

Research reveals 'crucial' importance of gender balance in bank boards

July 23 2018, by Toby Leigh

Women in senior leadership roles in the financial services sector behave in a way that may have made the global banking crisis less likely to happen, according to a University research study.

Expert in leadership and corporate governance Alison Miles, a lecturer in the University's Plymouth Business School, conducted the research over a five year period. She first compared the leadership characteristics of male and female Chairs, Chief Executive Officers (CEOs) and Chief Financial officers (CFOs), in the top global banks by market capitalisation, from 1999 to 2017. Then she compared them with leadership styles in the 16 banks that failed, needed recapitalisation or bailout during the same period.

The research shows that 'alpha male' characteristics such as arrogance and hubris were found in the leadership styles of male leaders in financial institutions that failed or required a bailout or recapitalisation. Characteristics associated with an 'authentic' leadership style, like having an internal moral compass and a commitment to values, were found in senior women leaders, and not in the banks that failed, needed bailout or recapitalisation.

The findings were given as written evidence to the House of Commons Treasury Select Committee Women in finance inquiry, which recently published its report. It found that despite the benefits of gender diversity, there is clear underrepresentation of women in senior positions in the sector. It called for the reform of bonus negotiations and

promotion of flexible working, to abolish 'alpha male' culture in finance and encourage the progression of women to senior levels.

Mrs Miles attended the launch event of the report at Bloomberg's London headquarters along with select committee members including the Chair, the Rt Hon Nicky Morgan MP. She returned to the capital shortly afterwards to share her research findings with members of the Banking Standards Board, and was also invited to speak at the Westminster Business Forum seminar on culture and conduct in financial services in April.

She said: "In the 11 years since the financial crisis, the world has continued to see global banks embroiled in scandal and losses, despite an increased focus on banking standards and reforms designed to improve market discipline. Evidence is growing to suggest that the leadership styles of senior board members, both male and female, is a crucial element to be considered."

The Rt Hon Nicky Morgan MP said: "The benefits of gender diversity are highlighted in the report, including better financial performance, reduced groupthink and more open discussions.

The next step must be for firms to set out how they will abolish their gender pay gap and support the progression of women. Firms should focus on changing the culture in [financial services](#) firms, which remains a deterrent for [women](#), especially the bonus culture."

Provided by University of Plymouth

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