The Latest Thinking

Indeed, early proponents of the virtues of markets, including Adam Smith, did not expect the market mechanism or the profit motive to, by themselves, create optimal outcomes. According to Amartya Sen, a professor of economics and philosophy at Harvard, “Smith’s economic analysis went well beyond leaving everything to the invisible hand of the market. He was a defender of the role of the state in providing public services, [and] he was concerned about the inequality and poverty that might survive in an otherwise successful market economy.”

Smith also argued that insufficient regulation of financial activities would lead to illegitimate practices, over-speculation and excessive risk-taking — an argument difficult to refute in light of recent events. In Sen’s view, “If we were to look for a new approach to the organization of economic activity that included a pragmatic choice of public services and well-considered regulations, we would be following rather than de-

Why the Gender Gap Won’t Go Away

Reports of women’s progress in advancement, compensation and career satisfaction are, at the very least, overstated.

The pipeline is no longer the problem. Due largely to efforts by business schools around the world to recruit more female students, record numbers of women are seeking and earning MBAs. Nearly 40 percent of Harvard Business School’s graduating class in 2013 will be female, the school’s highest percentage ever. At Wharton, the number will be 45 percent. London Business School announced recently that it will target 30 percent enrollment in its M.B.A. program going forward. According to the U.S. Department of Education, women received 44 percent of M.B.A.s in 2007, the latest year for which data are available, representing a 75 percent increase over the prior 10 years. And, while U.S. women represent the largest female influx to business schools, the number of female applicants is also rising dramatically worldwide.

Progress in the pipeline is not translating to progress in the workplace, however, as women still represent just three percent of Fortune 500 CEOs and less than 15 percent of corporate executives and board members at top companies worldwide. Catalyst, a nonprofit focused on expanding opportunities for women in business, conducted a 2010 survey of more than 4,000 women M.B.A.s who graduated between 1996 and 2007 and found that women continue to lag men in position and pay at every career stage.

“For the past two decades, the assumption has been that as we reach the point that entry-level cohorts are equally gender divided, those cohorts will in due course yield equal numbers of women and men at the top,” said Christine Silva, a research direc-
dantes, men are more likely to have senior executives in their corner to advocate for their advancement. Another study, “The Sponsor Effect,” by the Center for Work-Life Policy in 2011, reached the same conclusion.

“What’s been holding women back, the study found, isn’t a male conspiracy but rather a surprising absence of advocacy from men and women in positions of power,” said Sylvia Ann Hewlett, president of the Center. “Women who are qualified to lead simply don’t have the powerful backing necessary to inspire, propel and protect themselves on their journey through upper management.”

Equally significant, the study pointed out that even when women

SAY WHAT?

al desco [adj.] The practice of eating a meal at your desk:
“I’m stuck on back to back conference calls so it looks like I’ll be eating lunch al desco today.”
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recognized the importance of sponsorship, they often failed to cultivate it, seeing it as an unfair way of getting ahead based on personal connections.

Recent studies corroborate what seems to be reluctance among high-potential female executives to push themselves forward. For example, a 2011 study by Europe’s Institute of Leadership & Management, titled “Ambition and Gender at Work,” concluded that women in leadership roles display less confidence and more caution than men. This finding was based on scores of interviews and 360 reports that described female executives as being overly modest (believing that their accomplishments should speak for themselves), failing to aggressively apply for promotions, and not seeking to stand out or grab the limelight at meetings or in groups. In a similar vein, recent research at the University of Southern California has suggested that women respond to stress by becoming more cautious, while men display a willingness to take more risk.

Another 2011 study, by Columbia Business School professor Michael Morris and Emily Amanatullah, assistant professor at McCombs School of Business, found that women fare worse than men when negotiating for salary and budgets. That, however, is not because they are less effective bargainers or less ambitious, but rather because they rein in their assertiveness to conform to gender role expectations. Interestingly, when women are negotiating on behalf of coworkers or team members, they are as effective as men because aggressive bargaining in others’ behalf is more with consistent with the expected female role of caretaker.

Collectively, these studies indicate that the systemic bias at the root of the gender gap has less to do with formal hiring practices and talent management than with entrenched organizational and cultural notions of how leaders should behave, what they should value and how they should get things done. Viewed through the filter of these perceptual biases, each of the studies would seem to have identified deficiencies in women’s approach to leadership. But from a different perspective, it seems obvious that being thoughtfully cautious, believing one’s accomplishments should stand on their own, avoiding bluster and self-promotion, and being more comfortable advocating for others than for oneself are ideal leadership characteristics, not signs of a lack of confidence, ambition or efficacy. It would be preferable if, rather than requiring sponsorship to compensate for these “deficiencies,” more companies began to recognize the value of such behavior in its own right and rewarded it accordingly.

Now that the pipeline is flowing and an array of hiring and development practices have been put in place, the final challenge for organizations seeking parity for women in the workplace is to eliminate the biases that define talent and leadership too narrowly.

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**HEALTH CARE COSTS OUTPACING INCOMES**

Health spending is rising faster than incomes in most developed countries, an issue that is particularly acute in the U.S., which not only spends much more per capita on health care, but also has had one of the highest spending growth rates.

*Source: Kaiser Family Foundation and OECD*