{t-1}$ = 1.00	0.0431***	0.0451***	0.0456***	0.0434***	0.0451***	0.0413***

Table 7: Federal District Court Judges

This Table shows whether Federal District Court Judges changes the result of the baseline logistic regression model about the effect of the sexual harassment severity on having a female director on the board of directors' conditional on the fraction of females on the board at the end of the previous year. The dependent variable is the female director on the board of directors. We report z-statistics in parentheses below the estimated coefficient. Standard errors are robust for heteroskedasticity and clustered at the firm level. For brevity, we do not report the estimated coefficient and the corresponding t-statistics of the intercept, control variables, firm, federal district court, and year fixed effects. In the final row, we report the results of the Chi2-test statistic of the test of whether the estimated coefficients on type of characteristic of the federal District Court Judge, the sexual harassment severity, females on the board$_{t-1}$ and their interactions are jointly statistically significantly different from zero. The null hypothesis is that the estimated coefficients are zero. We define the variables in Appendix B of this paper. We use asterisks to denote statistical significance at 1% (***), 5% (**), or 10% (*) level, respectively.

Dependent variable:	Female director on the board of directors					
Characteristic of a federal district judge:	Percentage of female judges	Percentage of at least qualified judges	Percentage of judges appointed by democratic presidents	Percentage of white judges	Average tenure of a judge in years	Average age of a judge in years
Independent variables	(1)	(2)	(3)	(4)	(5)	(6)
1-year sexual harassment severity	0.03990	-0.14661***	0.06489	-0.22618**	0.02555	-0.84034**
	(0.66)	(-3.09)	(1.23)	(-2.54)	(0.46)	(-2.51)
Fraction of females on the board$_{t-1}$	3.29823***	2.31366**	3.28676***	-0.79894	7.14192***	12.64427***
	(5.36)	(2.01)	(6.35)	(-0.64)	(6.53)	(3.27)
Sexual harassment severity x fraction of females on the board$_{t-1}$	**-0.04542**	**0.57123*** **	**-0.11442**	**0.91862** **	**-0.11613**	**3.45880*** **
	(-0.13)	**(2.93)**	**(-0.48)**	**(2.14)**	**(-0.47)**	**(2.85)**
Characteristic of judge	0.05324	0.37319	0.29245	-1.69410***	0.08452***	0.02851*
	(0.11)	(0.98)	(0.95)	(-3.41)	(4.20)	(1.72)
Sexual harassment severity x characteristic of judge	-0.24084	0.18244**	-0.17655**	0.26662**	-0.00563	0.01361**
	(-1.21)	(2.35)	(-2.02)	(2.04)	(-0.95)	(2.40)
Fraction of females on the board$_{t-1}$ x characteristic of judge e	-2.71921*	0.23387	-1.31242	4.71768***	-0.42417***	-0.16771***
	(-1.78)	(0.15)	(-1.47)	(2.75)	(-4.87)	(-2.63)
	0.82691	**-0.60591** **	**0.55226**	**-1.00316**	**0.02806**	**-0.05488*** **

Sexual harassment severity x fraction of females on the board$_{t-1}$ x characteristic of judge	**(0.75)**	**(-2.10)**	**(1.48)**	**(-1.58)**	**(1.01)**	**(-2.69)**
Intercept	YES	YES	YES	YES	YES	YES
Control variables	YES	YES	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES	YES	YES
Federal District FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Number of directors of board of directors	103,044	103,044	103,044	103,044	103,044	103,044
Pseudo R2	0.11	0.11	0.11	0.11	0.11	0.11
Joint statistical significance of interacted variables and interaction term	132.60***	215.12***	164.28***	164.50***	122.39***	156.81***
Average marginal effects of sexual harassment severity when:						
Fraction of females on the board$_{t-1}$ = 0.00	-0.0023***	-0.0029***	-0.0027***	-0.0026**	-0.0023***	-0.0017*
Fraction of females on the board$_{t-1}$ = 0.25	0.0024**	0.0019**	0.0019**	0.0019*	0.0014	0.0024**
Fraction of females on the board$_{t-1}$ = 0.50	0.0136***	0.0134***	0.0130***	0.0131***	0.0110**	0.0119***
Fraction of females on the board$_{t-1}$ = 0.75	0.0290***	0.0296***	0.0284***	00286***	0.0238**	0.0248***
Fraction of females on the board$_{t-1}$ = 1.00	0.0393***	0.0408***	0.0385***	0.0383***	0.0304***	0.0331***