



WOMEN IN FINANCE SCORECARD
DOCUMENTING THE GENDER GAP GLOBALLY

WHERE ARE THE WOMEN IN THE CHIEF INVESTING, CHIEF RESEARCH AND INVESTMENT BANKING POSITIONS?

We looked at the data and have some answers

FINDINGS FROM ACADEMIC RESEARCH ABOUT CHIEF INVESTMENT POSITIONS AND GENDER

- We found that the gender gap in these roles is exceptionally high.
- These 3 positions are at the heart of the discipline of finance, but....
- Women hold no more than 9% of these positions, on average, across the globe.





WHAT WE FOUND FOR WOMEN IN CIO, HEAD OF RESEARCH & HEAD OF INVESTMENT BANKING ROLES ACROSS 29 GLOBAL MARKETS

► THE GLOBAL MEDIANS

The CIO, Head of Research and Head of IB are fundamental positions in financial services. Our results were striking, and not in a good way. We found global medians of only 9% for CIOs, 9% for Head of Research and 0% for Head of Investment Banking for the markets we studied. Quite a disappointing answer to the Trillion Dollar question: “Where are the Women?” at core positions of the financial service industry—namely investing and research (Basilico and Johnsen, 2019).

As with other executive positions we have reported on, Europe leads the pack. Nine of thirteen countries scoring above the median for both the CIO role and the Head of Research were European.

The data set included 9,667 functional positions for the CIO, Head of Research and Head of Investment Banking roles in 29 countries combined. The countries included 25 developed markets and the 4 BRICs. All public and private firms in the finance industry were included regardless of market capitalization.

► THE CHIEF INVESTING OFFICER

Out of 8,401 positions of Chief Investing Officer, we calculated the global median to be 9%. The results for each country are reported in graph 1. Thirteen countries scored above the median: nine European countries plus China, Russia, Singapore and New Zealand. Austria at 20%, had the lowest gap in gender. Portugal, Italy and Denmark reported no female in a CIO position.

Russia and China scored at or above the global median while the remaining two BRICs, India and Brazil, scored at or below the median.

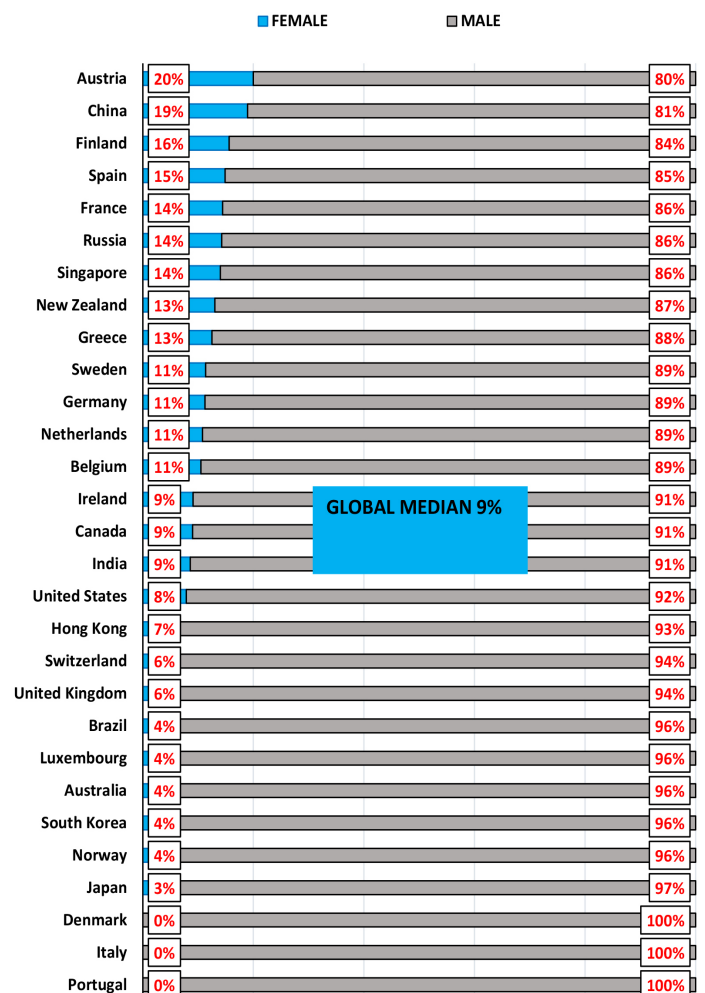
The United States is positioned just below the global median at 8%.

Our findings are consistent with other research. For example, Adams et al. (2016), who studied 135,000 CFA charterholders in over 150 countries and reported less than 10 % in positions such as the CIO, CEO, and CFOs were female.

GRAPH 1:

CIO gender representation ranked from highest to lowest

Chief Investment Officer by Country and Gender



Data: SPGlobal, Professional Data, public and private firms

► THE HEAD OF RESEARCH

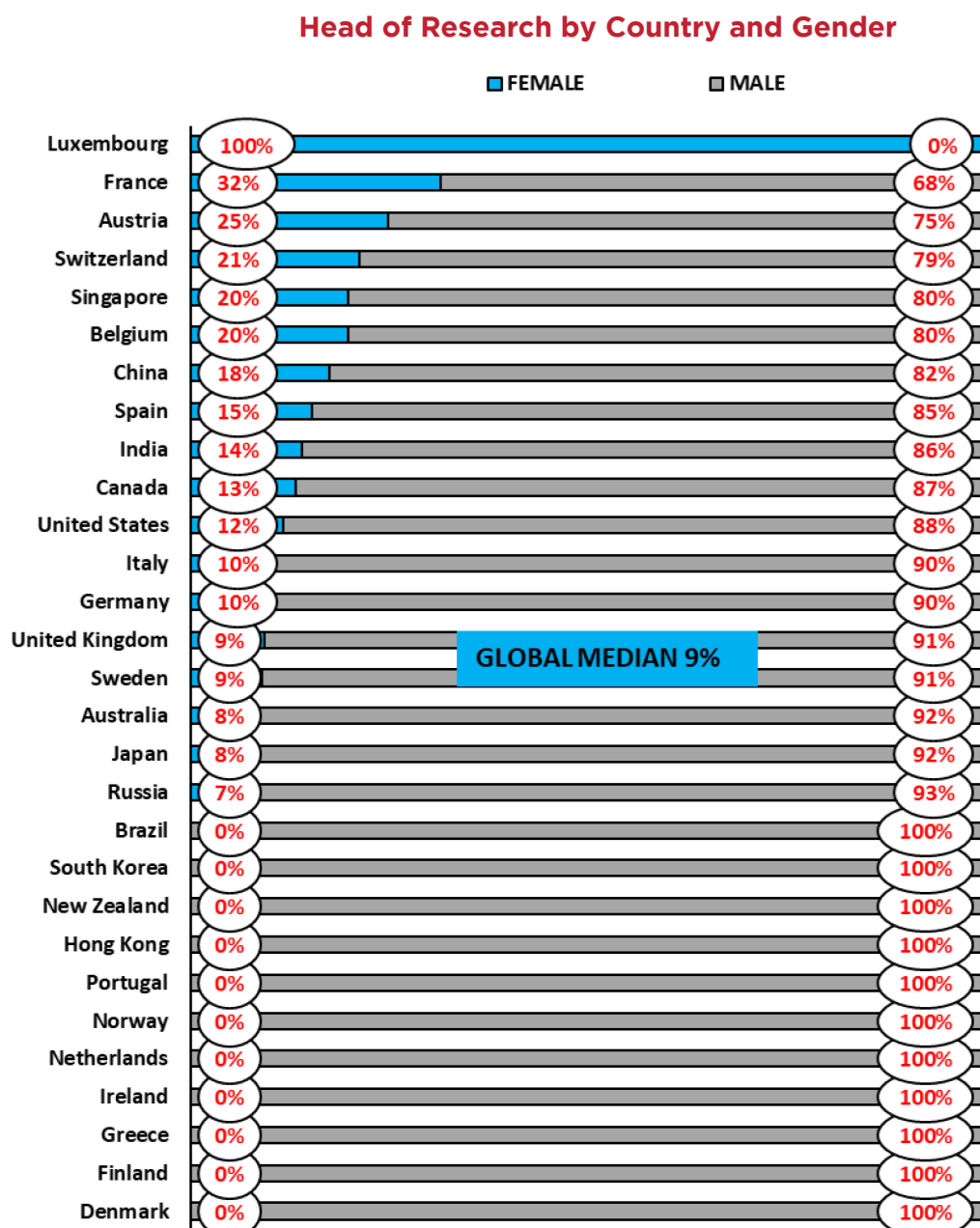
Identical to the CIOs, the global median for Heads of Research was 9%. Results from analyzing 822 positions are presented in graph 2. There were eleven countries with no female representation in this position including Denmark, Finland, Greece, Ireland, Netherlands, Portugal, Norway, Hong Kong, New Zealand, South Korea and Brazil. Austria, at 20%, had the highest female representation.

For the BRICs: India and China scored at or above the global median while Brazil and Russia were well below the median.

Ten European countries along with the United States and Canada again scored well above the median.

GRAPH 2:

Head of Research gender representation ranked from highest to lowest



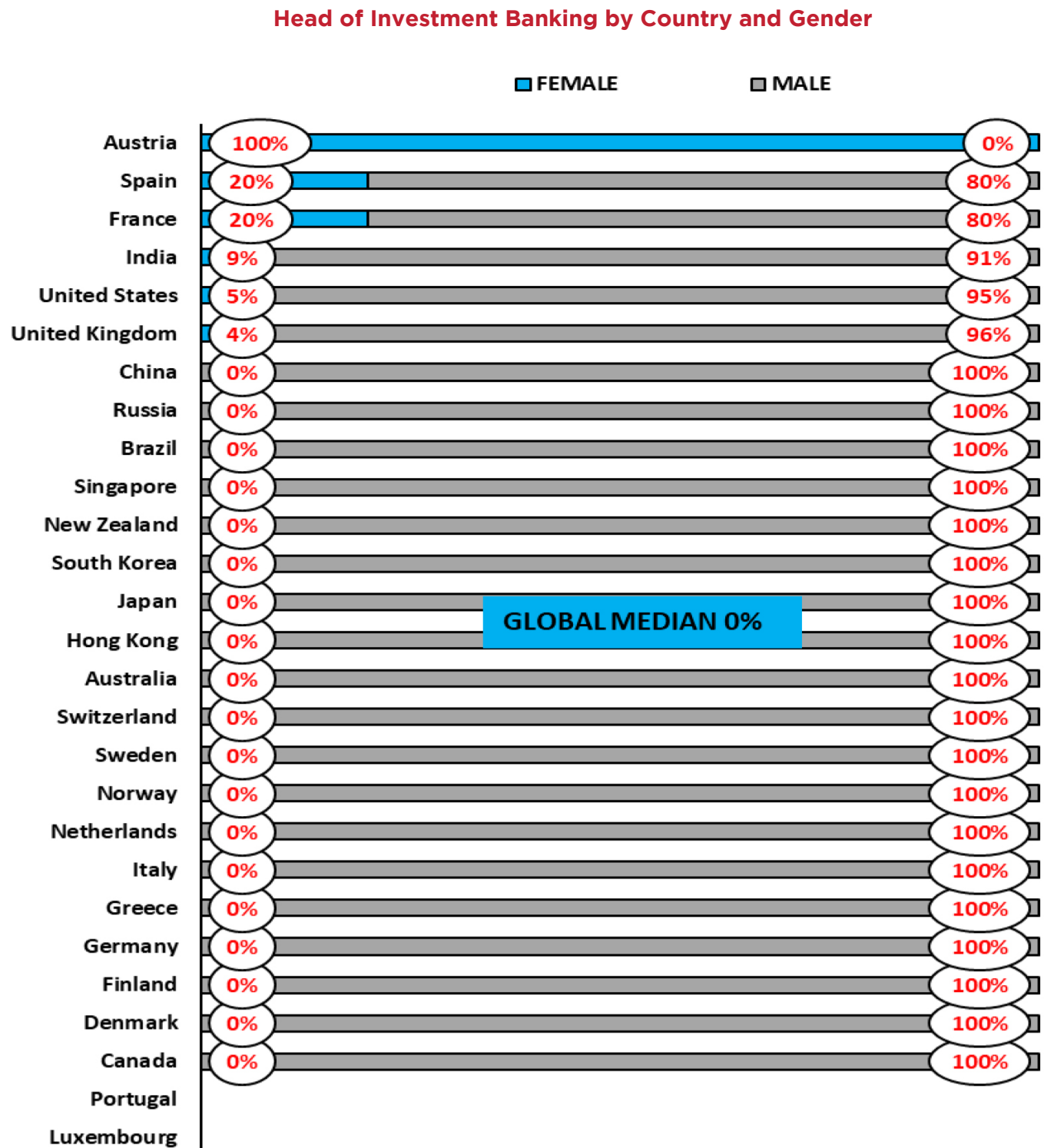
Data: SPGlobal, Professional Data, public and private firms

► The Head of Investment Banking

We looked at 444 Heads of Investment Banking. The global median was 0%. The vast majority (nineteen) of the countries do not have any female representation in the IB role. Those that do report women in this role include Austria (at 100%! But there were only 2 positions), Spain, France, India and the US. With the exception of Austria, the percentages ranged from 5% to 20%.

GRAPH 3:

Head of Investment Banking gender representation ranked from highest to lowest



Data: SPGlobal, Professional Data, public and private firms

► WHAT ARE THE ACADEMIC INSIGHTS?

There is a “Pink” elephant in the room. The paucity of women in the key investment and decision-making roles in finance is *that* “pink” elephant.

While women are represented at 33%, 37% and 63% in the law, medical and accounting professions, respectively (Morningstar 2016), the percentage of female investment decision makers in investment pales in comparison at less than 10%.

And it gets worse if we look at sub-sectors. Take private equity, it's 6% (Lietz, 2011), hedge funds at 3% (Soloway, 2011), or investment banking documented in this scorecard, at a global median of 0%.

This comes as no surprise as there is abundant evidence in the literature that describes Investment Banking as “hyper-masculine and patriarchal” (Neck,

2015; Sheerin and Linehan, 2018).

The déficit is quite significant, despite the number of initiatives that are taking place. State Streets’ *Fearless Girl* campaign in 2017, called on its portfolio companies to increase the number of women on their boards. Goldman Sachs announced that as of summer 2020 it would not help companies go public unless they have at least one diverse board member.

A legitimate question is whether performance of female leaders in this sector compares unfavorably to their male counterparts. To the contrary, there is quite a bit of anecdotal evidence found in business news stories and academic research that indicates the performance of women in investment management is equal to, or in some cases, better than their male counterparts (Basilico and Johnsen, 2019).

So why the underrepresentation? Is the expectation of having a career in finance a function of gender? Are there prerequisite personality traits necessary for success in finance? A study by Sheerin (2015) provides some colorful insight:

“ Women feel they have to adopt wolfish characteristics of assertiveness and confidence and conform to the masculine ideology. ”

Apparently women believe they need to behave like men in order to survive and succeed. Underlying that belief is the notion that men are advantaged and women must work harder for the same rewards (Brett and Stroh, 2003).

Sheerin argues that media *framing* bears some of the blame. Media framing involves the social construction of a social phenomenon – by mass media sources, political or social movements, political leaders, or other actors and organizations. This is accomplished through the media’s choice of certain words and images to cover a story and possibly bring about change. However, a study by Sheerin and Garavan (2021), found that media in this space “potentially played a part in reproducing patriarchal power relations and shifting the blame for the marginalization of women, away from organizations, and towards women themselves”. Further, it seems that Investment Banking organizations ignore the negative framing of their own behavior, culture and practices around gender and leadership.



REFERENCES

- Adams, R.B., Barber, B.M. and T. Odean, Family, Values and Women in Finance, working paper
- Basilico, E. and T.Johnsen, 2019, Women in Finance: What Does the Research Show, in “Smart(er) Investing”, Palgarve MacMillan
- Basilico and Johnsen, 2021, Women In Finance Scorecard: Where are the Women in the Chief Investing, Research and Investment Banking?; Academic Insights on Investing blog
- Brett, J.M. and Stroh, L.K.,2003, Working 61 Plus Hours a Week: Why Do Managers Do It?, *Journal of Applied Psychology*
- Lietz, N.G., 2011. Cloistered in the Pink Ghetto: Women in Private Equity, Real Estate and Venture Capital, *Harvard Business Review*.
- Dossi, G., Figlio, D., Giuliano, P., and P. Sapienza, 2020, The Family Origin of the Math Gender Gap is a White Affluent Phenomenon, NBER Working Paper
- Johnsen, T., and E. Basilico, 2021, Women in Finance Scorecard, AcademicInsightsonInvesting.com
- Neck, C., 2015, Disappearing Women. Why Do Women Leave Senior Roles in Finance? Further Evidence, *Australian Journal of Management*
- Sheerin, C., 2015, The (She)Wolf of Wall Street: Myth or Reality, *Accounting, Finance and Governance Review*
- Sheerin, C. and M. Linehan, 2018, Gender Performativity and Hegemonic Masculinity in Investment Management, *Gender in Management: an International Journal*
- Sheerin, C. and T. Garavan, 2021, Female leaders as ‘Superwomen’: Post-global financial crisis media framing of women and leadership in investment banking in UK print media 2014–2016, *Critical Perspectives on Accounting*
- Soloway, S., 2011, Sexism and the City: You don’t need men when you run \$60 billion in assets, the Independent, UK
- Logan, D., and S. Searle, 2019, CTO Insights: How to Fix the CTO Gender Gap, Gartner Research
- Lutton, L., and E. Davis, 2015, Morningstar Research Report: Fund Managers by Gender, Morningstar Research Report



DR. TOMMI JOHNSEN

Is the co-editor of academicinsightsoninvesting.com and the former Director and tenured faculty of the Reiman School of Finance at the Daniels College of Business, University of Denver. She has worked extensively as a research consultant and investment advisor for institutional investors in the areas of quantitative methods and portfolio construction.

Follow her on
Twitter @**TommiJohnsen**



DR. ELISABETTA BASILICO

Is the co-editor of academicinsightsoninvesting.com and a consultant to asset managers, institutional and private investors. Her core skills include turning academic insights into quantitative models, strategies and solutions.

Follow her on
Twitter @**ebasilico**

For information about investment research, writing and editorial services, message us at academicinsightsoninvesting.com

For more on women in investing and other topics, check out our book:



20% OFF WITH COUPON: PPM2021