

GENDERED LEADERSHIP AND MARKET REACTIONS TO CORPORATE ENVIRONMENTAL STRATEGIES: DIFFERENTIATION VS. CONFORMITY IN EMERGING MARKETS

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EXECUTIVE SUMMARY

Despite the growing importance of corporate environmental strategies (CES), limited attention has been paid to the dynamic interplay between emphasis differentiation—prioritizing unique environmental initiatives—and scope conformity—aligning with industry norms—and how the market evaluates this interplay within the CES context. Drawing on the literature on optimal distinctiveness and social role theory, this study examines how the market responds to firms' CES emphasis differentiation and scope conformity, considering their prior strategic positioning and CEO gender. Specifically, we hypothesize that firms maintaining consistency in their CES practices (e.g., continuing to emphasize differentiation or conformity) are rewarded by the market, whereas strategic shifts (e.g., transitioning from emphasis differentiation to scope conformity, or vice versa) are penalized due to perceived uncertainty. Furthermore, firms led by female CEOs face heightened skepticism for both consistent and shifting strategies, reflecting gender biases in market evaluations.

Using a dataset of Chinese publicly listed firms, our empirical findings support these hypotheses. This study contributes to the literature by emphasizing the critical role of consistency in CES practices for favorable market outcomes and revealing how gendered perceptions influence the evaluation of corporate environmental practices.



KEYWORDS

- Corporate environmental strategy ·
- Emphasis differentiation ·
- Scope conformity ·
- Market responses ·
- Gendered leadership



RESEARCH RELEVANCE

1. Companies that maintain consistency in their environmental strategies (either continuing to differentiate or conform to industry norms) receive more positive market reactions than those that switch approaches. 2. Female CEOs face significant market skepticism regardless of their environmental strategy choices, highlighting persistent gender biases in corporate leadership evaluation. 3. Firms with both high differentiation and high conformity should avoid further investments in either approach, as investors may perceive these as redundant or contradictory. 4. For emerging market firms seeking optimal environmental strategies, the most effective approach depends on their historical positioning - consistency is valued over strategic shifts.

BIBLIOGRAPHIC INFORMATION

Wu, J., Yu, L., Khan, Z., & Wu, Z. (2025). Gendered Leadership and Market Reactions to Corporate Environmental Strategies: Differentiation vs. Conformity in Emerging Markets. *Asia Pacific Journal of Management*.
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"Firms should prioritize consistency in their strategies, as abrupt shifts may introduce uncertainty and skepticism among stakeholders." "female-led firms might benefit from aligning their strategies with social expectations of ethical and compliant leadership" "female CEOs can strengthen their market positioning by presenting robust evidence of their firm's ability to succeed in differentiation-based strategies."

