REPORT SUMMARY

CFA Institute
Research & Policy Center

New Study Indicates Gender Identity an Important Factor in Likelihood of Promotion

Cassandra Crowe, CFA, and Laura Ryan

People identifying as female and employed in financial services are substantially less likely to be offered an unsolicited promotion than those identifying as male. Those identifying as female, however, are more successful at receiving a promotion when requesting it. The study, which aimed to test whether gender identity affects promotion rates, found that gender plays a role in careers, and those identifying as female were overall less likely than their male counterparts to receive a promotion, regardless of whether they requested it or not.[1]

Funded by a Gender Diversity Grant from the Australian National University College of Business and Economics, this study was part of a joint research partnership with CFA Institute. The survey supporting the study was conducted in 2019, and Laura Ryan, head of research at Ardea Investment Management, led the research.

Full survey responses were received from more than 400 people employed in the Australian financial services sector, 33.5% of whom identified as female.[2] The survey posed three questions relating to promotions, defined as a change of title to a rank higher than currently held:

- How many times have you asked for a promotion?
- How many times have you received a promotion?
- How many times have you been offered a promotion (without asking)?

[1]See Crowe, Middleweek, Ryan, Vidler, and Whiting (2023).

[2]As of May 2021, 488,400 people were employed in the finance and insurance sectors. According to the Australian government's Labour Market Information Portal, we estimate the population relevant to our survey to be approximately 150,000. With a margin of error of 5% and 90% confidence, this translates to a required sample size of 2,712. At 95% confidence, this translates to a required sample size of 384. The sample size for this study is 400. We note that opinion polls in Australia are often in the range of 1,000–2,000 people as a representative sample for a voting population of approximately 17 million (see https://www.aec.gov.au/enrolling_to_vote/enrolment_stats/).

We tested the data to determine whether the answers were independent of gender and controlled for education, years of experience, career breaks, and job function. The foregoing questions allowed us to test whether the four promotion variables, shown in the following table, were independent of gender.

Promotion Variable	Is Promotion Independent of Gender?	Outcomes
Propensity to request (How many times have you asked for a promotion?)	Yes	Men and women ask for promotions in the same proportions
Propensity to be offered without asking (How many times have you been offered a promotion without asking?)	No	Men receive more unsolicited promotions than women
Propensity to receive a promotion when applied for	No	Women receive more promotions when they request them
Propensity to receive (How many times have you received a promotion regardless of whether it was offered or requested?)	No	Men receive more promotions than women overall, regardless of whether the promotion was offered or requested

Ryan commented, "Our study confirms that males benefit from a bifurcated promotion process, in which 'gifted advancement' (i.e., promotion without prior request of the employee) is a significant contributor to males receiving a compounded financial advantage over females as a direct result of the latter's less frequent promotion."

Co-author Cassandra Crowe, CFA (vice president, T. Rowe Price Group), noted, "This study is important to gaining an insight into the factors resulting in the under-representation of women in the top ranks of global financial services companies as reflected in data collected by CFA Institute, highlighting [that] women represent approximately 11% of investment management chief (chief executive officer, chief investment officer, chief financial officer) positions globally and 14% across the Asia-Pacific region as at June 2023."[3]

Previous studies have put forward reasons for this discrepancy, which include a lack of female talent, the idea that women are too agreeable, and career breaks resulting from family commitments. These reasons, however, ignore the possibility of systemic discrimination and bias, which our study explored.

[3]These percentages are based on data from current CFA Institute members as of June 2023, which includes region/country, gender, and job title. See CFA Institute (2016) for a formal summary of these observations using 2016 data.

Although research has been devoted to cataloguing and detailing the difference in pay based on gender across numerous industries, this study focused on a related and distinct feature of female professional attainment—promotion rates across the entire finance sector at all levels. Earlier research conducted in the United States identified structural bias in performance appraisals among retail employees, wherein women receive substantially lower ratings for their potential as employees despite receiving higher job performance ratings (Benson, Li, and Shue 2024, pp. 0, 1, 26).

The key insight that "despite being more likely to receive top performance ratings, women are less likely to be thought of as possessing high 'potential'" could provide one possible explanation for our study results. The research questions the inequity created by such a bifurcated system within the Australian financial services sector and suggests that future research should examine the promotion gap as a result of these findings.

One of the subsets of data our study examined was the impact of career breaks (time out of the job for any reason for more than six months) on promotion. These breaks typically include maternity or paternity leave and time out for further education.

Survey responses showed close to half of women and more than one-third of men had taken time out of their career. The data indicated that a career break triggered an important behavioural change: Men who have taken a career break are more likely to ask for a promotion than women who have taken a break.

Given that women are slightly more successful at being promoted if they request it, this changed propensity to ask can make a substantial difference to their career progression. This dynamic was identified in earlier research as the "motherhood penalty, fatherhood bonus" dichotomy (Elliott 2017; Yu and Hara 2021).

Nonetheless, it is clear that among those who have not taken a career break, women are in fact leaning in to ask for promotions, contradicting the notion mentioned earlier that the pay and promotions gap has resulted, in part, from differing levels of "agreeableness" between men and women. This behaviour usually is construed to mean that women do not request or put themselves forward out of a desire to be "agreeable."

By providing evidence that challenges this notion and instead points to the significance of "gifted advancement" concerning the difference in promotion rates, the study offers an original contribution to existing literature on workplace promotion. The study calls on the Australian finance industry to develop and adopt a standardised framework for the development of corporate promotion policies, with the specific goal of mitigating the systemic bias in current promotion rates.

Sarah Maynard, global senior head, DEI, at CFA Institute, shared, "CFA Institute has developed a Diversity, Equity, and Inclusion Code for the investment industry, which, through practical frameworks, aims to support firms as they develop their own processes to enable greater equity across financial services organisations. We are looking forward to working with investment leaders in Australia to explore how we can most helpfully adapt and offer the Code to this market."

References

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- Sandi Orleow, CFA, Chair at CFA Institute Diversity Council Australia

Bios

Cassandra Crowe, CFA, is vice president of T. Rowe Price Group, Inc., and T. Rowe Price Australia Limited. She is a member of the firm's Australian leadership team and heads the consulting function. Crowe is also cochair of WAVE APAC, the firm's regional diversity, equity, and inclusion council, leading a culture of belonging for all associates. She has more than 20 years of industry experience. Crowe serves as a board director for CFA Society Sydney, where she is chair of the CFA Society Sydney Member Experience Portfolio. She is an executive founding member of the Bloomberg Women's Buy-Side Network Australia and New Zealand chapter. Crowe is a graduate of the Australian Institute of Company Directors, holds the CFA Institute Certificate in ESG Investing, and received a degree in economics from the University of Tasmania. She appeared in the Top 100 Australian Professionals 2020 list for her contribution to financial services.

Laura Ryan, PhD, is the head of research and development at Ardea, overseeing both the Systems and Technology and Client Solutions teams. Under her leadership, the Systems and Technology team focuses on building technology to bring scale and robustness to the trade and portfolio construction process, as well as supporting the trade idea generation process using best practice statistical and machine learning modeling. The Client Solutions team conducts independent quantitative research to assist clients in solving complex investment and portfolio construction problems. She is an internationally published academic, with papers featured in such journals as the *Journal of Portfolio Management*, the *Journal of Forecasting*, the *Journal of Investing*, the *Journal of Retirement*, and the *Global Finance Journal*. Previously, Ryan served as senior vice president (quantitative research) and a member of the Australian senior management team at PIMCO. She has 25 years of investment experience, having served as manager of quantitative strategy at Commonwealth Bank, quantitative manager at AMP Capital, and lecturer in statistics at the Australian National University (ANU). Ryan holds a PhD in Statistics from ANU, a master of quantitative finance from the University of Technology Sydney (UTS), and an honours degree in actuarial studies from ANU. She is also an adjunct associate professor at UTS.

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