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UC BERKELEY HAAS SCHOOL OF BUSINESS
CENTER FOR EQUITY, GENDER, AND LEADERSHIP

THE BUSINESS CASE FOR GENDER DIVERSITY

A RESEARCH COMPENDIUM

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@ 2019 Center For Equity, Gender, And Leadership

**"Investing in women is not only
the right thing to do; it is
the **smart thing to do.**"**

Ban Ki-moon, Former Secretary-General of the United Nations



Introduction

In a world where decisions are driven by both values and numbers, leaders consistently face one fundamental question: "What is the business case?" While decision-makers might be morally committed to providing equal opportunity to all, some may remain more concerned about the unknown impact on the bottom line.

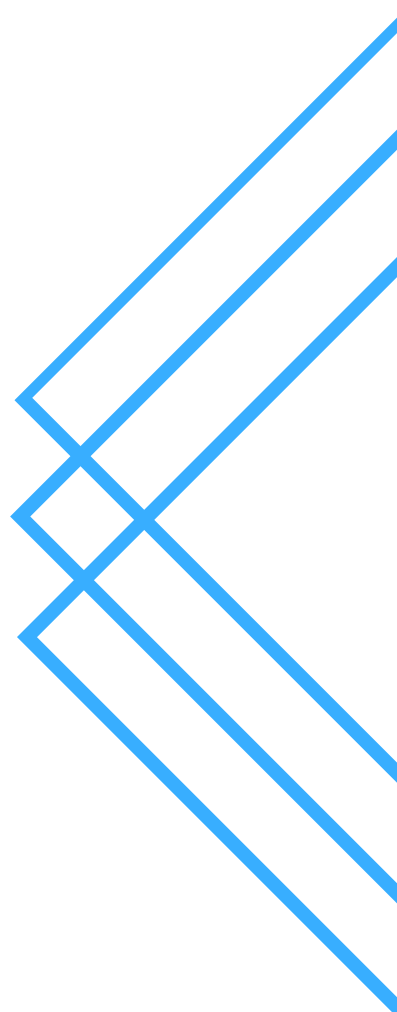
This compendium organizes statistical information and research from a wide breadth of sources - including academic institutions, industry leaders and multi-lateral organizations - from the past 10 years. In compiling this information, we aim to equip individuals with the data they need to understand the business case.

We do not lose sight of the moral case: providing equal opportunity is the right thing to do, period. Rather, we present the evidence to link the moral case for investing in women to the numbers that clarify how gender diversity can contribute to better business outcomes.

The first four sections highlight resources and research that connect gender diversity to business value. The sections are as follows: (1) enhanced financial performance (both firm revenue and market valuation), (2) leveraged talent, (3) improved innovation, and (4) increased teamwork. Research that documents changes in financial performance may only be documenting correlation and may or may not examine the reasons for this change. Regardless, it is important to acknowledge that gender diversity may impact financial performance (firm revenue) due to leveraging talent, improving innovation and/or increasing teamwork, among other reasons.

In the final section of the report we include research that has resulted in conflicting or negative outcomes on the business case, and include a discussion on some of the latest understandings related to how business case results can vary in different contexts.

We hope this compendium supports practical conversations, understanding and progress around the business case for gender diversity.



Reader's Note

As a research compendium that focuses on highlighting publications on the gender equity business case, [this report's ideal use purposes include](#):

- Finding statistics for presentations, events, and discussions regarding gender equity
- Providing information that can be used to building internal ownership and financially justify gender equity (or D&I broadly) workplace programs
- Enhancing understanding of the business case for current or future business leaders and internal D&I champions

Each business value section in this compendium includes various information organized by publication title, summary, and citation. We focused on providing publication titles and summaries of research publications so the information is easy to access for practitioners and academics alike. Each citation is hyperlinked to the actual source of the information to connect you with the original content for further information.

Note that certain research sources are cited within multiple business value sections of this compendium because the sources' information span across multiple business values.

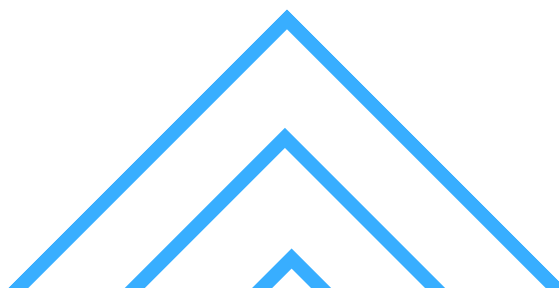
The Center for Equity, Gender and Leadership (EGAL) continues to track and catalogue new research related to the business case for gender diversity and equality in the workplace. Furthermore, this compendium is not exhaustive of all the research that exists on the topic.

EGAL's [Business Case Tracker](#) therefore catalogues additional research on the business case of gender diversity and diversity more broadly, as well as research that illustrates negative, null or conflicting findings related to the business case.

This [Business Case Tracker](#), can be accessed here: <http://tiny.cc/5htl7y>

Acronyms

CEO	Chief executive officer
EBIT	Earnings before interest and taxes
GELI	Global Executive Leadership Inventory
HHI	Herfindahl-Hirschman Index
M&A	Mergers and acquisitions
REIT	Real estate investment trust
ROA	Return on assets
ROE	Return on equity
ROI	Return on investment
ROIC	Return on invested capital
ROS	Return on sales
S&P 500	Standard and Poor's 500



Gender Diversity

What is the business value?



Enhanced Financial Performance

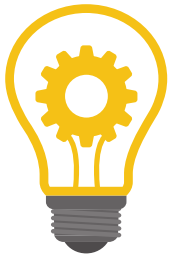
"Companies with 3 or more women board directors for at least 4 years outperformed companies without women board directors by 46%"

The Bottom Line: Corporate Performance And Women's Representation On Boards (2004-2008)

Leveraged Talent

"The research established that male observers ranked female leaders significantly higher than they ranked male leaders on 7 out of 10 GELI dimensions"

Women And The Vision Thing



Improved Innovation

"U.S. mixed-gender teams created patents that were cited 26% to 42% more frequently than the average"

Why Diversity Matters

Increased Teamwork

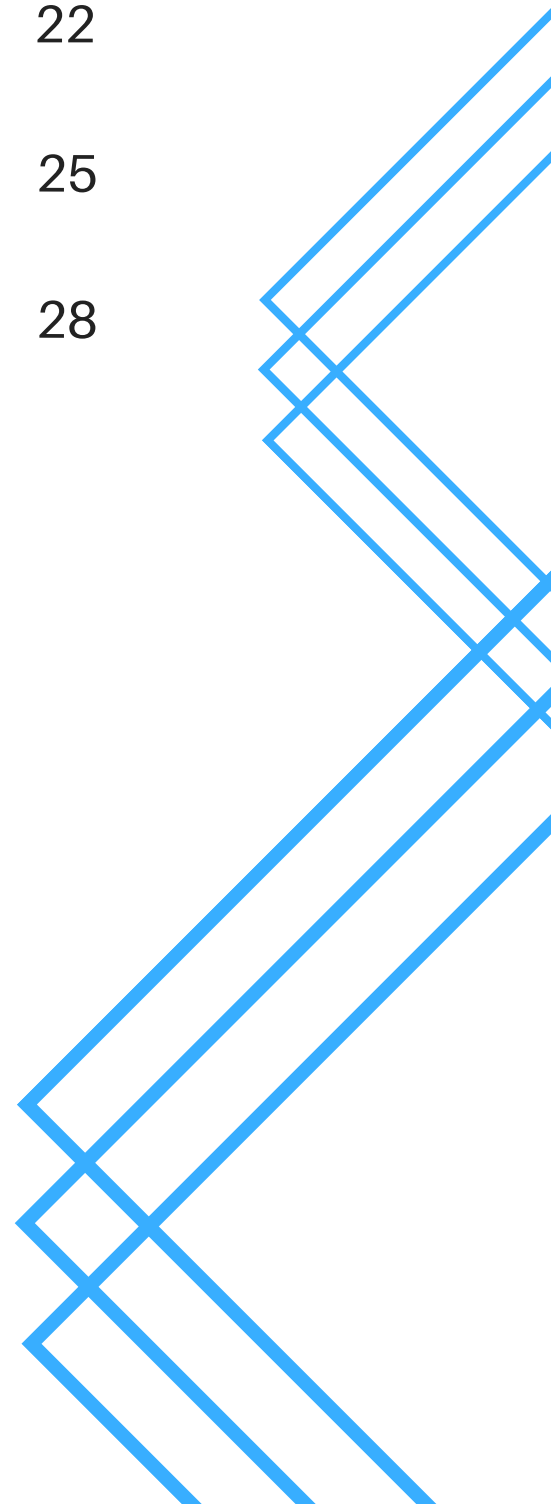
"Team performance peaks when the share of women in a business team is 55%; the drivers... were more intense mutual monitoring and equal learning"

The Impact Of Gender Diversity On The Performance Of Business Teams: Evidence From A Field Experiment



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"Companies with a higher proportion of women in their executive committees possessed stronger financial performance, including a 41% increase in ROE on average."

"Gender Intelligence: A Research Compendium." Center for Applied Research, State Street Corporation

I. Enhanced Financial Performance

I. Enhanced Financial Performance

The "Financial Performance" section summarizes reports that establish connections between gender diversity and financial performance, including impacts to firms' ROA, ROE, ROI, ROIC, ROS, profitability, growth rates, and stocks/investments. A majority of the research focuses on the impact of women in C-Suite positions as well as company positions overall.

ROA

"Business Culture & Practice: As A Driver For Gender Equality & Women's Economic Empowerment"

The 2016 report summarizes the analysis and recommendations from the UN Secretary General's High-Level Panel on women's economic empowerment. It includes a discussion on financial effects of women in senior management and gender diversity in the workplace more broadly. For example, a 2016 IMF study finds that each additional woman in a corporate senior management position is correlated with an ROA increase of 8 to 13 basis points. In addition, a 2016 Credit Suisse analysis finds companies in the top 25% for gender diversity are 15% more likely to possess financial returns above national industry means.

Tyson, Laura, Klugman, J & Smith, G. "Business Culture & Practice: As A Driver For Gender Equality & Women's Economic Empowerment." Empower Women, Empower Women, Nov. 2016, www.empowerwomen.org/-/media/files/un%20women/empowerwomen/resources/hlp%20briefs/business%20policy%20brief_v2.pdf?la=en.

C-Suite

Company Employees Overall



ROA

"The CS Gender 3000: The Reward For Change"

The 2016 version of Credit Suisse’s “The CS Gender 3000: The Reward For Change” continues to establish the link between gender diversity and business financial performance by analyzing over 3,000 global companies. As part of their research, the authors studied the connection between the appointment of female CEOs and changes in the corresponding companies’ ROAs. When adjusted between sectors, the study determined that ROAs decrease 12% at firms where the replacement CEO is male but the ROA compression is 16% over the preceding year when the position is given to a woman. In addition, the research found companies with at least 15% female senior managers had over 50% higher profitability than companies where females composed less than 10% of senior managers.

Dawson, Julia. "The CS Gender 3000: The Reward For Change." Credit Suisse, Credit Suisse, 11 Sept. 2016, evolveetfs.com/wp-content/uploads/2017/08/Credit-Suisse-Reward-for-Change_1495660293279_2.pdf

ROE

"The Bottom Line: Corporate Performance And Women’s Representation On Boards (2004-2008)"

Catalyst’s report analyzes the correlation

between women’s board representation and corporate performance from 2004 to 2008. The analysis utilizes gender data from Catalyst’s annual Fortune 500 Census of Women Board Directors report from 2005 to 2009; it focuses on specific financial measures, including ROE, ROS, and ROIC. In regards to ROE, the report shows that companies with 3 or more women board directors for at least 4 years outperformed companies without women board directors by 46%. In regards to ROS, the report shows that companies with the most female board directors outperformed companies with the least board directors by 16%. Finally, in regards to ROIC, the report shows companies with the most female board directors outperformed companies with the least female board directors by 26%.

Carter, Nancy M., and Harvey M. Wagner. "The Bottom Line: Corporate Performance And Women’s Representation On Boards (2004-2008) ." Catalyst , Catalyst Inc. , 1 Mar. 2011, <https://www.catalyst.org/research/the-bottom-line-corporate-performance-and-womens-representation-on-boards-2004-2008/>

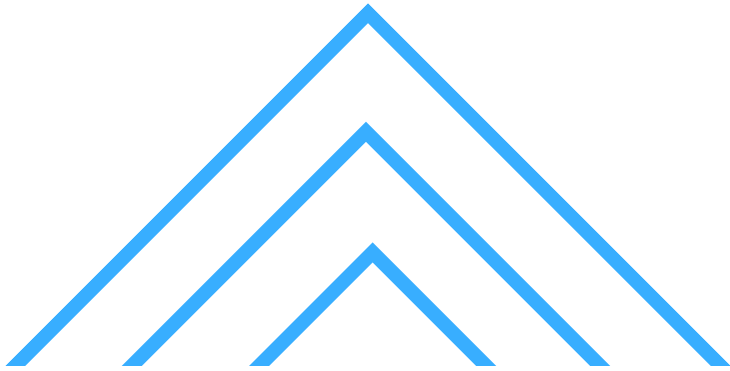
"Why Diversity Matters"

Catalyst’s Information Center published this report to summarize recent data from industry leaders in order to surface the business case for diversity and inclusion. One of their sources includes a McKinsey diversity report that measured the “organizational excellence” (using nine criteria) of companies across Asia,

ROE

C-Suite

C-Suite



Europe, and North America; the research determined that 89 European companies with the highest number of female senior leadership individuals - including 2 or more female individuals on their board - outperformed the Stoxx Europe 600 industry ROE averages by 10%. In addition, the report cites the research paper "Does Female Leadership Boost Firm Profitability?" from The Research Institute of the Finnish Economy; this research in Finland studying large firms determined that companies with female CEOs were 10% more profitable on average than peer companies with male CEOs. Finally, the report discusses USA Today's "Stock Soars: 2009 Was Great for Female CEOs' Companies" article; the article compares 13 female led Fortune 500 companies' stocks to the overall S&P 500 and finds that the female led companies were up 50% (compared to the S&P 500 that was up 25%).

Troiano, Emily V. "Why Diversity Matters." Catalyst , Catalyst Inc., 23 July 2013, www.catalyst.org/research/why-diversity-matters/

"Gender Intelligence: A Research Compendium"

State Street's Center for Applied Research published this compendium utilizing research from multiple industry and academic leaders to understand the drivers behind gender disparity. The

compendium cited one McKinsey report which concluded that companies with a higher proportion of women in their executive committees possessed stronger financial performance, including a 41% increase in ROE on average.

"Gender Intelligence: A Research Compendium." Center for Applied Research, State Street Corporation, www.pingpdf.com/pdf-gender-intelligence-state-street-global-advisors.html

"Higher Returns with Women in Decision-Making Positions"

The Credit Suisse article summarizes the findings from Credit Suisse's "CS Gender 3000: Progress in the Boardroom" bi-annual report, which analyzed information from over 3,000 companies. It cites data focusing on the connection between female senior leadership and financial performance. According to the article, the market would pay a 19% premium price-to-book multiple for the top 50% of female led companies. In addition, from 2013 to 2016, firms with 25% female senior leadership outperformed peers at a 2.8% compound annual growth rate; this annual growth rate number increased to 4.7% for companies with 33% female senior leadership & 10.3% for companies with 50% female senior leadership.

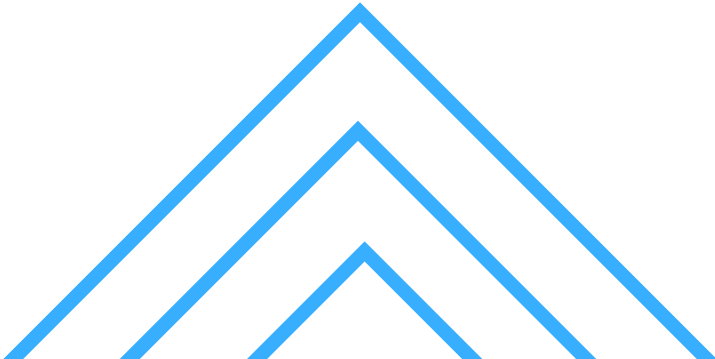
Misercola, Mark. "Higher Returns with Women in Decision-Making Positions." Credit Suisse, Credit Suisse Group AG, 10 Mar. 2016, www.credit-suisse.com/corporate/en/articles/news-and-expertise/higher-returns-with-women-in-decision-making-positions-201610.html

Growth Rates

C-Suite

ROE

C-Suite



ROE

C-Suite

"Is There A Payoff From Top-Team Diversity?"

The April 2012 "McKinsey Quarterly" includes this article that researched ROE and EBIT data of 180 American and European companies from 2008 to 2010 in order to analyze financial performance correlated with company diversity. In order to understand diversity-related trends objectively, the article focused on measuring data related to women and foreign nationals on senior teams. The analysis determined ROE values were 53% higher, on average, for companies ranked in top 25% of board diversity compared to firms in the lowest 25%.

Barta, Thomas, et al. "Is There A Payoff From Top-Team Diversity?" McKinsey & Company, McKinsey & Company, Apr. 2012, www.mckinsey.com/business-functions/organization/our-insights/is-there-a-payoff-from-top-team-diversity

ROE

Company
Employees
Overall

"Gender Diversity Is A Competitive Advantage"

Morgan Stanley published this article to summarize the analysis in their research report "Putting Gender Diversity to Work: Better Fundamentals, Less Volatility," which utilizes data analyzed by Morgan Stanley Chief U.S. Equity Strategist Adam Parker and his team. In the report, the authors determined that companies with increased gender diversity outperformed similar companies with low diversity for

the past 5 years, including a higher ROE and reduced ROE volatility.

"Gender Diversity Is A Competitive Advantage." Morgan Stanley, Morgan Stanley, 12 May 2016, www.morganstanley.com/blog/women/gender-diversity-work

"Inclusion Is No Longer Just A 'Nice To Have', It's A Business Essential"

SSE's article discusses its work with Equal Approach, a firm that works with inclusion experts in the US and UK to create a tool to quantify ROI by considering 100+ business performance elements. Equal Approach's work with SSE -- a Scottish energy company -- shows that SSE has progressed tremendously on its female focused goals compared to other energy providers. For example, SSE achieved a £4.52 ROI for every £1 invested in gender diversity initiatives and £15 ROI for every £1 invested in wider inclusion initiatives.

Milman-Hurst, Dawn. "Inclusion Is No Longer Just A 'Nice To Have', It's A Business Essential." SSE, SSE, 28 Sept. 2017, sse.com/newsandviews/allarticles/2017/09/inclusion-is-no-longer-just-a-nice-to-have-its-a-business-essential/

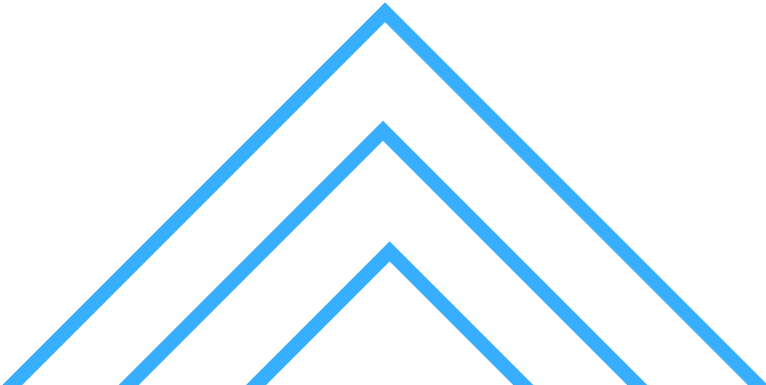
"Returns At Hedge Funds Run By Women Beat The Industry, Report Says"

This New York Times article summarizes the findings from a hedge fund industry analysis report. According to the report, an index from professional services firm Rothstein Kass - which is based on 67

ROI

Company
Employees
Overall

C-Suite



hedge funds with female managers or owners - determined that female hedge fund managers delivered a 8.95% return through the third quarter of 2012. In comparison, Hedge Fund Research’s HFRX Global Hedge Fund Index had a 2.69% net return through September of the same year. The report discusses that female financiers have been successful due to their generally risk averse nature.

Alden, William. "Returns at Hedge Funds Run by Women Beat the Industry, Report Says." The New York Times, The New York Times, 10 Jan. 2013, dealbook.nytimes.com/2013/01/10/returns-at-hedge-funds-run-by-women-beat-the-industry-report-says/.

"Women Hedge Fund Managers Outpace Male Rivals, Again: Study"

Reuters’ article analyzes the connection between female hedge fund managers and strong financial performance. The article describes how female-managed hedge funds globally had a 6% return from January 2007 to June 2013, which outperformed Standard & Poor’s 500 index 4.2% and HFRX’s 1.1% loss.

Herbst-Bayliss, Svea. "Women Hedge Fund Managers Outpace Male Rivals, Again: Study." Reuters, Reuters, 14 Jan. 2014, www.reuters.com/article/us-hedgefunds-women-idUSBREA0E07K20140115

"Why Women-Owned Startups Are A Better Bet"

BCG’s article discusses why female

owned start-ups are a better investment for financial backers. The authors reviewed 5 years of revenue and investment data and discovered that investments in female-founded companies averaged \$935,000 -- which is significantly lowered compared to the \$2.1 million average investment in male-founded companies. However, despite the gap in investment, female-founded startups generated 10% more on average in revenue over a 5 year period (\$730,000 versus \$662,000). In addition, startups founded by women generated 78 cents for every dollar of funding versus 31 cents generated from male-founded startups.

Abouzahr, Katie, et al. "Why Women-Owned Startups Are A Better Bet." BCG , The Boston Consulting Group, 6 June 2018, www.bcg.com/en-us/publications/2018/why-women-owned-startups-are-better-bet.aspx

"Diversity Matters"

McKinsey’s publication looks at the correlation between gender/ethnic diversity and corporate financial performance (average EBIT from 2010 to 2013). Their research included datasets from 366 companies in the UK, US, Canada, and Latin America across a wide range of industries. The authors utilized the Herfindahl-Hirschman Index (HHI) -- a commonly accepted measure of market concentration -- to compare levels of competitiveness within markets and

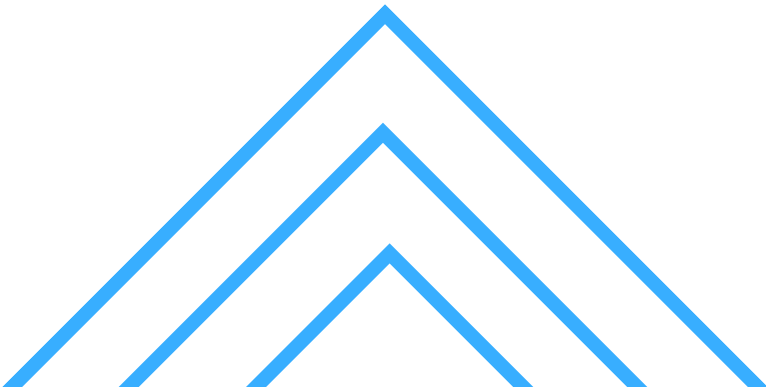
C-Suite

Stocks + Investments

C-Suite

Profitability

Company Employees Overall



industries. The report finds a statistically significant connection between diversity and financial performance; for instance, companies in the top 25% for gender diversity were 15% more likely to possess above-average financial returns. In addition, for the U.S. dataset, the report finds that - after a starting point of 22% female diversity in a senior executive team - EBIT margin increases by 0.3% with each 10% increase in gender diversity.

Hunt, Vivian, et al. "Diversity Matters." McKinsey & Company, McKinsey & Company, 2 Feb. 2015, assets.mckinsey.com/~/media/857F440109AA4D13A54D9C496D86ED58.ashx

"Women Employees Boost The Bottom Line For Tech Firms "

Morgan Stanley's Sustainability and Global Quantitative Research teams released a report that ranks 108 tech companies using a gender diversity investment framework, as summarized by this article. Over a five year time span concluding in September 2016, the research determined that gender diverse tech firms had an average 5.4% increase in returns on an annual basis compared to less gender diverse peers. The report established that this return is higher in the tech industry compared to other sectors at all company levels.

"Women Employees Boost The Bottom Line For Tech Firms ." Morgan Stanley, Morgan Stanley, 3 May 2017, www.morganstanley.com/ideas/gender-diversity-tech-companies.

"Profit, Thy Name Is... Woman?"

The Miller-McCune research essay establishes a connection between female executives and high profitability. The author, a professor from Pepperdine University, and his colleagues tracked the financial performance of firms in Fortune's list of "100 Most Desirable MBA Employers" for women; these firms were chosen for their record of promoting female employees to the executive suite. Their results showed that 59% of these companies were higher than the median in regards to profits as a percentage of equity.

Adler, Roy Douglas. "Profit, Thy Name Is... Woman? ." Miller-McCune, Miller-McCune, s3.amazonaws.com/mmc-beta-production/assets/11195/MMResearch_Essay.pdf

"An Investor's Guide To Gender Diversity"

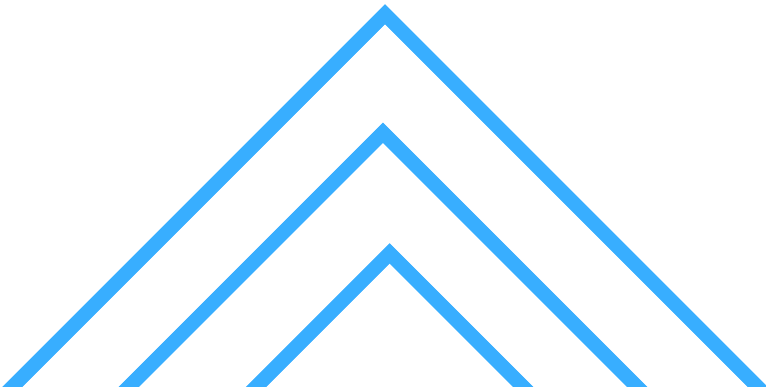
Morgan Stanley's Sustainable & Responsible Investment and Global Quantitative Research teams make a business case for gender diversity in this article. The research includes a gender diversity framework to analyze over 1600 global stocks. One of their findings describe the positive relationship between gender diversity and equity returns; in companies with the top 33% proportion of female employees, there

Profitability

Company
Employees
Overall

Company
Employees
Overall

Company
Employees
Overall



were 2% higher average relative returns.

"An Investor's Guide To Gender Diversity." Morgan Stanley, Morgan Stanley, 17 Jan. 2017, www.morganstanley.com/ideas/gender-diversity-investor-guide

"Delivering Through Diversity"

McKinsey's "Delivering Through Diversity" utilizes data from over 1000 firms from 12 countries in order to study the connection between gender/ethnic diversity and company financial outperformance on a global level. In their 2017 publication, the researchers discovered that companies in the top 25% for executive team gender diversity were 21% more likely to experience above-average profitability and 27% more likely to outperform on longer term value creation versus firms in the bottom 25% of executive team gender diversity; this analysis was determined to be statistically significant.

Hunt, Vivian, et al. "Delivering Through Diversity." McKinsey & Company, McKinsey & Company, Jan. 2018, www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity

"Leadership Change And Shareholder Value: How Markets React To The Appointments Of Women"

The research publication from the HR Science Forum studies how the

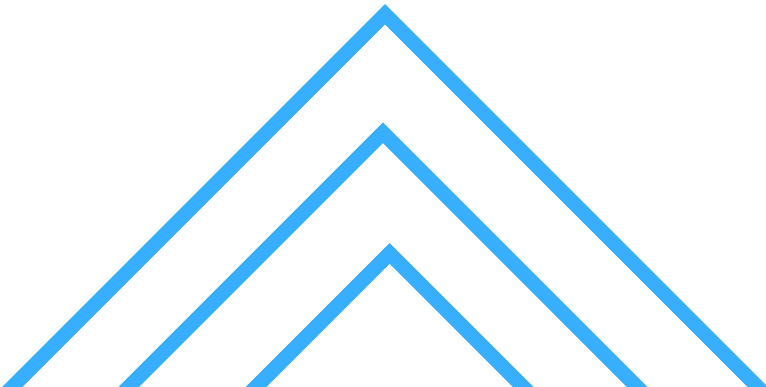
appointments of women into senior leadership positions in U.S. corporate firms affects the firms' share prices compared to the appointments of male senior leadership. The study found that investors respond more positively to the appointments of female senior executives compared to appointments of male leaders; there is a significant increase in the share price for women of 1.03% ($p < .05$) versus a nonsignificant increase in the share price for men of .60%.

Cook, Alison, and Christy Glass. "Leadership Change And Shareholder Value: How Markets React To The Appointments Of Women." Wiley Online Library, John Wiley & Sons, Inc., 27 July 2011, onlinelibrary.wiley.com/doi/full/10.1002/hrm.20438

"Girls Rule"

The Forbes research article discusses which companies perform better for investors: those led by women or those led by men. In the study, the author analyzed 26 female-led publicly traded firms' stock performance and used the date each company announced a female CEO as the starting points for each entry. The article concludes that the female-led firms as a group outperformed the overall market -- that includes firms led primarily by male chief executives -- by an average of 28%.

Ozanian, Michael K. "Girls Rule." Forbes, Forbes Magazine, 7 Oct. 2010, www.forbes.com/forbes/2010/1025/power-women-10-lauvergeon-areva-cogema-business-girls-rule.html



Profitability

C-Suite

Stocks + Investments

C-Suite

C-Suite

Stocks + Investments

C-Suite

"Soapbox: Why Women Managers Shine"

Ferrary’s Financial Times article studies the correlation between the drop in share prices of companies in the French CAC 40 stock exchange index during the 2008 economic downturn and the number of women in the companies’ management teams at the time. Overall, the research determined that French CAC 40 companies with higher proportions of female employees had smaller drops in share prices in 2008 while companies with mostly male management experienced larger decreases in share prices when compared to the CAC 40 overall. One of the factors explored to explain this phenomenon is the general trend of risk averse, long-term driven behavior typically shared by female employees - a trend that is valued by financial markets during uncertain times.

Ferrary, Michel. "Soapbox: Why Women Managers Shine." Financial Times, The Financial Times Ltd, 1 Mar. 2009, www.ft.com/content/27836d74-04e4-11de-8166-000077b07658

C-Suite

"Women At The Top Of Corporations: Making It Happen"

McKinsey’s “Women Matter 2010” publication discusses the current gender diversity statistics among corporations’ top management teams

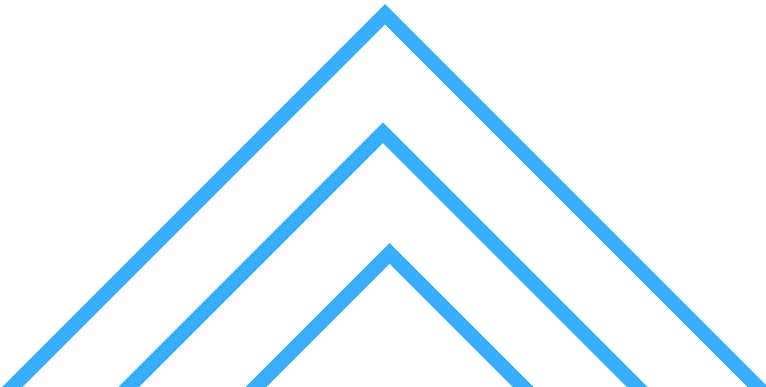
and thought leadership about how to improve those statistics moving forward. As part of their analysis, the authors identifies the top 25% companies by proportion of women in executive positions and compared the financial performance of these companies with firms led by all-male executive boards. The research determined that the gender diverse companies exceeds the companies without female executives by 56% in terms of operating results.

Desvaux, Georges. "Women Matter: Women At The Top Of Corporations: Making It Happen." McKinsey & Company, McKinsey & Company, Oct. 2010, www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Women%20at%20the%20top%20of%20corporations%20Making%20it%20happen/Women%20at%20the%20top%20of%20corporations%20Making%20it%20happen.ashx

"When It Comes To Revenue, Women Entrepreneurs Are Pummeling The Guys"

This Inc. article discusses the financial performance of start-ups led by women versus men. The author references a 2015 research paper by First Round Capital that examined a portfolio with 300 startups and discovered that female-founded teams performed 63% better in valuation than all-male teams. In addition, the Inc. article cites 2013 research from the Ewing Marion Kauffman Foundation showing that female tech entrepreneurs that receive venture capital produce 12%

C-Suite



higher revenues than their male counterparts. Finally, the author mentions a study created by Illuminate Ventures that determined female-led companies produced revenues similar to companies started by male founders but with an average of 33% less venture capital.

Weisul, Kimberly. "When It Comes To Generating Revenue, Women Entrepreneurs Are Pummeling The Guys." Inc., Manuseto Ventures, 6 June 2018, www.inc.com/kimberly-weisul/boston-consulting-group-female-founders-higher-revenues.html

C-Suite

"Women On The Rise"

Nareit's "Women On The Rise" looks at the current statistics among women in corporate leadership -- statistics that are currently subpar but indicate an optimistic trend for women in leadership. It also describes how firms can benefit from appointing more female executives in their executive boards according to research by FPL Advisory Group. Specifically, REITs with a female board executive over 3 years have outperformed their peers by 2.6% over a 3 year time span.

Keenan, Charles. "Women On The Rise." Nareit, Nareit, 17 May 2013, www.reit.com/news/reit-magazine/march-april-2013/women-rise



"Female employees outperformed their male counterparts on 12 of 16 outstanding leadership competencies... and scored similarly on the remaining 4 of 16 competencies."

Troiano, Emily V. "Why Diversity Matters." Catalyst, Catalyst Inc., 23 July 2013, www.catalyst.org/research/why-diversity-matters/

II. Leveraged Talent

II. Leveraged Talent

The "Leveraged Talent" section focuses on reports that establish how female leaders and employees impact their companies' talent pool, including impacts to leadership competency, operations productivity, and work presence. A majority of the research focuses on the impact of women in C-Suite and entry-level positions as well as company positions overall.

Leadership
Competency

"Why Diversity Matters"

C-Suite

Catalyst's Information Center published this report to summarize recent data from industry leaders in order to surface the business case for diversity and inclusion. In the report, one of the sources cited is the Harvard Business Review article "Are Women Better Leaders than Men?" This study determined from their survey of over 7000 leaders that female employees outperformed their male counterparts on 12 of 16 outstanding leadership competencies (including "nurturing," "takes initiative," "practices self development," "displays high integrity and honesty," and "drives for results") and scored similarly on the remaining 4 of 16 competencies.

Troiano, Emily V. "Why Diversity Matters." Catalyst, Catalyst Inc., 23 July 2013, www.catalyst.org/research/why-diversity-matters/



Leadership Competency

Company Employees Overall

" 'Feminine' Values Can Give Tomorrow's Leaders An Edge "

This Harvard Business Review article aimed to understand which characteristics - categorized as "masculine" and "feminine"- of employees were increasingly sought after and valued in business. The researchers utilized a sample of 32,000 individuals; half of the sample was asked to categorize 125 characteristics as "masculine" or "feminine" and the other half of the sample was asked to rate those characteristics based on the connection to success, leadership, and morality. Their analysis established a strong consensus that characteristics considered traditionally feminine - including "expressive", "plans for future", "reasonable", and "collaborative" - were ranked as essential to leading an interdependent and transparent society.

Gerzema, John. "'Feminine' Values Can Give Tomorrow's Leaders An Edge." Harvard Business Review, Harvard Business School Publishing, 12 Aug. 2013, hbr.org/2013/08/research-male-leaders-should-think-more-like-women

Leadership Competency

C-Suite

"A Study In Leadership: Women Do It Better Than Men"

In 2011, Zenger Folkman conducted research regarding which gender provides better leaders for organizations by evaluating the leadership

effectiveness of a random sample with 7280 high performing leaders composed of 64% men and 36% women. The leaders were evaluated on a 49 item index that were identified to be differentiating characteristics separating the best and worst leaders. For 36 of the 49 items - including "follow through on commitments", "willingly goes above and beyond", and "improves based on feedback from others" - female leaders performed significantly better. For the remaining 13 of the 49 items, male leaders performed better in 2 survey items and the results were gender neutral for 11 survey items.

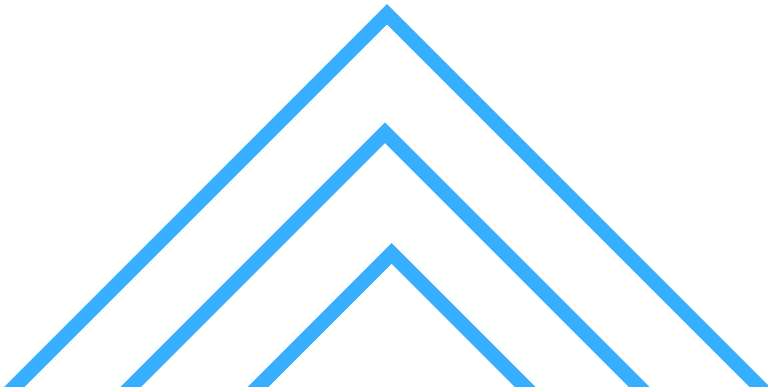
"A Study In Leadership: Women Do It Better Than Men ." Zenger Folkman , Zenger Folkman , 27 Oct. 2015, zengerfolkman.com/media/articles/ZFCo.WP.WomenBetterThanMen.033012.pdf

"Gender Intelligence: A Research Compendium"

State Street's Center for Applied Research published this compendium utilizing research from multiple industry and academic leaders to understand the drivers behind gender disparity. The compendium cited a Bloomberg Businessweek article discussed a call center at which they studied speech patterns, physical moment, and conversations of its employers and produced quantifiable productivity

Operations Productivity

Entry-Level



metrics. Their research showed that the women were able to complete their calls faster than men by an average of 24 seconds -- amounting to a 9% increase in productivity for the females.

"Gender Intelligence: A Research Compendium." Center for Applied Research, State Street Corporation, www.pingpdf.com/pdf-gender-intelligence-state-street-global-advisors.html

"Women And The Vision Thing"

This Harvard Business Review article researched if women on average received lower leadership evaluations than their male counterparts in the business world. To test this question, the authors utilized 2,816 executives from 149 countries enrolled in Insead's executive education classes as well as 22,244 observers; for the study, they focused on differences between men and women in regards to how the observers evaluated them and how they saw themselves. The research established that male observers ranked female leaders significantly higher than they ranked male leaders on 7 out of 10 GELI (Global Executive Leadership Inventory) dimensions.

Ibarra, Herminia. "Women And The Vision Thing." Harvard Business Review, Harvard Business School Publishing, Jan. 2009, hbr.org/2009/01/women-and-the-vision-thing

"Women In The Boardroom And Their Impact On Governance And Performance"

Journal of Financial Economics published this research study regarding the impact of female directors on board inputs and firm outcomes. Their initial sample consisted of director-level data for Standard & Poor's (S&P) 500, S&P MidCaps, and S&P SmallCap firms collected by the Investor Responsibility Research Center from 1996 to 2003. Using a sample of U.S. firms, the researchers determined that female directors have better attendance than their male counterparts and male directors' attendance problems decrease as the board becomes more gender diverse. The study also discovered that directors are given more equity-based compensation in companies with greater gender diversity on executive boards.

Adams, Renée B. "Women In The Boardroom And Their Impact On Governance And Performance." ScienceDirect, Elsevier B.V., Nov. 2009, www.sciencedirect.com/science/article/pii/S0304405X09001421

"Delivering Through Diversity"

McKinsey's "Delivering Through Diversity" utilizes data from over 1000 firms from 12 countries in order to study the connection between gender/ethnic diversity and company financial outperformance on a global level. In their 2017 publication, the researchers studied if executive teams from high performing companies have more female employees

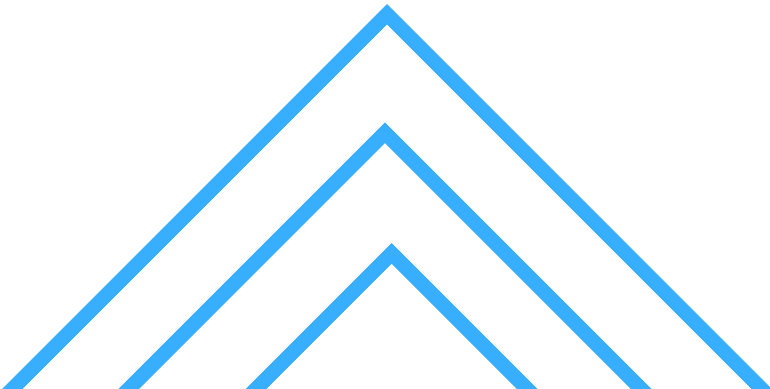
Leadership Competency

C-Suite

Work Presence

C-Suite

Entry-Level



in line roles (including production, sales, marketing, etc) versus staff roles. Women tend to be underrepresented in line roles even among the top 25% of gender diverse companies with greater than average financial performance. However, for these top 25% companies with above average performance, there was a greater share of female employees in line roles (10% of total executives) than the bottom 25% peers (1% of total executives).

Hunt, Vivian, et al. "Delivering Through Diversity." McKinsey & Company, McKinsey & Company, Jan. 2018, www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity

"Women Matter: Women Leaders, A Competitive Edge In And After The Crisis"

In McKinsey's third "Women Matter" publication, the researchers surveyed over 800 business leaders globally in September 2009 to understand if female leaders' behavior provided companies a competitive edge before, during, and after the economic recession. The researchers determined that female leaders more frequently utilize 3 of the 4 types of behavior that are seen as most advantageous in addressing the pre-crisis global challenges. Additionally, the study discovered that female leaders more frequently utilized the two leadership behavior types - "expectations and

rewards" and "inspiration" - that were most advantageous during and after the crisis.

Desvaux, Georges. "Women Matter: Women Leaders, A Competitive Edge In And After The Crisis." McKinsey & Company, McKinsey & Company, Dec. 2009, www.mckinsey.com/~media/McKinsey/Business%20Functions/Organization/Our%20Insights/Women%20matter/Women_matter_dec2009_english.ashx

"The CS Gender 3000: The Reward For Change"

The 2016 version of Credit Suisse's "The CS Gender 3000: The Reward For Change" continues to establish the link between gender diversity and business financial performance by analyzing over 3,000 global companies. The paper's authors leveraged Credit Suisse HOLT's analysis of the operational success score for acquisition or divestment (in other words, "the ability of the acquirer or divested to improve growth and the pricing skill") to understand how M&A transactions by female CEOs fared. According to the analysis, the limited number of M&A transactions by women - 136 versus 2,114 for male to male CEOs - show significantly improved operational success, firm growth, and pricing skill compared to their male counterparts.

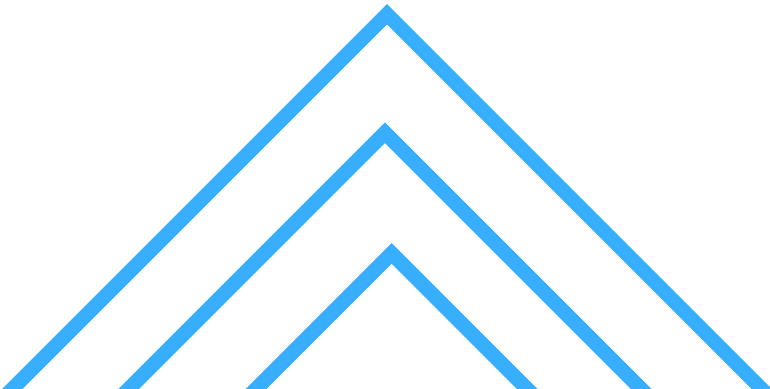
Dawson, Julia. "The CS Gender 3000: The Reward For Change." Credit Suisse, Credit Suisse, 11 Sept. 2016, evolveetfs.com/wp-content/uploads/2017/08/Credit-Suisse-Reward-for-Change_1495660293279_2.pdf.

Operations
Productivity

C-Suite

Leadership
Competency

C-Suite



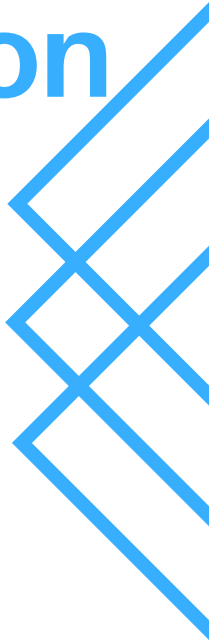
"Companies with above-average management team diversity generated 19% more innovation revenue compared to firms with below-average management team diversity."

Lorenzo, Rocío. "How Diverse Leadership Teams Boost Innovation." BCG, The Boston Consulting Group, 23 Jan. 2018

III. Improved Innovation

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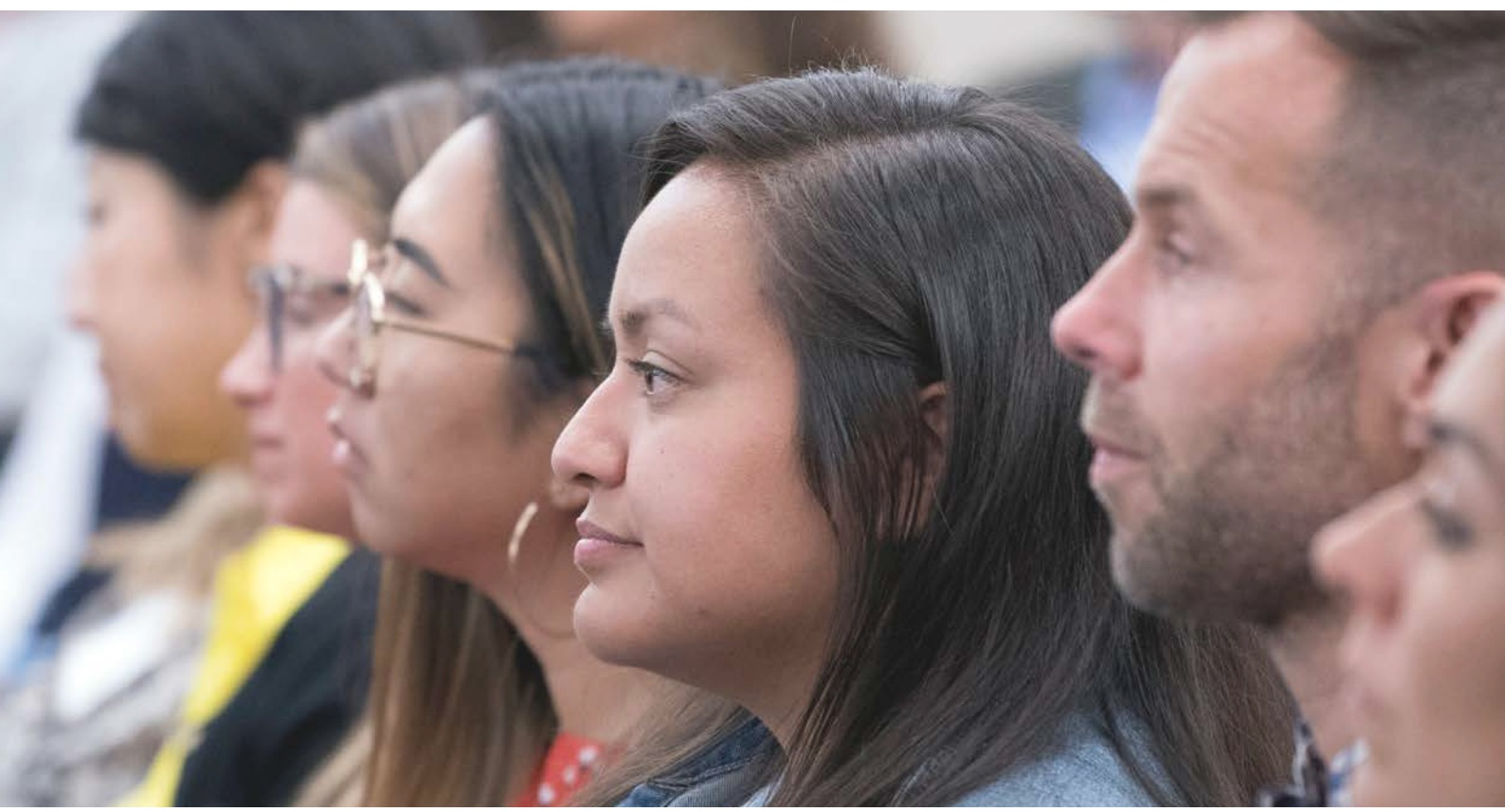
The "Improved Innovation" section summarizes reports that discuss the influence of gender diverse teams on their firms' innovation, including impacts to the patents created by the firms and the companies' overall strategies. A majority of the research focuses on the impact of women in C-Suite and mid-management positions as well as company positions overall.



"Why Diversity Matters"

Catalyst's Information Center published this report to summarize recent data from industry leaders in order to surface the business case for diversity and inclusion. The report cites the Journal of Business Ethics research paper "Women Directors on Corporate Boards: From Tokenism to Critical Mass" that sampled more than 300 Norwegian firms and discovered that appointing at least 3 women on executive boards has a positive impact on the companies' innovation, especially organizational innovation, and board strategic tasks. In addition, the National Center for Women & Information Technology paper "Who Invents IT?: An Analysis of Women's Participation in Information Technology Patenting" includes an analysis of female employee participation in the production of IT patents; the study determined that U.S. mixed-gender teams created patents that were cited 26% to 42% more frequently than the average.

Troiano, Emily V. "Why Diversity Matters." Catalyst, Catalyst Inc., 23 July 2013, www.catalyst.org/research/why-diversity-matters/



Patents

Company
Employees
Overall

Company
Strategy**"Does Female Representation In Top Management Improve Firm Performance? A Panel Data Investigation"**

Strategic Management Journal published this paper that discusses a theoretical model tested using 15 years of public U.S. corporation data to explain the connection between female representation in top management and firm performance. The research determined that, all else held equal, a company produces on average 1% (over \$40 million) more economic value if it has at least one female executive on its top management team than a top management team without any female executives. The paper identified that the main benefit of female executives on top management teams is increased innovation intensity of a company's strategy (regardless if the firm has an emphasis on innovation or not).

Dezső, Cristian L. "Does Female Representation In Top Management Improve Firm Performance? A Panel Data Investigation." Strategic Management Journal, Sept. 2012, www0.gsb.columbia.edu/mygsb/faculty/research/pubfiles/3063/female_representation.pdf

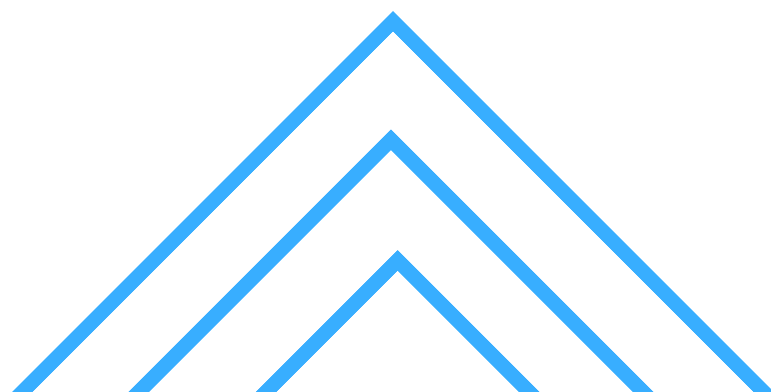
connection between management team gender/ethnic diversity and overall innovation. To test this question, the team surveyed employees from over 1700 companies located in 8 countries across various firm sizes and industries. The researchers discovered that companies with above-average management team diversity generated 19% more innovation revenue compared to firms with below-average management team diversity; this correlation was determined to be statistically significant.

Lorenzo, Rocio. "How Diverse Leadership Teams Boost Innovation." BCG, The Boston Consulting Group, 23 Jan. 2018, www.bcg.com/en-us/publications/2018/how-diverse-leadership-teams-boost-innovation.aspx

C-Suite

Mid-
Management**"How Diverse Leadership Teams Boost Innovation"**

This BCG article summarizes a recent BCG study that studied the possible



"Team performance peaks when the share of women in a business team is 55%; the drivers... were more intense mutual monitoring and equal learning."

Hoogendoorn, Sander. "The Impact Of Gender Diversity On The Performance Of Business Teams: Evidence From A Field Experiment." Management Science, Institute for Operations Research and the Management Sciences , July 2013

IV. Increased Teamwork

IV. Increased Teamwork

The "Increased Teamwork" section summarizes reports that discuss the work performance of teams with greater gender diversity, including impacts to the teams' collective intelligence and mutual learning. A majority of the research of focuses on the impact of women in company positions overall.

Collective Intelligence

"Collective Intelligence: Number Of Women In Group Linked To Effectiveness In Solving Difficult Problems"

This study created by researchers from Union College, MIT, and Carnegie Mellon University researched factors driving the existence of collective intelligence in cooperative groups of individuals. The researchers selected 699 individuals in groups of 2 to 5 and gave them tasks involving puzzles, negotiations, brainstorming, and rule-based design assignments at MIT's Center for Collective Intelligence and Carnegie Mellon. Their research determined that 40% of the performance variation was contributed to collective intelligence, and they determined that the most effective teams exhibited strong "social sensitivity" levels and high problem-solving abilities -- characteristics that increased with the number of women on the teams.

"Collective Intelligence: Number Of Women In Group Linked To Effectiveness In Solving Difficult Problems." ScienceDaily, ScienceDaily, 2 Oct. 2010, www.sciencedaily.com/releases/2010/09/100930143339.htm



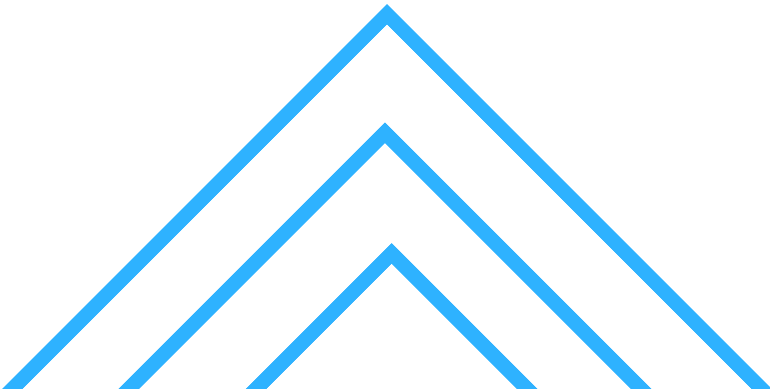
"The Impact Of Gender Diversity On The Performance Of Business Teams: Evidence From A Field Experiment"

This study from the journal Management Science aimed to provide uncontaminated data on the possible connection between the share of women on teams and financial performance of those business teams. The researchers utilized a field experiment in which the share of women in their experiment’s business teams was randomly assigned in order to control for variable bias. According to their findings, team performance peaks when the share of women in a business team is 55%; the drivers behind the peak performance on gender diverse teams were more intense mutual monitoring and equal learning.

Hoogendoorn, Sander. "The Impact Of Gender Diversity On The Performance Of Business Teams: Evidence From A Field Experiment." Management Science, Institute for Operations Research and the Management Sciences , July 2013, <https://pubsonline.informs.org/doi/pdf/10.1287/mnsc.1120.1674>.

Mutual Learning

Company Employees Overall



V. The Other Side of the Coin

While this research compendium has outlined research illustrating the positive links between gender diversity and business impacts, it's also important to acknowledge and reflect on research that has resulted in negative or conflicting results of gender diversity on firm performance (some of these studies examining gender diversity on boards are highlighted on the following pages in boxes 1-2, and those related to gender diversity on teams are in box 3). Indeed, it is a crowded literature space with inconsistent predictions and findings - many illustrating positive effects of board or team gender diversity on performance, as noted throughout this compendium, with some showing no or a negative effect.

The broader organizational and social context plays a critical role whether or not the business case for gender diversity is present. It's important to consider how both shared social / cultural norms and attitudes as well as laws / regulations influence gender diversity's impacts on business. Recent research from Zhang (2019) and Turban et al (2019) reveals that gender diversity relates to more productive companies, in terms of both market value and firm revenue, in contexts where gender diversity is viewed as "normatively" accepted (where there is a widespread cultural belief that gender diversity is important).

Therefore, countries and industries that view gender diversity as important capture benefits from it. On the other hand, if gender diversity is not viewed as important, benefits are not captured. The more gender diversity has been normatively accepted in a country or industry, the more it benefits a firm's market valuation and revenue. Other research on teams support that diverse teams can be effective when diversity is valued and an inclusive climate is fostered (van Knippenverg et al, 2013; Nishii, 2013).

Why might this be? Social norms - and to a lesser extent that needs further exploration, regulations - can influence how investors, workers and managers perceive and approach gender diversity.

From a market valuation perspective, if gender diversity is seen as a valuable asset in the country and/or industry, investors may prefer gender-diverse firms. In these cases, gender diversity can influence investment decisions as it see it as important for firm's long-term growth, as well as signals a firm's commitment to progressive gender values and its attention to regulatory risks. However, in countries and industries where gender is not valued, gender diversity can be seen by investors as potentially harmful to firms' future performance.

From a firm revenue perspective, workers and managers may approach gender diversity positively if gender diversity is seen as a valuable asset and are more likely to embrace gender differences. This attitude is important in facilitating open discussions and integration of different perspectives and knowledge. On the other hand, in contexts where gender diversity is not valued, female workers and managers may experience more stereotyping and discrimination in the workplace resulting in lower group commitment, organizational cohesion and ultimately productivity.

[Valuing gender diversity can lead to business benefits, which would then further increase mentally valuing diversity. And vice versa.](#)

This highlights the need for corporate leaders to understand the importance of valuing diversity, and ensuring that employees spanning from board members to management to entry-level staff understand the concept of diversity, its potential benefits and how to create an inclusive environment.

Box 1. Gender diversity on boards research with varying business benefit results

"Women in the Boardroom and Their Impact on Firm Governance"

The study examined 1,939 firms from the United States for the period of 1996 to 2003. Greater gender diversity was associated with poorer firm outcomes. Findings also showed that women's presence at board meetings was associated with more CEO resignations after poor company performance. This increased monitoring associated with the increase in the presence of women on boards appeared to have positive effects on firms with weak governance.

Adams, Renée & Ferreira, Daniel. "Women in the Boardroom and Their Impact on Firm Governance." *Journal of Financial Economics*, 94, 2, 2009, 291-309.

"Women on Boards and Firm Financial Performance: A Meta-Analysis"

The authors statistically combine the results from 140 studies and examine whether these results vary by firms' legal/regulatory and socio-cultural contexts. Female board representation is positively related to accounting returns and this relationship is more positive in countries with stronger shareholder protections. The authors also find that, although the relationship between female board representation and market performance is near zero the relationship is positive in countries with greater gender parity (and negative in countries with low gender parity).

Post, Corinne & Byron, Kris. "Women on Boards and Firm Financial Performance: A Meta-Analysis." *Academy of Management Journal*, 58, 5, 2014.

"When and Why Diversity Improves Your Board's Performance"

The authors interviewed 19 board directors (15 women, 4 men) to learn whether and how corporate boards were benefiting from diversity. The research found that diversity doesn't guarantee a better performing board and firm. Rather, the culture of the board is what can affect how well diverse boards perform their duties and oversee their firms.

Creary, Stephanie et al. "When and Why Diversity Improves Your Board's Performance." *Harvard Business Review*, 2019, <https://hbr.org/2019/03/when-and-why-diversity-improves-your-boards-performance>.

Box 2. Gender diversity on boards research resulting in no or negative business benefits**"Gender Diversity and Firm Performance: Evidence from Dutch and Danish Boardrooms"**

This study draws on the business case for gender diversity and examines whether board gender diversity has a positive effect on firm performance based on evidence from the Netherlands and Denmark. The authors use empirical data on 186 listed firms observed in 2007. Of these firms, almost 40% have at least one woman in the boardroom with the average share of women being 5.4%. Findings indicate that there is no effect of gender diversity on firm performance.

Marinova, Joana et al. "Gender Diversity and Firm Performance: Evidence from Dutch and Danish Boardrooms." *The International Journal of Human Resource Management*, 27, 15, 2016, 1777-1790.

"Board Diversity and Firm Performance: The Indonesian Evidence"

This paper examines the associations between diversity of board members and financial performance of the firms listed on the Indonesia Stock Exchange (IDX). Three demographic characteristics of board members—gender, nationality, and age—are used as the proxies for diversity. Using a sample of 169 listed firms, this study finds that both accounting and market performance have significant negative associations with gender diversity.

Darmadi, Salim. "Board Diversity and Firm Performance: The Indonesian Evidence." *Corporate Ownership and Control Journal*, 8, 2011.

Box 3. Gender diversity on teams research with varying business benefit results**"Diversity Mindsets and Importance of Diverse Teams"**

The authors discuss how diversity can enhance as well as disrupt team performance. The article explores how positive effects of diversity appear to be dependent on group members developing a 'diversity mindset', which capture members' knowledge of their team's diversity, of how this diversity might affect team processes and performance, and how diversity should be engaged.

van Knippenberg, Daan et al. "Diversity Mindsets and Importance of Diverse Teams." *Organizational Behavior and Human Decision Processes*, 121, 2013, 183-193.

"When Passionate Advocates Meet Research on Diversity, Does the Honest Broker Stand a Chance?"

This article analyzes the research on the business case for gender diversity that has resulted in inconclusive or negative findings. One of the topics explored in the article is teamwork. Heterogeneous teams can be compromised by in-group favoritism and status disparities within groups. Newcomers to groups of people in the same identity (e.g., white men) can be vulnerable to being categorized as members of an out-group. Gender and race serve as important bases of collective identity, so in-group preferences are often organized around these identities. Thus women and minority individuals can be disadvantaged in groups composed mainly of the other gender or majority race/ethnicity, and this disadvantage can hamper their contributions.

Eagly, A. "When Passionate Advocates Meet Research on Diversity, Does the Honest Broker Stand a Chance." *Journal of Social Issues*, 72, 1, 2016, 199-222.

"The Benefits of Climate for Inclusion in Gender-Diverse Groups"

The researcher utilized a large biomedical company to conduct interviews with representatives and explore gender disparities. A key concept allowing diversity to become an asset is climate for inclusion, by which workgroups create norms that foster personal ties and the exchange of ideas across identity groups. Without such conditions, majority group members often dominate discussions and fail to share their leadership and decision-making power.

Nishii, Lisa. "The Benefits of Climate for Inclusion in Gender-Diverse Groups." *Academy of Management Journal*, 56, 6, 2012.

Appendix

About The Authors



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is a senior at the Haas School of Business at the University of California, Berkeley. Passionate about gender equity within the business world, Navi joined the Center of Equity, Gender, and Leadership as a research assistant. In the past, she has worked with GAP to understand how to empower new parents during their transition back to work. In addition, she has consulted for a national nonprofit during her time at PwC as well as supported business development at startups backed by Y Combinator and Shark Tank. Navi will be joining Bain & Company in 2019.



Dr. Kellie McElhaney

is a Distinguished Teaching Fellow and the Founding Director of the Center for Equity, Gender, and Leadership at the Haas School of Business at the University of California, Berkeley. At Haas, she teaches a variety of undergraduate, MBA, and executive MBA courses that foster equity fluent leaders as well as communicate the value of diversity and inclusion. Kellie keynotes, consults, and develops executive education for Global 1000 companies all over the world with a focus on integrated diversity, inclusion strategies, and corporate sustainability strategies.



Genevieve Smith

is the Research Director at the Center for Equity, Gender and Leadership. She serves on the Center's leadership team and conducts research, develops tools and case studies, and shares thought leadership on topics of gender and equity in business. Prior to working at Haas, Genevieve worked for the International Center for Research on Women conducting research on women's economic empowerment, and advising Fortune 500 companies and financial institutions on understanding and executing strategies, policies and initiatives related to gender equity. She has worked with the U.N. High-level Panel on Women's Economic Empowerment, USAID and other organizations on gender strategies in the world of work.

About The Center

The Center for Equity, Gender, and Leadership (EGAL) was launched in November 2017 by Founding Director Kellie McElhaney at the Walter A. Haas School of Business at the University of California, Berkeley. At the heart of one of the most diverse business schools in the country, the Center educates leaders to ignite and accelerate change regarding diversity and inclusion leadership in the business world. It does not simply focus on diversity, which is counting heads, but rather on inclusion, which is making those heads count in an impactful manner. The Haas School of Business graduates over 1000 leaders a year, and the Center aims to ensure that these Berkeley leaders are equity-fluent.

To learn more about the Center and our impact, reach out to us at egal@berkeley.edu.

