

The purpose of this study is to examine the extent of gender inequality on boards of joint-stock companies and the relationship between gender diversity on board of directors and the return on assets in the Czech Republic. Using a panel data set of 204 Czech companies of various sizes over the years 2003 – 2011, we discovered that women are considerably underrepresented on corporate boards and that the gender board diversity has not significantly changed over the observed time period. The results of regression analysis showed a non-significant effect on return on assets for all our gender diversity measures, even after we accounted for endogeneity of the gender diversity variable in the form of fixed effects method and two-stage least squares estimator. Economic justification of potential legislation that should force the companies to appoint more women into board positions was therefore not found. Moreover, if companies account for underlying cost of implementing such measures, firm performance might be negatively affected in the short term.