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Male Workers, Female Bosses, and Gender Quotas

By *Eva M. Meyersson Milgrom*

Though women have made striking advances in recent decades in higher education, labor market participation, and wages, they remain severely underrepresented in top positions in corporations, governments, and academia. While the “glass ceiling” has cracked, it has nevertheless been left largely intact. For example, women held only 15.2 percent of all Fortune 500 board director positions in 2008, 16.3 percent of seats in the U.S. Congress in 2007, and 20 percent of tenured faculty positions in Ivy League schools in 2003. Moreover, the growth of these numbers has

slowed significantly in the last several years, raising concerns about both social equity and economic efficiency (Figure 1). The paucity of women at the top is often explained by the “frozen pipeline” hypothesis that recruiters to managerial levels find a larger pool of skill among men than women. It is also often suggested that women’s sorting into certain kinds of jobs has the effect of sorting them into certain ranks and certain types of firms. Even in the modern world, labor market segmentation clearly remains prevalent.¹

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About The Author

Dr. Eva Meyersson Milgrom

is a senior scholar at SIEPR and a visiting associate professor in the Department of Sociology at Stanford University. Her research lies in the interface of economics and sociology with particular focus on socio-behavioral theories and economic growth, with an emphasis on distributive justice, comparative theories applied to organizations and labor markets.

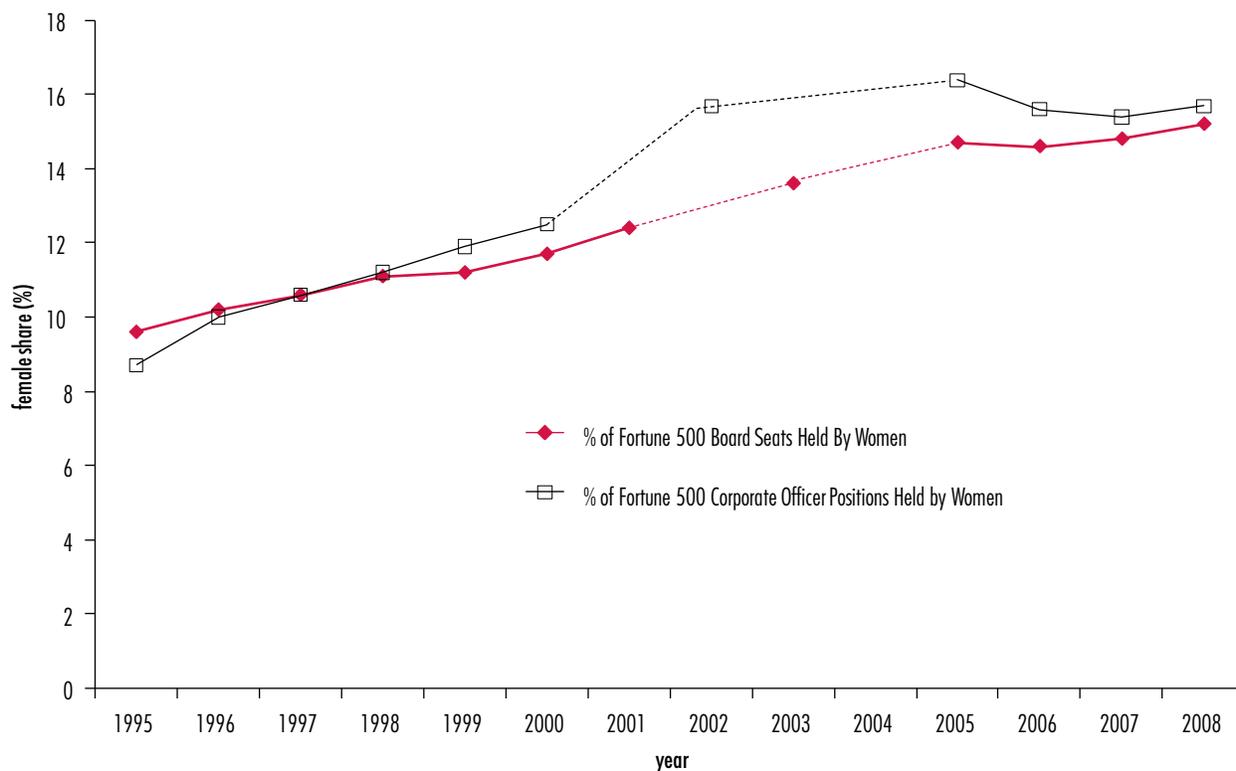
Her recent research is on cohort effects and catch-ups in wages and promotions; status, relative pay and wage growth – the case of mergers and acquisitions. She also works on gender productivity; CEO compensation, and social influence systems and suicides missions. Dr. Meyersson Milgrom teaches courses on *International Comparisons of Corporate Governance Systems, Global Organizations, and Terrorism*. She received her Ph.D. from Stockholm University in 1992.



¹ See for example Equal Pay for Equal Work? Evidence from Sweden and a Comparison with Norway and the U.S. *Scandinavian Journal of Economics* 103(4) 559-583, 2001.

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Figure 1
Share of Women in Fortune 500 Source (Catalyst Survey 2009)



One response has been growing political and social pressure to use diversity programs such as affirmative action and quotas in order to promote gender parity at top positions. For example, since 2008, Norwegian legislation has required a minimum of 40 percent of each gender in all listed companies. At least 22 countries have passed similar laws in the last decade,

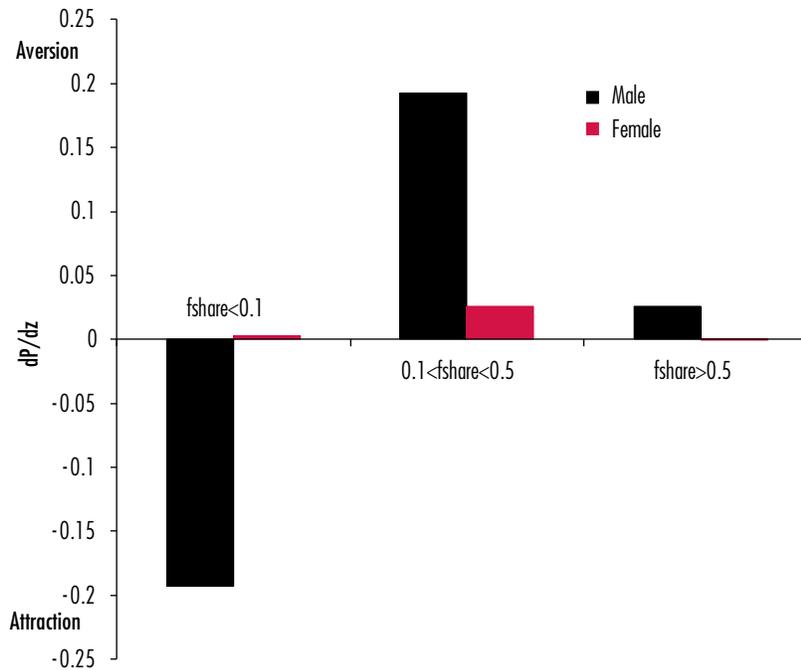
and many corporations and non-profit organizations are explicitly pursuing gender diversity in top management. But these policies can hamper efforts to break the glass ceiling and advance women's careers. Not only theory and public opinion but also empirical work yields conflicting results on whether such policies actually systemically benefit female workers, or whether the policies'

unintended consequences undermine their benefits. Moreover, few studies have addressed how quota policies affect male workers.

Kwon and Meyersson Milgrom (2010) study how changes in the gender composition of a firm's management affect the well-being of the firm's male and female workers.² Using extensive Swedish employer-employee matched data that

² *Working For Female Managers: Gender Hierarchy In The Workplace* by Illoong Kwon and Eva M Meyersson Milgrom, mimeo 2010.

Figure 2
Opposite-Gender Aversion According to Female Share



Note: P = probability of turnover; z = (# female top managers within occupation); $fshare$ = female share within an occupation. dP/dz (how much turnover probability change when the number of opposite gender managers within the same occupation increase). dP/dz is computed for male and female workers. It is also computed for three occupation groups. To read this figure, the first gray bar shows that in occupations where female share is less than 10%, when the number of female managers within the same occupation increases, male workers' turnover probability decreases (or 19%). The second bar shows that in occupations where female share is less than 10%, when the number of male managers within the same occupation increases, female workers' turnover probability increases by 0.3%.

contain detailed information about workers' occupations and ranks, we compare the workers' decisions whether to quit or to remain after a merger or acquisition (M&A) that changes the gender composition of

the firm's management. This decision serves as an indicator of male and female workers' preferences for different gender compositions—and specifically for an increase in the proportion of female managers.

The findings show that when the number of top female managers within the same occupation increases, women become, on average, *less* likely to quit (same-gender attraction). But a much larger effect is that men become *more* likely to quit (opposite-gender aversion). These results are important for both political and managerial gender policies since they suggest that—though gender quotas and other diversity programs may indeed help individual female workers' careers—they do so at the cost of negatively affecting male workers' preferences and this latter cost may outweigh the benefits for all concerned: women, men, and employers.

Perhaps more importantly, the study shows large heterogeneity across occupations, due especially to the difference in the average share of female workers (Figure 2). In male-dominated occupations where the average female share is less than 10 percent, the increase in the number of female top managers seems to *reduce* the male workers' turnover rates. However, in occupations where the female share is between 10 percent and 50 percent, an additional female manager increases male workers' turnover rates

significantly. In other words, males seem to welcome additional female managers in occupations where women are a weak minority group but resist them when women are a strong minority. Interestingly, in female-dominated occupations, where the average female share is more than 50 percent, an additional female top manager has little effect on male turnover rates. We find similar patterns of non-monotonicity in the response of female workers to male top managers, but the effects on female workers' turnover rates are much smaller. This wide heterogeneity, which depends on varying gender composition across occupations, is especially important for two reasons.

First, it may explain why the female share at top positions grew fast initially but has slowed significantly in recent years. Initially, when women are a weak minority, male workers do not resist top female managers. As the female share increases, male resistance to additional top female managers also increases, slowing the growth of the female

share at top positions. This is a potential explanation of the frozen pipeline.

Second, even though female workers show similar opposite-gender aversion to male top managers, it is much smaller and often insignificant compared with male workers' opposite-gender aversion. This asymmetry means that effective gender policies cannot be built on the generalized model of majority/minority relationships but rather require gender-specific consideration.

Aside from asymmetry of gender preference and the variation among occupations with differing gender composition, analyzing the effects of age on the decisions of male workers reveals another salient factor of heterogeneity among workers' preferences. If male workers' resistance to female managers is driven by traditional social values and customs, we can conjecture that it should be less pronounced among younger male workers, since both female labor-market participation and an

egalitarian social culture have grown steadily over time. The results are consistent with this conjecture: In contrast to older male workers, young male workers show, on average, little aversion to female managers. On the other hand, despite a common view that college-educated workers are more liberal and less prone to gender discrimination, the study finds that male workers' resistance to female top managers is strongest among college-educated male workers.

The study found little evidence that an increase in the number of female managers negatively affects male workers' promotions and wage growth rates, at least in the short term which suggests that male workers' resistance to female managers is driven by gender preferences, rather than by short-term pecuniary benefits from gender discrimination.

The results show male workers' resistance to top

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3 Catalyst 2007 Census of Women Corporate Officers and Top Earners of the Fortune 500, available from (as of 05-07-2009) <http://www.catalyst.org/publication/13/2007-catalyst-census-of-women-corporate-officers-and-top-earners-of-the-fortune-500>.



female managers fading over time, which should promote gender parity at top positions in the future. But the gender asymmetry of preferences and the stronger resistance of highly educated male workers to female top managers means that the last few decades' achievements in gender parity—and the growing level of education in the workforce—do not guarantee that gender parity in the workplace will continue to improve at the same rate as before, especially at top

managerial positions. These results harmonize with the general theme of many recent studies—that we are at a crossroads for gender equity, from which both positive and negative futures can be envisioned. What, then, is the role of policy?

At such a crossroads in the gender revolution, government policy may have an important positive role in supporting the progress toward equality. But policies like gender quotas must be designed with a clear

understanding of their effects on both male and female workers. These effects are often poorly understood, and they depend on many factors, including the female share in a given occupation or firm. Quotas must be instituted with cognizance of how they impact both female and male workers. Only if these costs and benefits are clearly understood can government policy work effectively to promote gender equality in the workplace. Otherwise, they may do more harm than good.

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