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THE CHALLENGE OF EFFECTIVE GENDER EQUITY POLICY IN MALE-DOMINATED INDUSTRIES

Hazel Hollingdale

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The #MeToo movement has shone a bright light on what many who work in male-dominated industries have known for a long time: women continue to face discrimination and sexual harassment at work, even with formal policies and resources in place. What is clear is that while conventional gender equity policies are necessary, they aren't sufficient. I argue, based on my research, that gender equity initiatives must interrogate and change the cultural elements of many male-dominated organizations that disadvantage women and create laissez-faire attitudes towards reckless risk.

Twenty years ago, the finance industry experienced its own "#MeToo" moment. Hundreds of women from dozens of firms began to win some of the largest discrimination settlements in U.S. history. In response, courts often mandated policy and management initiatives to ensure gender equity goals could be met. Two decades later, how much has changed? The short answer is not much. Many of these firms are infamous for sexist antics and deeply entrenched gendered cultures, where women continue to face high levels of discrimination and sexual harassment. The lack of lawsuits and front-page news should not be taken as evidence of rehabilitation. Along with the mandated and voluntary gender equity policies that were ushered in, countervailing practices included the requirement of new hires that any further harassment would be subject to mandatory internal arbitration rather than the courts. The result was a dramatic decline in the ability to turn to the courts following harassment claims. This emphasis on secretive internal arbitration processes means that although harassment is still widespread, its exact nature and extent is now, by design, hidden.

Paradoxically, although male-dominated firms are often most in need of gender equity interventions, they benefit least from conventional policy initiatives. Despite the efforts of many finance firms over the past two decades to increase women's representation in professional, sales, and management positions, men still occupy most of these roles. Seventy percent of key risk management and eighty-two percent of senior management positions are still held by men. The barriers women face in finance aren't unique. Women in all kinds of male-dominated firms experience high levels of discrimination and sexual harassment, which makes them more likely to opt out.

How might these longstanding inequalities be better addressed? First, the good news is that not only should firms enhance their efforts to hire and retain more women because it is the right thing to do, but it also turns out that it makes economic sense as well. Research tells us that in inclusive and respectful environments, a diverse workforce is associated with advances in innovation as well as better risk management and economic outcomes. Research on the finance sector in particular has found that women, for a host of historical and cultural reasons, tend to manage risk in ways that create much better long-term economic returns than men do. My own research empirically tests the Lehman Sisters' Hypothesis, which posits that if more women are employed in occupations that make on-the-ground decisions around risk, there will be fewer irresponsible risks taken overall. In my analysis of financial violation data of all brokerage firms in the United States from 2005 to 2015, I find support for this hypothesis. Firms that employ more women in key risk management positions enjoy lower rates of criminal financial violations. Hence, and given there are economic incentives for employing more women in these firms, how can finance firms build more effective gender equity policy that *retains* these women in key positions?

BUILDING POLICY FROM THE GROUND UP: CULTURAL CHANGE INITIATIVES

An effective way to proceed is to avoid a "top-down" organizational policy strategy that often serves as a blunt, or short-lived, initiative. Instead, I argue that a much better approach is to envision building an organizational *culture*, which can be metaphorically viewed as the scaffolding which provides structure and meaning to actions that take place within it. Culture is the context in which we are all embedded, and is largely invisible to those who easily conform. It is made up of the norms, values, and ways of doing that circulate and are accepted and rewarded. Policies must follow from this culture, rather than work at cross-purposes.

Research on many male-dominated firms and occupations finds that they can be characterized as having what sociologists call "gendered cultures": those in which so-called "masculine" traits such as overconfidence, decisiveness, bravado, conforming to norms of overwork and long hours, and taking *reckless risks* become markers of competency. The culture reinforces these approaches by rewarding those with such traits socially and monetarily. The norms and values that circulate in these organizations incentivize individuals to conform to these expectations and marginalizes those who do not. This is particularly problematic in industries such as finance that require nuanced, cooperative, and thoughtful behaviours for the best outcomes.

The finance industry is ripe for cultural change initiatives to enhance gender equity policy *and* build cultures that value more responsible approaches to risk overall. To date, an emphasis on top-down policies has led to gender equity policies in the vast majority of finance firms ranging from maternity leave to flex-time in order to better accommodate work-life tensions, mentorship opportunities, and company-sponsored women leadership conferences. The problem is that the intention behind these policies is to find ways to support women within the existing structure. In practice, however, these policies are often seen as a workaround and an affront to a culture which devalues the very accommodations they are trying to make. In turn, women face increased tension and marginalization for using them. Cultural change initiatives grapple with repairing the scaffolding to bring about better support for equity goals.

A THREE-PRONGED APPROACH TO IMPLEMENTING CULTURAL CHANGE IN FINANCE:

1) Equity policies should catalyze and *normalize change to the existing gendered culture*, rather than accommodate those who are presumed different. Organizations should examine how norms of overwork and work-first mentalities reinforce a gendered culture, and work to build policy in ways that dismantle this mindset. This might include establishing a maximum number of hours per week, removing expectations of constant availability, and providing parental (rather than solely maternity) leave. Organizations should also have a zero-tolerance policy towards discrimination and harassing behaviours. Organizations should also formalize personnel procedures to minimize the impact of implicit bias. These changes focus on reliance on public positing of positions (rather than on internal networks), objective and consistent evaluation criteria that are anonymized when possible, and hard targets with respect to occupational-level diversity.

2) The conventional approach to achieving gender equity that holds the most promise for achieving greater diversity is establishing organizational responsibility for concrete composition goals. Centralized and decentralized figures that are responsible and held accountable for workforce composition goals tend to be the most effective structural strategy to achieve these goals. Specifically, this can be accomplished by installing a diversity and inclusion office, interdepartmental task force, and a Chief Diversity Officer.

3) Finally, finance firms should follow the lead of the tech industry and remove mandatory arbitration clauses from new hire contracts. While this strategy provides protection from lawsuits, they are against the spirit of diversity objectives.

Cultural change strategies work on changing the scaffolding - the structure - of an organization, rather than building policies on a shaky foundation. Cultural initiatives grapple with how to build inclusive and respectful contexts that better harness the power of diversity. They are the best shot we have to achieve meaningful gender equity goals in male-dominated industries.