Inclusive Leaders

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Abstract

Many organizations acknowledge that inclusiveness, or the practice of directly engaging colleagues in activities, is becoming increasingly important as businesses become more complex. However, inclusive leaders remain significantly understudied in large-sample archival research, largely because inclusiveness is difficult to measure. We overcome this barrier and develop a measure of leaders' inclusiveness by observing the interactions among corporate leaders during conference calls. After validating our measure, we find that inclusive leaders are more likely to be female and older. They are twice as likely as the average leader to be promoted to CEO. Appointing an inclusive CEO results in a three-day abnormal return of 0.8% around the announcement of the appointment, and also increases the inclusiveness of the executive team. Teams composed of inclusive leaders also have greater retention. Lastly, firms where inclusive leaders are promoted to CEO experience higher growth in Tobin's Q, a result that is concentrated among growth and R&D-intensive firms.

Keywords: inclusiveness, conference calls, leadership culture

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1. INTRODUCTION

Many organizations acknowledge that inclusiveness, or the practice of directly engaging colleagues in activities, is becoming increasingly important as businesses become more complex (Nembhard and Edmondson 2006; Bourke and Titus 2019; Zandan and Shalett 2020). As corporations have become more complex, so have the roles of leaders, likely making inclusiveness increasingly valuable, with inclusive leaders being more willing to include or seek advice from others within the organization (Gabaix and Landier 2008). Still, inclusiveness at the individual level (i.e., the propensity of a team member to involve his or her teammates in a task) remains an understudied aspect of corporate leadership in large-sample archival research, which is surprising given that leaders play an outsized role in the firms that they lead, and the propensity to be inclusive may have broader implications for the firm.

One potential explanation for this dearth of research on inclusive individuals is that inclusiveness is difficult to measure. While corporate inclusiveness is often included in discussions of diversity and equity, for our purposes, we use the term "inclusive" to mean that a leader makes a decision to involve his or her colleagues in a process or task. This definition more directly speaks to the essence of inclusiveness than does inclusion based on demographic characteristics.[1] With this definition in mind, we overcome the challenge of measuring inclusiveness by relying on a unique setting that allows us to create an individual-year level measure of inclusiveness for a large sample of executives of publicly traded firms. We rely on

[1] Diversity is associated with equal representation, while inclusion requires the engagement and participation of others (Sherbin and Rashid 2017). For example, members of a racially homogenous team who involve each other would be inclusive, while those in a racially diverse team who do not solicit help would not be inclusive.

transcripts from earnings conference calls to observe the interactions among leaders to directly measure the inclusiveness of corporate leaders. To do so, we develop an algorithm that identifies when a leader engages a team member to help respond to a question raised during the call. For example, on July 24, 2015, Raymond James and Associates analyst Savanthi Syth asked Derek Kerr, CFO of American Airlines Group Inc. (AAL), about the investments that are being made to improve operational performance. Derek responded, "This is Derek, and then Robert [Isom, COO of AAL] can touch on it."[2]

Conference calls are one of the few settings where researchers can observe unscripted interactions among leaders. While prior literature has examined the monologues of leaders or interactions between analysts and leaders in conference calls, this paper is the first to extract useful information about leader characteristics from the interactions among those leaders (e.g., Frankel, Johnson, and Skinner 1999; Matsumoto, Pronk, and Roelofson 2011; Larcker and Zakolyukina 2012; Li, Minnis, Nagar, and Rajan; Green, Jame, and Lock 2019). Given that communication behavior with the firm is likely to reflect the firm's agenda, examining how leaders speak among each other is likely to offer insights into interactions within the firm (Impink, Prat, and Sadun 2020).

Our data cover 10,673 individual leaders and 2,316 firms from 2010 to 2019. With these data, we examine the characteristics of inclusive leaders, how inclusiveness relates to leaders' career trajectories, how individual inclusiveness relates to team cohesion, and how having inclusive leaders impacts the broader firm.

[2] Appendix 1 provides several additional examples of calls among corporate leaders.

Overall, we find that inclusive leaders are rare. For the full set of leader-years in our sample, the median leader does not engage colleagues once during the year. Still, the leader at the 75th percentile calls on colleagues an average of two times per year, and the propensity to call is right skewed, with a mean of 1.5 calls per year.[3] Combined, the total number of calls by a leader team in a given year is 3.87, on average. The median total number of calls is 2.00. That the distribution of team calling is somewhat normal, while individual calling is right-skewed suggests that inclusive leaders are unlikely to congregate exclusively on inclusive teams.

Since our measure of inclusiveness relies on a specific setting to define a broad characteristic, we begin our main analysis by validating this measure at the individual and team levels. It is difficult to identify an alternative setting in which it would be possible to examine inclusiveness of individual leaders. To overcome this hurdle, we conducted exhaustive internet searches of 30 executives in our sample, the 10 most inclusive leaders, based on our measure of inclusiveness; 10 leaders around the median of our inclusiveness measure; and the 10 leaders who scored lowest. For the most inclusive leaders, we were able to identify clear examples of inclusive behavior outside of conference calls for nine of them. For example, Ian Reed, the CEO of Pfizer, has acknowledged the importance of organizational inclusiveness to achieving business goals. We find no such anecdotal evidence for the 10 middle-tier or 10 least inclusive leaders.

Next, at the team level, we rely on a measure developed by Li, Mai, Shen, and Yan (2021) that documents the amount of discussion among executives on the topic of teamwork

[3] We use the term "call" to refer to an instance when a leader engages a colleague during a conference call.

and examine its association with our measure of inclusiveness. We find that the teamwork measure is positively and significantly associated with the sum of our measure of inclusiveness across all executives in the firm. This finding suggests that teams of executives who discuss collaboration more frequently also include each other in conference calls more frequently.

Having provided evidence that our measure captures the intended construct, we next examine the characteristics of inclusive leaders, measured as the natural log of 1 plus the number of times a leader calls on a colleague during conference calls in a given year. Being a CEO is a strong determinant of being inclusive. This result is to be expected, given that CEOs tend to take the lead and call on colleagues more often during earnings conference calls. We also find that female and older leaders are 4.9% and 0.6% (respectively) more likely to call on their colleagues than are male and younger leaders. We also provide evidence of a potential learning effect. When firms appoint an inclusive leader as CEO, with the inclusiveness of the entire executive team increases in the following year.

The determinants of a leader being called on are near opposites of those that determine whether a leader is inclusive. Female and younger leaders are less likely to be called on, as is the CEO. This result is economically meaningful. Female leaders receive 7.6% fewer calls than their male counterparts, and the number of calls a leader receives decreases, on average, by 0.6% for every year of age.

The propensity to be inclusive has consequences for leaders' career advancements. Examining promotions to CEO in the year following when inclusiveness is measured, we find that inclusive leaders are significantly more likely to be promoted, which helps to fill a gap in

the behavioral accounting literature related to understanding who ascends to CEO (Hanlon, Yeung, and Zuo 2021). An inclusive leader who makes at least one call in a year is 4.9% more likely to be promoted than is a leader who makes no calls. Leaders who call on multiple colleagues in a year are 11.4% more likely to be promoted than are those who make no calls. These results are robust to controlling for a host of firm and leader characteristics, as well as various fixed effects specifications. They also remain unchanged when controlling for proxies for leader extraversion and overconfidence, suggesting that our measure of inclusiveness is distinct from these potentially related characteristics (Malmendier and Tate 2005; Green, Jame, and Lock 2019).

Next, we examine whether the stock market reaction to the promotion announcements of leaders to CEO is impacted by their inclusiveness. To do so, we hand collect the announcement dates of CEO promotions for the 845 promotions in our data and measure returns around the announcement. We find that, compared to firms where leaders with below-median scores of inclusiveness are named CEO, firms where leaders with above-median scores are appointed to CEO have three-day market-adjusted returns of 0.8%, providing economically meaningful evidence that investors value inclusive CEOs. This result provides evidence that the CEO labor market is not frictionless, and builds on prior literature about the importance of executive behavior (e.g., Bertrand and Schoar 2003; Schoar and Zuo 2016).

In our last set of analyses, we document the consequences of inclusive leaders on the firm. First, we examine whether inclusive leaders enhance the cohesion of the management team on which they operate. To do so, we measure the inclusiveness of the team, defined as

the natural log of 1 plus the total number of calls made by all team members, and examine its relation to the retention rate of the leader team in the following year. We find that being on an inclusive team significantly reduces the likelihood that leaders at the firm will leave the firm in the following year. A one-standard-deviation increase in the inclusiveness of a team is associated with 1.69% higher likelihood of the firm retaining all of its leaders.

Lastly, we explore the relation between inclusiveness and firm performance. Given the competitive nature of the executive labor market, and the possibility that retention of this team could provide benefits such as improved operating efficiency and innovation, it is plausible that inclusive CEOs, on average, improve firm value. This conjecture is supported by the positive market reaction to the appointment of inclusive CEOs. To further this analysis, in our final test of firm outcomes we examine whether appointing a more inclusive CEO leads to increased growth in Tobin's Q and find supportive evidence. The year-over-year change in Tobin's Q around CEO appointments is significantly higher when the new CEO is more inclusive. Importantly, this result is driven by growth and research-intensive firms, which are likely to be complex organizations with various levels of uncertainty, characteristics that can be mitigated by inclusiveness.

Taken together, the results in this paper document a strategy for identifying inclusive leaders and show that inclusiveness matters both for the success of the leader through increased likelihood of promotion and for the firm through the cohesion of the management team and increased performance. An important caveat is that we rely on the conference call setting to make a broader statement about a leader's behavior. In addition to our validation tests, we make

numerous attempts to overcome concerns related to this strategy. To mitigate concerns that we are capturing a lack of ability or knowledge on the part of the inclusive leader, we control for leader ability in several ways. To differentiate inclusiveness from delegation, we look not only at CEOs calls of other leaders (which would be delegation) but also of other leaders calls to each other, as well as their calls to the CEO. In untabulated results, we also control for CEO founders to address concerns about powerful CEOs, and our results hold. To address concerns about the stickiness of the measure or its relation to the endogenous culture of the firm, we include firm fixed effects. In untabulated results, we include individual fixed effects in all of our leader-level analyses and again find that our findings remain statistically significant, suggesting that inclusiveness is a learned behavior and not an inherent trait like narcissism.

This paper contributes to the literature on managerial characteristics and team collaboration. First, while an extensive body of literature identifies consequential personality traits of corporate leaders, as far as we know, no papers examine behaviors that influence how leaders interact with one another. This paper adds to the literature on leader behaviors by relying on large-scale data to directly observe the interactions among corporate leaders, allowing us to quantify the degree to which a leader is inclusive. Several studies have examined proxies, such as signature size, military experience, speech patterns, and personal investment decisions, for leader personality traits and examined their associations with leader or firm outcomes (e.g., Malmendier, Tate, and Yan 2011; Schrand and Zechman 2012; Benmelech and Frydman 2015; Ham et al. 2017; Green et al. 2019). Perhaps most related to our study, Green et al. (2019) relies on conference call speech patterns to measure leader extraversion and finds

that extroverted leaders have better career outcomes and make better decisions. Our paper differs in three important ways. First, unlike prior literature, we do not examine leader characteristics in a vacuum. Instead, we uncover and document the interactions among leaders, and how the propensity to interact with colleagues relates to the career consequences not just of the leaders through promotion, but also of their colleagues through turnover. Second, we examine an unexplored leader characteristic, the propensity to be inclusive. Third, we provide evidence that the market values inclusiveness through increased stock price around the announcement of inclusive leaders' promotions to the CEO position.

Relatedly, we contribute to the small body of literature on CEO succession. CEO succession planning has become increasingly important, given that CEO tenure continues to shrink (Charan 2005). Research on CEO successions has largely focused on the outcomes of CEO turnover, exploring the relation among firm and leader performance, the conditions that led the CEO to leave, and the connection of the new CEO to the firm (e.g., insider versus outsider) (Shen and Cannella 2002; Quigley and Hambrick 2012; Schepker, Kim, Patel, Thatcher, and Campion 2017; Schepker, Nyberg, Ulrich, and Wright 2018). Examining the characteristics of leaders who become CEOs is an underdeveloped area of study, and our paper adds to this literature in two ways (Hanlon et a. 2021). First, unlike prior literature, we examine *ex ante* characteristics of candidates that influence the likelihood of their promotion. We identify a characteristic, inclusiveness, that increases the probability that a candidate will be promoted to CEO. Second, we show that this characteristic has consequences for the management team and overall firm performance. Third, we provide evidence that inclusiveness

is a learned behavior separate from other documented executive characteristics like overconfidence and narcissism.

We also provide new insights into the literature related to earnings conference calls. Conference calls are an important source of data in that they provide one of the few settings where researchers can observe how leaders speak when unscripted, and how they interact with others. Prior research has relied on conference calls to understand how the monologues of leaders reflect leader characteristics (e.g., Li et al. 2014; Green et al. 2019), and to examine the interactions between leaders and analysts (e.g., Francis et al. 2020). We advance this literature by measuring the amount of interaction among leaders and providing evidence of the consequences of inclusivity.

Finally, we contribute to the research on leadership culture and inclusive teams. A large literature uses surveys or field studies to examine teamwork (Hoegel et al. 1997; Podsakoff et al. 1997; Hoegel and Gemuenden 2001; Pearce 2004; Bergman, Rentsch, Small, Davenport, and Bergman 2012). These papers frequently document positive outcomes related to the performance of the team. For example, Hoegel et al. (1997) finds that teamwork among software teams is positively associated with team performance, where both teamwork and performance are measured by team members. Our paper extends this literature in several ways. First, we develop a methodology to identify inclusive leaders across a large cross-section of firms using publicly available data. Second, we show that there is significant heterogeneity in leaders' propensity to be inclusive. Third, unlike prior studies, we document the consequences of having inclusive leaders on a team for both the individuals and teams.

2. BACKGROUND

2.1 Leader characteristics

Firm performance is dependent on strategic choices made by firm leaders, and as publicly traded firms have become more complex, the importance of the leaders in the firm's success has grown (Gabaix and Landier 2008). Upper Echelons Theory, originally described by Hambrick and Mason (1984), predicts that these strategic choices are, in turn, significantly influenced by leaders' background characteristics and prior experiences.

Upper Echelons Theory has inspired a substantial amount of empirical research in management seeking to understand the characteristics of successful leaders and how these characteristics impact the firm. While some studies have focused on physical characteristics like gender and age, or career characteristics like expertise, industry experience, education, and outsider status (Barker and Mueller 2002; Becker-Blease, Elkinawy, Hoag, and Stater 2016), those that are most relevant to this study are studies that have examined the personality characteristics of leaders. Numerous papers develop proxies to identify personality traits among leaders such as narcissism, optimism, humility, and materialism, relating these characteristics to leader career outcomes, firm performance, and reporting choices, among others (e.g., Sen and Tumarkin 2015; Ham, Lang, Seybert, and Wang, 2017; Bushman, Davidson, Dey, and Smith 2018; Ou, Waldman, and Peterson 2018).

2.1.1 Inclusiveness and other individual characteristics

Although "inclusiveness" can have several meanings, we define it as the practice of involving others in completing a task (answering analysts' questions, in our case). Inclusiveness is likely related to other managerial characteristics, such as humility and narcissism, but it is also distinct and often complimentary. For example, while humble executives tend to lead more integrated teams and are likely to be inclusive, it is unclear whether humility would be positively associated with promotion to CEO (Ou et al. 2018). Prior literature also documents the presence of narcissism and extroversion in corporate executives, but narcissistic (extroverted) leaders may be more inclusive to appear magnanimous (because they are more likely to engage in dialogue) or less inclusive to maximize attention on themselves (because they are comfortable having attention on them) (Ham et al. 2018; Green et al. 2019). Unlike many of these behaviors, inclusiveness can also be a learned, as opposed to an innate, behavior.

Another related paper that relies on the conference call setting highlight the potential value of studying inclusiveness and emphasizes how inclusiveness, as defined here, differs from other management characteristics is Li et al. (2014), which finds that executives with more knowledge speak more during conference calls. Inclusiveness is likely to be complimentary to knowledge, with more inclusive leader engaging during calls with those with the most knowledge on a subject. Unlike delegation, though, the setting on which rely examines inclusive behavior upward (e.g., the CFO engaging the CEO) and laterally (e.g., the CFO engaging the COO), as well as downward.

2.1.2 Inclusiveness and team characteristics

The research looking at management teams has largely depended on laboratory experiments, frequently relying on self-assessments of participants. The most relevant area of research related to this paper is that examining collaborative teams (i.e., those that comprise inclusive individuals who focus on group success), which have been shown to be more innovative, to work harder, and to outperform their more individualist peers (Podsakoff et al. 1997; Eby and Dobbins 1997; Hoegl and Gemuenden 2001; Pearce 2004; Carson, Tesluk, and Marrone 2007). Few studies in this area have examined leadership teams, and most focus on team outcomes of inclusive behavior, as opposed to the potential benefits for the inclusive individuals within a team. One exception is Hoegel and Gemuenden (2001), which finds that among individuals on software development teams, those on collaborative teams report greater satisfaction with their work, in addition to finding that more collaborative teams are rated by team members as having higher performance. A common theme within this literature is that leadership culture influences the outcomes of teams, and that teams with a more collaborative leadership culture tend to perform better than those with individualist cultures.

Li et al. (2021) is among the first studies to use large-scale archival empirical techniques to examine teamwork. The paper relies on machine learning to measure corporate culture during conference calls and finds associations between firms with a teamwork-oriented culture and firm-level operational outcomes. While we expect the proxy from Li et al. (2021) to be associated with inclusiveness, teamwork is, by definition, a team-level measure, made up, in part, by the level of inclusiveness of each individual.

Overall, we expect inclusiveness to be related to, but distinct from various other management characteristics that have been examined in prior literature. From an empirical standpoint, studying inclusiveness offers several advantages over other characteristics. First, it can be directly observed in our setting. Second, unlike characteristics such as narcissism and extroversion, it is not an innate behavior, resulting in time variation at the leader level. Lastly, because it is measured at the individual level, we can study individual outcomes but can also aggregate the measure for the entire team to study inclusiveness's relation to firm outcomes at multiple levels.

2.2 Inclusive leaders and career outcomes

Identifying adequate candidates to replace them is an important task for CEOs, and this task's importance has increased as CEO tenure decreased in recent years (Charan 2005). Favaro, Karlsson, and Neilson (2015) estimate that, among top companies, the unexpected removal of a CEO costs the firm $1.8 billion in shareholder value, on average. To date, the literature on CEO succession has focused almost exclusively on the relation between candidate background and the success of the chosen candidate and the firm. Evidence suggests that firms that hire CEOs from inside the company and those that have a clear succession plan tend to have better future operating performance than those that hire outsiders and those without a plan (Zajac 1990; Shen and Cannella 2002; Giambatista, Rowe, and Riaz 2005; Quigley and Hambric 2012; Schepker et al. 2017). Still, there has been little research on how successors are identified or the *ex ante* characteristics of successful candidates (Hanlon et al. 2021). The lack of research on this topic is surprising given that much of the literature stresses the importance

of this decision to the firm. The one exception is Schepker et al. (2018), which relies on surveys and interviews to examine how successors are identified. Still, unlike our study, Schepker et al. (2018) examines the role of the current CEO and the board of directors in identifying successors, not the characteristics of successors that make them more likely to be promoted.

Relatedly, understanding executive turnover, CEO transitions, and executive team retention is vital for firms and investors. Research shows that CEO transitions, particularly unexpected CEO transitions, negatively affect shareholder value (Johnson, Magee, and Newman 1985; Worrell, Davidson, Chandy, and Garrison 1986; Salas 2010; Krigman and Rivolta 2019). In addition, there is evidence that CEO departures lead to the departures of other top executives (Hayes and Schaefer 2006; Fee and Hadlock 2004). Coyne and Coyne (2007) finds that 33% of senior leaders leave when a new external CEO is appointed, nearly twice the turnover rate of top leaders in companies not experiencing CEO transitions. Beyond frictional costs, executive turnover also leads to high social capital costs. Executives are often integral parts of organizations' social networks, and their departures can lead to substantial disruptive gaps between interdependent groups (Dess and Shaw 2001).

2.3 Conference calls

Conference calls have provided a rich setting to examine firm voluntary disclosures, leaders' behaviors, and interactions among leaders and analysts (e.g., Frankel et al. 1999; Matsumoto et al. 2011; Li et al. 2014; Green et al. 2019; Francis, Shohfi, and Xin 2020). As described above, Li et al. (2014) and Green et al. (2019) rely on this setting to examine executive characteristics. Although these calls provide a rare opportunity to examine

interactions among leaders on the leader team, most other studies to date have focused either on individuals' speech patterns or looked at how leaders and analysts interact. This is, in part, surprising given that communication among leaders may provide insights into the agenda of the firm (Impink et al. 2020).

3. RESEARCH DESIGN AND DATA

3.1 Measuring inclusiveness

Conference calls provide a rare opportunity to witness the interaction among top corporate leaders. We take advantage of this phenomenon to document these interactions by obtaining earnings conference call transcripts data from the Capital IQ (CIQ)'s Transcripts Database.[4] These data provide rich details on the interactions among those engaging in the call.

The smallest unit of analysis within a transcript is a piece of text comprised of several sentences spoken by a person, which is the content of speech each time a person talks. This piece of data is referred to as a component of the transcript. Each component is labeled with a company ID, a fiscal year and quarter, a transcript ID used to uniquely identify a transcript, a component ID, the component's order in the transcript, a component type (i.e., presentation, question, answer, or operator's message), the speaker's type (i.e., leader, analyst, operator, shareholder, or attendee), and the person's full name. We keep only those components with "question" or "answer" types.

[4] We focus only on earnings call transcripts for comparability across firms.

We define a call as one leader's solicitation of a response from another leader. To identify calls from the Q&A section of the earnings call, we start by identifying all questions that are followed by multiple answers from company leaders. We refer to this group of question and answers as a dialogue. Within each dialogue, we loop through each pair of ordered answers. For example, if there are three components after an analyst's question denoted by "A", "B", and "C", then we first consider the pair of ordered answers "A" and "B", and then consider the pair of ordered answers "B" and "C", and so on. When the first name of the second speaker is identified as being spoken by the first speaker, we define that paired answer as a call.[5] This strategy allows us not only to identify those who initiate and are the recipients of calls, but also to measure the intensity of a leader's inclusiveness by adding up the total number of calls that he or she initiates.

3.2 Variable measurement

Our main analyses in the paper focus on measures of the total number of calls made by either an individual leader or the entire leader team. In this section, we describe the variables we use at the different levels of analysis.

3.2.1 Leader-level analysis

Our main variable of interest at the individual leader level is *Inclusive Leader*, a dummy variable equal to one if the sum of all calls made by the leader during all earnings conference calls in a given year is above the sample median, and zero otherwise, where calls are determined

[5] However, sometimes we need to match first names with nicknames. In order to solve this problem, we leverage the American English Nickname Collection from the Linguistic Data Consortium hosted by the University of Pennsylvania for linguistic research.

using the algorithm described in Section 3.1. In our analysis, we examine whether this variable is associated with a leader being promoted to CEO in the following year, *Promotion.* Given that involvement in conference calls and the propensity to be promoted are likely driven by individual characteristics unrelated to inclusiveness, we control for several factors measured at the individual level.

Female (*Minority*) is an indicator equal to 1 if the leader is a woman (minority), and 0 otherwise. We control for these two characteristics because prior literature has documented that innate characteristics impact leader mobility (Smith, Smith, and Verne 2013). We include *Pay Above Median*, an indicator equal to 1 if a leader's pay is above that of the median leader, to control for compensation effects of potential promotion and seniority. *Log(#Answer)* is the natural log of 1 plus the total number of times a leader speaks during conference calls in a year, and controls for the overall prominence of the leader during these calls. *Age* is the age of the leader. *CEO* is an indicator equal to 1 if the leader is the CEO, who is most likely to be the featured leader during calls. We also include as controls important firm-level characteristics described in Section 3.2.2.

3.2.2 Firm-level analysis

In our firm-level analysis, we examine the relation between inclusive leaders and three outcomes. When measured at the firm level, *Team Inclusiveness* is calculated as the natural log of 1 plus the total number of calls by all leaders in a given year. We test whether calls are associated with *Retention 100%* of the team, an indicator equal to 1 if there was no turnover among the leader team in the following year. We also examine whether the stock market reacts

to the appointment of an *Inclusive Leader* to CEO, where *Return [-1, 1]* (*Excess Return [-1, 1]*) is the raw (market-adjusted) three-day return around the announcement of the appointment of a new CEO, and *Inclusive Leader* is an indicator equal to 1 if the promoted leader's number of calls is above that of the median of all leaders promoted during our sample period. Lastly, we examine whether the appointment of an inclusive CEO is related to a change in firm value, where firm value is Tobin's Q, the equity market value of the firm scaled by the equity book value, and inclusiveness of the CEO, *Relative Inclusiveness,* is determined based on whether the new CEO was more inclusive than the prior CEO.

In our firm-level analysis, we control for several additional important characteristics. We include in our regressions firm *Size*, the natural log of total assets, to control for the complexity of the business, and *Leverage* (total debt scaled by total assets) to control for capital structure. *ROA* is included to mitigate concerns that performance may determine when a leader is more likely to ask colleagues to answer questions. *BTM,* the book-to-market ratio, controls for the firm's growth opportunities, and *SP500,* an indicator equal to 1 if the firm is in the S&P 500, controls for firm visibility. Lastly, we control for CEO age as it may impact non-CEO promotion opportunities and team turnover, as well as the market's ability to anticipate successions. All variables are defined in Appendix 2.

3.3 Data and sample

Our data come from three main sources. The data cover the years 2010-2019. We start in 2010 because coverage of conference calls is sparce prior to this year. These data, which we use to create our measures of inclusiveness, are calculated using transcripts from Capital IQ.

There are multiple versions for each transcript (Preliminary, Edited, Proofed, Audited, etc.). Following guidance in the Wharton Research Data Services database, we use the most recent version of transcript for each call. All firm-level accounting variables are also from Capital IQ. All other leader characteristics are downloaded from Execucomp, and stock return data are from CRSP.

3.4 Descriptive analysis

Table 1 reports descriptive statistics for all variables. Panel A describes the leader-level variables. There are 34,186 leader-year observations in our data. The average leader makes 1.50 calls (*Calling*) and is *Called* on 1.42 times in a year. Women (minorities) comprise 7.1% (18.4%) of the sample, and the average age of leaders is 53. Panel B reports firm-level data. In this analysis, there are 12,056 firm-year observations. In a given year, the average leader team engages one another during conference calls 3.87 times (*Calling*). These firms are, on average, profitable with *ROA* of 0.05, and 27% of them are in the S&P 500.

3.5 Validation tests

A concern about our research design is that we use a behavior in a specific setting, conference calls, to generalize the overall behavior of the leader being examined. To our knowledge, there exists no research on whether inclusiveness is learned and whether it is context specific (i.e., can a leader be inclusive in conference calls but dictatorial in other circumstances?). Still, the novelty of this setting is that it is the only one we have identified that allows for large-scale identification of examples of inclusiveness. To overcome the above concerns and validate our measure, we take two steps.

First, we conducted internet searches for the 30 executives in our sample, the 10 that score highest on our measure of inclusiveness, the 10 that were around the median, and the 10 that scored the lowest. For nine of the top 10 scorers, we found clear examples of inclusiveness outside of conference calls, which we describe in Table 2, Panel A. For example, the most inclusive leader, John Koraleski, CEO of Union Pacific, was instrumental in developing a culture of inclusiveness within the organization. On the other hand, we find no mentions of inclusive behavior among the 10 middle scorers or the 10 lowest scorers, despite exhaustive internet searches. While the absence of evidence does not allow us to say with certainty that there exists no evidence of inclusive behavior among these managers, this exercise gives us confidence that our measure captures a behavior that is observable both within and outside the conference call setting.

Our second validation test examines the association between our measure of team inclusiveness, measured as the sum of all calls made by the executive team in a year, on a measure of *Teamwork*. This measure, created by Li et al. (2021), applies a neural network model to conference call transcripts to create a "culture dictionary" related to teamwork that identifies not just words associated with teamwork but also euphemistic phrases, such as "shoulder to shoulder" (Li et al. 2021). *Teamwork* is then measured from conference call transcripts as a weighted-frequency count of the words in this dictionary. In other words, *Teamwork* captures monologues of executives that suggest teamwork within the organization. We expect our measure of inclusiveness to be related, in part, to teamwork, given that inclusive leaders are those that include colleagues in tasks, creating a culture of collaboration. Still, there

are important differences. First, our measure allows for an examination of individual behaviors, whereas *Teamwork* serves as a firm-wide proxy for the collaborative nature of the organization. Second, our measure documents an observed behavior, as opposed to a description of potential behaviors, which may reflect actual organizational behavior or a perception of that behavior by an individual within the organization.[6]

In Table 2, Panel B, we report the results of regressing team inclusiveness on *Teamwork*. The coefficient on *Teamwork*, 0.046, is statistically significant at the 1% level. This result provides encouraging validation for our measure of inclusiveness in that it suggests that executives that are more likely to discuss teamwork-related topics in conference calls also are more likely to behave in an inclusive way during those calls.

4. EMPIRICAL RESULTS

4.1 Determinants of inclusiveness

We begin our empirical analysis by examining the individual and firm characteristics that relate to inclusiveness. Table 3 reports pairwise correlations among our variables of interest. Panel A documents these relations at the individual level. Leaders who call on others (*Number of Calling*) are less likely to be called on (*Number of Being Called*). *Number of Calling* is positively associated with *Promotion*, while *Number of Being Called* is negatively associated with *Promotion*. Turning to Panel B, which reports correlations at the firm-year

[6] In untabulated analysis, we add *Teamwork* as a control in all of our regressions and find that our results remain unchanged, providing evidence that our measure of inclusiveness is distinct from *Teamwork*.

level, we see that *Team Number of Calling*, our measure of team inclusiveness, is positively correlated with firm size, supporting our conjecture that inclusiveness is more important in more complex firms. It is also positively associated with *ROA*, reducing concerns that leaders call on each other more during times of bad performance to "pass the buck."

Next, we examine the characteristics that predict whether a leader will engage or be engaged by a colleague during conference calls. Column 1 of Table 4 documents which characteristics are associated with being an inclusive leader. Specifically, we regress *Including Others*, the natural log of 1 plus the number of calls a leader makes in a given year on individual- and firm-level variables. Being CEO is the strongest determinant of the number of calls a leader makes, with the coefficient on the *CEO* indicator, 0.456, positive and significant at the 1% level. This finding is unsurprising given that CEOs are the most likely to lead conference calls and delegate to subordinates. Female and older leaders also call on their colleagues significantly more often than their male and white counterparts. Female (older) leaders are 4.9% (0.6%) more likely to call on their colleagues.[7] In addition, leaders that speak more during conference calls, measured as *Log(#Answer)*, also call on their colleagues more.

Of the individual characteristics we examine, only the indicator for *Minority* and the indicator for *Pay Above Median* are not statistically significantly associated with the number of times a leader calls on his or her colleagues. Interestingly, no firm characteristics are associated with the number of calls a leader makes. This non-result suggests that endogenous

[7] Because of the dependent variable, *Including Others*, is log-transformed, the economic magnitude of the effect can be approximated by raising *e* to each coefficient estimate and then subtracting one.

firm characteristics are less likely to drive our results. In other words, we find no evidence that our results are driven by factors like bad performance increasing the likelihood of a leader calling on a colleague to "pass the buck."

Column 2 of Table 4 examines the determinants of a leader being called by his or her colleagues. Older and female leaders, as well as CEOs, are significantly less likely to be called than are their younger and male counterparts. In addition, leaders at better performing firms, as measured by *ROA*, are more likely to be called. Again, outside of accounting performance, no firm characteristics are associated with the number of times on which a leader is called by a colleague.

In our main specification in this and all tables (except when we examine stock returns), we include firm and industry-year fixed effects. This specification controls for time-invariant firm characteristics and time-varying industry shocks (Gormley and Mastsa, 2014). Standard errors are clustered at the firm level.

The results in both columns are robust to numerous research design choices. Specifically, the results remain unchanged when we replace the continuous calling variables with variables ranking leaders from 1 to 3 based on the number of calls they make in column 1 and the number of calls they receive in column 2; and when we use various fixed-effects specifications (firm, industry, year, industry-year, and firm-year) instead of the firm and industry-year specification reported in the table.

4.2 The relation between individual inclusiveness and team inclusiveness

We extend the analysis on the determinants of inclusiveness by exploring whether inclusive leaders are more likely to be on inclusive teams. To do so, we examine whether the appointment of an inclusive CEO is associated with an increase in inclusiveness of the rest of the executive team. In Table 5, we examine the change in inclusiveness of executive teams around CEO turnover. The dependent variable, Δ*Log(Team Calling)*, is the natural log of (1 plus the total number of calls made by all team members, excluding the CEO, in year t+1 minus the calls of all team members in year t), where t+1 is the first year in which the new CEO joins the firm. We regress this variable on *Relative Inclusiveness*, an indicator equal to 1 if the number of calls made by the new CEO in year t+1 is greater than the number of calls made by the prior CEO in year t. The coefficient on this variable, 0.181, is positive and strongly significant, providing evidence that hiring an inclusive CEO increases the likelihood that the rest of the executive team will be more inclusive and suggesting that inclusiveness is a learned behavior, rather than an inherent trait.

4.3 The relation between inclusiveness and promotion to CEO

Having documented various attributes that predict inclusiveness, we next examine whether inclusive non-CEO leaders are more likely to be promoted to CEO. Table 6, Panel A, reports the results of regressing *Promotion*, an indicator equal to 1 if the leader received a promotion in year (and 0 otherwise) in year t+1 on *Inclusive Leader*. Columns 1 and 2 report the results without and with control variables, respectively. Controlling for firm and leader characteristics, the coefficient on *Inclusive Leader*, 0.049, is positive and significant, meaning that inclusive leaders are more likely to become CEO. Of note, leaders who are paid more than

their peers and those who talk more during conference calls are also more likely to be promoted, as documented by the positive and significant coefficients on *Pay Above Median* and *Log(#Answer)*. This result is complimentary to Li et al. (2014), which finds that CEOs who speak more during conference calls are paid more. In terms of economic magnitude, inclusive leaders are 4.9% more likely to be promoted to CEO. Given that the likelihood of promotion among the average leader in our sample is also 4.9%, the coefficient estimate suggests that being inclusive can double the likelihood of being promoted. As reported in column (2), women are 2.6% less likely to be promoted, and those with greater pay are 5.5% more likely to be promoted, suggesting that the effect of being inclusive is of similar order of magnitude as other manger characteristics.

The results in this analysis are robust to various empirical choices. They remain unchanged when we classify *Inclusive Leaders* using calls from the previous two and three years; when we control for the number of executives during conference calls; when we add controls for repromotion, the amount of time since the leader last spoke during a conference call, and the leader's education and industry experience; and when we use various fixed-effects specifications (firm, industry, year, industry-year, and firm-year) instead of the firm and industry-year specification reported in the table. Importantly, the result remains unchanged when we include individual fixed effects, suggesting that inclusiveness is time-variant, and when controlling for overconfidence and extraversion (Malmendier and Tate 2005; Green et al. 2019), meaning that inclusiveness is distinct from these potentially related characteristics. Lastly, these results are robust to using a subsample of firm-years where all three levels of

management (CEO, other executives listed in Execucomp, and lower-level managers not listed in Execucomp) are included on the call.

4.3.1 Breadth of inclusiveness and promotion

To compliment the analysis on inclusiveness and promotion, we ask whether the breadth of inclusiveness increases the likelihood of promotion. In other words, is promotion more likely for leaders who call on multiple colleagues than it is for those who call on only one colleague. Table 6, Panel B, reports the results of regressing *Promotion*, as defined above, on two indicators. *Inclusive Leader – Multiple* is equal to 1 if a leader called multiple colleagues in a year, and 0 if he or she made no calls. *Inclusive Leader – Single* is an indicator equal to 1 if a leader called only one colleague in a year, and 0 if he or she made no calls. Columns 1 and 2 report the results without and with control variables, respectively. While the coefficients on both of these indicators are positive and statistically significant, the economic magnitudes document the importance of inclusiveness to promotion. Leaders who call multiple people in a year are more than three times more likely to be promoted in the following year than are leaders who call on only one colleague. The difference between the coefficients on the two indicators is also statistically significant at the 1% level, as measured by an F-statistic of 37.14. As with prior tables, these results are insensitive to the fixed effects structure in the analysis.

Table 6 provides robust evidence that inclusive leaders are more likely to be promoted to CEO. As we discussed in Section 2, this finding fills a gap in the literature on CEO succession. Whereas prior literature has focused largely on the outcomes of CEO succession, we are among the first to document a behavior of leaders that increases the likelihood of

succeeding the CEO (Zajac 1990; Shen and Cannella 2002; Giambatista et al. 2005; Quigley and Hambric 2012; Schepker et al. 2017).

4.4 Stock returns around CEO appointment announcements

Prior literature has documented the costs of CEO succession and that appointing an insider CEO is associated with greater future firm performance (e.g., Zajac 1990; Schepker et al. 2017). Still, little is known about whether promoting an inclusive leader to CEO is recognized by investors as beneficial to the firm. Given the above evidence that inclusive leaders are more likely to be promoted to CEO and that communication within the firm reflects the agenda of the organization, we next examine whether the stock market rewards firms that appoint more inclusive leaders to CEO (Impink et al. 2020). We begin by hand collecting the dates that new CEOs are announced for the 845 CEO appointments in our sample. We then measure the three-day raw and excess stock returns (i.e., market-adjusted return) around the announcement date.

In Panel A of Table 7, we report the results of regressing three-day stock returns on *Inclusive Leader*, an indicator equal to 1 if the leader's total number of calls is above that of the median number of calls for all leaders in the promotion sample, and the firm and individual controls included in our prior analysis. We include industry fixed effects to control for unobservable industry events that might drive returns around the announcement, and cluster standard errors by date.[8] The coefficient on *Inclusive Leader* is positive and statistically

[8] We do not use firm fixed effects as most firms only have one promotion event during our sample period. The results are also robust to clustering standard errors by firm.

significant when using both raw returns (column 1) and excess returns (column 2). The result is also economically significant: The appointment of an inclusive leader to the CEO position results in an average three-day return of 0.9%.

Panel B examines whether the breadth of inclusiveness of the newly named CEO is associated with three-day returns. In this panel, we replace *Inclusiveness* with *Inclusive Leader - Multiple* and *Inclusive Leader - Single*, indicators equal to 1 if the newly named CEO called on multiple colleagues or only one colleague, respectively, in the prior year, and 0 otherwise. While the coefficients on *Inclusive Leader – Single* is statistically insignificant, those on *Inclusive Leader – Multiple* are positive and statistically significant in both columns. The average three-day raw (excess) return around the announcement of the appointment to CEO of a leader who called multiple colleagues in the prior year is 1.7% (1.5%). The difference between the coefficients on the two variables is also statistically significant at the 5% level, as measured by an F-statistic of 6.02, suggesting that firms that promote inclusive leaders that engage multiple colleagues experience higher stock returns. The results in Table 7 provide evidence that the stock market, in part, recognizes the value of inclusive leaders and rewards firms when these leaders are named as CEOs.

4.5 Inclusiveness and retention

Our analysis so far has provided evidence on the characteristics of leaders that are associated with inclusiveness, on the relation between inclusive leaders and inclusive teams, and that inclusive leaders are more likely to be promoted to CEO, a decision that leads to

positive market returns. In our last series of analyses, we examine the team- and firm-level consequences of having inclusive leaders in the firm.

We begin by examining whether inclusiveness at the team level impacts the retention of that team. This analysis, conducted at the firm-year level, regresses a measure of retention on *Team Inclusiveness*, measured as the natural log of 1 plus the sum of all calls by all leaders of the firm in a given year. The results are reported in Table 8. In Panel A, columns 1 and 2 report the results without and with control variables, respectively. The dependent variable, *Retention 100%*, is an indicator equal to 1 if all leaders stay at the firm from t to t+1, and 0 otherwise. The coefficients on *Team Inclusiveness* in columns 1 and 2 are both positive and statistically significant. Controlling firm characteristics, we find the one standard deviation increase in the team inclusiveness is associated with 1.69% higher likelihood for the firm to retain all leaders.

In addition, we examine whether the breadth of inclusiveness (again at the firm level) is associated with retention. To do this, in Table 8, Panel B, we include two independent variables, *%Team Inclusiveness - Multiple,* which is the percent of leaders in the firm who called on more than one colleague during conference calls that year, and *%Team Inclusiveness - Single,* which is the precent of leaders who called on exactly one colleague during conference calls that year. Columns 1 and 2 report the results without and with control variables, respectively. The coefficient on *%Team Inclusiveness – Multiple* is positive and significant while the coefficient on *%Team Inclusiveness – Single* is insignificant. The difference between the coefficients on the two variables is also statistically significant at the 5% level, as measured

by an F-statistic of 6.02, suggesting that the effect of inclusiveness on team retention is mainly driven by teams that have a broader level of inclusiveness. The results in Tables 8 remain unchanged when we use different fixed effects structures as described above.

4.6 Inclusive leaders and firm valuation

So far, we have provided evidence that inclusive leaders are more likely to be promoted to the position of CEO, and that appointing these leaders results in increased stock prices and greater retention among the executive team. Given this stock market reaction and the importance of retention in the competitive executive labor market, it is plausible that appointing inclusive leaders also results in higher firm value. We test this conjecture in Table 9. The sample used in this table consists of the 983 executive turnover events with available data identified in our sample. Our dependent variable is the change in Tobin's Q, measured as the equity market value scaled by equity book value, from the year before the appointment of a new CEO to the year after. Our variable of interest, *Relative Inclusiveness,* is an indicator that is equal to 1 if the new CEO's total number of calling in the next year is greater than those of the previous CEO in the prior year. In column 1, the coefficient on *Relative Inclusiveness* is positive and significant at the 10% level, suggesting that appointing a more inclusive CEO is associated with higher future value.

In columns 2 and 3, we examine whether this result is driven by growth and innovative firms, where greater uncertainty might be ameliorated by collaboration and inclusiveness. In column 2, we interact *Relative Inclusiveness* with *BTM*, the book-to-market ratio, and find that the coefficient on the interaction is negative and significant, providing evidence that the

relation between inclusiveness and value is concentrated among growth firms. In column 3, we interact *Relative Inclusiveness* with *R&D,* measured as the ratio of R&D expense to total assets. The coefficient on the interaction is positive and significant, suggesting that the relation between inclusiveness and value is stronger among more R&D-intensive firms. Taken together, these results suggest that inclusive CEOs create more value for their firms than do their non-inclusive counterparts, but that inclusiveness is more important in growing and innovative firms where feedback is likely to be more important.

5. CONCLUSION

This paper examines a previously unexplored characteristic of corporate leaders, their propensity to engage their colleagues when interacting with outsiders (i.e., analysts). We develop a new way to exploit the rich data in earnings conference calls to document how corporate leaders interact among themselves, and develop a measure of their level of inclusiveness. After validating our measure and documenting the individual characteristics associated with inclusiveness among corporate leaders, we show that more inclusive leaders are more likely to be promoted to CEO, and these promotions result in economically and statistically significant positive stock returns around their announcements. In addition, inclusiveness also has firm-level consequences. We find that more inclusive leader teams are more likely to remain together than are teams that are less inclusive and that the appointment of a more inclusive CEO results in higher future firm value.

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Appendix 1 – Examples of Calling in the Conference Call

Example 1: American Airlines Group Inc. (NASDAQ: AAL), Q2 2015 Earnings Call, Jul 24, 2015 8:30 AM ET

- Savanthi Syth (Raymond James and Associates – Analysts): Just the investments that are being made to improve operational performance, I wonder if you could provide a little bit more clarity on that. Just how much of the cost pressure is that? And is there going be any of that continuing into 2016? And clearly, it's a good project and then time line on when you would kind of expect to see that flowing through operations and earnings?

- Derek Kerr (American Airlines Group Inc. – EVP & CFO): **This is Derek, and then Robert can touch on it.** We've looked at a lot of what we were going to do in the back half of the year to reduce headcount and do other things. But we've decided to leave that in and leave it in place so that we can get through the integration. It's about 1 point of CASM, I would say, in the fourth quarter that we've added. We've added staffing in areas like reservations and maintenance and the airports to make sure that, as we go through this in the fall and get through the operations or get through the PSS migration and other things into the fall, that we have enough staff to be able to get through all of those. I do believe most of that will come out and will come out in part in the middle of 2016. And I do think, and Robert can touch on where the operations is now, but I think our July is running really well. **So Robert, why don't you touch on ops?**

- Robert Isom (American Airlines Group Inc. – EVP & COO): Sure. Like Derek said, July operations are where we want them to be. Our completion factors are in the mid-99%-plus. Our on-time performance is 80%-plus, and we're executing day in and day out, we're near in terms of departing exactly on time. The kind of investments we've made so far have been in a number of areas: maintenance by putting personnel in places increases that, quite frankly, we didn't have them before, so increasing maintenance opportunities for ourselves. We've invested in a lot in renewal of equipment. Our capital plan had almost $100 million -- or over $100 million in terms of resources, additional and for replacement purposes. And then we've done in the airports, too, to ensure that we get our baggage performance where we want it and that we're meeting and taking care of aircraft like we wanted. So looking forward, though, the investments are really about making sure that when we do get into inclement weather and when we do have irregular operations, that we're ready to handle them. So a lot of investment is coming and being put in place now to make sure that we're ready for the following winter season.

Appendix 1 (Continued)

Example 2: Applied Materials, Inc. (NASDAQ: AMAT), Q2 2016 Earnings Call, May 19, 2016 4:30 PM ET

- Christopher Muse (Evercore – Analyst): Yes, I guess, first question is on the silicon front. So a couple of parts. So the first one is you talked about upside potential to flat WFE outlook. Would love to hear thoughts there. And then, as you think about growing share in etch, very favorable mix in terms of foundry and -- as well as China and what you're doing around 3D NAND. How should we think about your growth in calendar '16 relative to that flat to slightly up WFE outlook?

- Bob Halliday (Applied Materials, Inc. – SVP & CFO): **Yes, so I'll try, and Gary can jump in.** We agree it's flat to up a little bit this year. The year's unfolded as we hoped last November, and it's gotten better and better for us, frankly. If you all look at it, the NAND has picked up. We now think it's up about 35% year-on-year, whereas, DRAM's probably down about 25%. Foundry is not up a lot this year; up somewhat, but if you look at our position within foundry, it's really, really strong. And then DRAM, we're also gaining. So if you go look at our position with each, we're gaining share. I'll give you a factoid you may not have picked up on. Pre -- 2012, we were only over 15% share by the -- in 1 of the 4 major groups when you look at NAND, DRAM, foundry and logic. This year, we project to be over 20% in all 4. So if you look at the NAND spending at $9.2 billion, our share's going to go probably from under 15% to north of 20% this year, and the spending is up to about $9.2 billion, whereas in the base year of 2012 it was about $4.2 billion. So the market's up, and our share's up significantly. And the NAND's strength goes on for a number of years. As you know, by the end of this year, we're only going to have about 375,000 wafer starts converted. There's about another 1 million wafer starts out there are planar. If you go look at foundry, we anticipate it being a reasonable year in foundry, but our position's done really well, whether it's in Taiwan or a lot of the activity going on in China. So we're gaining -- we're doing very strongly there, too. And then also, logic, we're doing well, leading into logic. So the way that the year's laid out, our positioning of our products in the markets that are fastest growing, whether it is NAND, strength in leading-edge foundry, strength in China and also strength in display, is playing very well for Applied. So we expect, within semi, we're gaining share this year.

- Gary Dickerson (Applied Materials, Inc. – President, Director & CEO): Thanks, C.J. I'll take the etch question. So as I said earlier, we think that 2016 is going to be a really strong year for us in growing our etch share. We have a very strong position, very, very strong position, in 3D NAND conductor etch. So as that business continues to grow as that wave moves forward over the next few years, we're in a really great position. And we have some of the most exciting products in this group that I've seen in my whole career. The Sym3, tremendous pull from customers in 3D NAND and also in other segments. We're winning new steps and strong pull, really, across the board for Sym3. So very, very, very strong position there. And also, in selective material removal, we have very strong pull for -- from customers. And that business

is growing also for us at a strong rate. So overall, we think 2016 is going to be a great year for us in etch. And again, some of the strongest products I've seen in my career.

Appendix 1 (Continued)

Example 3: Amgen Inc. (NASDAQ: AMGN), Q2 2017 Earnings Call, Jul 25, 2017 5:00 PM ET

- Robyn Karnauskas (Citigroup Global Markets, Inc. – Analysts): Given the pushback So far with the payers in the cardiovascular space that you've seen with Repatha, like how are you thinking about the bar for developing your CETP inhibitor? And what threshold do you want to see with the Merck data that will make you feel more positive about the prospect of the class?

- Robert Bradway (Amgen Inc. – Chairman and CEO): I think we're focused, Robyn, on unmet medical need and trying to figure out whether that A class of agents has a role to play. **But Sean, I'll let you talk about the specifics**. And obviously, we need to believe that we can earn a return on any further investment there for our shareholders. Do you want to talk about the clinical?

- Sean Harper (Amgen Inc. – EVP): Yes -- No, I mean, I think that it's the case, that if we were to see, as we did with the PCSK9 that has been assessed in outcomes trials, a linear relationship has occurred with statins between LDL lowering and event rate risk and the agents are lowering LDL in the range of 30% to 35%, 40% that an oral agent that could do that as an add-on to statins would be a meaningful drug to have in our armamentarium. It's obviously not going to deliver the kind of LDL reductions you can achieve with a PCSK9 antibody, but because the drugs are oral, so we feel they play a role. What remains to be seen is whether that these agents, based on their LDL-lowering capacity, and the Merck drug will be the first that I think will answer this question more definitively, whether we see that relationship or whether we're seeing some fractional effect of that relationship and that the effect on cardiovascular risk is marginal. In which case, obviously, we'd be much less excited about pursuing this. So I think it much depends on the details of the reveal data.

Appendix 1 (Continued)

Example 4: Molson Coors Brewing Company (NYSE: TAP), Q1 2018 Earnings Call, May 02, 2018 11:00 AM ET

- Bryan Spillane (Bank of America Merrill Lynch – Analysts): I've got a question, I guess, related to in the U.S. the gap between sale for wholesalers and sale to retailers. And I guess there's kind of 2 parts to it. One is, I guess, as you've had shipment issues out at the Golden Brewery, has that at all affected service levels and affected sort of consumption at all, so they have been out of stock or any effect sort of in the commercial aspect of it? And then the second, again related to the staff, has there been any retail inventory destocking? And I ask in the context of some large retailers have begun to kind of cleanup inventory in the back room, and so just curious to the extent that that's affected your business, if it has, so that sort of be a permanent reduction in retailer support.

- Mark Hunter (Molson Coors Brewing Company – CEO): **Let me just give you a headline, and then Gavin, if you want to pick up the specific.** I mean, I think the important thing is, if you take a half step back here and just look at our market share performance. So, really look at the demand in the marketplace at consumer level. Our market share performance has remained very consistent from a trend perspective. So I think at a high level, you can see that it hasn't really had impact on our underlying market competitiveness. But clearly behind that, there are always puts and takes. **So Gavin, do you want to talk just a little bit about some of the puts and takes on STWs versus STRs?**

- Gavin Hattersley (MillerCoors – President & CEO): Look, I mean it's clear that we have had some out if stocks because of the Golden Brewery rollout of our new system. It has been relatively more significant in Central and Pacific Northwest regions and to a limited degree in the Great Lakes, while the rest of the country wasn't impacted. From a retail point of view, Bryan, I would say no. The retailers have for some time been taking SKU levels down. That has actually resulted in increased velocity for some of our faster-moving SKUs. So I would say no to the second part of your question. And then if you look more broadly at STRs and STWs, with STWs being down about 6.7%, if you took into account the change in the inventory levels and the impact on shipments, our trend would be much closer to the STR level of down 3.8%.

Appendix 1 (Continued)

Example 5: Air Products & Chemicals Inc., Q1 2012 Earnings Call, Jan 24, 2012 10:00 AM ET

- P.J. Juvekar (Citigroup Inc – Analyst, Research Division): Okay. And then if you look at the commentary from semiconductor companies in January, it does materially improve and they're seeing some at the bottom. So when should you begin to see that improvement in your numbers? And what are your expectations for square inches of silicon this year?

- Paul Huck (Air Products & Chemicals Inc. – CFO & SVP): So as far as that's concerned, and **I'll let Simon chime in here too**, what we would expect is really to have a much stronger second half than the first half period. So it's probably a few months' lag on that. **Simon, you are close to the business?**

- Simon Moore (Air Products & Chemicals Inc. – Former Director of Investor Relations): Yes. Thanks, P.J. And I mean, we would still say for the year, we expect square inches of silicon to grow in that 0% to 5% range, probably right in the middle of that, which is what we've talked about last quarter. And as you pointed out, I think generally speaking, Intel talked about a stronger second half. TSMC actually talked about having a better first calendar quarter than seasonality would expect. And just one statement that we talked about a few times is our strength with Samsung, Intel and TSMC. They're expected to be almost half of the industry CapEx in 2012. So we continue to benefit from our strong position with them.

Appendix 1 (Continued)

Example 6: Becton, Dickinson and Company (BDX), Q1 2011 Earnings Call, Feb 08, 2011 10:00 AM ET

- Michael Weinstein (JP Morgan Chase & Co – Analyst): One of the questions that I get from investors is, is not so much the BD, the new products pipeline, but more this macro question of whether your end markets can support sustainable 6+ %, 6%, 7% revene growth. So it's not too much the question of what's in BD's pipeline but the strength of your underlying end markets, be it U.S., Europe, the varying emerging markets in there. Can you just help us with that a little bit in terms of the comfort level not with what you're doing internally, but that there is a growth in your external markets. In this quarter, obviously, is a one-quarter data point. But help us with the comfort on long-term sustainable growth in your markets?

- Vincent Forlenza (COO – Becton, Dickinson and Company): Well, if we look at the U.S. and we say maybe GDP is growing 3%. If we then also expect in international markets the growth that we have in emerging markets, the 6% does not look like such a stretch to us. Remember, when we grow 6%, it's a combination of added extra value plus volume growth. And while you told me to move away from our pipeline but that is a big portion of how we get to the 6% growth. So we started out the call by talking about stabilization in the markets that we're seeing from a macro standpoint. So we do think it is sustainable. Let me go back to the example that Bill Rhodes was talking about from a bioscience standpoint. So it's not just in our current core-served markets that we see growth opportunities, but it's also in moving into near adjacencies. And that, in addition to the other factors that I've talked about, is how we get there. So, the personal flow cytometer market really didn't exist. A couple of years ago, as Bill said, we started to see that trend, so we expand the segments that we're moving into. Give you another example, in the Medical business in Diabetes Care, where we've been so successful with pen needles, and we see a worldwide epidemic in diabetes in addition to the core product line, we've talked about moving into the infusion space, just particularly on the disposables and working with the JDRF [Juvenile Diabetes Research Foundation]. So, there are a number of things that we're doing that enable us to leverage kind of core growth into higher growth. **Gary, would you like to make a comment?**

- Gary Cohen (EVP – Becton, Dickinson and Company): The only other thing I would add to that is that there are number of things in the first quarter that don't really make a reliable indicator. The flu pandemic certainly is one of them, it's very strong Pharmaceutical Systems performance in the prior year, which particularly hit Western Europe, by the way. A big part of that was in Western Europe. And then there were series of other things. There were timing on orders, going into the developing world through PEPFAR and through UNICEF that didn't fall into the first quarter as we had anticipated. There was a change in an India immunization order that was fairly sizable on a year-to-year basis. So there's a number of things that tend to mask what the underlying performance actually was. And as we look out for the full year, growth in the emerging markets we're anticipating will remain strong. Western Europe is not as bad as it looked in the first quarter for the reasons I had mentioned. We had good growth in some key areas like United Kingdom, which is one of the largest countries. They actually doing pretty well. So I think we'll get a better sense of all this as the year rolls out.

Appendix 2 – Variable Definitions

Variables	Date Source	Data Type	Variable Definition
Panel A: Individual-Level Data			
Age	Execucomp	Integer	The age of the individual
CEO	Execucomp	Indicator	An indicator that is equal to 1 if the individual is the CEO of the firm in the current year and 0 otherwise
Female	Execucomp	Indicator	An indicator that is equal to 1 if the individual is female and 0 otherwise
Included by Others	Capital IQ	Float	The total number that the individual is called by other colleagues in the conference call of the current year, adding 1 and taking logarithm
Including Others	Capital IQ	Float	The total number that the individual calls other colleagues in the conference call of the current year, adding 1 and taking logarithm
Inclusive Leader	Capital IQ	Indicator	An indicator that is equal to 1 if the individual's total number of calling is more than his/her peers of the same rank in the current year and 0 otherwise
Inclusive Leader - Multiple	Capital IQ	Indicator	An indicator that is equal to 1 if the individual calls more than one colleague in the conference call of the current year and 0 otherwise
Inclusive Leader - Single	Capital IQ	Indicator	An indicator that is equal to 1 if the individual calls exactly one colleague in the conference call of the current year
Log(#Answer)	Capital IQ	Float	The total number that the individual speaks in the conference call of that year, adding 1 and taking logarithm
Minority	Capital IQ	Indicator	An indicator that is equal to 1 if the individual is non-white and 0 otherwise
Number of Being Called	Capital IQ	Integer	The total number that the individual is called by other colleagues in the conference call of the current year
Number of Calling	Capital IQ	Integer	The total number that the individual calls other colleague in the conference call of the current year
Pay Above Median	Capital IQ	Indicator	An indicator that is equal to 1 if the individual's total compensation is more than other executives' median in that year and 0 otherwise
Promotion	Execucomp	Indicator	An indicator that is equal to 1 if the individual gets promoted in the next year and 0 otherwise
Relative Inclusiveness	Capital IQ	Indicator	An indicator that is equal to 1 if the new CEO's total number of calling in the next year's conference call after his commencement is more than the old CEO's total number of calling in the previous year

Panel B: Firm-Level Data			
BTM	Compustat	Float	The book value of the firm divided by its market value
Excess Return [-1, 1]	CRSP	Float	The total excess stock return around the announcement of CEO appointment from day -1 to day 1
Leverage	Compustat	Float	The total debts of the firm divided by its total assets
Log(#Answer)	Capital IQ	Float	The total number of speaking during the conference call within the firm, taking logarithm
Log(Team Calling)	Capital IQ	Float	The total number of callings during the conference call within the firm, excluding those of the CEO, adding 1 and taking the natural logarithm
ΔLog(Team Calling)	Capital IQ	Float	The difference in logarithm of the firm's total number of calling excluding the CEO
R&D	Compustat	Float	Total R&D expense scaled by total assets
Retention	Execucomp	Float	The retention rate defined as the number of executives that stays in the company since the previous year divided by the number of executives in the previous year
Retention 100%	Execucomp	Indicator	An indicator that is equal to 1 if there is no turnover among the leader team and 0 otherwise
Return [-1, 1]	CRSP	Float	The total stock return around the announcement of CEO appointment from day -1 to day 1
ROA	Compustat	Float	The net income of the firm divided by its total assets
Size	Compustat	Float	The logarithm of the firm's total assets
SP500	CRSP	Indicator	An indicator that is equal to 1 if the firm is am S&P 500 constituent
Team Inclusiveness	Capital IQ	Float	The total number of callings during the conference call within the firm, adding 1 and taking the natural logarithm
%Team Inclusiveness - Multiple	Capital IQ	Float	The percentage of people within the firm that calls exactly one colleague in the conference call of that year
%Team Inclusiveness - Single	Capital IQ	Float	The percentage of people within the firm that calls more than one colleague in the conference call of that year
Team Number of Calling	Capital IQ	Integer	The total number of total calls among the team in the conference call of the current year
Teamwork	Provided by Kai Li	Float	From conference calls, the weighted-frequency count of words related to teamwork
Δ(Tobin's Q)	Compustat	Float	The change in Tobin's Q, measured as the equity market value scaled by the equity book value, from the year before to the year after a new CEO is appointed

Table 1 Descriptive Statistics

This table presents descriptive information for the sample and variables of interest. Panel A shows the descriptive statistics at the individual level, and Panel B shows the descriptive statistics at the firm level. Details of variable definition are contained in Appendix 2.

	N	Mean	Std. Dev.	min	p25	Median	p75	max
Panel A: The Individual-Level Data								
Number of Calling	34186	1.499	2.858	0.000	0.000	0.000	2.000	16.000
Number of Being Called	34186	1.418	2.188	0.000	0.000	1.000	2.000	11.000
Inclusive Leader – Multiple	34186	0.138	0.345	0.000	0.000	0.000	0.000	1.000
Inclusive Leader – Single	34186	0.322	0.467	0.000	0.000	0.000	1.000	1.000
Female	34186	0.071	0.258	0.000	0.000	0.000	0.000	1.000
Minority	34186	0.184	0.387	0.000	0.000	0.000	0.000	1.000
Log(#Answer)	34186	3.504	1.092	0.693	2.833	3.664	4.277	5.673
Size	34186	7.983	1.620	4.584	6.827	7.880	9.039	12.561
Leverage	34186	0.262	0.206	0.000	0.095	0.240	0.387	0.946
ROA	34186	0.044	0.092	-0.347	0.014	0.049	0.087	0.286
BTM	34186	0.478	0.428	-0.654	0.222	0.396	0.641	2.374
SP500	34186	0.287	0.452	0.000	0.000	0.000	1.000	1.000
Pay Above Median	34186	0.628	0.483	0.000	0.000	1.000	1.000	1.000
Age	34186	53.628	6.951	37.000	49.000	54.000	58.000	72.000
CEO	34186	0.363	0.481	0.000	0.000	0.000	1.000	1.000
Promotion	15968	0.049	0.216	0.000	0.000	0.000	0.000	1.000
Panel B: The Firm-Level Data								
Retention	12056	0.860	0.238	0.000	0.714	1.000	1.000	1.000
Team Number of Calling	12056	3.872	5.083	0.000	1.000	2.000	5.000	27.000
%Team Inclusiveness – Multiple	12056	0.090	0.141	0.000	0.000	0.000	0.200	0.500
%Team Inclusiveness – Single	12056	0.318	0.288	0.000	0.000	0.333	0.500	1.000
Size	12056	7.849	1.619	4.369	6.697	7.747	8.907	12.491
Leverage	12056	0.248	0.206	0.000	0.073	0.225	0.370	0.967
ROA	12056	0.047	0.093	-0.357	0.016	0.050	0.089	0.301
BTM	12056	0.469	0.416	-0.814	0.223	0.391	0.633	2.385
SP500	12056	0.268	0.443	0.000	0.000	0.000	1.000	1.000
Log(#Answer)	12056	4.612	0.846	1.946	4.127	4.682	5.193	6.327
%Female	12056	0.113	0.170	0.000	0.000	0.000	0.250	0.667
Log(#Female)	12056	0.284	0.397	0.000	0.000	0.000	0.693	1.387

Table 2 Validation Tests

Panel A: Evidence of inclusive behavior among the 10 most, 10 middle-tier, and 10 least inclusive executives in the sample

This table provides evidence, where available, of inclusive behavior outside of conference calls for the 10 most, 10 middle-tier, and 10 least inclusive executives in our sample. The evidence was collected based on Google searches of the executives.

Panel A.1. 10 Most inclusive leaders

Name	Title	Average callings	Company	Evidence
John Koraleski	President and CEO	59.33	Union Pacific Corporation	At U.P., **Koraleski** had a hand in creating a culture of inclusiveness https://omaha.com/lifestyles/aksarben-king-and-his-wife-couple-of-scholarship-kids-want-the-same-for-others/article_cbfe5758-579b-5b7a-9b9d-f0d1f7391981.html
David Wichmann	CEO	52.00	UnitedHealth Group	"UnitedHealth Group is honored to stand with the world's leading companies committed to advancing diversity and inclusion in the workplace." By **David Wichmann** https://www.ceoaction.com/actions/hiring-of-people-of-all-abilities/
Thomas Watjen	Chairman and CEO	49.20	Unum	"Unum has placed a major focus on building a diverse and inclusive workforce. Why is this so critical and have you been happy with the results of these efforts? I'm proud of our progress in this area, but there's always more we can do. We have a number of programs in pla ce to encourage diversity and inclusion – whether we're recruiting at college fairs, creating opportunities for our veterans, or developing our future leaders within the company, these are all critical to competing today and into t he future." By **Thomas Watjen** http://www.leadersmag.com/issues/2014.4_oct/Tennessee/LEADERS-Tom-Watjen-Unum-Group.html
Ian Read	CEO	46.25	Pfizer	Pfizer Worldwide Pharmaceutical Operations, **Ian C. Read**, president and Lori Shafner, vice president | Achievin g business goals through diversity https://www.hartfordbusiness.com/article/pfizer-worldwide-pharmaceutical-operations-ian-c-read-president-and-lori-shafner-vice
Albert Bourla	Chairman and CEO	46.00	Pfizer	In 2020, Pfizer CEO **Albert Bourla** laid out a series of goals to demonstrate the company's dedication to Equity, one of Pfizer's four core values, by increasing diversity and inclusion. https://www.pfizer.com/news/hot-topics/aiming_for_equity_assessing_pfizer_s_ongoing_commitment_to_diversity_and_inclusion
Daniel Houston	Chairman, CEO, and President	39.00	Principal Financial Group	"That comes into hiring and firing. Make sure that we have a diverse group of senior leaders. Make sure that the y're inclusive. Making sure that people don't come to work with anxiety about the people they're working with, le t alone the work that they're doing."

				By **Daniel Houston** https://www.hsph.harvard.edu/leadership-studio/what-ceos-say/dan-houston/
Michael McMullen	CEO and President	39.00	Agilent Technologies	"We are committed to infusing diversity and inclusion into every aspect of how Agilent does business," McMull en said. "While there is always room for improvement, we're excited that our good work thus far is being recogn ized inside and outside the company." By **Michael McMullen** https://www.businesswire.com/news/home/20210420005956/en/Agilent-Named-One-of-the-Best-U.S.-Companies-for-Diversity-for-Third-Straight-Year
Stephen Hemsley	CEO	36.63	UnitedHealth Group Inc.	No evidence
Daniel Glaser	CEO	35.29	Marsh McLennan	"The question is not only what we stand for. It is what we will do. Black lives matter. And change is up to all of us." By **Dan Glaser**, President & CEO https://www.marshmclennan.com/about/culture/fostering-diversity---inclusion.html
James Squires	President and CEO	32.71	Norfolk Southern	"In 2018, we expanded our commitment to a culture of inclusion by becoming the first Class I railroad to join CEO Action for Diversity and Inclusion, the largest CEO-driven business commitment to advance workplace diversity and inclusion. As CEO, I have pledged to encourage constructive conversations on diversity and inclusion, expand unconscious bias training, and share best practices with other companies. Cultivating a more diverse and inclusive company will engage employees, improve performance, and drive growth." By **James Squires** http://www.nscorp.com/content/nscorp/en/inclusion-and-diversity.html

Panel A.2. 10 middle-tier inclusive leaders

Name	Title	Average callings	Company	Evidence
Andrew Schmidt	CFO	0.333333	Smith Micro Software Inc	No evidence
Sean Sullivan	CFO	0.333333	Amc Networks Inc	No evidence
Jennifer Foyle	CCO	0.333333	American Eagle Outfitters Inc	No evidence
David Johnson	EVP	0.333333	Molex Inc	No evidence
Stephen Young	CFO	0.333333	Franklin Covey Co	No evidence
Mark Manion	EVP	0.333333	Norfolk Southern Corp	No evidence
Daryl Adams	CEO	0.333333	The Shyft Group Inc	No evidence

Michael Porcelain	CEO	0.333333	Comtech Telecommun	No evidence
Karen Dykstra	CFO	0.333333	Aol Inc	No evidence
Geno Germano	Head of the innovative pharma business	0.333333	Pfizer Inc	No evidence

Panel A.3. 10 least inclusive leaders

Name	Title	Average callings	Company	Evidence
Phillip Yeager	President/COO	0	Hub Group Inc	No evidence
Charles Cooley	VP/CFO	0	Lubrizol Corp	No evidence
George Engelke	CEO	0	Astoria Financial Corp	No evidence
Bill Wheat	EVP/CFO	0	D R Horton Inc	No evidence
Timothy Taylor	President	0	Phillips 66	No evidence
William Berkley	Executive Chairman	0	Berkley (W R) Corp	No evidence
John Ridens	CFO	0	Forest Oil Corp - Old	No evidence
Adam Singer	CFO	0	Ipc Healthcare Inc	No evidence
William Butler	Founder & CEO	0	Prog Holdings Inc	No evidence
Tony Shelby	CFO	0	Lsb Industries Inc	No evidence

Panel B: Effects of Teamwork score on calling

This table reports OLS estimation of the results from regressing the logarithm of the total number of calling in the firm's annual conference call on the firm's score of teamwork, from Li et al. (2021), and other firm-level controls. All continuous variables are winsorized at the top and bottom 1% of the cross-sectional distribution. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the firm levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

	(1)
VARIABLES	*Log(Team Calling)*
Teamwork	0.046***
	(3.02)
Size	-0.018
	(-0.68)
Leverage	-0.035
	(-0.45)
ROA	-0.067
	(-0.67)
BTM	0.008
	(0.31)
SP500	-0.013
	(-0.29)
Log(#Answer)	0.543***
	(41.88)
Constant	-1.222***
	(-6.04)
Observations	11,880
R-squared	0.724
Fixed Effects	Firm, Industry-Year
Cluster	Firm
Adj. R-squared	0.655

Table 3 Correlation Matrix

This table presents the correlation matrix of variables of interest. Panel A shows the correlation matrix at the individual level, and Panel B shows the correlation matrix at the firm level. Details of variable definition are contained in Appendix 2. Significance levels are indicated by ∗, ∗∗, ∗∗∗ for 10%, 5%, and 1% respectively.

Panel A: The Individual-Level Data

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) *Number of Calling*	1.000													
(2) *Number of Being Called*	-0.072***	1.000												
(3) *Female*	0.665***	-0.051***	1.000											
(4) *Minority*	0.115***	-0.007	-0.276***	1.000										
(5) *Size*	-0.035***	-0.009	-0.022***	-0.020***	1.000									
(6) *Leverage*	-0.010	-0.016**	-0.010	0.004	-0.006	1.000								
(7) *ROA*	0.127***	0.171***	0.111***	0.012*	-0.006	-0.028***	1.000							
(8) *BTM*	0.041***	0.038***	0.041***	-0.003	-0.037***	-0.030***	0.270***	1.000						
(9) *SP500*	0.024***	0.038***	0.004	0.023***	0.028***	-0.004	0.105***	-0.168***	1.000					
(10) *Pay Above Median*	-0.044***	-0.057***	-0.009	-0.044***	-0.009	-0.008	0.022***	-0.166***	-0.263***	1.000				
(11) *Log(#Answer)*	0.110***	0.157***	0.092***	0.011*	0.015**	-0.006	0.670***	0.064***	0.164***	-0.142***	1.000			
(12) *Age*	0.209***	0.010	0.164***	0.095***	-0.046***	-0.016**	0.453***	0.095***	0.156***	-0.111***	0.339***	1.000		
(13) *CEO*	0.487***	0.065***	0.409***	0.215***	-0.047***	-0.014**	0.129***	0.028***	0.086***	-0.068***	0.105***	0.266***	1.000	
(14) *Promotion*	0.180***	-0.096***	0.144***	0.049***	-0.066***	-0.019***	0.075***	-0.007	0.022***	0.008	0.056***	0.171***	0.131***	1.000

Panel B: The Firm-Level Data

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1) *Retention*	1.000											
(2) *Team Number of Calling*	0.014	1.000										
(3) *%Team Inclusiveness – Multiple*	-0.004	0.511***	1.000									
(4) *%Team Inclusiveness – Single*	-0.011	0.036***	-0.332***	1.000								
(5) *Size*	-0.008	0.251***	0.171***	0.014	1.000							
(6) *Leverage*	-0.010	0.086***	0.077***	-0.009	0.296***	1.000						
(7) *ROA*	0.080***	0.034***	0.005	0.028**	0.109***	-0.152***	1.000					
(8) *BTM*	-0.017	-0.059***	-0.016	-0.063***	0.014	-0.177***	-0.249***	1.000				
(9) *SP500*	-0.012	0.211***	0.136***	0.008	0.668***	0.079***	0.155***	-0.134***	1.000			
(10) *Log(#Answer)*	0.088***	0.539***	0.379***	0.007	0.307***	0.105***	0.094***	-0.063***	0.231***	1.000		
(11) *%Female*	-0.014	0.012	0.018*	-0.037***	0.069***	-0.034***	0.053***	-0.044***	0.083***	0.038***	1.000	
(12) *Log(#Female)*	-0.018*	0.124***	0.120***	-0.099***	0.139***	0.006	0.045***	-0.042***	0.134***	0.143***	0.919***	1.000

Table 4 Determinants of Inclusiveness

This table reports the OLS estimation results from regressing the logarithm of total number of calling and being called on firm and individual characteristics. All numeric variables are winsorized at the top and bottom 1% of the cross-sectional distribution. *Including Others* is the total number that the individual calls other people in the conference call of the current year, adding 1 and taking logarithm. *Included by Others* is the total number that the individual is called by other people in the conference call of the current year, adding 1 and taking logarithm. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the firm levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

	(1)	(2)
VARIABLES	*Including Others*	*Included by Others*
Female	0.048**	-0.079***
	(2.32)	(-3.63)
Minority	-0.017	-0.015
	(-1.10)	(-0.88)
Size	0.000	0.023
	(0.01)	(1.60)
Leverage	-0.047	-0.005
	(-1.17)	(-0.12)
ROA	-0.066	0.144***
	(-1.35)	(2.65)
BTM	0.008	-0.022
	(0.60)	(-1.48)
SP500	0.013	0.007
	(0.58)	(0.27)
Pay Above Median	-0.014	0.001
	(-1.30)	(0.09)
Log(#Answer)	0.304***	0.095***
	(57.29)	(18.75)
Age	0.006***	-0.006***
	(6.71)	(-6.41)
CEO	0.456***	-0.555***
	(31.37)	(-37.02)
Constant	-0.974***	0.613***
	(-8.63)	(5.18)
Observations	34,186	34,186
R-squared	0.529	0.395
Fixed Effects	Firm, Industry-Year	Firm, Industry-Year
Cluster	Firm	Firm
Adj. R-squared	0.490	0.344

Table 5 The Effect of Individual Inclusiveness on Team Inclusiveness

This table reports the OLS estimation results of examining the change in inclusiveness of executive teams around CEO turnover. . Δ*Log(Team Calling)* is the year-over-year change in the total number of calls made by the firm, excluding those of the CEO, adding 1 and taking logarithm. *Relative Inclusiveness* is an indicator that is equal to 1 if the new CEO's total number of calling in the next year is greater than those of the previous CEO in the prior year, and 0 otherwise. All continuous variables are winsorized at the top and bottom 1% of the cross-sectional distribution. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the firm levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

	(1)
VARIABLES	Δ*Log(Team Calling)*
Relative Inclusiveness	0.181***
	(3.69)
Female	0.147
	(1.60)
Minority	-0.017
	(-0.30)
Size	-0.048**
	(-2.27)
Leverage	0.030
	(0.26)
ROA	0.090
	(0.36)
BTM	0.013
	(0.22)
SP500	0.045
	(0.65)
Pay Above Median	0.135**
	(2.17)
Age	0.000
	(0.11)
Constant	0.005
	(0.02)
Observations	929
R-squared	0.085
Fixed Effects	Industry
Adj. R-squared	0.0672

Table 6 Effects of Calling on Promotion

Panel A: Main effects

This table reports OLS estimation results from regressing the dummy variable of promotion on the dummy variable of inclusive leaders. *Promotion* is an indicator that is equal to 1 if the individual gets promoted in the next year and 0 otherwise. *Inclusive Leader* is an indicator that is equal to 1 if the individual's total number of calling is more than the median of his/her peers of the same rank in the current year and 0 otherwise. All continuous variables are winsorized at the top and bottom 1% of the cross-sectional distribution. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the firm levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

VARIABLES	(1) *Promotion*	(2) *Promotion*
Inclusive Leader	0.060***	0.049***
	(11.65)	(9.43)
Size		-0.011*
		(-1.68)
Leverage		0.004
		(0.16)
ROA		-0.165***
		(-4.91)
BTM		0.009
		(1.15)
SP500		0.008
		(0.69)
Log(#Answer)		0.013***
		(5.54)
Female		-0.026**
		(-2.49)
Minority		0.007
		(0.80)
Age		0.001***
		(2.90)
Pay Above Median		0.055***
		(9.50)
Constant	0.030***	-0.018
	(17.77)	(-0.33)
Observations	15,968	15,968
R-squared	0.153	0.164
Fixed Effects	Firm, Industry-Year	Firm, Industry-Year
Cluster	Firm	Firm
Adj. R-squared	-0.00556	0.00930

Panel B: Cross-sectional tests

This table reports OLS estimation results from regressing the dummy variable of promotion on the dummy variable of multi-calling and single-calling. *Promotion* is an indicator that is equal to 1 if the individual gets promoted in the following year and 0 otherwise. *Inclusive Leader – Multiple (Single)* is an indicator that is equal to 1 if the individual calls more than (exactly) one colleague in the conference call of the current year and 0 otherwise. Also reported are the F-statistics and p-values from testing the difference between the coefficients of *Inclusive Leader – Multiple* versus *Inclusive Leader – Single*. All continuous variables are winsorized at the top and bottom 1% of the cross-sectional distribution. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the firm levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

VARIABLES	(1) *Promotion*	(2) *Promotion*
Inclusive Leader – Multiple	0.131***	0.114***
	(10.34)	(9.14)
Inclusive Leader – Single	0.043***	0.037***
	(8.40)	(7.00)
Size		-0.010
		(-1.54)
Leverage		0.005
		(0.22)
ROA		-0.163***
		(-4.89)
BTM		0.008
		(1.05)
SP500		0.005
		(0.45)
Log(#Answer)		0.010***
		(4.10)
Female		-0.027**
		(-2.54)
Minority		0.007
		(0.91)
Age		0.001***
		(2.76)
Pay Above Median		0.053***
		(9.26)
Constant	0.029***	-0.009
	(17.41)	(-0.17)
H_0: β (*Inclusive Leader – Multiple*) = β (*Inclusive Leader – Single*)	F-statistic=46.14 p-value = 0.0000	F-statistic=37.14 p-value = 0.0000
Observations	15,968	15,968
R-squared	0.148	0.160
Fixed Effects	Firm, Industry-Year	Firm, Industry-Year
Cluster	Firm	Firm
Adj. R-squared	0.00254	0.0153

Table 7 Stock Returns around CEO Appointment Announcement

Panel A: Main Effects

This table reports OLS estimation results from regressing the firm's stock returns around the dates of CEO appointment announcement on the dummy variable of the CEO's inclusiveness. *(Excess) Return [-1, 1]* is the total (market-adjusted) stock return three days around the announcement of CEO appointment. *Inclusive Leader* is an indicator that is equal to 1 if the individual's total number of calling is more than the median of his/her peers of the same rank in the current year and 0 otherwise. All continuous variables are winsorized at the top and bottom 1% of the cross-sectional distribution. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the date levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

	(1)	(2)
VARIABLES	*Return [-1, 1]*	*Excess Return [-1, 1]*
Inclusive Leader	0.010**	0.008*
	(2.07)	(1.77)
ROA	-0.017	-0.023
	(-0.64)	(-0.90)
BTM	-0.012*	-0.010
	(-1.74)	(-1.59)
Leverage	-0.018	-0.016
	(-1.25)	(-1.18)
Size	0.001	0.001
	(0.37)	(0.26)
SP500	-0.005	-0.004
	(-0.78)	(-0.72)
Female	-0.004	-0.002
	(-0.48)	(-0.33)
Minority	-0.004	-0.004
	(-0.91)	(-0.95)
Pay Above Median	-0.001	0.001
	(-0.19)	(0.10)
Constant	0.001	-0.000
	(0.05)	(-0.00)
Observations	845	845
R-squared	0.095	0.098
Fixed Effects	Industry	Industry
Cluster	Date	Date
Adj. R-squared	0.0160	0.0188

Panel B: Cross-sectional test

This table reports OLS estimation results from regressing the firm's stock returns around the dates of CEO appointment announcement on the dummy variable of the CEO's multi-calling and single-calling. *(Excess) Return [-1, 1]* is the total (market-adjusted) stock return three days around the announcement of CEO appointment. *Inclusive Leader – Multiple/single* is an indicator that is equal to 1 if the leader calls more than/exactly one colleague in the conference call of the current year and 0 otherwise. Also reported are the F-statistics and p-values from testing the difference between the coefficients of *Inclusive Leader – Multiple* versus *Inclusive Leader – Single.* All continuous variables are winsorized at the top and bottom 1% of the cross-sectional distribution. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the date levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

	(1)	(2)
VARIABLES	*Return [-1, 1]*	*Excess Return [-1, 1]*
Inclusive Leader – Multiple	0.017***	0.015***
	(2.85)	(2.60)
Inclusive Leader – Single	0.007	0.005
	(1.34)	(1.06)
ROA	-0.012	-0.018
	(-0.44)	(-0.71)
BTM	-0.012*	-0.010
	(-1.76)	(-1.60)
Leverage	-0.016	-0.015
	(-1.15)	(-1.07)
Size	0.000	0.000
	(0.22)	(0.12)
SP500	-0.005	-0.005
	(-0.84)	(-0.77)
Female	-0.003	-0.002
	(-0.39)	(-0.23)
Minority	-0.004	-0.004
	(-0.79)	(-0.83)
Pay Above Median	-0.002	0.000
	(-0.23)	(0.06)
Constant	0.002	0.002
	(0.16)	(0.11)
H_0: β(*Inclusive Leader – Multiple*) = β(*Inclusive Leader – Single*)	F-statistic=4.25	F-statistic=4.16
	p-value = 0.0397	p-value = 0.0418
Observations	845	845
R-squared	0.100	0.103
Fixed Effects	Industry	Industry
Cluster	Date	Date
Adj. R-squared	0.0201	0.0228

Table 8 Effects of Calling on Retention

Panel A: Main Effects

This table reports OLS estimation results from regressing the dummy variable of 100% retention on the logarithm of the total number of calling in the firm's conference calls. *Retention 100%* is an indicator that is equal to 1 if there is not turnover among the leader team in the following year and 0 otherwise. *Team Inclusiveness* is the total number of calls during the conference call within the firm, adding 1 and taking logarithm. All continuous variables are winsorized at the top and bottom 1% of the cross-sectional distribution. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the firm levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

	(1)	(2)
VARIABLES	*Retention 100%*	*Retention 100%*
Team Inclusiveness	0.033***	0.019**
	(4.31)	(2.20)
Size		-0.038**
		(-2.07)
Leverage		0.003
		(0.05)
ROA		0.239***
		(3.10)
BTM		-0.032
		(-1.50)
SP500		0.027
		(0.96)
Log(#Answer)		0.033***
		(3.29)
Constant	0.658***	0.817***
	(72.57)	(5.85)
Observations	12,056	12,056
R-squared	0.226	0.229
Fixed Effects	Firm, Industry-Year	Firm, Industry-Year
Cluster	Firm	Firm
Adj. R-squared	0.0364	0.0393

Panel B: Cross-sectional test

This table reports OLS estimation of the cross-sectional analysis on the firm's retention rate and the percentage of leaders that call more than/exactly one colleague. All continuous variables are winsorized at the top and bottom 1% of the cross-sectional distribution. *Retention 100%* is an indicator that is equal to 1 if there is no turnover among the leader team in the following year and 0 otherwise. *%Team Inclusiveness – Multiple/Single* is the percentage of leaders within the firm that call more than/exactly one colleague in the conference call of that year. Also reported are the F-statistics and p-values from testing the difference between the coefficients of *%Team Inclusiveness – Multiple* versus *%Team Inclusiveness – Single*. See Appendix 2 for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the firm levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

VARIABLES	(1) *Retention 100%*	(2) *Retention 100%*
%Team Inclusiveness – Multiple	0.134***	0.083*
	(3.12)	(1.83)
%Team Inclusiveness – Single	-0.007	-0.021
	(-0.37)	(-1.06)
Size		-0.038**
		(-2.08)
Leverage		0.003
		(0.05)
ROA		0.241***
		(3.13)
BTM		-0.032
		(-1.52)
SP500		0.026
		(0.92)
Log(#Answer)		0.040***
		(4.28)
Constant	0.687***	0.809***
	(82.09)	(5.82)
H_0: β (*%Team Inclusiveness – Multiple*) = β (*%Team Inclusiveness – Single*)	F-statistic=12.09 p-value = 0.0005	F-statistic=6.02 p-value = 0.0142
Observations	12,056	12,056
R-squared	0.226	0.229
Fixed Effects	Firm, Industry-Year	Firm, Industry-Year
Cluster	Firm	Firm
Adj. R-squared	0.0356	0.0395

Table 9 CEO Succession and Tobin's Q

This table reports OLS estimation of the results from regressing change in the firm's Tobin's Q on the dummy variable of the CEO's inclusiveness. *Relative Inclusiveness* is an indicator that is equal to 1 if the new CEO's total number of calling in the next year is greater than those of the previous CEO in the prior year, and 0 otherwise. See the main text for additional variable descriptions. t-statistics, reported in parentheses, are based on one-way-cluster robust standard errors, clustering at the firm levels. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

VARIABLES	(1) *Δ(Tobin's Q)*	(2) *Δ(Tobin's Q)*	(3) *Δ(Tobin's Q)*
Relative Inclusiveness	0.070*	0.143**	-0.007
	(1.70)	(2.43)	(-0.10)
*BTM*Relative Inclusiveness*		-0.158*	
		(-1.73)	
*R&D*Relative Inclusiveness*			3.086***
			(3.07)
ROA	-1.084***	-1.072***	-1.336***
	(-5.04)	(-4.99)	(-4.36)
BTM	0.071	0.130**	0.078
	(1.36)	(2.09)	(0.87)
Leverage	-0.040	-0.042	-0.085
	(-0.35)	(-0.37)	(-0.51)
Size	-0.001	0.001	0.012
	(-0.03)	(0.07)	(0.41)
SP500	0.008	0.001	-0.055
	(0.12)	(0.01)	(-0.62)
Female	0.005	0.009	-0.001
	(0.06)	(0.10)	(-0.01)
Minority	-0.017	-0.014	-0.051
	(-0.35)	(-0.28)	(-0.75)
Pay Above Median	0.096*	0.100*	0.056
	(1.73)	(1.80)	(0.72)
R&D			-1.224
			(-1.50)
Constant	-0.030	-0.076	-0.005
	(-0.22)	(-0.55)	(-0.02)
Observations	983	983	646
R-squared	0.093	0.096	0.112
Fixed Effects	Industry	Industry	Industry
Adj. R-squared	0.0262	0.0283	0.0387