

Diversity and Inclusion Report: Economics and Finance Departments

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Project Description

Underrepresentation of female-identified students in Economics and Finance is a national phenomenon affecting Elon University. Over the period of 2010 – 2018, 30% (23%) of Economics (Finance) majors at Elon identified as female. By comparison, the Male/Female Ratio over the same period for the first-year students at Elon is 40/60 (Elon University Factbook, 2018-2019).¹ The identification of the reasons for the gender gap in these disciplines is imperative, as the gender gap persists in the finance and economics careers, while employers desire an increase in gender diversity. Recent industry reports (e.g. McKinsey & Company, 2018²; Morgan Stanley, 2016³) find that gender diversity is associated with better corporate financial performance. Academic literature points to diverse voices leading to better and more informed decisions in business settings (e.g. Field, Souther, and Yore, 2018⁴). In addition, increasing gender diversity at the undergraduate level creates momentum for a more balanced distribution of majors across genders, including more mentors for future students. Thus, studying the reasons for students' major choices is necessary to recommend changes to attract and train female-identified students for careers in Finance and Economics. This project's purpose is to identify the reasons for gender gap in these disciplines from the perception of students across all class years and to recommend a course of action to attract and retain more female-identified students in the respective disciplines.

In this report, we outline the research that we conducted into the gender gap in Finance and Economics majors at Elon University and what the research revealed regarding the underrepresentation of female-identified students in both majors.

Methodology

- Fall of 2018
 - We surveyed the Principles of Finance (80 students) and Economics (205 students) classes.
 - We conducted student focus groups of first-years and sophomores (3 students).
- Spring of 2019
 - We surveyed a 400-level management course required for all business majors (84 students) and Capstone Economics class (13 students).
 - We have conducted female-identified student focus group of seniors (5 students).

¹ [Elon University Fact Book 2018-2019](#)

² ["Delivering Through Diversity," McKinsey & Company \(January 2018\)](#)

³ ["The Gender Advantage," Morgan Stanley \(2016\)](#)

⁴ For example, see Field, Laura Casares and Souther, Matthew and Yore, Adam S., *Does Diversity Pay in the Boardroom?* (March 2018). Available at SSRN: <http://dx.doi.org/10.2139/ssrn.2810543>.

- We have analyzed the results of the surveys and the focus groups.

Results and Discussion

Our project was executed over the 2018-2019 Academic Year in four phases using survey and focus group methods. We outline the results of each qualitative method below.

Survey of Principles of Economics and Finance Courses

Sophomore and junior students typically take the Principles of Finance, while first-year and sophomore students take the Principles of Economics course. We surveyed nearly 300 students to gauge their perceptions of their interest in the course, the difficulty of the material, and classroom engagement by gender. The survey of students in Economics Principles classes (106 female and 99 male respondents), with the results presented in Table I, revealed that 25% of female respondents envisioned themselves as a Finance or Economics major, compared to 46.4% of males, with the difference statistically significant at the 1% level. Moreover, slightly more males than females (95.8% versus 88.5%) perceive they have the ability to do well in Finance/Economics courses. A higher proportion of females (49%) versus males (38%) stated that they care most about the final grade in the course and applicability of the course content (29% females vs. 23.9% males). A higher proportion of males (28.3%) compared to females (20%) care most about the interest in the topic and their relationship with the professor (9.8% males versus 2% females). Our sample includes 126 (59 female) first-year students, 58 sophomores (37 female), 17 juniors (8 female), and 4 seniors (2 female).

The analysis of the Principles of Finance courses presented in Table II confirmed the results of the Economics surveys. A higher proportion of females (33.3%) versus males (27.8%) stated that they care most about the final grade in the course and applicability of the course content (48.7% females vs. 33.3% males). A higher proportion of males (36.1%) compared to females (15.4%) care most about the interest in the topic, and this difference is highly statistically significant. The relationship with the professor being the most important factor is cited as minimal, with no significant difference between female and male respondents (2.6% vs. 2.8%). Interestingly, survey results revealed no gender difference in students envisioning themselves as a Finance or Economics major, which differs from the results of the Economics surveys. One explanation may be that Principles of Finance is taken later than Principles of Economics, with students in their junior and senior years (for finance surveys, 48 respondents were juniors, 25 seniors and 2 sophomores), when the major decisions are already finalized. We also observe no difference in the perception of the student's ability to do well in Finance/Economics between genders. Finally, a higher proportion of females (84.62%) would be satisfied with their projected grade than males (58.33%); this result is statistically significant.

Focus group

We conducted an all-female focus group that consisted of one first-year and one sophomore. Students discussed how the difficulty and grades of the principles courses, the perception of the work environment upon graduation, and job placements influence the major decision, as well as how they perceive the inclusivity in the Finance and Economics classes. Both

participants stated that courses have been more difficult than expected and for one participant the grade received in a principles course influenced the choice in major. Both participants stated that both Finance and Economics are male-dominated fields; upper-level jobs are more difficult to obtain for females in Economics and the professional culture in Finance can be discouraging to females. Both stressed the importance of the female finance and economics student organizations that provide them with an environment where female opinions are taken seriously. Both stated that in the general population, male students do not treat females equally. Importantly, both stated that they do not receive unequal treatment by the faculty, but stated they could benefit more from direct mentorship by the faculty. The need for female faculty as mentors was mentioned. Both stated that they chose Finance as a major due to the job placement upon graduation. The focus group discussions in conjunction with the survey results reveal that the grade received in the Principles courses may influence the major decision.

We also conducted an interview with a first-year male student, which revealed that the male perception is that female-identified students disliked the challenging work. The student stated that professors supported a climate of inclusivity and he never noticed any unequal treatment of female-identified students. He stated that there may be a gap in the number of female-identified faculty mentors.

Survey of Strategic Management Courses

We surveyed 29 female and 55 male senior students in Strategic Management courses, with the results presented in Table III. We found that female respondents felt that Finance (Economics) courses have less (more) open and welcoming environment. 97% (100%) of female students responded that Finance (Economics) professors treated them fairly, compared to 98.2% (85.5%) male students, revealing no unfair treatment of female-identified students in the classroom and perhaps even more favorable treatment towards females in Economics classrooms. However, we also find that 23% less female respondents felt comfortable participating in course discussions about finance in their Finance classes, with the difference statistically significant at 5%. The difference between the female and male student respondents' satisfaction with the grade received in the Economics classes is 29.3%, statistically significant at 1%, while in Finance courses this difference is insignificant. We also found that the impact of the grade on the decision to pick a major does not differ between male and female groups. Overall, the findings suggest that female-identified students do not undergo unfair treatment in the Finance and Economics classes by the faculty, but may feel that the classroom environment is not as open and welcoming. Some felt uncomfortable in participating in discussions compared to the male students, specifically in the Finance classes.

Survey of Economics Major Capstone

We surveyed 9 female and 4 male senior Economics majors.⁵ We found near consensus on each question asked: 92.3% of students thought that their Economics courses were intellectually challenging, had an open/welcoming intellectual environment, thought the topics discussed in class

⁵ Due to small sample size, we only present the means of the responses to survey questions by each sub-sample and do not report the results of the differences in the means statistical tests.

were useful, and were satisfied with the grades they received in their courses; 91.7% of students felt comfortable participating in courses discussions about Economics and 100% of students said that their Economics professors treated them fairly and respectfully. Interestingly, 38.5% of students said that their grade in Principles of Economics influenced their decision to become a major and all students surveyed earned a grade of B- or above, while 84.6% earned a grade of A- or above in the course.

Focus Group with Senior Female-Identified Students

In the Spring of 2019, we conducted a focus group with 5 female-identified students majoring in Finance and Economics. Students cited the following reasons for choosing Finance/Economics major: practical applications and skills obtained through completing a rigorous curriculum, job placement, female faculty mentorship, and their Principles course. The students also discussed that there are inconsistencies in the difficulty of the courses taught by different professors (in Finance, Economics, and other Business courses), difficulty in registering for classes due to limited availability in some classes, and having to take summer courses to stay on track. Most participants mentioned that some upper-level classes they take have a large imbalance in the female to male ratio. For example, in one class, females only represented 9% of the class, which made a student uncomfortable to participate in discussion that was a required component of the course. Students overall agreed that professor-formed groups sometimes led to them being the only female in the group, which led to significant frustration in working with a male-dominated team. Focus group results provide additional insights to the difference in the perception of a welcoming and open environment, as well as with how comfortable male and female students are in participating in classroom discussion. Taken together, the results of the surveys and the focus group discussions suggest that while there is a perception of receiving equal treatment from the faculty, female students feel uncomfortable expressing opinions in the male-dominated classroom and groups.

Students provided several suggestions for how to encourage more females to major in Finance and Economics, including: more gender balanced teams and classes, all-female Principles classes, placing a cap on the male-to-female ratio. One student's friends in a female-dominated major on campus shared that in female-dominated classes, males are reluctant to speak up. Students also encouraged more mentorship by the female faculty, such as reaching out to female students to grab coffee. One participant suggested more exposure to the majors and learning about these majors and the careers in ELON 101. They also agreed that outside speakers in classes, for student organizations, and at University-wide events should include more females, as well as promote successful females in the finance industry.

Recommendation

We plan to present and discuss the results of this project at the Finance and Economics Department Retreats during Planning Week for the 2019-2020 Academic year, as well as at the Love School of Business Faculty Meeting during Planning Week. Based on the data collected, we will recommend the following action points:

- Direct new Economics and Finance advisees to female faculty. This will no increase the number of advisees for female faculty, just the gender balance.
- Introduce Monthly Spotlight featuring female Elon Alum in Finance and Economics.
- Secure more female speakers for LSB events throughout the year.
- Partnership with SPDC to engage Elon female-identified parents who hold finance and economics industry jobs for mentorship and speaking opportunities in our classes.
- Advise the faculty to form gender-balanced groups for teamwork. Specifically, any groups that include females should have at least two female students rather than focus on having at least one female per group.
- Create informational content on Finance and Economics careers for ELON 101.

Table I – Analysis of the Surveys Conducted in the Principles of Economics Courses

Economics	Female (106)	Male (99)	p-value
<i>Doing well in Finance and/or Economics depends more on:</i>			
natural talent	7.5%	8.1%	
hard work	92.5%	91.9%	0.888
<i>I project my grade in this class to be:</i>			
A	48.1%	54.5%	
B	49.1%	42.4%	
C	2.8%	3.0%	
< C	0.0%	0.0%	
I would be satisfied with my projected grade.	84.9%	82.9%	0.723
<i>I care most about:</i>			
Interest in the topic	20.0%	28.3%	
My final grade in the course	49.0%	38.0%	
My relationship with my professor	2.0%	9.8%	
Applicability of course content	29.0%	23.9%	
<i>I believe that the topics discussed in Economics and/or Finance:</i>			
will be useful	98.1%	99.0%	0.610
will be interesting	76.9%	85.7%	0.134
I envision myself becoming a Finance or Economics major.	25.0%	46.4%	0.001
I have the ability to do well in Finance/Economics.	88.5%	95.8%	0.058

Table II – Analysis of the Surveys Conducted in the Principles of Finance Courses

Finance	Female (39)	Male (36)	p-value
<i>Doing well in Finance and/or Economics depends more on:</i>			
natural talent	15.38%	20.59%	0.284
hard work	84.62%	79.41%	0.284
<i>I project my grade in this class to be:</i>			
A	35.9%	33.3%	
B	53.8%	55.6%	
C	10.3%	8.3%	
< C	0.0%	2.8%	
I would be satisfied with my projected grade.	84.62%	58.33%	0.005
<i>I care most about:</i>			
Interest in the topic	15.4%	36.1%	0.020
My final grade in the course	33.3%	27.8%	0.304
My relationship with my professor	2.6%	2.8%	0.478
Applicability of course content	48.7%	33.3%	0.091
<i>I believe that the topics discussed in Economics and/or Finance:</i>			
will be useful	97.37%	97.22%	0.485
will be interesting	59.46%	77.78%	0.047
I envision myself becoming a Finance or Economics major.	30%	33%	0.372
I have the ability to do well in Finance/Economics.	92%	97%	0.162
<i>My Major is:</i>			
Finance	5.1%	16.7%	
Accounting	2.6%	0.0%	
Marketing	20.5%	19.4%	
Management	38.5%	13.9%	
Economics	12.8%	25.0%	
Other or Double major	20.5%	25.0%	

Table III – Analysis of the Surveys Conducted in the Strategic Management Courses

Strategic Management Courses	Female (29)	Male (55)	p-value
<i>Finance Course(s):</i>			
Were intellectually challenging	89.66%	92.73%	0.317
Had open and welcoming intellectual environment	79.31%	90.91%	0.069
<i>In Finance Courses:</i>			
Topics discussed were useful	82.76%	88.89%	0.219
I was satisfied with the grade(s) earned	68.97%	67.27%	0.438
Felt comfortable participating in course discussions	55.17%	78.18%	0.014
Was treated by professors fairly and respectfully	96.55%	98.18%	0.323
<i>Economics Course(s):</i>			
Were intellectually challenging	89.66%	90.91%	0.427
Had open and welcoming intellectual environment	93.10%	81.82%	0.082
<i>In Economics Courses:</i>			
Topics discussed were useful	75.86%	72.22%	0.362
I was satisfied with the grade(s) earned	79.31%	50.00%	0.004
Felt comfortable participating in course discussions	72.41%	69.09%	0.378
Was treated by professors fairly and respectfully	100.00%	85.45%	0.016
<i>Grade earned in Principles of Finance</i>			
A or A-	38%	29.6%	
B+, B, or B-	48%	53.7%	
C+, C, or C-	14%	11.1%	
D or F	0%	5.6%	
<i>Grade earned in Principles of Economics</i>			
A or A-	48%	49.1%	
B+, B, or B-	41%	30.9%	
C+, C, or C-	10%	18.2%	
D or F	0%	1.8%	
<i>Percentage with "Yes" Response</i>			
Grade earned impacted by major decision	20.69%	21.82%	0.453
I switched major	17.86%	16.67%	0.447
<i>Majors</i>			
Economics	0%	1.8%	
Finance	21%	36.4%	
Accounting	28%	9.1%	
Marketing	24%	25.5%	
Management	7%	14.5%	
Other or Double major	21%	12.7%	