Some Research on the Business Case for Diversity and the Attitudes of Male Executives

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Bolder policies for diversity at the top?
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Female Representation in Top Management across Time

S&P 1,500 Firms

- **Firms with One or More Women on Top Management Team**
- **Firms with Two or More Women on Top Management Team**
- **Firms with a Woman Chief Executive Officer**

Is There a Business Case?

• More meritocratic HR process leads to higher quality workforce
  – Some firms are just better at this

• Women may bring “different” qualities
  – Act as role models for women at lower levels
  – Have better understanding of female customers
  – Women may change nature of interaction among colleagues in positive ways
How Could They Change Interaction?

• Having “outgroup” members leads to better group decision making

• More controversially, some maintain that women are more collaborative, better mentors, encourage “voice,” for example:

  “Women like power, but they like to share it. They like to be more collaborative” (Michael Landel, CEO of Sodexo)
Where We Come In…

• Existing research says firms with more women perform better, but
  – May be picking up other differences between firms or general “competence” at managing gender diversity
  – Is there a more specific way that women add value?
    • If so, why, how, under what circumstances?
Our Approach

• Compare large group of firms (S&P 1,500) “with themselves” over 15 year period
  – Do they perform better when they have female representation in top management?

• General firm attributes that influence performance and gender diversity are (mostly) off the table
  – e.g., culture, competence at managing diversity
Result 1: Firm Value

1.6% of book value = $35 Million for average firm in sample
Why Was Performance Stronger?

- Large literature in management says that innovation outcomes better if managers are more collaborative, better mentors, encourage “voice”
  - Hmm…. That sounds familiar
- So is performance better when firm “focuses on innovation”?
  - Measure using R&D spending
Result 2: Focus on Innovation

Benefits Entirely a Function of Innovation Intensity
Thoughts

• Can men learn the “feminine management style” if it exists?
• Would these results hold in different countries or with younger managers?
• Isn’t this just another kind of stereotyping, albeit one more friendly to women?
• What determines male attitudes towards the identification, development, and promotion of women managers anyway?
The Wage Gap and the Attitudes of Male Executives

• The world over, women get lower pay for the same work, even with the same qualifications

• Could (male) CEOs discriminate less in pay policy if they have daughters?

• Look at every male CEO in every Danish company for more than a decade
Attitudes Can Change

• CEO has child while in office:
  – Child = son, wage gap does not change
  – Child = daughter, wage gap shrinks