Discussion of Gender and Career Progression in Male-Dominated Organizations (Hospido, Laeven, and Lamo)

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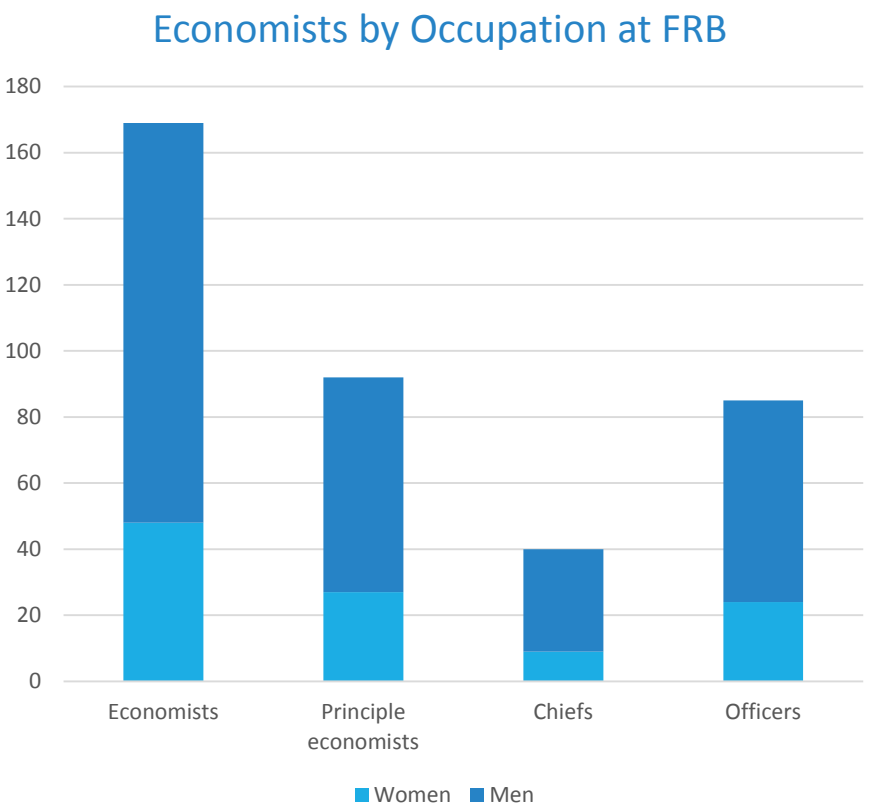
* DISCLAIMER: THE ANALYSIS AND CONCLUSIONS PRESENTED HERE ARE THOSE OF THE AUTHOR AND DO NOT INDICATE CONCURRENCE BY OTHER MEMBERS OF THE RESEARCH STAFF OR THE BOARD OF GOVERNORS

Women and central banking



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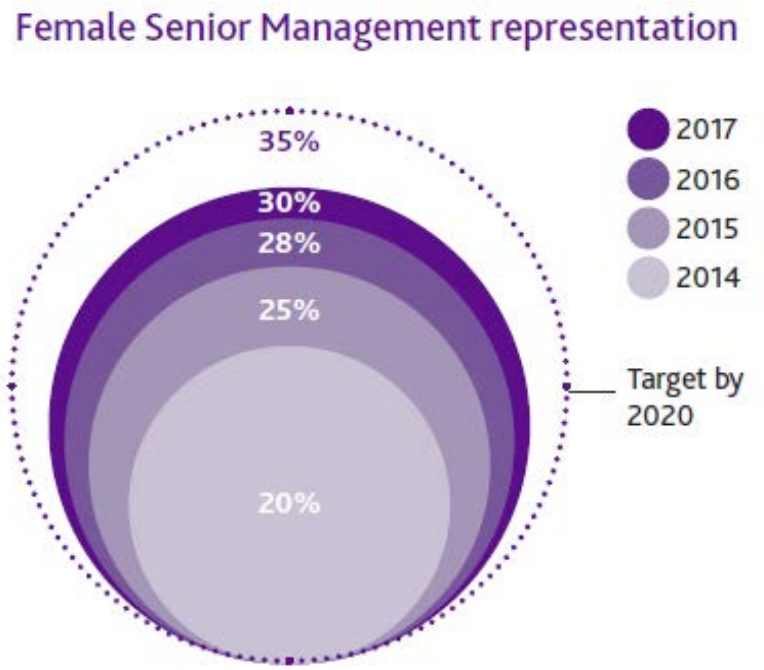
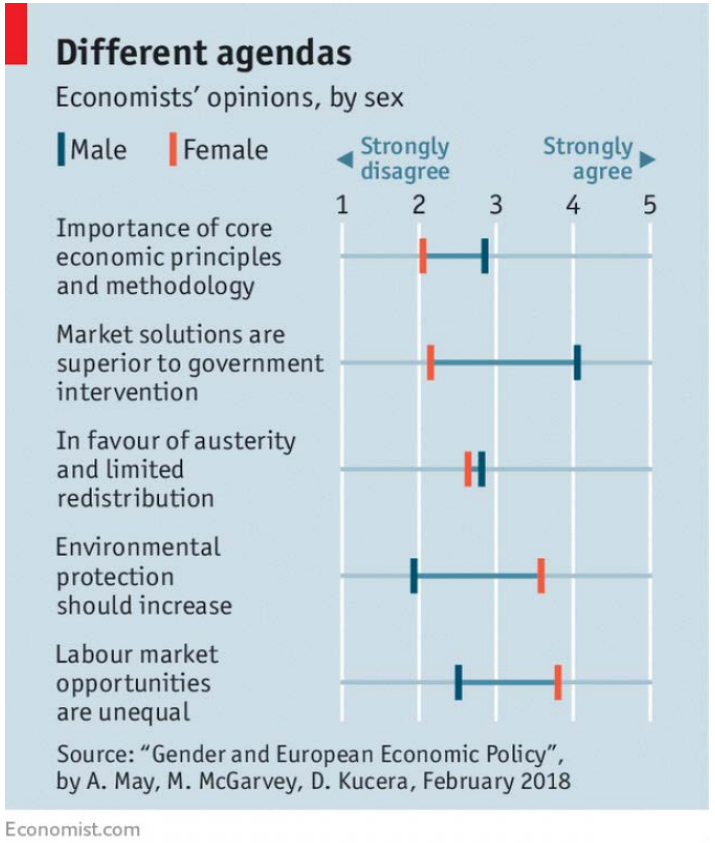


Bank of England, 2017 *Gender Pay Gap Report*

Cost to policymaking of lack of diversity

Central banks play an important role in

- Monetary policy
- Regulation
- Financial Stability



What do the authors do?

- Ask whether gender plays a role in promotions at the ECB

- Excellent data:
  - The universe of economists between 2012 and 2018, including those who did not apply for a particular promotion, those who applied for a particular promotion, and whether the promotion was received
  - Detailed information about individuals: work performance, family status, leave, the particular promotion, women on the promotion committee

Empirical strategy

- HLL lay out probability of a promotion contingent on applying

$$Pr(P) = Pr(O|A = 1)\ x\ Pr(A)$$

- Estimated in parts using linear probability model:

$$O_{ic} = \alpha^O + \beta^O Woman_i + X'_{ic}\gamma^O + \delta^O_c + \varepsilon_{ic} \qquad (1)$$

$$A_{ic} = \alpha^A + \beta^A Woman_i + Z'_{ic}\gamma^A + \delta^A_c + \epsilon_{ic} \qquad (2)$$

Selection

- People apply for promotion when the benefit is likely to exceed the cost
- This means that the probability of applying is likely related to the probability of being promoted

$$E(O_{ic}|X, A = 1) = \alpha^O + \beta^O Woman_i + X'_{ic}\gamma^O + \delta_C^O + E\left(\varepsilon_{ic}|\epsilon_{ic} > -\left(\alpha^A + \beta^A Woman_i + Z'_{ic}\gamma^A + \delta_C^A\right)\right)$$

- $\varepsilon_{ic}\ and\ \epsilon_{ic}$ are unlikely to be independent

- The authors should think about doing some sort of estimation that can handle this.
  - Can they exploit the panel nature of the data?
  - Given the data they have available, they might be able to come up with exclusion restrictions

- Mitigating factor: it may be that conditional on the variables they include $\varepsilon_{ic}\ and\ \epsilon_{ic}$ are independent.

Results

Highlights:

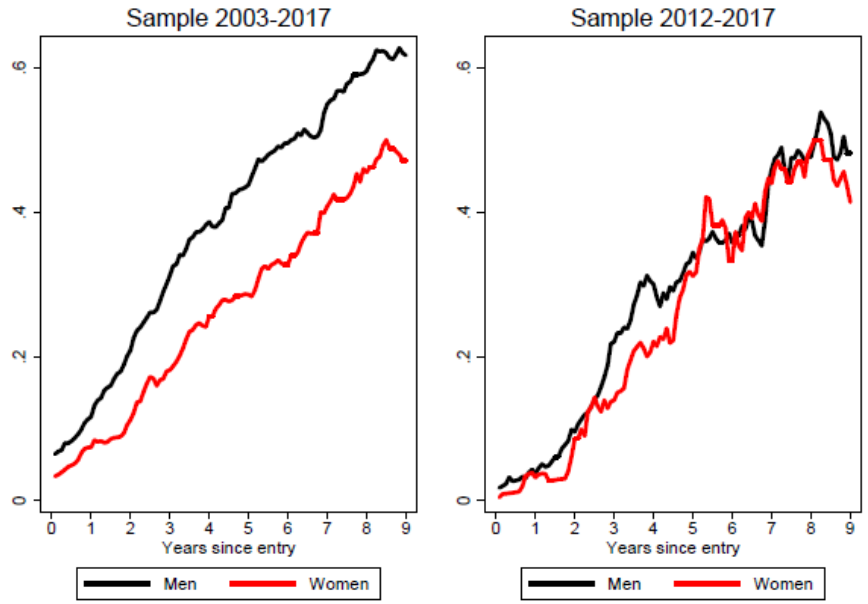
- Being a women reduces the probability of applying for a promotion but not the probability of being promoted, once performance and other characteristics are controlled for.
- Having a family makes it less likely both men and women will apply for a promotion. Effect on promotion?

Other interesting results:

- Flexible work arrangements including leave don't seem to affect the probability of applying. Test in offer equation?
- Participating in a mentoring program does increase the likelihood of applying for a promotion, but promotion doesn't seem to depend on the composition of the committee.

Promotions at the ECB over time

Figure 5: Probability of changing salary band



- There is a significant difference in the probability of promotion in the sample they use for their analysis versus earlier on
- Beginning in 2013 the ECB introduced policies aimed at improving the representation of women in management
  - Attracting female candidates
  - Working on the internal pipeline
  - Facilitating work life balance
  - Increasing accountability and commitment