

Corporate Gender Diversity as an Answer to the Financial Crisis and an Orientation Towards Sustainable Leadership

Bachelor Thesis

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Executive Summary

Several years have gone by since the outbreak of the recession of 2008 and the repercussions that the financial turmoil has produced are still far from being resolved. This signals that the severity of the recent crisis should be particularly alarming for the economic sector, which highlights the urgency to examine the underlying causes and capitalize on the lessons learned.

The recent financial crisis represents solid proof that theories on the economic agent's rationality and the free market's accurate function should be thoroughly revisited and in most cases rejected. Admittedly, the financial sector has profoundly exhibited weakness to adjust to technical assumptions of systemic autonomy and has succumbed to social influences, international dependence and market instability. Most importantly, the business world has exposed its ineptitude regarding moral control and ethical supervision. The majority of banks and firms have been on a fast track towards insolvency well before the financial meltdown, due to problematic business practices such as questionable risk management, distorted remuneration and incentive systems, precarious corporate governance and dubious board oversight. Boards' inability to address these issues by applying effective corporate governance strategies coupled with its homogenous, "white and male", composition underlines a distinct correlation between lack of board gender diversity and board inadequacy.

The aim of this thesis is to provide an enriched knowledge base for the reader to understand the need to investigate, among others, the gender diversification parameter. Gender imbalance in senior management positions deprives leadership of diverse perspectives that can widen the organizational horizon and provide creative tension, in order to improve corporate governance. The high concentration of male managers in the executive suite indicates a masculine approach on leadership, mostly characterized by an increased inclination towards risk and an autocratic management style. This leaves no room for women to be represented in the organizational top management, which effectively means restricted use of the available talent pool, neglecting the needs

of one half of the customer base, as well as failing to integrate attention to detail and democratic management styles to the leadership palette.

The genders' understanding of business vary substantially, therefore gender related differences in risk perception, leadership profiles, investment styles and morality are extensively examined in this thesis. The aim is to identify unique character traits of men and women that directly affect business growth, profitability and sustainability, in order to emphasize on the need to incorporate both genders in the financial sector's leadership league. Furthermore, it is proposed that a healthy financial environment could have been secured, had there been more female leaders prevalent in senior management, thus the recent recession could have been avoided. This argument originates in benefits that women's inclusion in organizational management has on business ethics. Women's enhanced ethical responsibility translates into cultivating better ethical standards as long as they move up the corporate ladder, which is the key to limiting financial exposure and systemic uncertainty, through increased regulatory, as well as individual monitoring. Henceforth, the financial sector could avoid evolving to being as fragile as recently witnessed and therefore future recession could be prevented.

Last but not least, it is acknowledged that the gender diversity perspective reflects a breakthrough that would certainly prove beneficial for the economy and the business world as a whole, and therefore, focus should be placed on its implementation. The cultural, social and gender-stereotypic barriers that challenge female professionals in pursuit of career prospects are analyzed and viable solutions are proposed.

In general, this thesis proceeds with underpinning the business case for enhancing women's progression into top managerial positions on an interdisciplinary approach, from an economical, regulatory, physiological, psychological and social perspective. In that way it is possible to better comprehend the holistic dimension and long-term impact of gender diversification on future sustainability.