Promoting Gender Balance Wisely

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Researchers are identifying powerful, yet sometimes nuanced interventions that can improve outcomes for women and the businesses and societies they serve.

The extreme underrepresentation of women in senior leadership roles is as mysterious as it is persistent. The leaky talent pipeline, while a likely contributing factor, appears insufficient to explain the entire problem, and indeed may be a symptom as much as a cause. Anecdotal and analytical evidence suggest that even the **comparably few women** who advance to the C-suite **are treated and assessed unfairly**, compared to male peers.

Last month, more than two dozen leading scholars convened at the INSEAD's Fontainebleau campus for **a day-long conference dedicated to exploring gender imbalance**, its root causes and what can be done to ameliorate it for the benefit of organisations and society at large. Hannah Riley Bowles, Senior Lecturer at the Harvard Kennedy School and presenter at the Women at Work conference, pithily described the self-perpetuating nature of underrepresentation: "You can't be what you can't see." A lack of visible leadership role models dampens the aspirations of talented women, Bowles says. Shining a spotlight on women who are succeeding against the odds could inspire more women to believe that they, too, can make it.

However, work presented by other scholars at the conference introduces some cautionary nuances. Because women are still seen as exceptions in the upper echelons of power, calling attention to their gender could create space for bias to enter decision making, to the detriment of women. This can even hold true in contexts that supposedly prize objectivity and evidence-based judgements, such as equity investing and academic research.

Market reaction to women CEOs

Ned Smith, Associate Professor at Northwestern University's Kellogg School of Management, began by addressing seemingly paradoxical behaviour in financial markets. Why is the market reaction to female CEO appointments so often negative, given that **numerous studies** have found that firms with **more gender-balanced leadership** tend to **perform better**?

One possibility is that investors are sexist. Their prejudice could be causing them to bet against the new CEO on the basis of gender alone. Alternatively, investors could be genuinely unaware of the benefits of gender diversity. A third option is that both of the above are true to varying degrees.

As Smith pointed out, however, investors don't always follow their own beliefs about how a company will perform. The more street-smart method is to trade based on what one anticipates other investors will do, i.e. to engage in speculation. If investors respond unfavourably to the announcement of a new female CEO, it could be because they anticipate bias and/or ignorance from their fellow investors. "There's a good deal of research that suggests people think more highly of themselves than they do of others," Smith says. In such cases, their transactions would not necessarily reflect an unfiltered take on events, even though observers might interpret it that way.

To shed some light on this issue, Smith and PhD student Kevin Gaughan analysed all CEO appointments of publicly traded U.S. companies from 2000-2014. Their dataset comprised approximately 8,000 appointments in total, of which just 84 were women. As an aside, Smith remarked that the tiny proportion of women CEOs found here falls far beneath the oft-cited five percent statistic, already dismayingly low. The true number – taking into account all firms, rather than individual indices such as the S&P 500 – is closer to one percent, Smith said.

They hypothesised that CEO appointments receiving greater media attention would trigger more speculative trading, leading investors to seek to profit from their low opinion of their peers’ market sophistication. With the help of a media database encompassing 104 million news articles, the researchers found that that was exactly the case. Negative market reaction was restricted to appointments of women CEOs that received higher levels of media attention. More under-the-radar appointments actually had a positive effect on market return for the focal company.

Both negative and positive effects faded after 10-30 days. Still, immediate market reaction looms large for women. Several studies have found associations between female executives’ future compensation, performance appraisals, etc. and market response on the day they were appointed, Smith says. So while it is in one sense hopeful that the market does not seem to automatically penalise companies for naming a woman CEO, speculative trading based on expected market bias nonetheless may result in unfair negative outcomes for women.

The takeaway is obvious: If your new CEO is a woman and you want to position her for success, consider keeping the appointment publicity low.

Underrepresentation in academia

A good deal of social psychology research is devoted to analysing bias and discrimination in various forms. And for decades, women have comprised the majority of PhDs in the field. So it is doubly ironic that the faces put forward as leaders in social psychology are disproportionately male, says Camille Johnson, Professor of Management and Chief Operations Manager to the Provost at San José State University.

Her research paper (co-authored with Pamela K. Smith of UC-San Diego and Chunlei Wang of San José State University) found that women were distinctly underrepresented as speakers at the annual convention of the Society for Personality and Social Psychology (SPSP), described on the organisation’s website as “the premier international event for more than 3,800 social and personality psychologists”. Though the Society’s membership is 57 percent female, women represented less than 47 percent of speakers at conference symposia from 2003-2015.

“When walking into a symposium, 28 percent of the time, audience members saw only one woman presenting her research, and 15.5 percent of the time, no woman at all," the paper states.

Johnson's results are echoed by, among others, Mikki Hebl of Rice University (also a presenter at the Women at Work conference), co-author of a recent paper finding that men outnumbered women by 2:1 as colloquium speakers at the top 50 U.S. universities.

Was there a blanket bias against women at SPSP? As with Smith's research on financial markets, the picture became more complex once the researchers looked closer at the data. When they split the symposia by topic area, they found that the most stereotypically "feminine" topics – those with the strongest collaborative and pro-social connotations, e.g. close relationships – had majority women speakers. In fact, only six of the 15 identified topic areas accounted for the entirety of the gender gap. These were the most stereotypically "masculine" topics, e.g. social cognition and methods.

"It's relatively rare to have a male [symposium] chair and all women speakers. Women invite women to be speakers, and men don't," Johnson says.

Interestingly, the gender gap disappeared at the highest academic tier – that of full professor – such that they were represented as speakers at levels reflective of their numbers in that rank. But given that women are most underrepresented in social and personality psychology at the full professor level, this could be interpreted as evidence that those who "make it" are exceptionally strong scholars and/or well networked, thus speaking more.

Clearly, underrepresentation at academic conferences and colloquia is a complicated problem, fed by several factors. But it seems significant that during the years covered in the study, SPSP did not practise blind review. Reviewers knew the identities of all submitting authors, opening the door to all sorts of possible biases, including gender bias. Since Johnson's initial findings were presented at the 2016 SPSP convention, the Society has adopted a double-blind review procedure. This is good news, given the importance of these speaking opportunities and the visibility they provide for young scholars.

Small nudges

The above papers form part of a growing body of research explicating how the underrepresentation of women fuels a self-perpetuating cycle of gender imbalance. Beyond that, the research gives us insight into how small nudges, e.g. cautious engagement with media and blind review for conferences, could improve outcomes for women and the businesses and societies they serve.

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Gender Initiative

The **INSEAD Gender Initiative** integrates research, business and pedagogy to engage the full potential of both women and men.

Its community of gender researchers conduct cutting-edge research on the experiences and impact of women in business and society. The initiative builds relationships with organisations to enhance their commitment to gender balance and their ability to fulfil this goal. It further strives to create a pipeline of future business leaders who are passionate and equipped to drive gender balance within their existing and future organisations.

Its mission is to create and disseminate knowledge that advances women leaders and optimises their contributions within and beyond their organisations. The Gender Initiative strives to engage both men and women in this effort, inspiring all to take action.