



Finance Speaker Series

Alberta School of Business
Department of Finance

Presents:

Kelly Shue
Yale

Topic:

“Potential” and the Gender Promotion Gap

Friday, September 24, 2021
1:30pm – 3:00pm

Zoom details located in the calendar invite.

If you are not a member of the Finance department and would like to attend, please contact Beth Boison

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for the Zoom meeting details.

ABSTRACT

We show that the increasingly popular use of subjective assessments of employee "potential" contributes to gender gaps in promotion and pay. Using data on management-track employees from a large retail chain, we find that women receive substantially lower potential ratings despite receiving higher job performance ratings. Differences in potential ratings account for 30-50% of the gender promotion gap. Women's lower potential ratings do not appear to be based on accurate forecasts of future performance: women outperform male colleagues with the same potential ratings in terms of their future performance ratings, both on average and conditional on promotion. Yet, even in these cases, women's

subsequent potential ratings remain low, suggesting that firms persistently underestimate the potential of female employees.