

# The Catalyst for Women in Financial Services

## >Abstract

Smith Barney (now part of Citigroup Global Markets) was ordered by the court, in settling the landmark sexual harassment case, to evaluate the climate for personal development and advancement through promotion in not only Smith Barney but, as a comparative, in other financial services firms. The case describes the methodology used to sample both men's and women's beliefs and attitudes, as well as revealing some of the basic findings.

## >The Scenario

In 1996 Pamela K. Martens, Judith P. Mione, Roberta O'Brien, and 22 others filed a class action suit in U.S. District Court, New York, against Smith Barney and former Garden City, New York, office manager Nicholas Cuneo, citing a rash of complaints. These included "intimidation, retaliation, and humiliation," as well as lack of fairness in pay, denial of promotion, demotion due to maternity leave, unfairness in distribution of accounts, sexual harassment, and discharge without cause. Initially Cuneo was discharged, but when the plaintiffs did not drop their suit, he was reinstated as a sales agent. In May of 1998, Judge Constance Baker Motley approved a settlement, which had been accepted by 23 of the 25 plaintiffs.

As part of the settlement in *Martens, et. al. v. Smith Barney* (S.D.N.Y., 96 Civ3779), Smith Barney was charged with paying for a study of the issues underlying the suit. The female judge ordered a research project done by "Catalyst or other similar firm," one which understood the issues under study. "Catalyst is a nonprofit research and advisory organization working to advance women in business," shared project director Paulette Gerkovich. "There are no other firms that do exactly what we do, so we were the clear choice."

## >The Research

Catalyst, a New York firm, was hired and directed the subsequent research project designed to accomplish five goals:

- To assess employees' perceptions of their work environments.
- To examine why employees seek careers in the financial services industry, why they stay, and why they might leave.

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- To examine the connection between perceptions of the work environment and job satisfaction, job commitment, and employees' intent to stay with their firms.
- To determine what barriers women face in advancing within their firms.
- To assess how employees balance the demands of work and personal life.



“Our prior research with women’s issues provided several tested measurement questions that were suitable to use in this study,” explained Gerkovich. Catalyst also conducted nine focus groups—two all-men, six all-women, and one mixed-gender group—to add insight to developing other measurement questions and clarify numerous concepts and constructs. At no time during the research did the plaintiffs, defendant, or the court influence the process.

Catalyst mailed the survey to approximately 2,200 potential respondents, men and women employed in the financial services industry. A second mailing was sent to the whole sample frame to increase the participation rate. 838 (38 percent) members of the sample responded, 482 women (57.5 percent) and 356 men (42.5 percent).

“Our prior research led us to believe that a gender gap would exist between men and women on some fundamental issues. So men’s opinions were sought to give the women’s opinions a context,” said Gerkovich.

To measure job satisfaction, Catalyst used a multiple-item evaluation including current position satisfaction, satisfaction with employer, work schedule control, career advancement opportunities, opportunities for networking and mentoring, and compensation fairness. Only on “opportunities to network with influential clients” and “compensation fairness” did men and women differ significantly ( $p < .05$ ). Women’s greater dissatisfaction with these two constructs did not, however, significantly affect their overwhelmingly positive satisfaction with their current position and their employer (77 percent and 74 percent, respectively).<sup>1</sup>

“Because of our interest in advancing women in management, we were particularly interested in the factors that might lead a qualified woman to leave the profession,” said Gerkovich. The executive summary of the findings noted: “Money appears to be a critical driver of intent to stay, both for men and women.”

To assess barriers to advancement, Catalyst used a multiple-item 5-point scale exercise. As Exhibit C-Catalyst 1–1 shows, women’s perceptions were significantly different compared to men’s for almost all of these items.

As Exhibit C-Catalyst 1–2 shows, on four elements used to assess fairness (assignment of clients, opportunities for promotion, pay for performance, and rewards for performance), women again had significantly different perceptions



compared to men ( $p < .05$ ). Court-ordered research, while not commonplace, has certainly become an accepted part of legal remedies. This study is now a benchmark measure for the financial services industry. While Smith Barney agreed to improve conditions as part of the settlement, the court did not mandate a follow-up study.

### >Discussion Questions

1. Discuss the potential conflicts between researcher (Catalyst) and research user (Smith Barney).
2. What constructs and concepts are inherent in this study?
3. What are the ethical considerations in this study?
4. Speculate on how the researchers created operational definitions for the constructs.
5. Assume that the limited findings presented here are all the study covered. What would you recommend that Smith Barney include in a followup study?
6. Evaluate the data displays in exhibit C-Catalyst 1–1 and C-Catalyst 1–2 as part of a research report. What recommendations, if any, would you make?

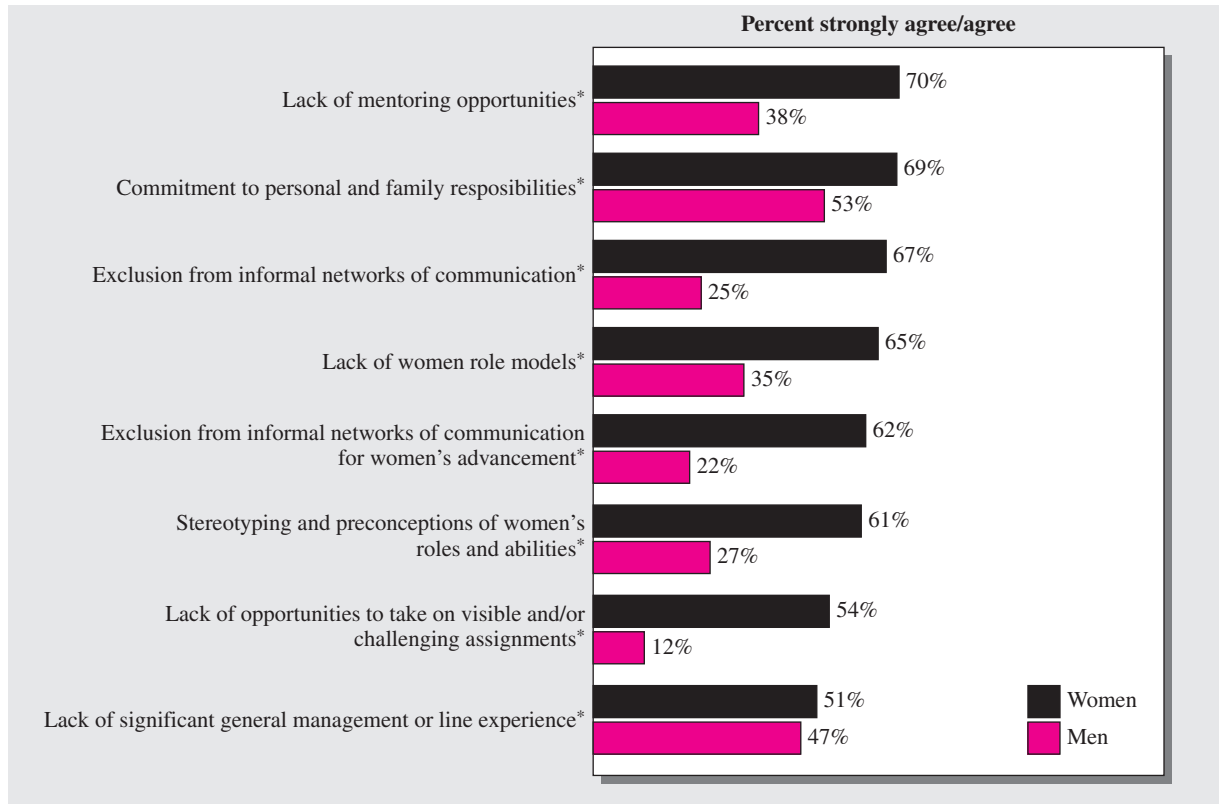
### >Footnote

<sup>1</sup>Women in Financial Services: The Word on the Street, Executive Summary,” Catalyst, New York ©2001 (ISBN#0-89584-219-X), p. 4.

### >Sources

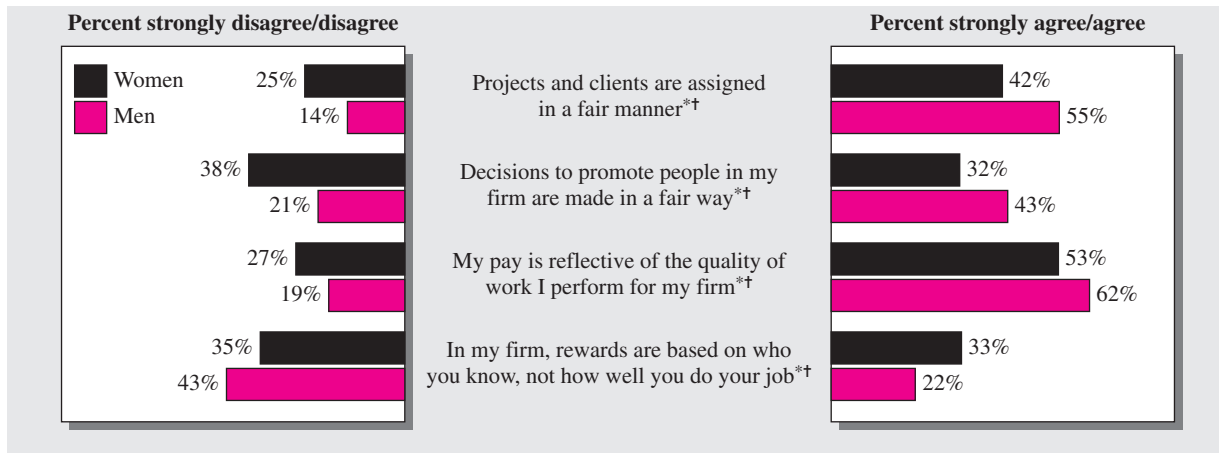
“Executive Summary, Women in Financial Services: The Word on the Street,” Catalyst, July 2001.  
Interview with Paulette Gerkovich, project director, Catalyst, August 9, 2001.

## EXHIBIT C-CATALYST 1-1 Barriers to Advancement of Women at Current Firm, by Gender



\*Significant difference between women and men,  $p < .05$ .

## EXHIBIT C-CATALYST 1-2 Perceived Fairness of Reward Allocation, by Gender\*\*



\*Significant difference between women and men who strongly agree/agree,  $p < .05$ .

\*\*Percent respondents choosing “neither agree nor disagree” not reported.

†Significant difference between women and men who strongly disagree/disagree,  $p < .05$ .