

The Culture of the Finance Profession: Evidence from the 2020/2021 AFA Survey

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- These slides come from a presentation given by Renee Adams and Michelle Lowry at the 2022 AFA Annual Conference, in the AFFECT Data & Drinks session
- The full paper, which analyzes these issues in more depth, is available
 - https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3936062

Motivation

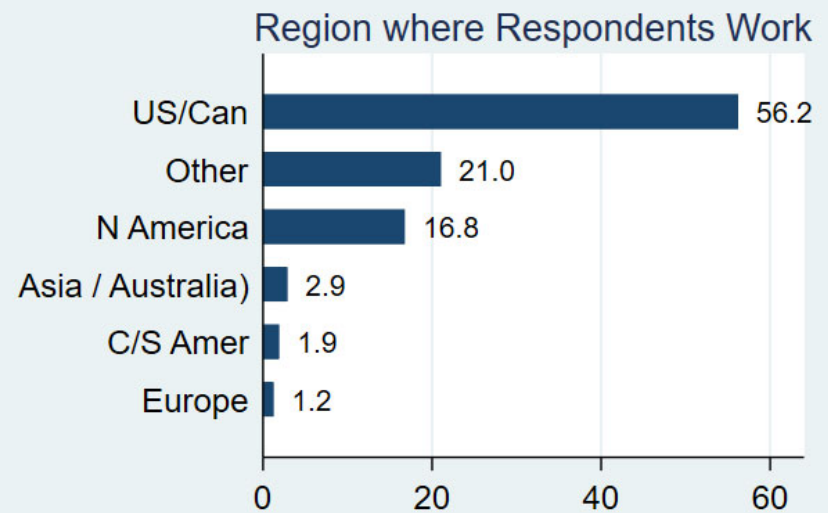
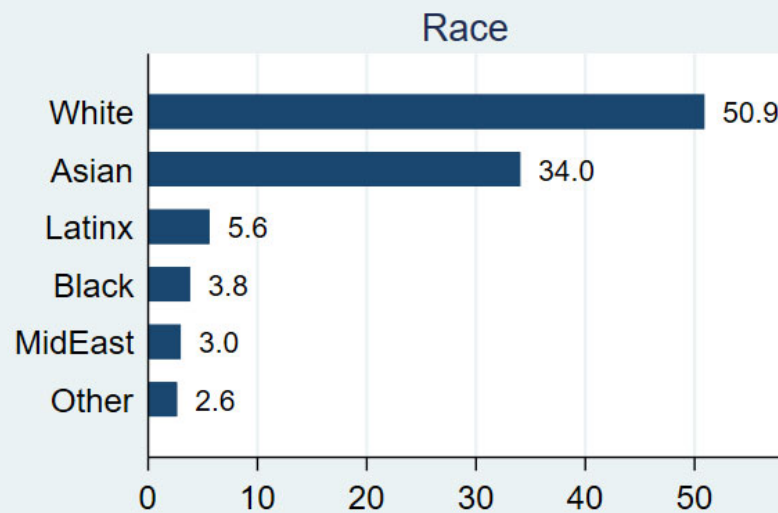
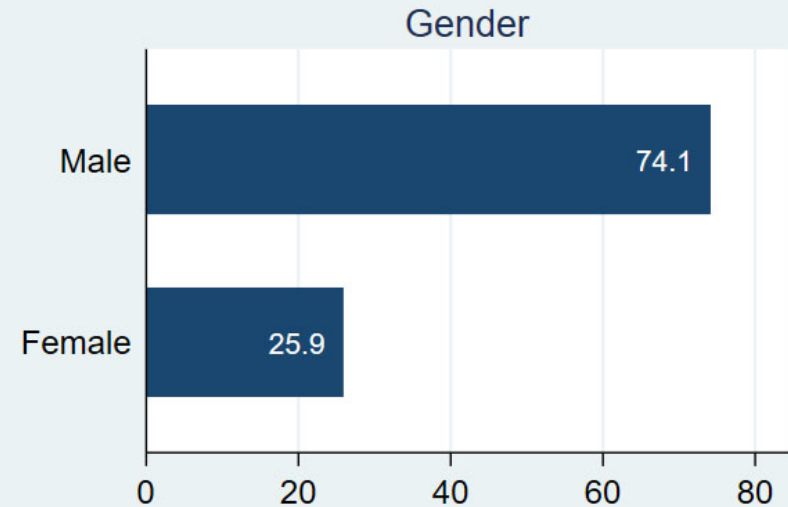
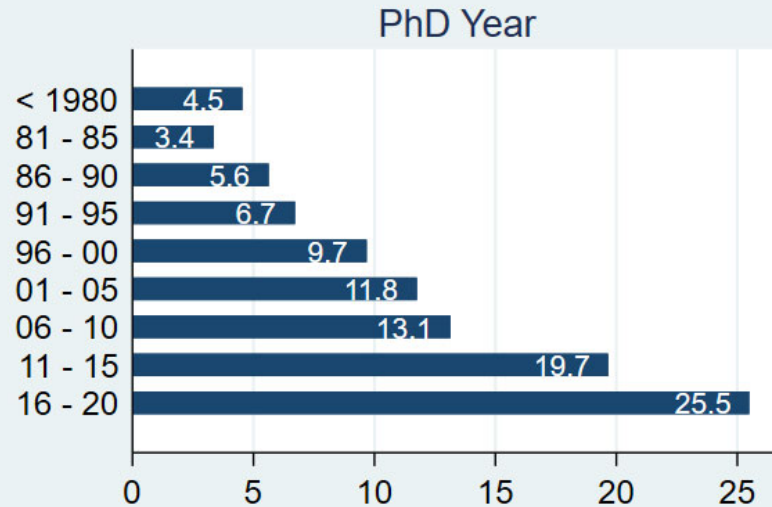
1. Largest differences in career outcomes arise *within* occupations
 - For example, differences between men and women
 - *Goldin, 2014; Cortes and Pan, 2018*
 2. Within finance, increasing evidence that women
 - Are less likely to have their research cited
 - Are less likely to obtain tenure
 - “Leaky pipeline”
- Developed a survey to assess professional culture in finance academia
 - In conjunction with American Finance Association (AFA)
 - Survey includes evidence on many dimensions
 - Much of this talk focuses on differences by gender

AFA Survey

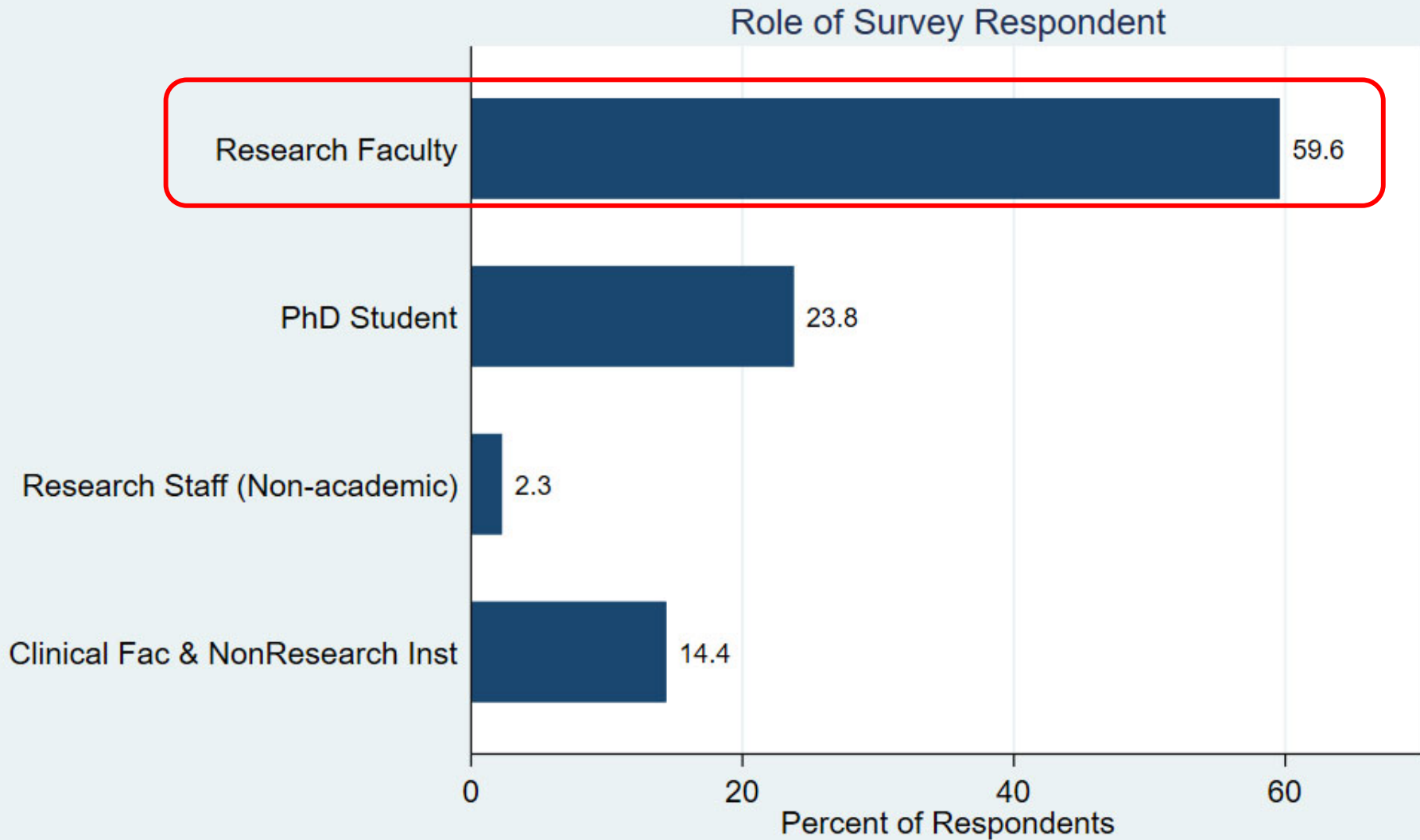
- Survey based on established research on
 - Time use
 - Workplace practices
 - Workplace culture
- Survey went through IRB approval
 - To ensure anonymity: Admin by National Opinion Research Center (NORC)

Survey respondents: 1628 total

Demographics of Survey Respondents

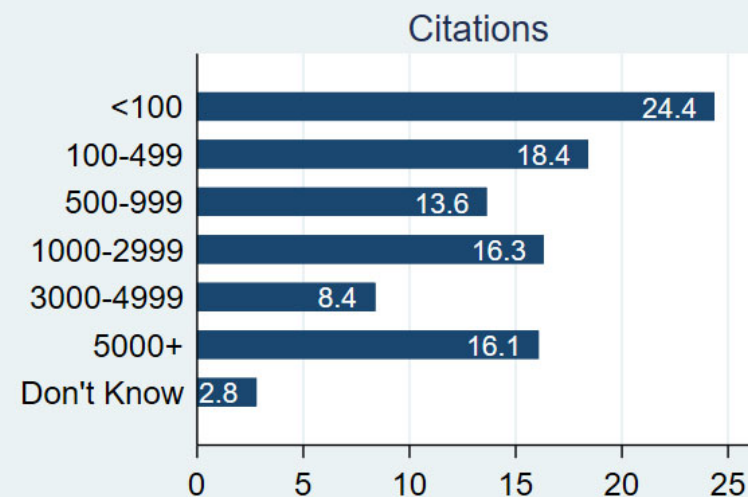
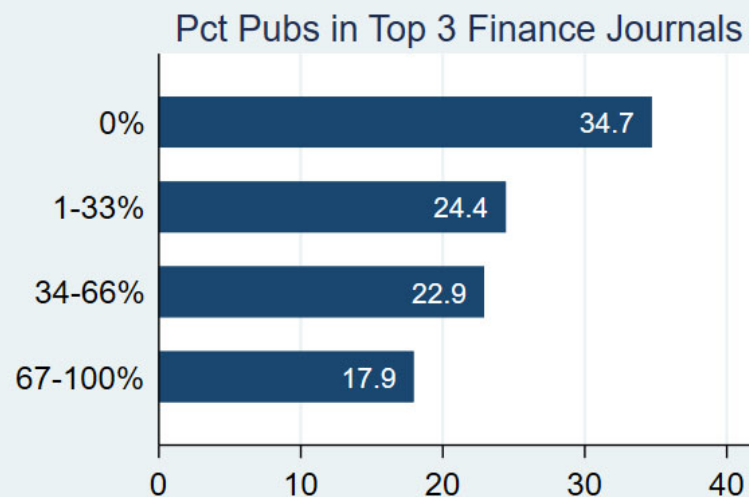
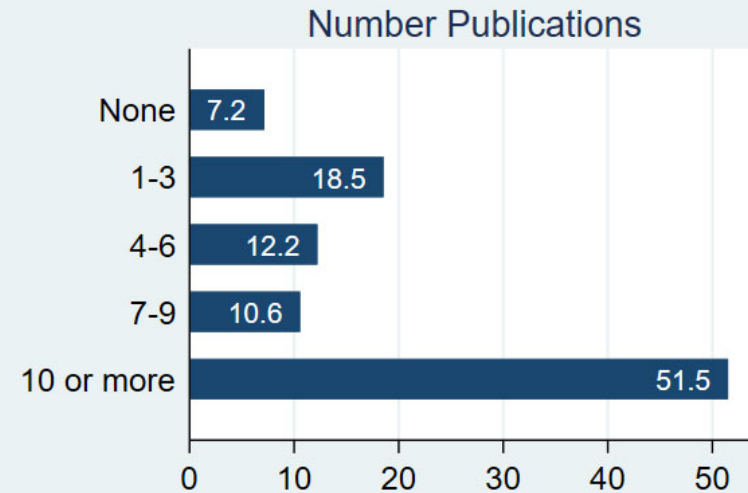
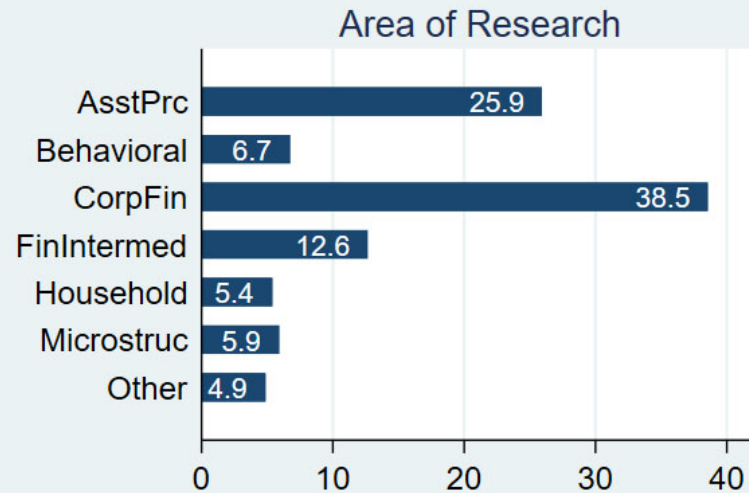


Survey respondents: 1628 total



Across research faculty (970 total)

Research Profile of Faculty



Outline

1. Recent explanations for gender gaps in career outcomes
2. How do personal experiences relate to professional outcomes?
3. Virtual work – what have we learned?
4. Policy recommendations
5. Pipeline effects
6. Differences across workplace type

Part 1: Explanations for gender gaps

Recent explanations for gender gaps in career outcomes

1. Do women have different preferences?
 - If women are less achievement-oriented
 - If women put more weight on tradition

} this would plausibly contribute to gender gaps in career outcomes
2. Are women differentially affected by the structure of the work?
3. Do women experience greater discrimination?

Potential factors explaining gender gap in career outcomes

Factor #1 - preferences

World Values Survey questions, included in AFA survey

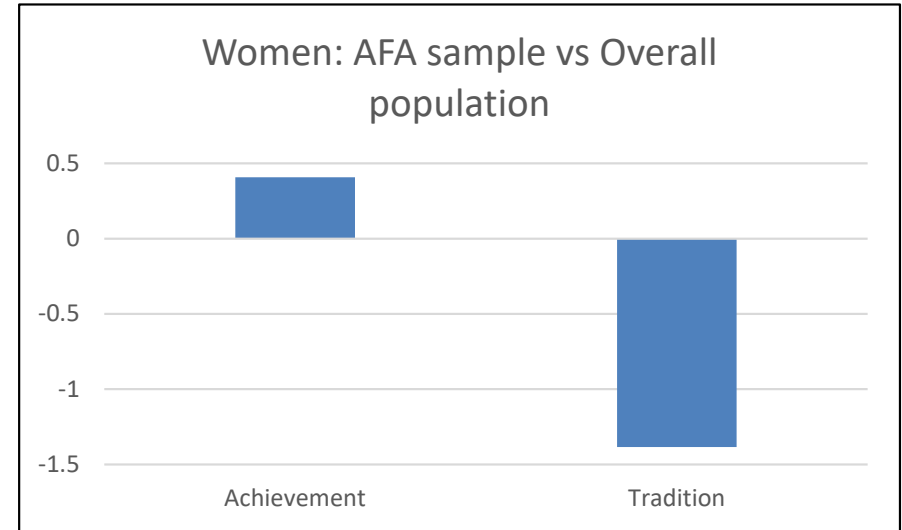
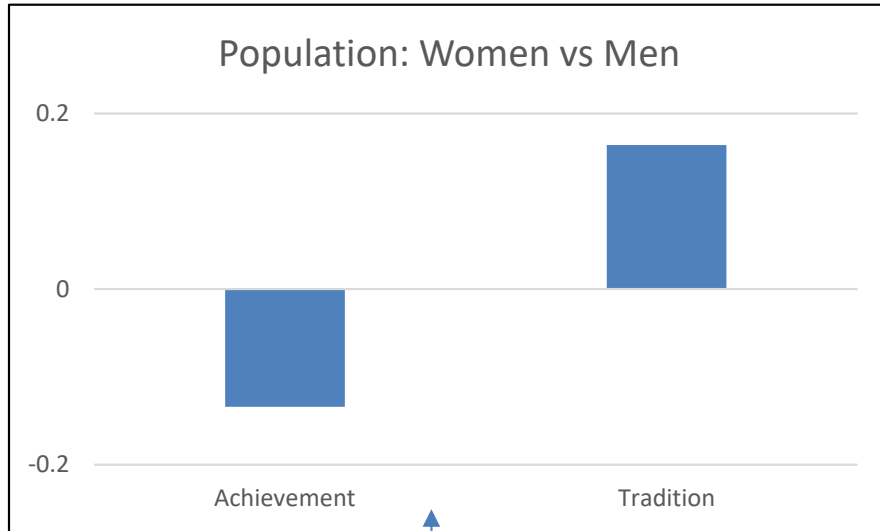
	Not like me at all	Not like me	A little like me	Somewhat like me	Like me	Very much like me
Being very successful is important to this person; to have people recognize one's achievements LIKEME_ACHIEVEMENT	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tradition is important to this person; to follow the customs handed down by one's religion or family [LIKEME_TRADITION]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

The World Values survey includes 8 questions, which were included in AFA survey

- Each characterizes a personality trait
- Based on respondents' answers, we form indices of personality traits
 - (following prior literature in this area)

Potential factors explaining gender gap in career outcomes

Factor #1 - preferences



Within overall population, women put:

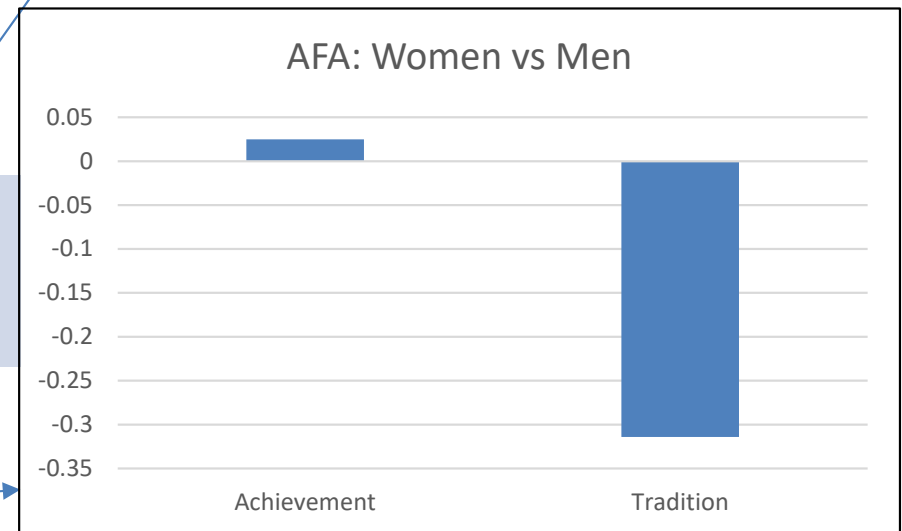
- less weight on achievement
- more weight on tradition

BUT women in AFA (vs women in population) put:

- *more* weight on achievement
- *less* weight on tradition

Within the AFA, women put:

- *equal* weight on achievement
- *less* weight on conformity

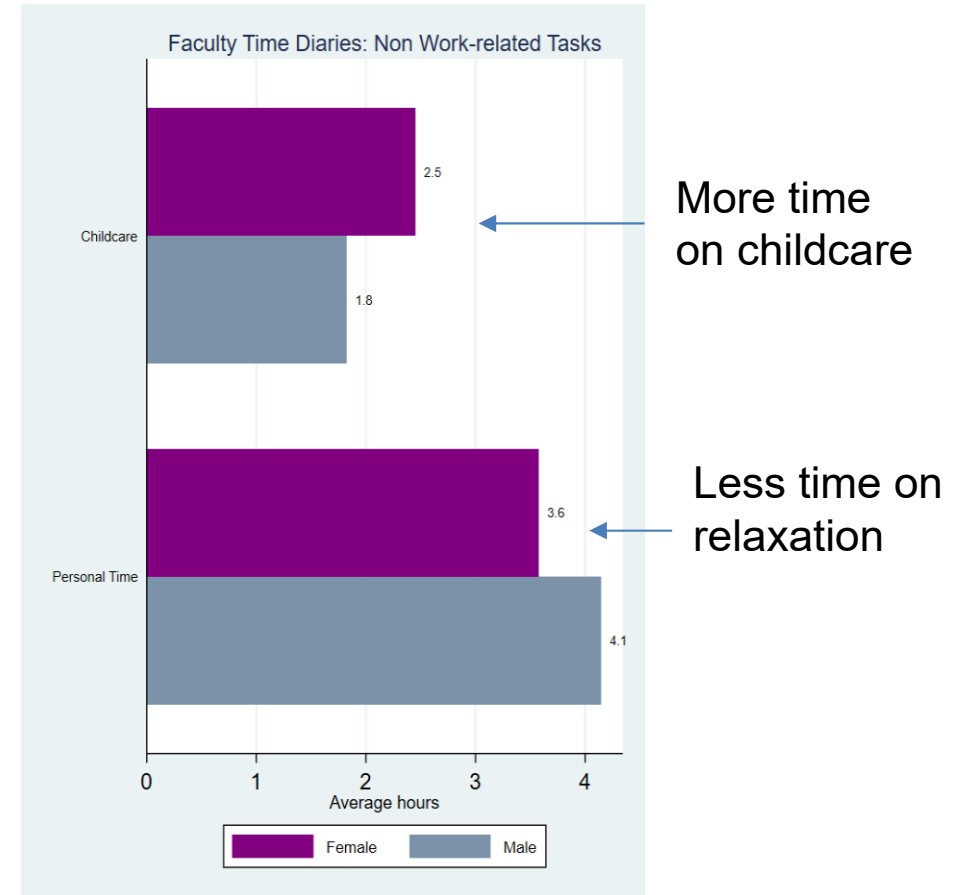


Factor #2 – Structure of work

- Immense investment of time to be successful in academia
 - Can be greater obstacle for women if women have greater home duties
 - Moreover, childbearing years frequently overlap with pre-tenure period
- How do men versus women allocate their time?
 - Asked respondents to fill out time-diaries
 - How do you allocate your time on a typical work-day
 - Prior to onset of Covid

Potential factors explaining gender gap in career outcomes

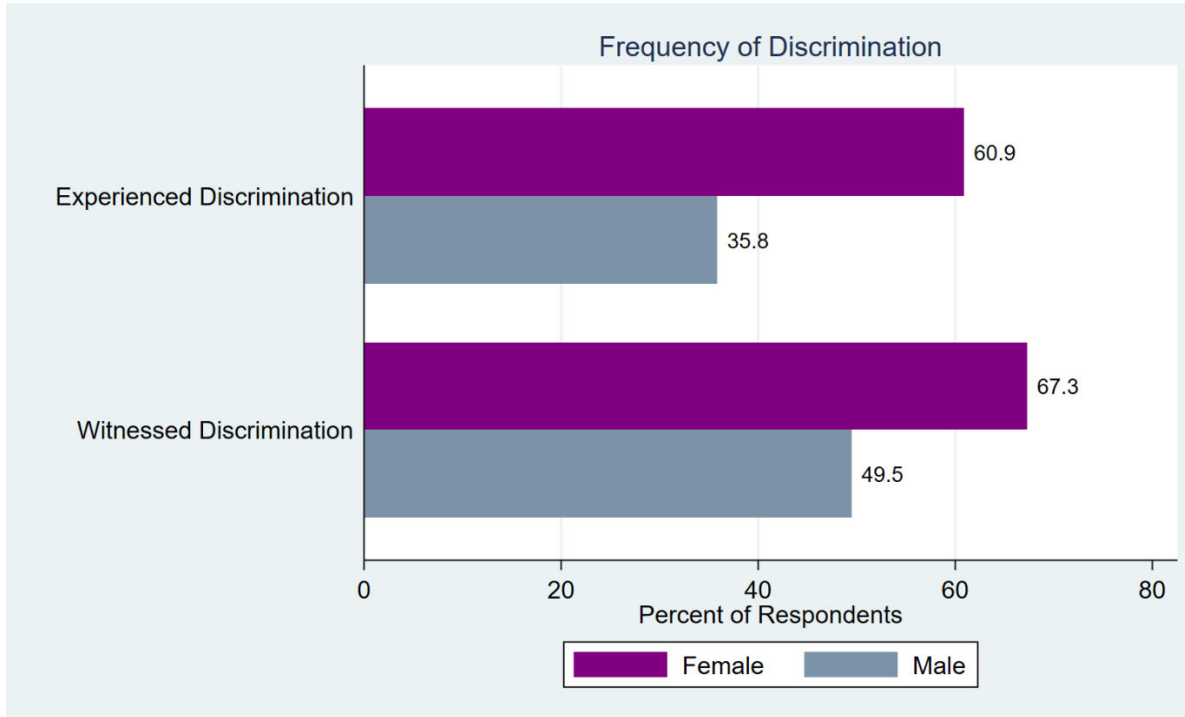
Factor #2 – Structure of work



Do greater non-research work duties + greater childcare duties, leave less relaxation time?
Does less relaxation time have costs in terms of creativity?

Potential factors explaining gender gap in career outcomes

Factor #3 –Discrimination



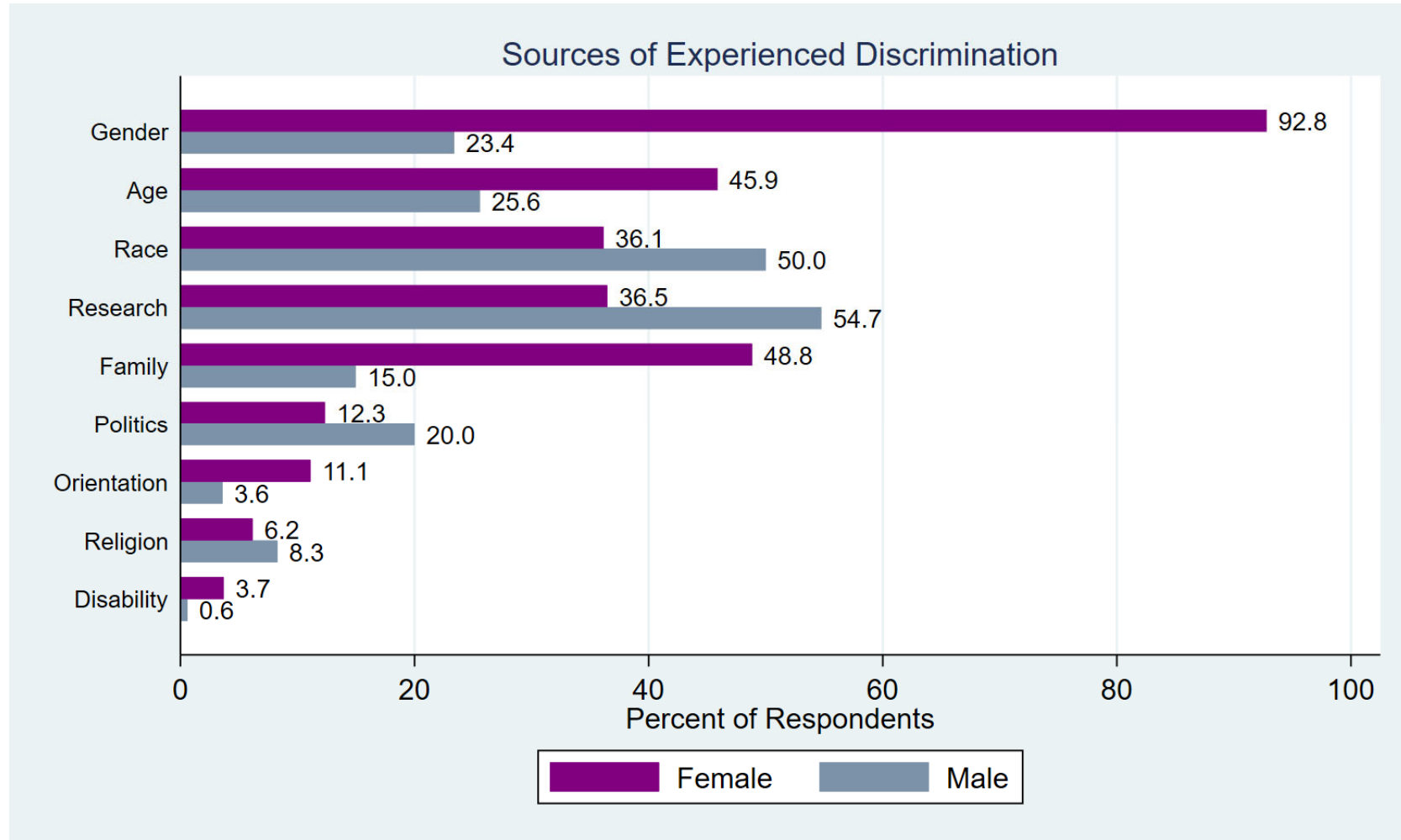
Potential concern:
Is this affected by response bias,
i.e., in who answered survey?

Adams and Lowry (2021) test for response bias in several ways

- People who are unhappier are: More likely to respond to survey
More likely to respond earlier
- Heckman analysis
 - Instrument: dummy=1 if person responded to survey prior to first email reminder

Potential factors explaining gender gap in career outcomes

Factor #3 –Discrimination



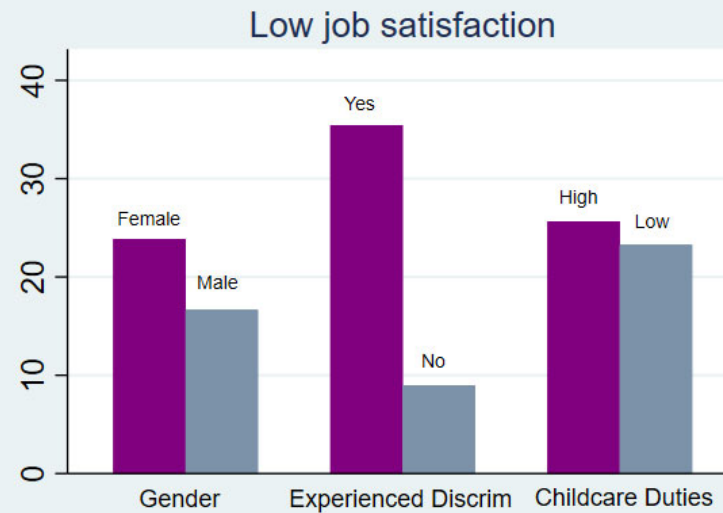
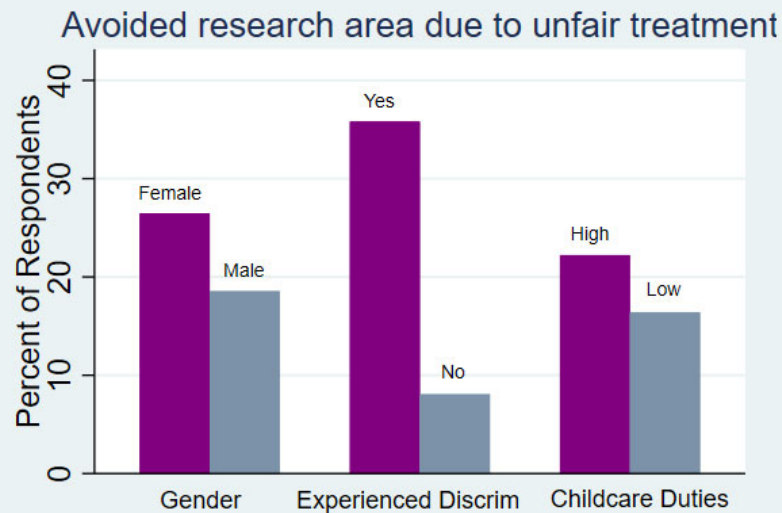
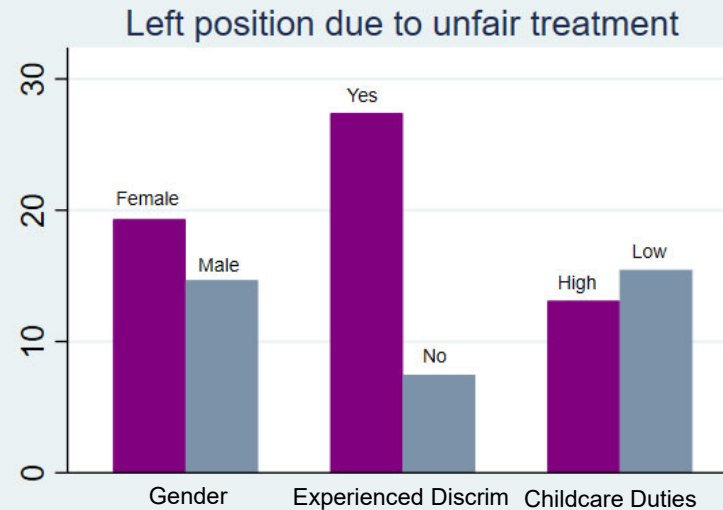
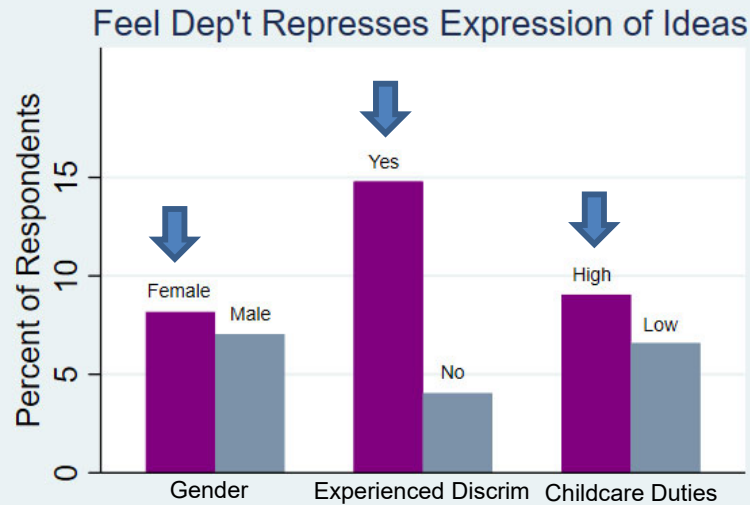
Percent of Respondents in Each Category of Discrimination
Among Faculty who Experienced or Witnessed Discrimination

Personal experiences and professional outcomes

- Findings to this point
 - Preferences: Women and men are equally achievement-oriented
 - Structure of work: Women more negatively affected
 - Discrimination: Women incur higher rates of discrimination
 - How do these factors relate to professional outcomes?
 - Do respondents feel their dep't represses free exchange of ideas?
 - *AFA's code of professional Conduct and Ethics (AFA, 2018) stresses that "Financial economists should behave in ways that encourage the free expression and exchange of scientific ideas"*
 - Have respondents left a position
 - Have respondents avoided research area
 - Do respondents have low job satisfaction?
- } Due to unfair treatment / discrimination / harassment?

Personal experiences and professional outcomes

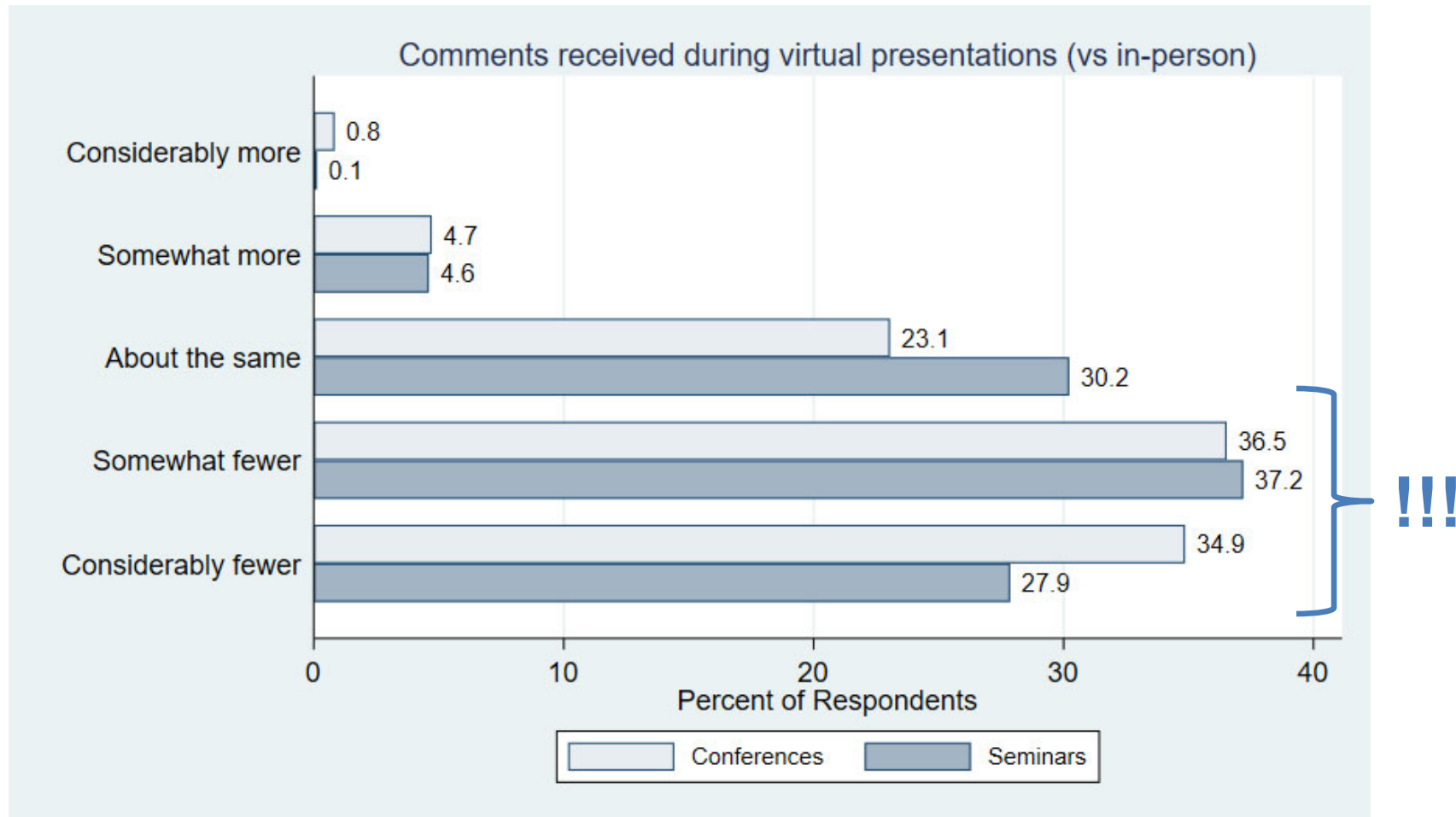
Personal Experiences and Professional Outcomes



Virtual work – what have we learned?

- Positives of virtual work
 - More flexible
 - Potentially enables both women and men to better manage careers
- Negatives of virtual work
 - May have negative impact on exchange of ideas
 - May alter time allocation (particularly during Covid when virtual was not an option)

Virtual work – what have we learned?



71% report fewer or considerably fewer comments during virtual conferences
65% report fewer or considerably fewer comments during virtual seminars
(compared to in-person counterparts)

Virtual work – what have we learned?

Percent of respondents who started a new project during the year

	Men	Women	Difference
Pre-Covid	78.9	77.9	1.0
Post-Covid	73.8	68.7	5.1
Difference	-5.1	-9.2	

Prior to Covid, there was little difference in rate of new projects

Post-Covid, there is a difference

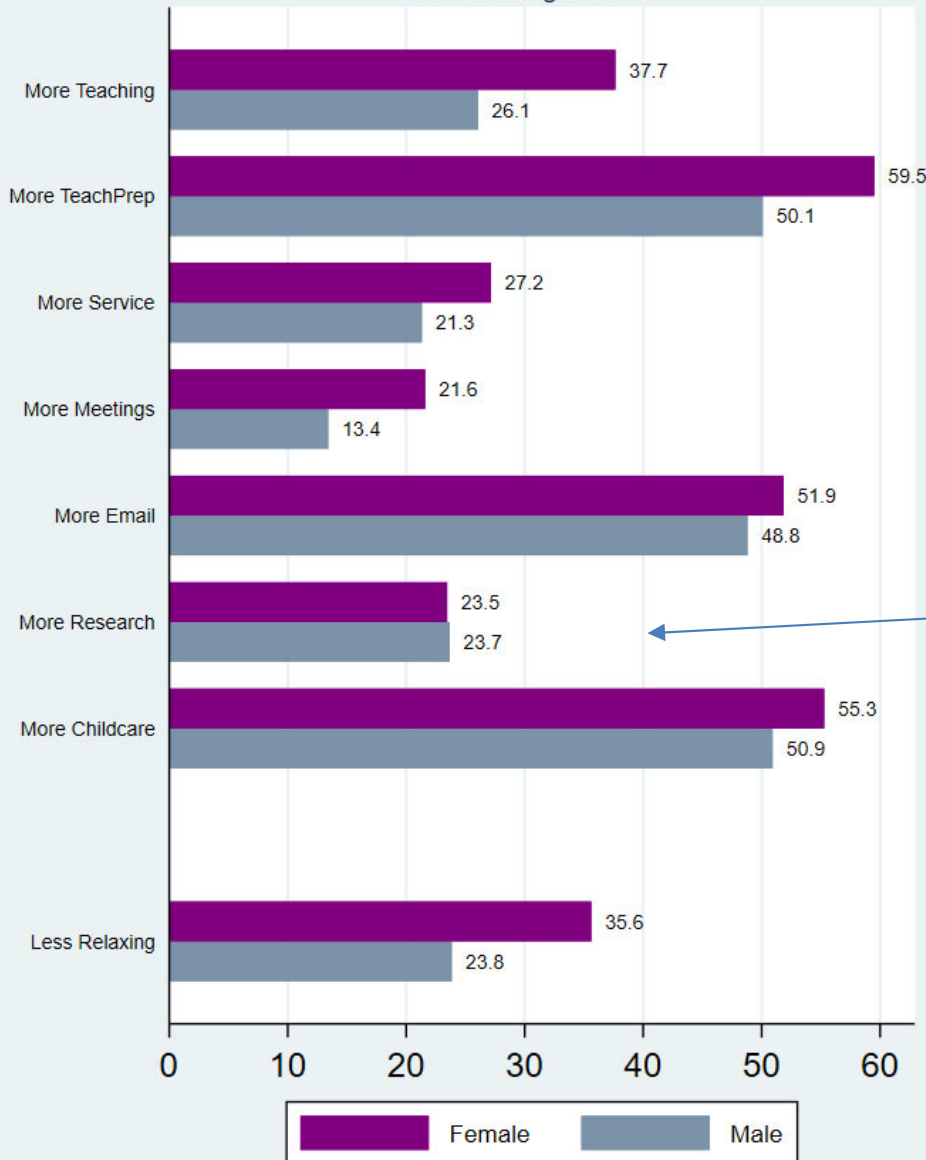
During Covid, men's rate of starting new projects declined by 5.1 pct pts

During Covid, women's rate of starting new projects declined by 9.2 pct pts

What factor(s) explain this difference?

Virtual work – what have we learned?

Pct Respondents Who Report spending more (or less) time on following activities



During Covid, Females were more likely to increase time spent in non-research work tasks

No dif in change in time spent (post-Covid) on research

During Covid, Females were more likely to increase time spent on childcare

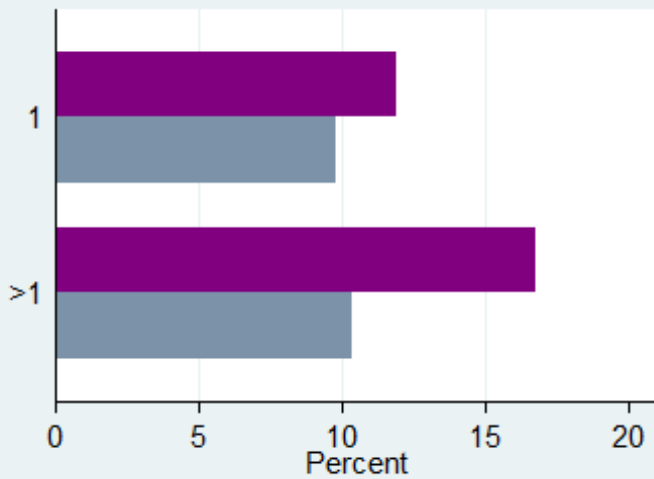
- During Covid, Females were more likely to decrease time spent relaxing
- Does this have costs in terms of decreased creativity?

Policy recommendations

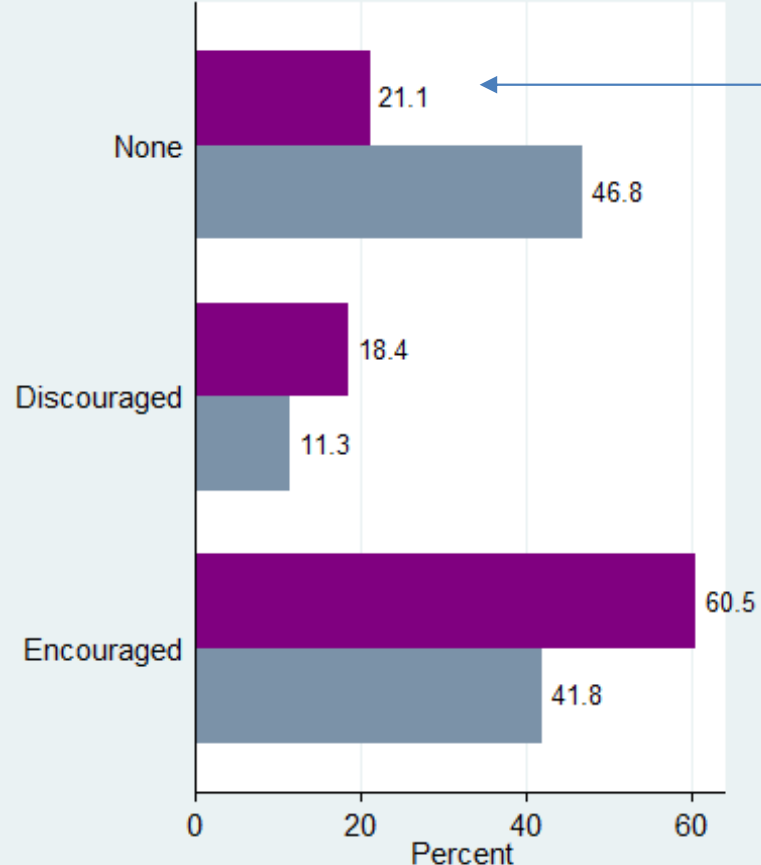
- What practices / policies are most effective in addressing gender inequality in finance?
- We examine multiple policies / practices
 - Accommodations in event of career interruption: parental leave
 - Practices related to discrimination
 - Mentorship
 - Engagement through seminar invitations

Policy recommendations: Accommodations in event of career interruption

Percent Respondents with a Career Interruption



Accommodations by Employer



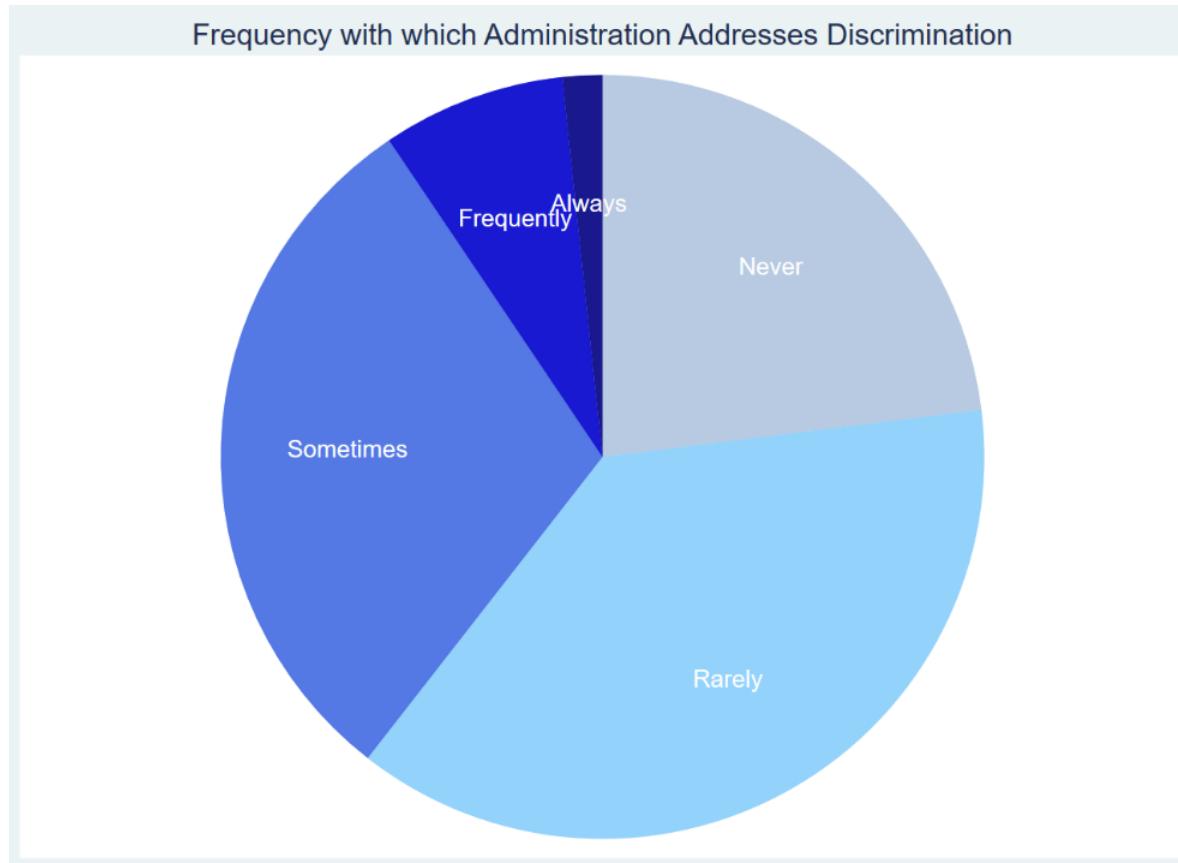
For women in particular, who tend to bear greater share of child-related time demands

The less-good news

The good news

Female Male

Policy recommendations: Do people in authority address discrimination?



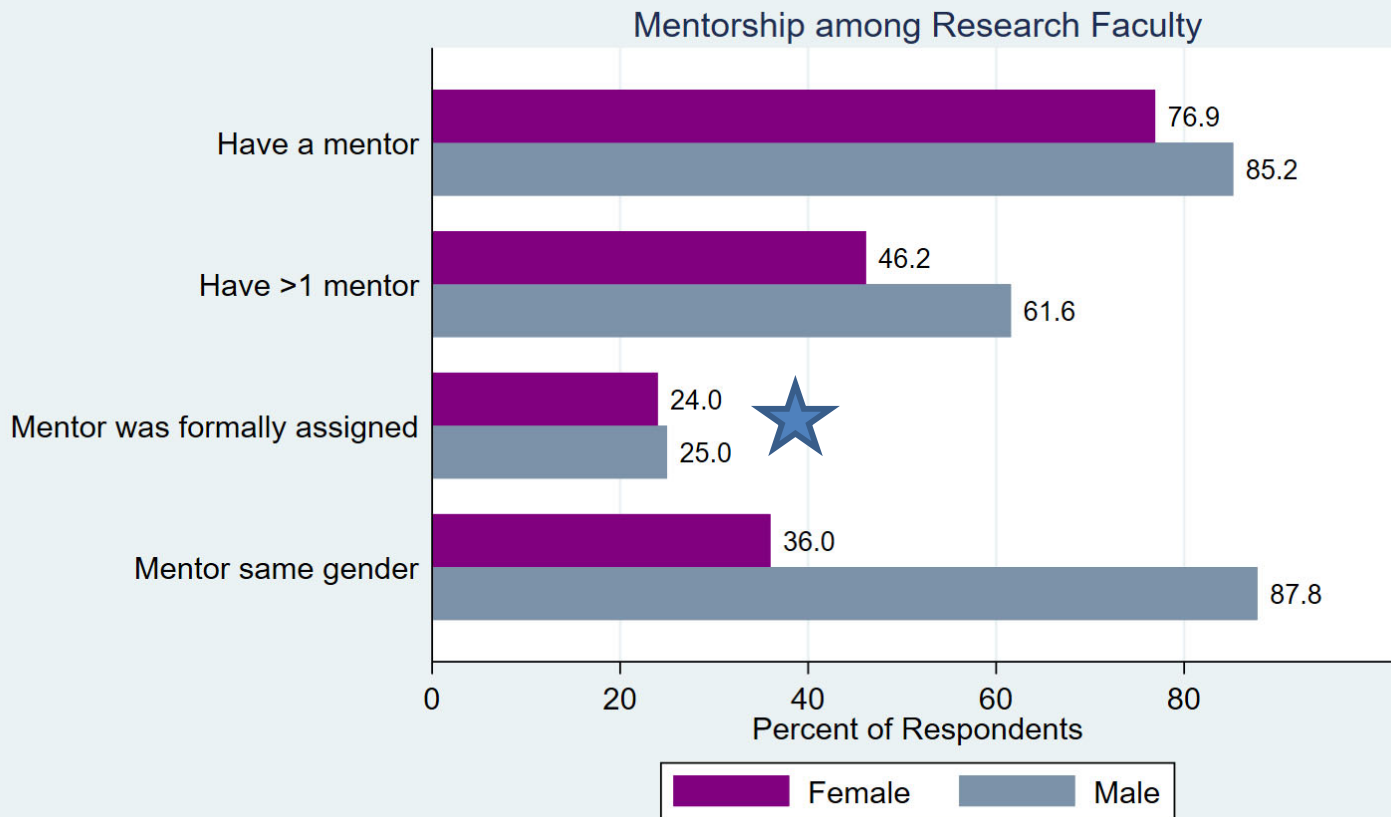
The AEA best practices suggest that departments should “deal firmly with instances of exclusion, harassment, discrimination, and disrespectful treatment.”

Always + Frequently = 9%

Sometimes = 30%

Rarely + Never = 61%

Policy recommendations: Mentorship



Survey question: “Is there a senior person in the finance profession you feel comfortable asking for advice and counsel on career-related issues?”

Takeaways: When mentors are formally assigned, no difference by gender
Men are more likely to have mentor(s) b/c they reach out independently

Questions: Is it easier for men to reach out b/c there are more senior men in field?
Are benefits to mentorship greater if mentor is same gender?

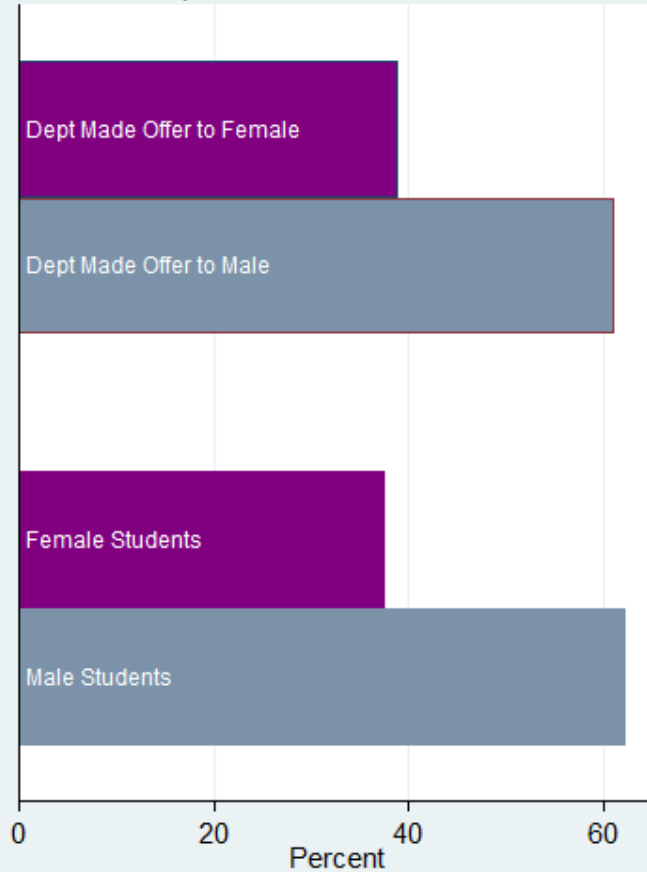
Policy recommendations: Do all these factors matter?

Dependent Variable = Job Satisfaction			
<i>Sample</i>	Experienced or witnessed discrimination	Had interruption in finance career	Full Sample of Research Faculty
Authority addressed discrimination	0.0403*** (0.00389)		
Employer made & encouraged accommodation		2.454** (0.544)	
Have mentor			1.761* (0.746)
Controls	Yes	Yes	Yes
Observations	351	163	178
Adjusted R^2	0.252	0.305	0.313

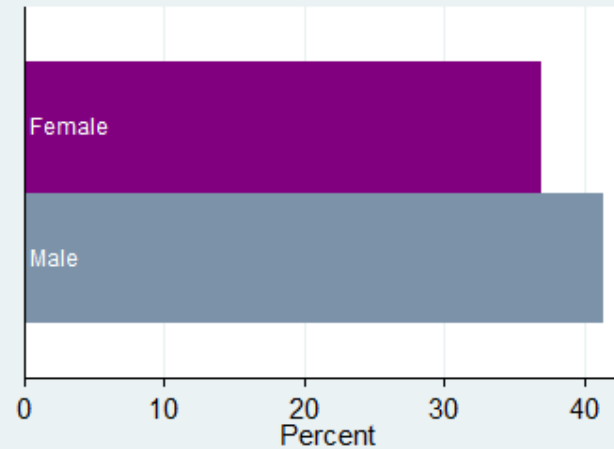
These policies / practices relate to higher job satisfaction

Policy recommendations: Hiring – is there reverse discrimination?

Composition of Offers Granted
vs Composition of Students in Profession



Percent Respondents who Received an Unsolicited Offer



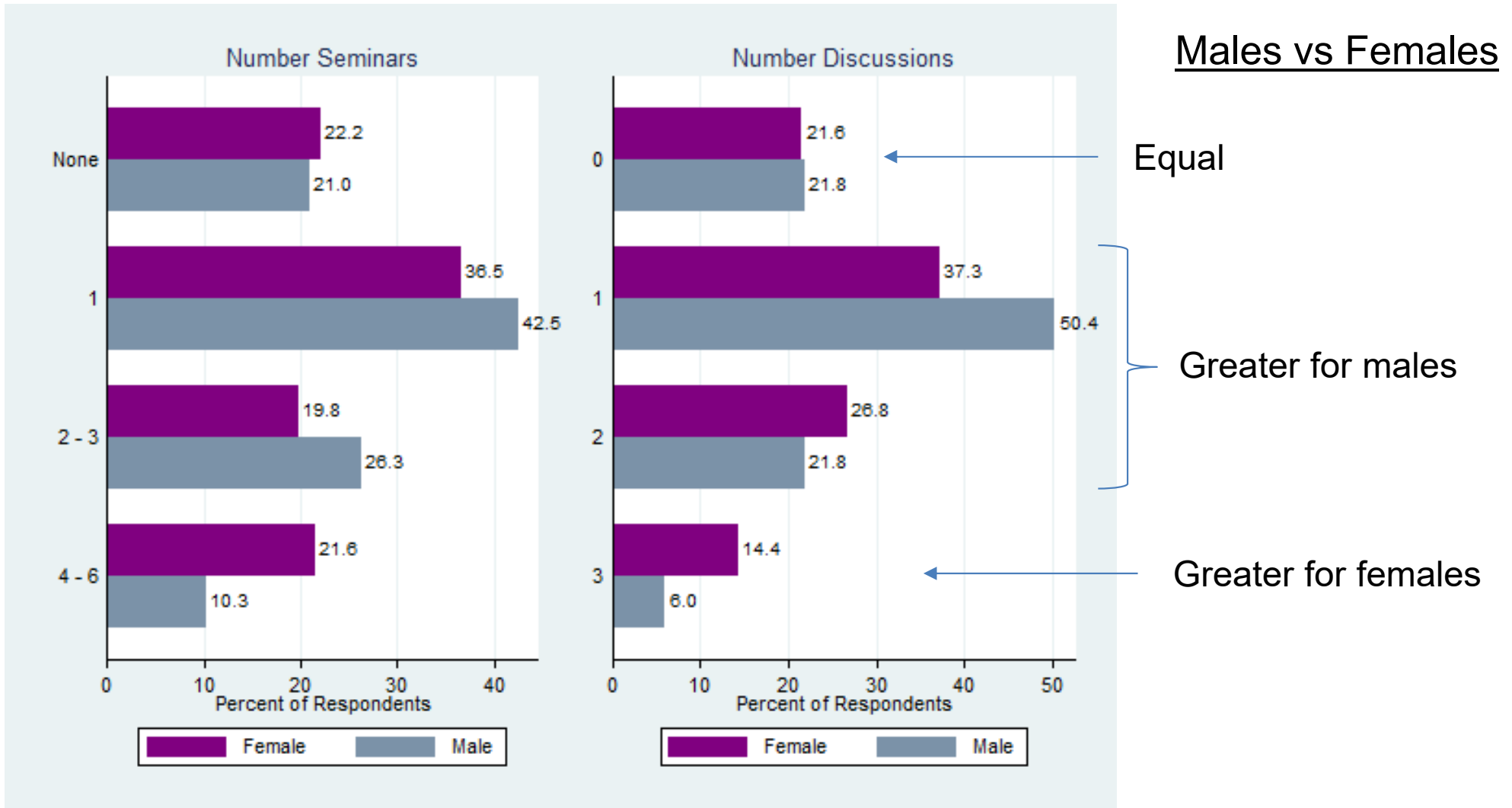
Percent of offers made
to female students

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Percent of students
who are female

Females not more
likely than males to
receive unsolicited
offer

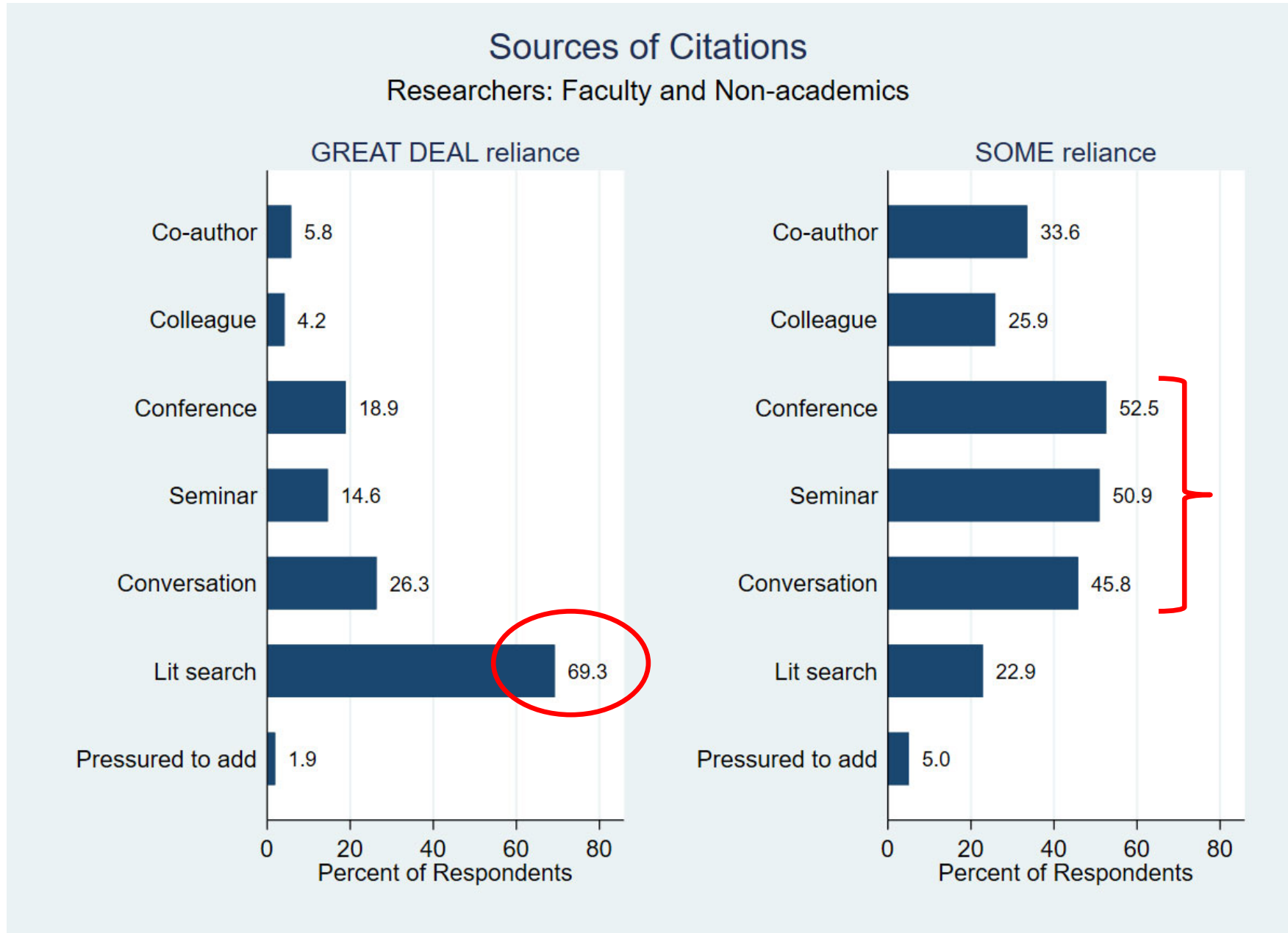
Policy Recommendations: Seminars and Discussions



Question: Why is distribution more skewed for females?

Policy recommendations:

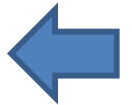
Sources of Citations – why seminars and discussions matter!



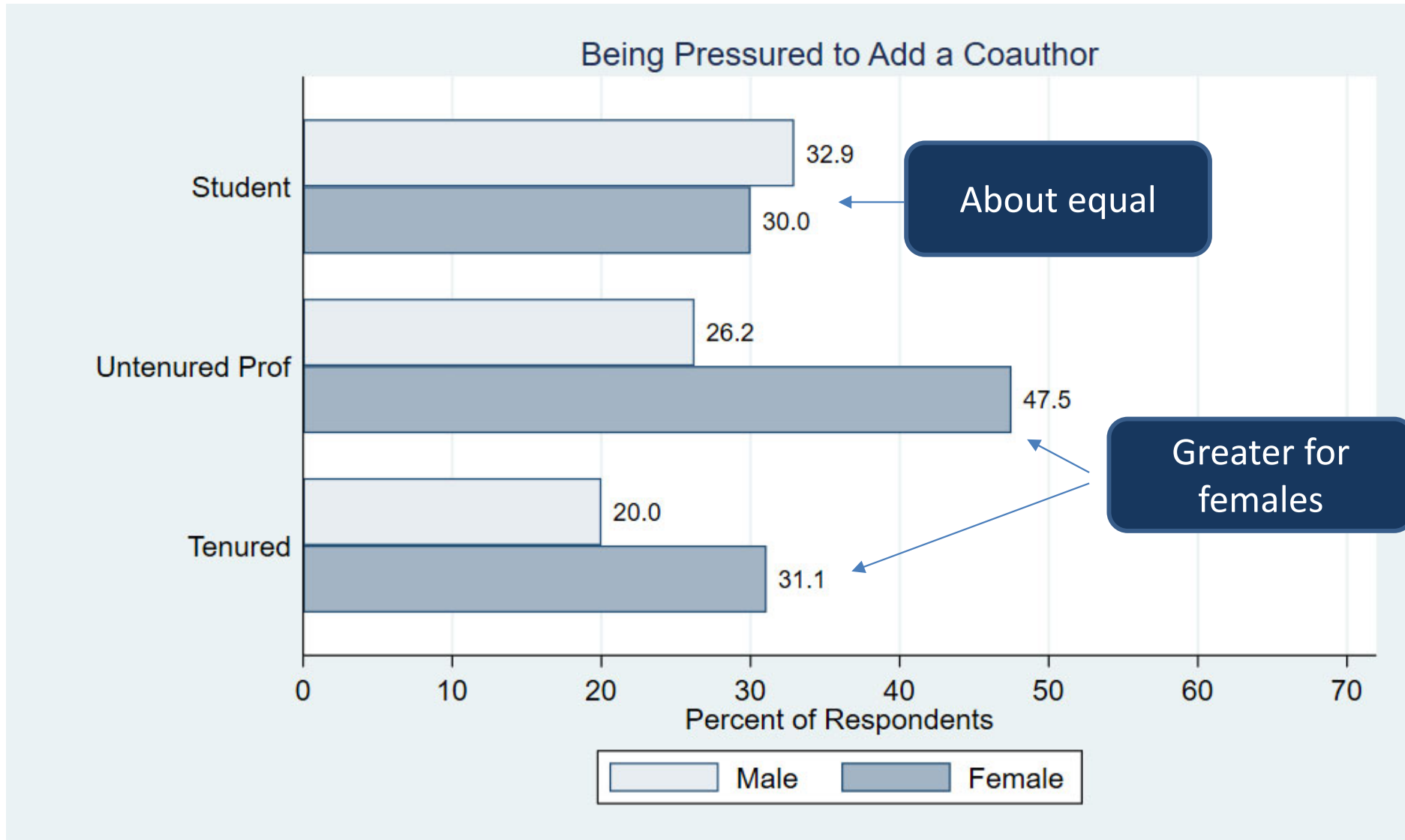
Policy recommendations: Do all these factors matter?

Dependent Variable = Job Satisfaction

<i>Sample</i>	Females		Males	
Female seminar speaker	3.043** (0.765)		0.732** (0.145)	
Job offer to female	-0.431 (2.054)		-1.312** (0.355)	
Accepted offer to female		0.931 (1.610)		-0.607 (0.687)
Controls	Yes	Yes	Yes	Yes
Observations	117	82	110	418
Adjusted R^2	0.323	0.312	0.308	0.258

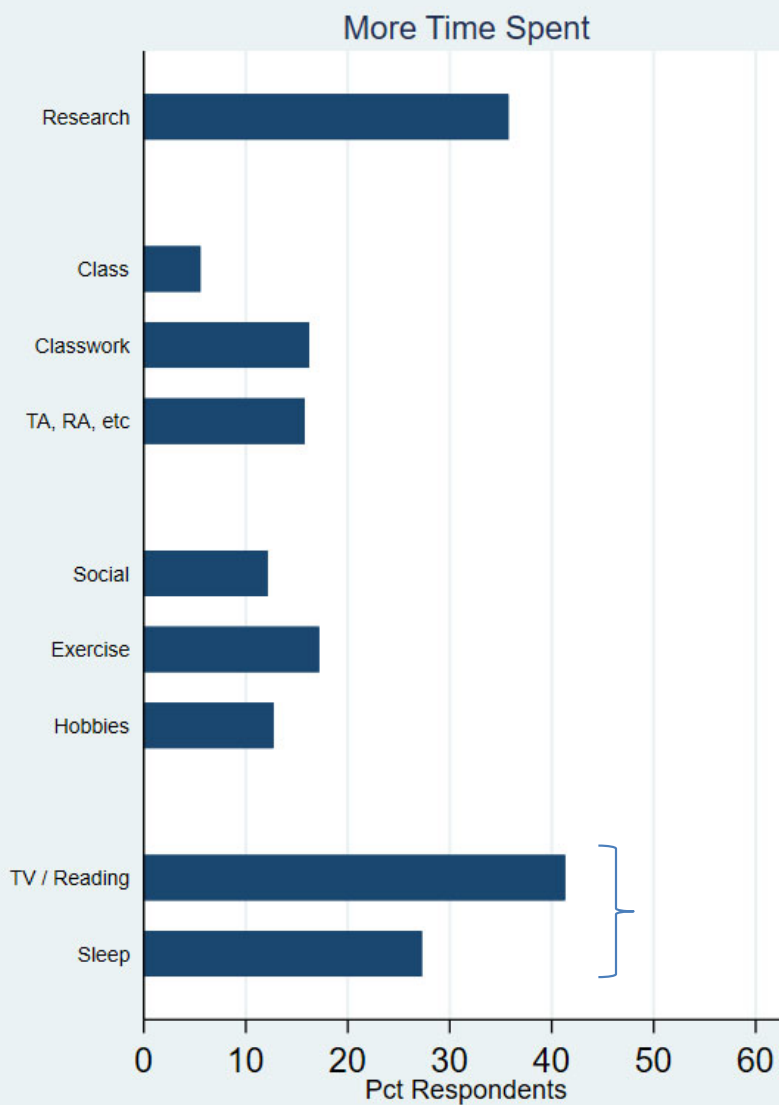
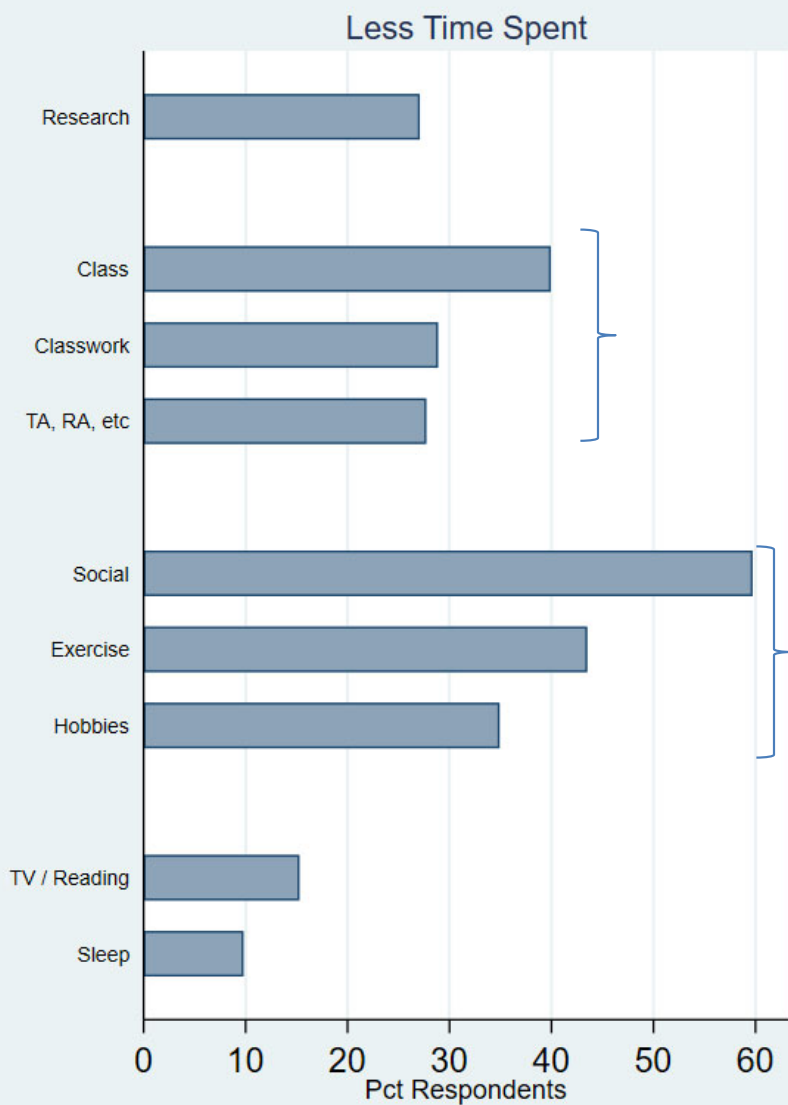


Pipeline effects: pressure to add a co-author

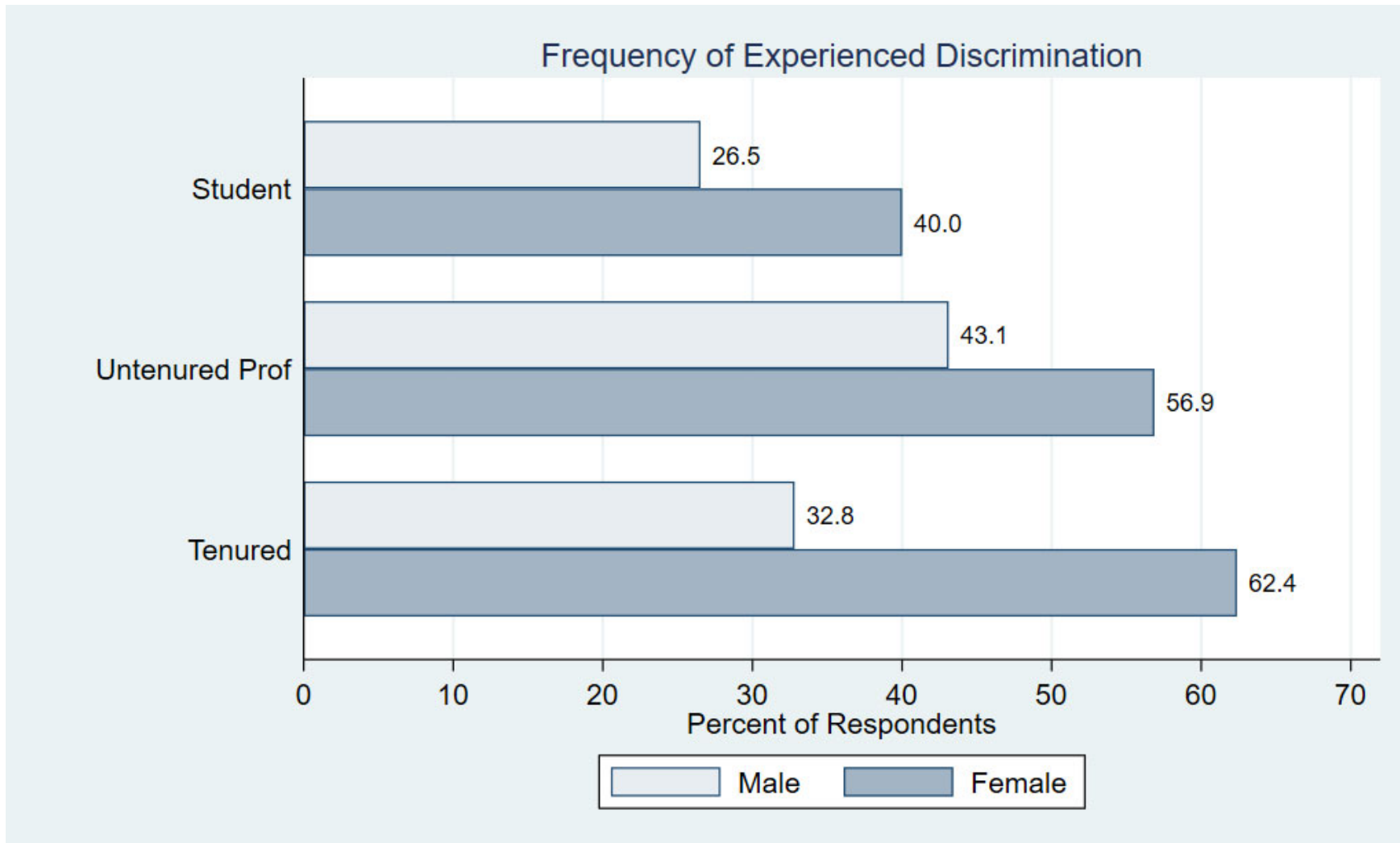


Pipeline effects: how are students affected by Covid?

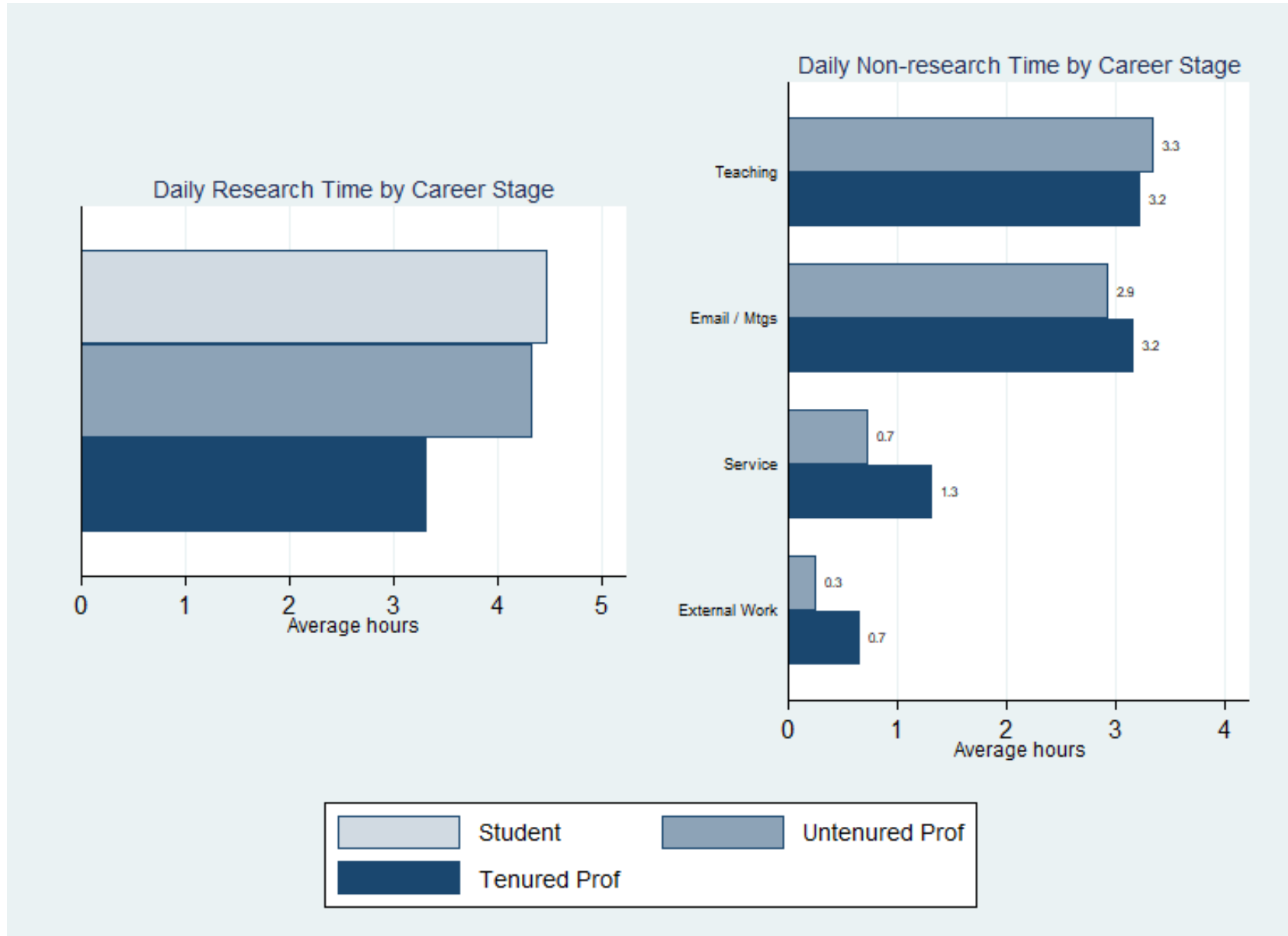
Students: Change in time use during Covid



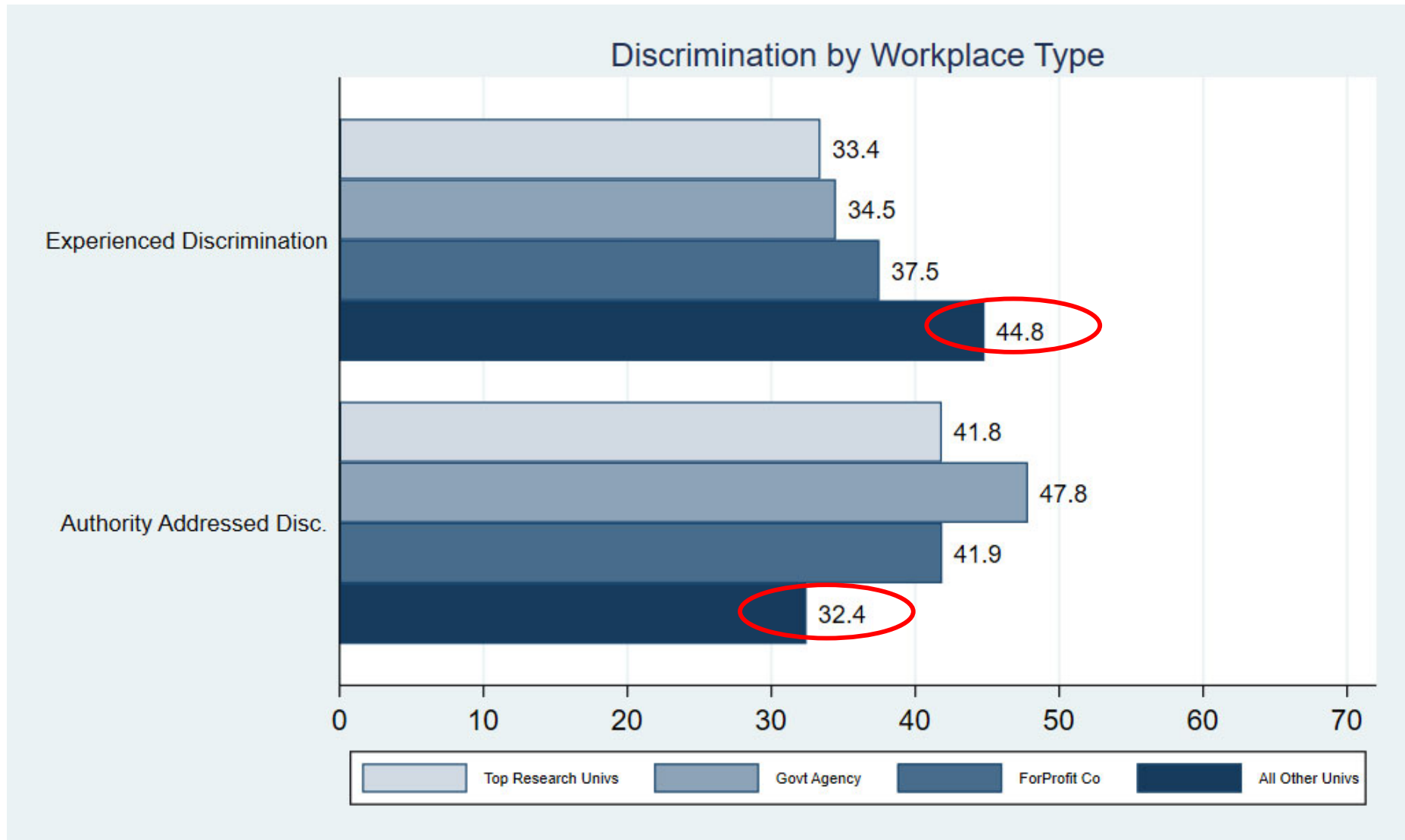
Pipeline effects: discrimination



Pipeline effects: time allocation

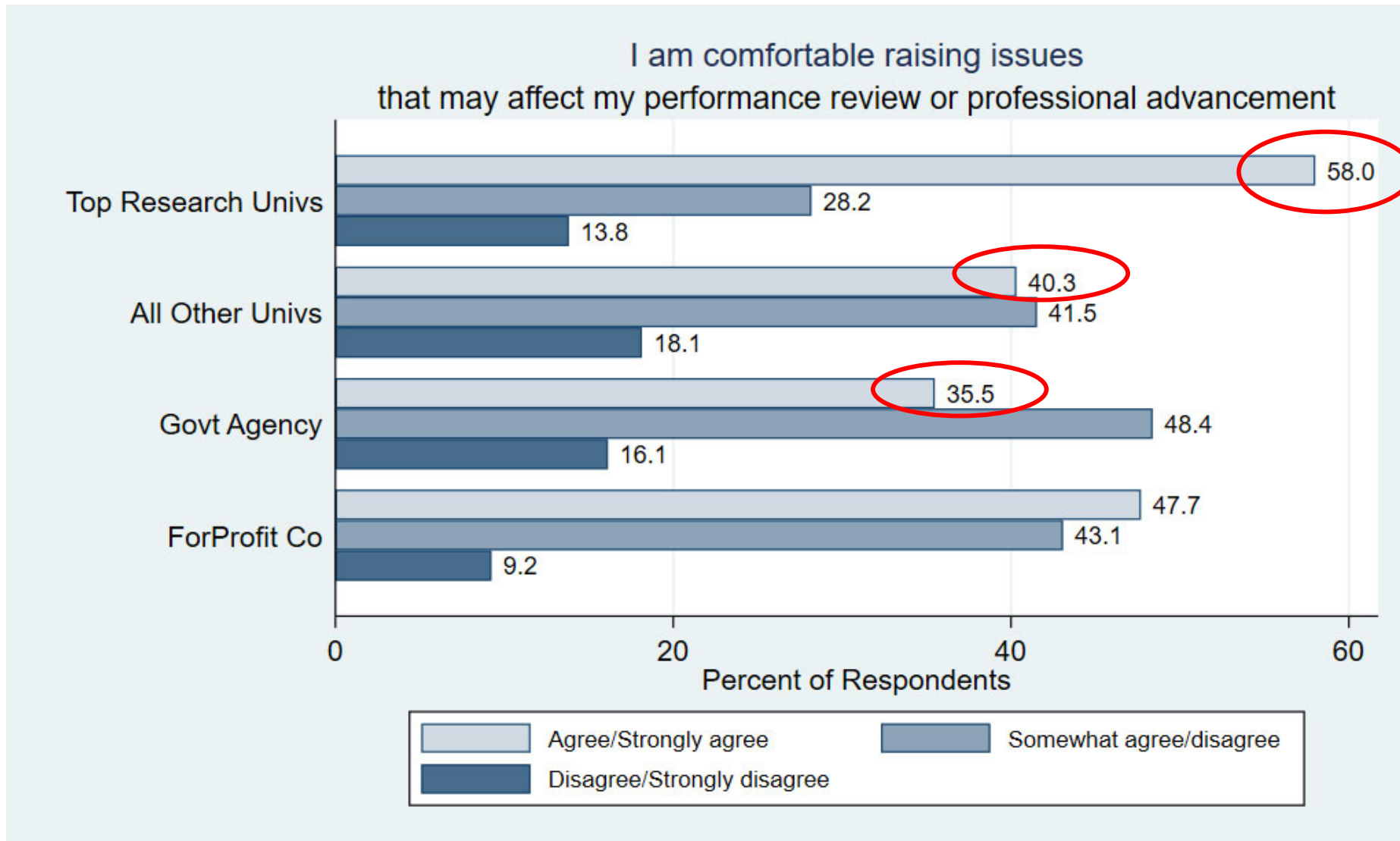


Variation across workplace type



Less research-intensive univ's have: highest rate of discrimination
authority LEAST likely to address discrimination

Variation across workplace type



The main takeaways

- Women face substantially higher discrimination
 - The structure of work differentially impacts women
 - Difs in preferences unlikely to explain gender gap in career outcomes
- Potentially contributes to differences in career outcomes
- Differential experiences have costs to field as a whole
 - People more likely to leave a position, avoid a research area if they have experienced discrimination
- Policy recommendations
 - Mentorship
 - Offering and encouraging accommodations
 - Addressing discrimination
- Authoritative action has positive effects